



**ANNUAL REPORT
2013**



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 93rd Annual General Meeting of the Members of Denmark Co-operative Company Limited will be held at the Denmark Country Club, Denmark on Wednesday, 25 September 2013 at 7:30 p.m.

ORDINARY BUSINESS

1. To approve the Minutes of the 92nd Annual General Meeting.
2. To receive and consider:
 - the Report of the Directors for the year ended 30 April 2013;
 - the Balance Sheet as at 30 April 2013;
 - the Profit and Loss Statement for the year ended 30 April 2013; and
 - the Report of the Auditors for the year ended 30 April 2013.
3. To declare a dividend of zero % on Ordinary Shares for the year ended 30 April 2013.
4. To consider and, if thought fit, pass the following resolution:

“That Anderson Munro & Wyllie, Chartered Accountants, being eligible for appointment, be appointed Auditors and that the Directors be authorised to fix the Auditors’ remuneration.”
5. To elect Directors. In accordance with Rule 55.2, Mr S. Hawks and Mr P. Middleton retire by rotation and, being eligible for reappointment, offer themselves for re-election. In addition, the Board has resolved to create two additional positions on the Board. Mr G. Collis and Mrs B. Marshall offer themselves for election as Directors to fill these positions.
6. To fix the remuneration of the Directors at a maximum aggregate amount of \$15,000.
7. To transact such other business as may be legally brought forward or which is brought under discussion by the Chairman’s report on behalf of the Directors.

By Order of the Board

Denmark, 2 September 2013

Chris Langslow

Chief Executive and Company Secretary



THE BOARD OF DIRECTORS

The Directors of the Company during the financial year under review, and the number of meetings of the Board that they attended during the year, were:

| | | | | |
|-----------------|---|----------|---|-------------------|
| Mr A.A. Wilson | - | Chairman | - | 12 of 12 meetings |
| Mr D.D. Sheed | - | Member | - | 9 of 12 meetings |
| Mr S. Hawks | - | Member | - | 12 of 12 meetings |
| Mr P. Middleton | - | Member | - | 12 of 12 meetings |
| Mr P. Wilson | - | Member | - | 3 of 12 meetings |

DIRECTORS' REPORT

Overview

For a third consecutive year, we are delighted to report that the Co-op earned a retained profit. This year, we made a profit of \$29,975 (2012: \$66,457), after \$36,100 in discounts and credits provided to members under our Member Shopper Benefit Scheme. The Co-op's journey back to health continues to vindicate those who had faith in the fundamentals of our business model and the ability of our management and staff to deliver on it.

Sale of Hardy Street

On 9 August 2013, the Co-op and its partner, Castelli Group, completed the sale of its block of land at the corner of Hardy Street and South Coast Highway. The buyer was Metcash Food & Grocery Ltd, the company which owns the IGA brand name.

Over a number of years now, as members will be well aware, the Co-op/Castelli partnership had struggled to obtain development approvals from local government and other agencies to proceed with the planned shopping centre development on terms that could be commercially acceptable. Accordingly, in order to safeguard investors' and members' interests, the Board explored with Castelli Group all options for maximising the value of the Co-op's investment. This process culminated in the receipt of an attractive offer from Metcash, which the partnership resolved to accept.

This put the Co-op into a position in which it could return significant funds to debenture holders who have been providing financial support to the Co-op's investment over a number of years. Accordingly, around \$1 million of principal and accrued interest was returned to debenture holders in August.

Many many thanks are due to those members who acted as such patient and supportive financiers of your Co-op over all these years. We are delighted that the matter has turned out so well, and we are very conscious that that small group of members played a large part in making the good outcome possible.



The conclusion of this episode means that the Co-op can now devote all of its energies towards the improvement of its retail offering from its current excellent location in the very heart of Denmark. We are excited at our prospects of steadily enhancing the provision of important products and services to our members.

New Directors

This year the Board has decided to increase the number of Directors from five to seven and has accordingly sought candidates for two additional positions for three year terms. We are delighted that two high quality candidates, both existing members of the Co-op, have stepped forward to fill these positions. The Board is unanimously supporting both of their candidacies:

Gary Collis, aged 70, has 40 years' experience in the sales and marketing industry predominantly in Western Australia. He is a Denmark resident and plays an active role in a number of sporting and charitable organisations, including St. Vincent de Paul Society.

Barbara Marshall, aged 64, is stepping down from Denmark Shire councillor duties in October 2013, after more than eight years of service. As well as farming, driving a school bus and formerly managing the Shell Karri Hi service station (for the Co-op), she has devoted many years as Treasurer to Denmark Surf Life Saving Club and Scotsdale/Shadforth Bush Fire Brigade.

The Board looks forward to the active contribution that these two candidates will make to the governance and strategic decision making of the Co-op. Two existing stalwarts of the Board, **Steve Hawks** and **Phillip Middleton**, are retiring by rotation and, being eligible for reappointment, offer themselves for re-election for another three year term.

New Memberships

The Member Shopper Benefit Scheme has been enjoyed by a growing number of members and is helping to stimulate new membership applications. \$36,100 of discounts and credits were earned by members this year by shopping with us, up from around \$32,000 last year. We now have 972 active members, including more than 100 new members since 1 May 2012. Welcoming 10% new members in the course of one year is clear evidence that the Co-op's rediscovered vibrancy and renewal continues apace.

Please remember that the Co-op's Rules require members to purchase from the Co-op not less than \$250 of goods and services each year and to keep the Co-op informed of their whereabouts. The Directors are required by law on 30 April each year to cancel the membership of any member who has not shopped with us to that value or whose whereabouts have been unknown to us for a full year.



The Co-op's place in Denmark

During the summer's unfortunate drama around the Shire's possible challenge to the Co-op's long held rights of access through its drive-throughs into the Civic Centre car park, many of you made your views known to the Council about the importance of the Co-op to town, in its current location. While this issue seems to have subsided, the Local Planning Strategy, which declares that "lower order" retail businesses such as (according to the LPS) the Co-op's should be encouraged to relocate to a service park somewhere on the outskirts of town, is still in place. You can read the LPS on the Shire's website at

<http://www.denmark.wa.gov.au/councilservices/planning/localplanningstrategy>

Your Board remains convinced that the Co-op is precisely what a town like Denmark needs at its very heart, both physically and socially. We intend to stay put. With our balance sheet now restored to health, members can have confidence that we will remain for many years to come.

The Directors

Denmark Co-operative Company Limited

CHIEF EXECUTIVE'S REPORT

The Co-op's businesses performed well again this year, delivering a third consecutive retained profit. The year was not without its management challenges, but they did not come from the business, its competition, customers or staff. Sadly, they came from local government. Fortunately, the steady professionalism of our staff, the loyalty of our customers and members, and the fundamental relevance of our retail offering to the community ensured that the business itself carried right along, allowing management and the Board to invest the very considerable time (and some expense) required to protect the Co-op's essential interests.

On a consolidated basis, excluding book profit from activity on the share register, gross profit rose by 5%. Wages rose by 4%, while non-interest operating expenses were kept to the same level as last year, an excellent outcome. Interest expense rose from \$128,340 to \$133,468. Taken together with book profits from share register activity (which were considerably lower this year than last), this resulted in a net profit of \$29,975 compared to \$66,457 in the previous year, and a net profit before interest of \$163,443 (compared to last year's \$194,797).

This has been our strongest year yet in terms of profitability from our core businesses, the Department Store and Rural & Hardware, and it is powerful evidence of the continuing (even growing) relevance of the Co-op to the town and to our customers, both members and non-members. Inevitably, even as I write, some new and as yet unforeseen challenges will be brewing



somewhere over the horizon, so we cannot rest on these still meagre laurels. We continue to concentrate on continuous improvement, so that when the next storm hits we will be as prepared as we can be.

Department Store

The Department Store found stellar growth harder to come by this year, achieving year-on-year sales growth of only 1%, albeit gross profit increased by 3%. After increases in wages and other expenses, trading profit came in at exactly the same as last year, \$157,688. Anecdotal evidence from elsewhere in local and regional retail suggests that holding one's ground this year has been an achievement in itself. As ever, the Department Store stands out for its staff's outstandingly friendly and diligent service, its extensive, imaginative and constantly changing product range and its excellent pricing, which really saves our customers many inconvenient hours on the road to the shops in Albany.

We welcomed Sharon Cowen as our third member of staff in the Department Store this year, working with the ever-superb Viv and Deb.

Rural & Hardware

Rural & Hardware bounced back strongly this year, after 2011-12's very mixed trading conditions. Gross profit for the year rose by 6% and tight control of expenses meant that, even after a 7% increase in wages, trading profit for the year rose from \$98,962 to \$110,289, an increase of 12%.

With so much scope for improvement in the physical fabric and appearance of the store, each year is full of changes and upgrades. Most notable this year was the opening up of the floor area in front of the point-of-sale, freeing up central display space that is both flexible and light. This was achieved without the loss of any overall display capacity elsewhere in the store. We have also upgraded a large number of product display stands, with the active support of some key suppliers.

Dave and Ros continue to do a brilliant job leading the team in delivering a very relevant service to Denmark's vital rural community.

Administration and Central Overheads

Once again, our Administration team managed to deliver the same high standard of service in less time, resulting in a wage bill that actually fell by 2% year-on-year, following on from last year's 10% drop. We sadly said goodbye at the end of the year to Kerri, but took delight in the seamless way in which Deb has taken up the reins.

Other administrative operating expenses rose by only 4% during the year to \$173,833. As ever, we paid more for rates and taxes (up 13%) and insurance (up 13%). Happily, this upwards cost pressure was mitigated by reduced



costs of electricity (down from \$5,834 to \$3,330) as a result of the solar panels on our roof, and telephone charges (down from \$8,868 to \$5,839) as efficiency measures took effect. Bank interest costs again fell year-on-year with lowering interest rates and a reduced reliance on debt funding from that source. Once again, interest on outstanding debentures accounted for the majority of our costs of financing at \$118,822 (against \$112,592 last year).

We spent \$5,188 on legal advice during the year, unfortunately necessitated by local government's contemplation of a challenge to the Co-op's long held rights of access through its two drive-throughs into the Civic Centre car park. This was money well-spent in establishing very clearly the legal rights that we possess, albeit it is regrettable that the handling of the matter required us to resort to our lawyers in the first place.

Overall, the net costs of Administration and Central Overheads amounted to \$238,002. Stripping out the effect of last year's book profits on share register activity, this was much in line with last year's result.

Current year

The current year has started well in a number of ways. Rural & Hardware is trading significantly more strongly than at the same time last year and is well ahead of budget. The Department Store is also trading in line with budget and last year's performance. As a result, for the first time during my tenure (since 2008) and probably some years before that, we have made a net profit during the first quarter of the year. This bodes well for another satisfactory year.

The other significant piece of good news is the receipt of the sale proceeds of the Co-op's share of the land at Hardy Street. This has allowed us to return almost \$1 million to our very patient debenture holders, bringing our overall debt down to a more conservative level. This will immediately result in significant savings in interest costs and it puts the Co-op into a financial position from which one can view the future with increased confidence.

The Co-op has been on a tumultuous journey since the turn of the century and I am thrilled that it is now on stronger foundations. The fact that it has withstood and is now well placed to thrive is testament to the patient financial support of a small number of debenture holders and the persistently enthusiastic, skilled and dedicated small band of staff. These two groups have allowed the Co-op time and resources to reestablish itself as the vital and vibrant provider of core products and services to its local member base. We look forward to performing this community role ever better into the future.

Chris Langslow
Chief Executive



BALANCE SHEET as at 30 APRIL 2013

| | Note | 2013 \$ | 2012 \$ |
|--|----------|----------------|----------------|
| AUTHORISED CAPITAL | | | |
| 20,000,000 Shares of 50 cents each | | 10,000,000 | 10,000,000 |
| ISSUED CAPITAL | | | |
| 481,268 (2012: 492,444) Ordinary Shares of 50 cents each | | 240,634 | 246,222 |
| 40,296 (2012: 40,296) Preference Shares of 50 cents each | | 20,148 | 20,148 |
| RESERVES | | | |
| Asset Revaluation Reserve | | 1,123,531 | 1,123,531 |
| Forfeited Share Reserve | | (1,290) | (1,290) |
| Profit & Loss Appropriation Account | | (602,647) | (631,242) |
| SHARE CAPITAL & RESERVES | | 780,376 | 757,369 |
| CURRENT ASSETS | | | |
| Trade Debtors | | 124,477 | 122,041 |
| <u>Less</u> Provision for Doubtful Debts | | (500) | (500) |
| Stock on Hand | | 123,977 | 121,541 |
| Prepayments | 3 | 664,904 | 625,400 |
| Cash at Bank | | 3,599 | 3,229 |
| Cash on Hand | | 144,577 | 3,860 |
| | | 3,800 | 3,800 |
| | | 940,857 | 757,830 |



BALANCE SHEET as at 30 APRIL 2013

| | Note | 2013 \$ | 2012 \$ |
|--|------|-----------------------|-----------------------|
| CURRENT LIABILITIES | | | |
| Trade Creditors | | 179,173 | 135,021 |
| Other Creditors | | 88,279 | 76,643 |
| Provision for Long Service Leave | | 10,995 | 12,090 |
| Provision for Holiday Pay | | 8,218 | 6,324 |
| Debentures | 6 | 550,360 | 582,936 |
| Provision for Shareholder Expenses | | 19,062 | 15,000 |
| Accrued Debenture Interest | | - | 2,099 |
| | | <u>856,087</u> | <u>830,113</u> |
| WORKING CAPITAL | | <u>84,770</u> | <u>(72,283)</u> |
| FIXED ASSETS | | | |
| Land & Buildings at Revaluation | | 1,812,181 | 1,811,310 |
| Plant & Vehicles at Cost | | <u>269,129</u> | <u>265,733</u> |
| | | 2,081,310 | 2,077,043 |
| Provision for Depreciation | | <u>(182,290)</u> | <u>(171,888)</u> |
| | | <u>1,899,020</u> | <u>1,905,155</u> |
| INVESTMENTS (at Cost) | 4 | <u>20,000</u> | <u>20,392</u> |
| TOTAL FIXED ASSETS | | <u>1,919,020</u> | <u>1,925,547</u> |
| NON-CURRENT LIABILITIES | | | |
| Debentures | 6 | 1,038,414 | 910,895 |
| Long Term Bank Loan | 5 | <u>185,000</u> | <u>185,000</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>1,223,414</u> | <u>1,095,895</u> |
| EXCESS OF ASSETS OVER LIABILITIES | | <u><u>780,376</u></u> | <u><u>757,369</u></u> |



**PROFIT & LOSS STATEMENT
YEAR ENDED 30 APRIL 2013**

| | | 2013 | 2012 |
|--------------------------|---|-------------|-------------|
| | | \$ | \$ |
| INCOME | | | |
| Gross Profit on Trading | 2 | 729,588 | 693,197 |
| Other Operating Revenue | 2 | 64,387 | 124,066 |
| | | <hr/> | <hr/> |
| | | 793,975 | 817,263 |
| EXPENSES | | | |
| Accounting & Audit | | 9,032 | 8,880 |
| Advertising | | 9,818 | 11,400 |
| Bank Charges | | 7,062 | 8,992 |
| Computer & IT | | 7,568 | 6,777 |
| Cleaning | | 5,814 | 6,243 |
| Dead & Damaged | | 1,964 | 1,087 |
| Depreciation | | 10,833 | 9,937 |
| Directors' Fees | | 1,646 | 2,246 |
| Directors' Meeting Costs | | - | 78 |
| Electricity | | 3,330 | 5,834 |
| Equipment Hire | | 525 | 375 |
| Franchise Fees | | 10,227 | 10,497 |
| General | | 4,420 | 3,455 |
| Insurance | | 15,000 | 13,244 |
| Interest on Debentures | | 118,822 | 112,592 |
| Interest - Other | | 14,646 | 15,748 |
| Legal Fees | | 5,188 | 900 |
| Licences | | 572 | 635 |
| Long Service Leave | | 1,070 | 4,287 |
| Motor Vehicle | | 11,703 | 10,705 |
| Postage | | 4,115 | 3,458 |
| Printing & Stationery | | 4,935 | 4,701 |
| Rates & Taxes | | 10,659 | 9,428 |
| Rent | | - | 989 |
| Repairs & Maintenance | | 738 | 1,715 |
| Rubbish Removal | | 1,994 | 1,802 |
| Security | | 496 | 483 |



**PROFIT & LOSS STATEMENT
YEAR ENDED 30 APRIL 2013**

| | 2013 | 2012 |
|--------------------------------|----------------------|----------------------|
| | \$ | \$ |
| Staff Amenities | 523 | 757 |
| Subscriptions | 1,115 | 1,000 |
| Superannuation | 39,681 | 37,768 |
| Shareholder Expenses | - | 12,335 |
| Telephone | 5,839 | 8,867 |
| Training Staff | 183 | 268 |
| Travel | 372 | - |
| Wages | 443,615 | 425,760 |
| Workers Compensation Insurance | 10,495 | 7,563 |
| | <u>764,000</u> | <u>750,806</u> |
| NET PROFIT FOR THE YEAR | <u><u>29,975</u></u> | <u><u>66,457</u></u> |

| | 2013 | 2012 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| After including | | |
| Interest Received | 3,387 | 3,035 |
| After charging | | |
| Audit Fees | 8,032 | 7,880 |
| Depreciation | 10,833 | 9,937 |
| Directors' Fees | 1,646 | 2,246 |
| Interest (incl. Debentures) | 133,468 | 128,340 |
| Repairs & Maintenance | 738 | 1,715 |
| Less income tax expense | <u>-</u> | <u>-</u> |
| | 29,975 | 66,457 |
| Balance Forward at Start of Year | <u>(631,242)</u> | <u>(695,926)</u> |
| | (601,267) | (629,469) |
| Dividend Payment to Preference Shareholders | (1,380) | (1,773) |
| Balance at End of Year | <u><u>(602,647)</u></u> | <u><u>(631,242)</u></u> |



**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2013**

1. Statement of accounting policies

- (a) This is not a general purpose financial report. It is a special purpose report prepared for the members of the Company to enable compliance with the requirements of the Co-operatives Act 2009 and the Income Tax Assessment Act.

The accounts have been prepared in accordance with the requirements of the Co-operatives Act 2009 including the disclosure requirements of that Act.

The Company is of a type identified in Statement of Accounting Concepts 1 as a non-reporting entity. No regard has been paid to other Statements of Accounting Concepts or Accounting Standards in the preparation of this report.

The accounts have been prepared from historical cost records, except where stated otherwise. The accrual and going concern basis of accounting have been adopted.

- (b) Depreciation of fixed assets

Depreciation on buildings, plant and motor vehicles has been provided for on a diminishing value basis, so as substantially to write off the cost of the assets over their effective working life.

- (c) Income tax

The charge for income tax in the profit and loss statement has been calculated by applying the current rate of income tax to the estimated taxable income.



| 2. Revenue | 2013 | 2012 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Sales Revenue | 2,430,483 | 2,429,940 |
| Less: Cost of Goods Sold | <u>1,700,895</u> | <u>2,841,331</u> |
| Gross Profit on Trading | <u>729,588</u> | <u>693,197</u> |
| | | |
| Interest | 3,387 | 3,035 |
| Profit on Sale of Assets | 6,010 | 51,280 |
| Other Income (incl. Rental) | 54,990 | 68,789 |
| Sundry Income | - | 962 |
| Other Operating Revenue | <u>64,387</u> | <u>124,066</u> |

3. Stock on hand

Stock on hand has been valued at the lower of cost and net realisable value. The auditors did not attend the physical stocktake and have accepted the existence and value of stock under a certificate supplied by management.

4. Investments

Investments have been included at the cost of each investment.

5. Banking facility

Banking arrangements include a Business Overdraft Facility for \$150,000 and a long term loan of \$185,000, both secured against property, assets and undertaking of the Company.

6. Debentures

| Maturity Date | Interest Rate | Principal Amount | Total |
|----------------------|----------------------|-------------------------|--------------------|
| <u>Current</u> | | | |
| 30/04/2014 | 3.75% | 7,300 | |
| | 6.50% | 115,230 | |
| | 6.75% | 16,520 | |
| | 7.15% | 110,000 | |
| | 7.25% | 150,000 | |
| | 7.80% | 76,116 | |
| | 8.00% | 25,194 | |
| | 8.15% | <u>50,000</u> | |
| Current Total | | | <u>550,360</u> 35% |



6. Debentures (cont'd)

| Maturity Date | Interest Rate | Principal Amount | Total | |
|--------------------|---------------|------------------|-----------|------|
| <u>Non-current</u> | | | | |
| 30/04/2015 | 3.75% | 2,158 | | |
| | 5.25% | 2,000 | | |
| | 7.00% | 16,793 | | |
| | 7.25% | 22,817 | | |
| | 7.65% | 80,055 | | |
| | 8.00% | 8,014 | | |
| | | | 131,837 | 8% |
| 30/04/2016 | 6.50% | 59,612 | | |
| | 6.60% | 50,000 | | |
| | 8.50% | 60,000 | | |
| | 8.75% | 118,266 | | |
| | | | 287,877 | 18% |
| 30/04/2017 | 8.40% | 618,700 | | |
| | | | 618,700 | 39% |
| Non-current Total | | | 1,038,414 | 65% |
| Total | | | 1,588,774 | 100% |

7. Subsequent events

On 9 May 2013, the Company and Castelli Nominees Pty Ltd (seller) entered into a contract with Metcash Food & Grocery Pty Ltd (buyer) for the sale of Lot 50, 82-90 South Coast Highway, Denmark at \$2,600,000 plus GST. The contract was settled in full on 9 August 2013. The Company held an effective 38.5% interest in the land.



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Unit 8 / 7 Hector Street, Osborne Park WA 6017

PO Box 1357, Osborne Park WA 6916

Phone: (08) 9445 9955 Fax: (08) 9445 9966

ABN 59 125 425 274

Website: www.amwaudit.com.au

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF DENMARK CO-OPERATIVE COMPANY LIMITED

Scope

We have audited the attached financial report, being a special purpose financial report of Denmark Co-operative Company Limited for the year ended 30 April 2013. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Co-operatives Act 2009 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the Co-operatives Act 2009. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

Qualification

We have accepted the existence and value of stock on hand under a certificate provided by management of the company and we did not attend the physical stocktake.

Qualified Audit Opinion

In our opinion, subject to the above qualification,

- (a) we have obtained all information and explanations we required;



- (b) the balance sheet and profit and loss statement are properly drawn up in accordance with the Co-operatives Act 2009 as amended so as to give a true and correct view of the state of the company's affairs at 30 April 2013 and of the results of the business of the company for the period ended on that date as shown by the books of the company and are in accordance with the basis of accounting as set out in the notes to the accounts;
- (c) the register of members and other records which the company is required to keep under the Co-operatives Act 2009 as amended or by its rules have been properly kept; and
- (d) the amount provided for depreciation and bad and doubtful debts is sufficient.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the members' financial reporting responsibilities. As a result, the financial report may not be suitable for another purpose.

Dated this 15th day of August 2013 in Perth, Western Australia

AMW (AUDIT) PTY LTD

Anderson Munro & Wyllie
ANDERSON MUNRO & WYLLIE
Chartered Accountants

BILLY-JOE THOMAS
Director



SECRETARY'S CERTIFICATE

I, Chris Langslow, Secretary of Denmark Co-operative Company Limited, hereby certify that:

1. the reserves of the Company are used in the business;
2. the accompanying Profit and Loss Statement and Balance Sheet are, to the best of my knowledge and belief, true in every particular; and
3. the names and occupations of persons who were Directors of the Company at the date of the Statement are:

| | | |
|-----------------------|---------|---------------------|
| ALBERT ANTHONY WILSON | DENMARK | RETIRED |
| DONALD DAVID SHEED | DENMARK | FARMER |
| PHILIP MIDDLETON | DENMARK | FARMER |
| PETER WILSON | DENMARK | BUSINESS PROPRIETOR |
| STEPHEN HAWKS | DENMARK | FARMER |

13 August 2013

Chris Langslow

DIRECTORS' CERTIFICATE

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors declare that:

1. the financial statements and notes present fairly the Company's financial position as at 30 April 2013 and its results for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial report;
2. in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

13 August 2013

A.A. Wilson

D.D. Sheed



DENMARK CO-OP'S STAFF MEMBERS

| | |
|---|---|
| Chief Executive & Company Secretary | Chris Langslow |
| <u>Rural & Hardware</u> | |
| Joint Department Heads | Dave Carter Ros Criddle |
| Customer Service | Danny Hedley Grant Moulden Dean Logan Barry Ford |
| LPG and Delivery | James Alpers |
| <u>Department Store</u> | |
| Department Head | Vivian Herbert |
| Electricals and White Goods | Deborah McNamara Sharon Cowen |
| <u>Administration & Accounts</u> | |
| Financial Controller | Ary Clarke |
| Admin Officer | Deborah McNamara |
| | |



PROXY FORM

The Secretary, Denmark Co-operative Company Limited
 Strickland Street
 DENMARK, WA 6333

I/We
 (Full Name(s), including all Joint Members – Block Letters)

of

being a Member/Members of Denmark Co-operative Company Limited, hereby
 appoint as my/our proxy

.....
 (Name of Proxy)

of

OR failing such person, or if no such person is designated, the Chairman of the
 Meeting or a person nominated by the Chairman of the Meeting

to vote for me/us and on my/our behalf at the Annual General Meeting of Denmark
 Co-operative Company Limited to be held on Wednesday 25 September 2013 and at
 any adjournment of the Meeting.

**I/We direct my/our proxy to vote in respect of the following resolutions to be
 considered as indicated with an “X” below, i.e. as a *directed proxy*, and to vote
 or abstain from voting in respect of any procedural resolution as my/our proxy
 thinks fit.**

| Ordinary Resolutions: | FOR | AGAINST |
|--|------------|----------------|
| 1. To receive and approve Reports | () | () |
| 2. To declare a 0% dividend | () | () |
| 3. To appoint Auditors | () | () |
| 4. To ratify the creation of two new Directors | () | () |
| 5. To fix the Directors’ remuneration | () | () |

If no direction is given above, this is an *open proxy* and I/we authorise my/our proxy
 to vote or abstain from voting as my/our proxy thinks fit in respect of any and every
 matter to be considered by the Meeting and any adjournment of the Meeting.

I/we acknowledge that proxy votes will only be counted if a matter is to be
 determined by a poll or where expressly stated in the Rules.

Dated2013

 Signature of 1st Named Member

 Signature of 2nd Named Member



INSTRUCTIONS FOR THE APPOINTMENT OF PROXIES

1. A proxy must be a Member who is entitled to attend and vote in his/her own right, except for a corporation (whether a Member or a proxy for a Member), which may by resolution of its directors appoint one of its officers to act as its representative.
2. Members who are companies must execute this proxy in accordance with the Corporations Act 2001 or by attorney. Other incorporated entities must sign in accordance with their constitution. If the proxy is the Member's attorney, the document under which the attorney was appointed must be presented to Denmark Co-operative at its registered office with or prior to lodging this Proxy Form. Proxy Forms must be lodged at least 48 hours prior to the Meeting.

Your attention is also drawn to the following Rule with regard to the upcoming Annual General Meeting, which covers who can attend and vote at the Meeting:

Rule 43.1: The right to vote attaches to membership and not shareholding. Joint members have only one vote between them. Every joint member is entitled to attend and be heard at a general meeting. In the event of a dispute between joint members as to which member will vote (subject to the grant of any proxy or power of attorney), the joint member whose name appears first in the register of members will vote.