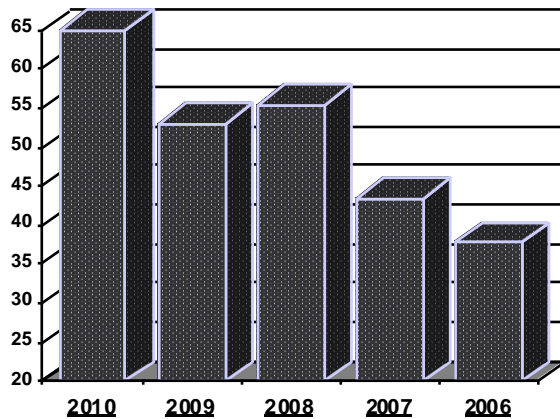


**WEYBURN CO-OPERATIVE ASSOCIATION LTD.
FINANCIAL REPORT
FOR THE YEAR ENDED JANUARY 31, 2011**

SALES:

SALES COMPARISON

(IN MILLIONS)



The Association sales increased to just under 63 million dollars, up 18.7% from last year. The Petroleum Division led the way with a sales increase of 29.8%. The Food Division sales are up 6.4% from last year's total. Sales decreased 8.8 % in the General Merchandise Division.

FOOD DIVISION

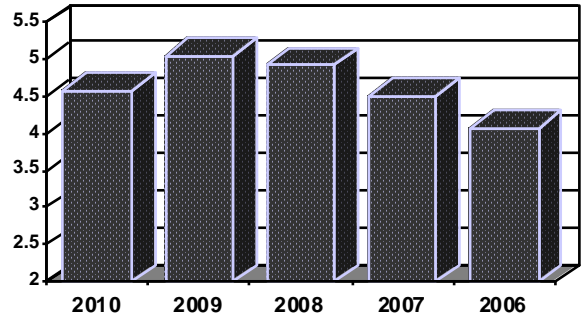
(IN MILLIONS)



The Food Division sales were led by Produce with a 11.7% increase over last year. The Meat Department followed with an 8.5% increase, with strong sales in value added products. Deli continued its growth with a 7.8% increase. All commodities contributed to an increase of 5.4% in Pharmacy. The Grocery Department ended the year up 4.9% over last year. Bakery ended the year up 4.6% to last year. These positive results are reflective of the renovations which focused on fresh and value added products.

GENERAL MERCHANDISE DIVISION

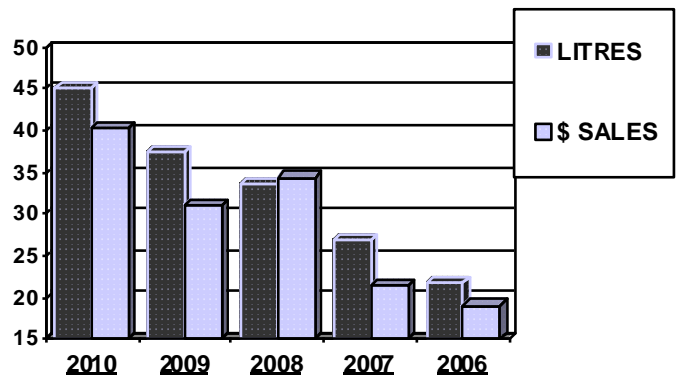
(IN MILLIONS)



The General Merchandise Division sales in total were down 8.8 % to last year. Expressions did see an increase of 6.4% over last year. Outdoor Adventure was down 5.5% and was affected by new competition in Regina. Bad weather resulted in orders not being delivered in Building Materials and a 8.6% decrease to last year. The gradual exit from floor covering and lack of mall traffic resulted in an 11.9% decrease in Hardware Department sales. Last year also includes Down Under sales, as this Department was closed during last year's operations.

PETROLEUM DIVISION

(IN MILLION)



Petroleum Division experienced another positive year. Total dollar sales increased 29.8% from last year. A 9.3% increase in selling prices contributed to our sales dollars growth. Liters continued to increase with 20.0% growth this year. Crossroads experienced growth in all areas, up 32.6% in dollars and 41.2% in liters, with the majority of the increase in pumps and card lock.

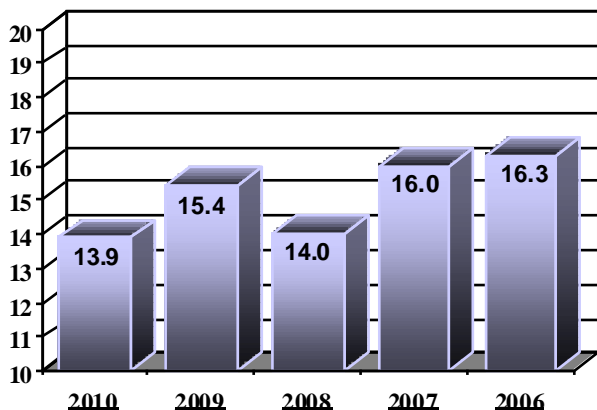
Sud's City, Gas Bar and Bulk all experienced increases to last year with propane the only commodity showing decreases. The renovation of our Petroleum Division facilities certainly helped contribute to these successes.

GROSS MARGINS:

Gross margin is the difference between what your Co-operative pays to suppliers for merchandise and the price we charge our customers. All operating expenses are paid from gross margin.

GROSS MARGINS

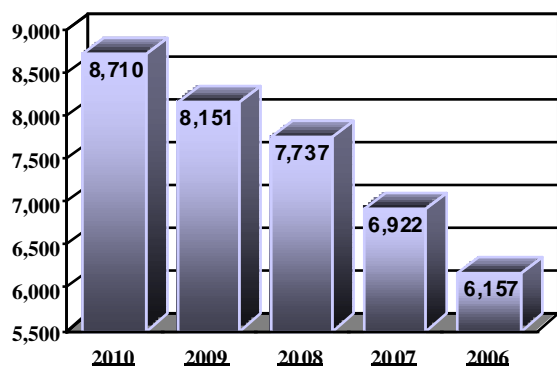
(IN PERCENT)



Our Association total gross margin, expressed as a percent of sales is down from 15.4% last year to 13.9% this year. The major contributing factor again this year is the price of fuel. With fuel at 50.0% of sales last year and 58.1 % of our sales this year, we continue to see our margin percent affected by increasing fuel sales.

GROSS MARGIN

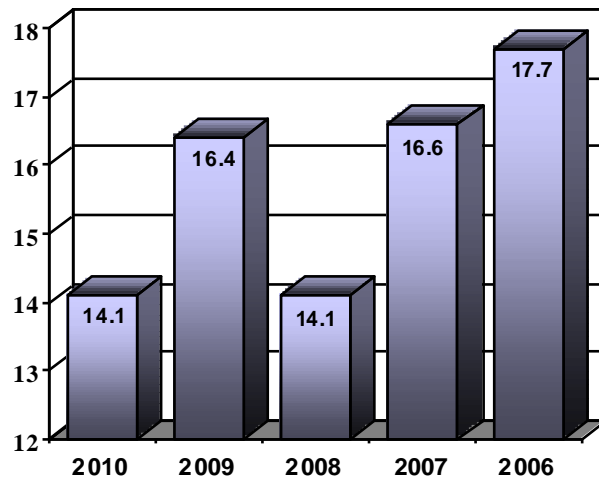
(IN DOLLARS)



When comparing dollars to last year, we experienced an increase of \$560,000. The Petroleum Division show's a 14.0 % or \$323,000 increase to last year. The Food Division saw 4.3% increase in margin dollars with all Departments but Grocery and Bakery improving. General Merchandise saw margins dollars increase 3.0% to last year. We continue to be pleased with the increase in margin dollars we've seen over the last few years.

OPERATING EXPENSES:

(IN PERCENT)



Operating expenses for the Association increased by just over \$200 thousand for the year. As a percent of sales, expenses were down 2.3% to last year. High amortization on new and/or renovated facilities is still a factor. With no major renovations this year we didn't have any major write-offs while last year included renovation costs of \$135,000 for the Food Store Renovation as well as a \$26,000 write-off of Food assets

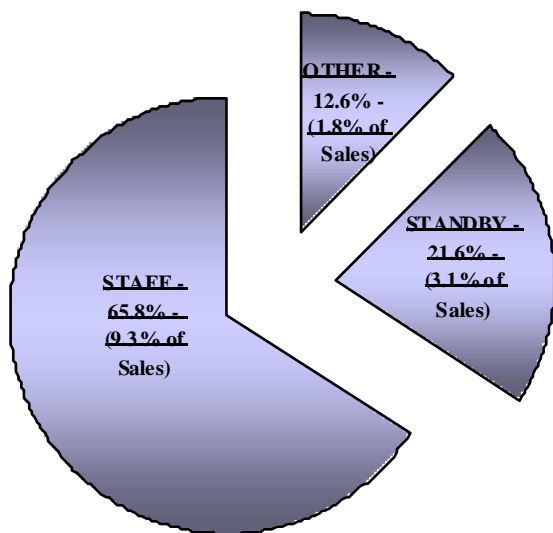
Standby costs were down by 1.9% from last year with amortization, fuel, power, and water experiencing significant increases. Repairs and maintenance as well as rentals experienced significant decreases.

Total staff costs in dollars increased by 7.7% to last year, but as a percent of sales decreased to 9.3% from 10.2% last year. This number is affect somewhat by the increase of the price of fuel as well as volume increases. This year continues to reflects unused holiday accruals. These costs also reflect our commitment to continue to provide high levels of service to our customers. Included in staff costs are sick leave, holiday payouts, training costs, and management and accounting contract recovery.

Other costs decreased by 13.1%. Increases were in areas such as Member Relations, collection costs, and Directors and annual meetings. Recovery on disposal of assets, lower vehicle costs as well as higher direct interest and general recoveries resulted in the decrease.

Member Relation costs reflect our commitment to building a strong community. Collection costs reflect the consumer trend to the use of more plastic and the increased rates the card companies are implementing.

EXPENSE BY CATEGORY



Standby costs, which includes amortization, repairs & maintenance, taxes, insurance and rent represents 21.6% of the total expense dollars. Amortization repairs and maintenance and utilities are the largest of all standby costs accounting for 74.0% of them. Other items such as insurance and maintenance contracts remain virtually unchanged.

Staff costs, which are our biggest asset in maintaining our competitive edge, are also our biggest expense class at 65.8 % of our total expenses.

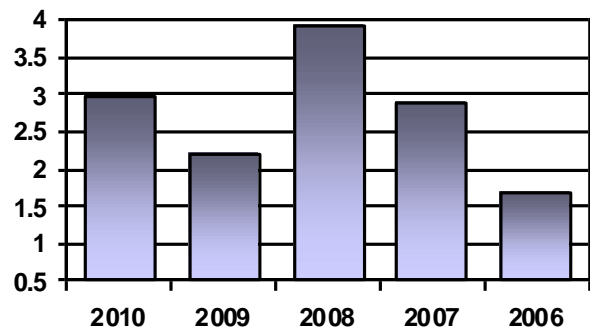
Other Costs represent 12.6 % of total expenses. Included in other costs are such items as advertising, communications, vehicle costs, supplies director & annual meeting and Member Relations to name a few.

NET SAVINGS FROM OPERATIONS:

The Association's total net savings from operations increased to just over \$2.9 million. Included in net savings are earnings from operations as well as patronage refund from Federated Co-op. The FCL allocation this year increased 26.1% from last year, due to our volume growth.

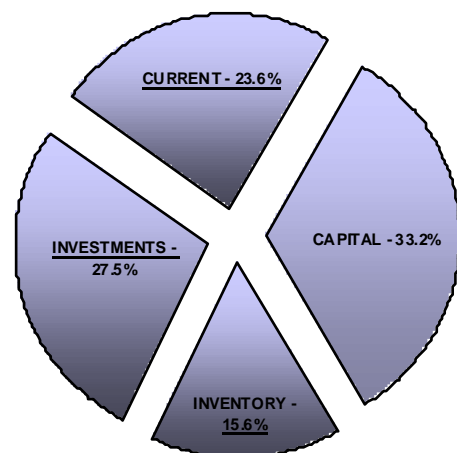
This will enable us to make a proposed allocation of just over \$2.1 million to our membership (up from just under \$1.9 last year) with the remainder being allocated to reserves, retained savings or remitted for corporate taxes.

Total Savings (IN MILLIONS)



ASSETS, LIABILITIES AND MEMBERS EQUITY:

ASSETS (In Percents)



The above graph provides a detailed look at the Association's total assets and the percent of total assets each category contains.

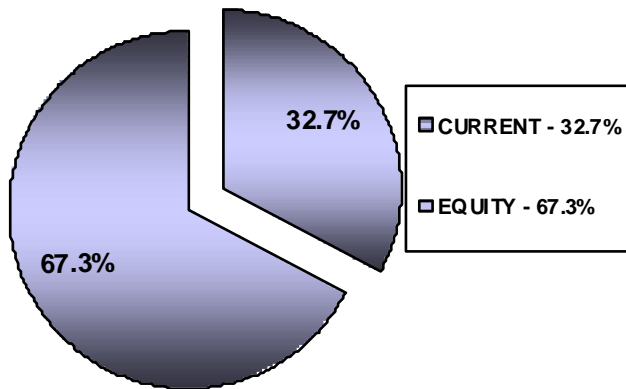
Capital assets are recorded "net of accumulated amortization" or book value. These consist of buildings, fixtures and equipment your Co-op owns. Capital levels have increased as a percent of the total and this is primarily due to the construction projects the last couple of years.

We continue to rationalize inventory requirements throughout the association. Investments primarily reflect the non-cash portion of patronage received from FCL.

The major increase in current assets was in accounts receivable, a result of our increase in Petroleum Division sales.

LIABILITIES & MEMBERS' EQUITY

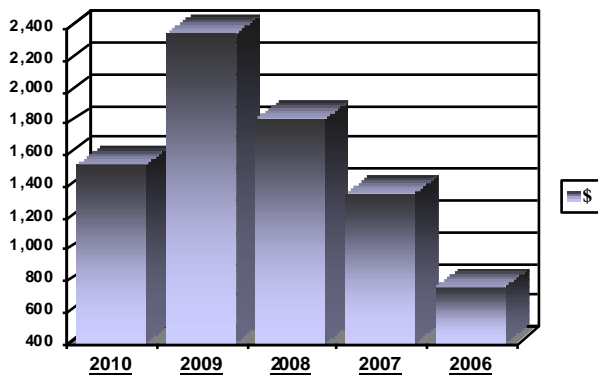
(In Percentages)



Current liabilities reflect the portion of long-term debt payable in the next year and therefore the increase here is offset by the decrease in long-term. Total liabilities have increased slightly in relation to members' equity as a result of increased borrowing and payables. Member equity includes the member shares, reserves and retained savings. Currently 67.3% of the Co-operative's total assets are owned free of debt, which is below the desired level of 75%. This due to an \$2.8 million increase in assets.

CASH RETURNED TO MEMBERS

(IN THOUSANDS)



Cash returned was down from last year due to decreases in the general repayment, withholding tax, withdrawals and retirements. 2009 reflects repayments on 2008 earnings while 2010 reflects 2009 earnings. 2008 was a record year on earnings.

CURRENT CASH RETURNED TO MEMBERS

This year's cash allocation of \$1,144,607 means Members have received more than \$23 million in cash back from their Co-operative in our 82 years of operation.

GENERAL REPAYMENT

❖ \$ 1,144,607

WITHDRAWALS & RETIREMENTS

❖ \$ 189,863

WITH HOLDING TAX

❖ \$ 197,832

TOTAL CASH RETURNED TO MEMBERS

Since June 25, 1929:

» \$23,629,255 «

Last Ten Years:

» \$12,162,662 «

Last Three Years:

» \$ 5,728,007 «

***Respectfully
Submitted***

***On Behalf of the
Management Team***

Tom Morgan

Controller

