



PURSUANT TO THE CO-OPERATIVES ACT 1992 SECTIONS 76A, 146A & 146B

TO BE PROVIDED TO ANY PERSON WHO IS INTENDING TO ACQUIRE SHARES IN THE CO-OPERATIVE AND WHO IS NOT ALREADY A MEMBER OF THE CO-OPERATIVE

PRIMARY ACTIVITY and ACTIVE MEMBER (Rule 14, Section 118)

The primary activity of the co-operative is to manage and co-ordinate the rendering of pathology and related services on behalf of its members.

RULES (Rule 2, Section 106)

The rules of the co-operative (the Rules) have the effect of a contract under seal between the co-operative and each member or members of the co-operative. By becoming a member, a person becomes bound by and agrees to observe and perform the provisions of the Rules so far as they apply to that person. In particular, the Rules set out the requirements that each member must satisfy in order to be an active member of the co-operative. You are entitled to have an up to date copy of the Rules and a copy of all special resolutions passed by the co-operative which are applicable to you, except those providing for alteration of the rules, provided to you by the co-operative free of charge. A person intending to become a member of the co-operative should ensure that he or she has read and understands the Rules.

THE RIGHT TO VOTE (Section 176 and 181)

The right to vote attaches to membership in the co-operative and is not determined by the number of shares held. Only active members of the co-operative are eligible to vote.

ACTIVE MEMBERSHIP (Rule 14, Section 127 and 128)

If a member is inactive or the member's whereabouts are unknown for a period of (2) years the board must declare the membership of the member cancelled and forfeit the member's shares.

In order to remain a member of the co-operative a member must be an "active member".

Rule 14

The primary activity of the co-operative is to manage and co-ordinate the rendering of pathology and related services on behalf of its members. A member of the co-operative shall be deemed to be an active member of the co-operative for the purposes of these rules in relation to any financial year during the course of which the member concerned has purchased one hundred dollars (\$100.00) or more worth of services from the co-operative during the course of such financial year aforesaid from amongst such services as are offered to its members by the co-operative during the course of any such financial year aforesaid.

THE NATURE OF SHARES (Rule 97, Section 146)

The acquisition of shares, in the co-operative is a requirement for membership in the co-operative. Membership carries additional rights and obligations – these are set out in the Rules. A share in the co-operative is personal property. The co-operative has a charge on a member's shares for the amount of any debt owing by that member to the co-operative. An administrator, trustee in bankruptcy or an executor under a law of a State or Territory to administer the estate of the member may be registered as the holder of a share. The co-operative may distribute to members any part of the surplus arising in any year from the business of the co-operative by way of bonus shares, rebates, or a limited dividend.

FORFEITURE OF SHARES (Rule 15, Sections 128 and 134)

Where the membership of a member is being cancelled under the active membership requirements of the Act the board must also declare that the shares of the member are forfeited. The co-operative must repay the amount due in relation to the cancellation. However, where the board considers the repayment would adversely affect the financial position of the co-operative, the co-operative may retain the money until such time as repayment would not adversely affect the financial position of the co-operative. The amount due must be paid within 10 years of the cancellation of the member's membership.

FINANCIAL POSITION OF THE CO-OPERATIVE

A copy of the last annual report of the co-operative as required under section 252 of the Act is available for viewing by arrangement with management of the co-operative.

APPLICATION FOR MEMBERSHIP (Sections 723 Corporations Act 2001)

Application for membership of the co-operative must be made on the attached form.

WINDING UP (Rule 105, Sections 76 and 331)

A member of a co-operative is not, as such a member, under any personal liability to the co-operative, except as provided by section 76 of the Act.

A member of a co-operative with a share capital is liable to the co-operative for the amount, if any, unpaid on the shares held by the member together with any charges payable by the member to the co-operative as required by the rules of the operative. If on the winding up or dissolution of the co-operative there remains after the satisfaction of all its debts and liabilities (including the refund of the amounts paid up on the shares) and property, this shall be paid to or distributed amongst the members of the co-operative in proportion to those members' shareholdings.

Ex-members may also share in the distribution of any surplus in a winding up of the co-operative that commences within 5 years after a member's shares were forfeited.

SECTION 331 - LIABILITY OF MEMBER TO CONTRIBUTE IN A WINDING UP WHERE SHARES FORFEITED ETC

(1) If a person's membership of a co-operative is cancelled under Part 6 (Active membership requirements) within 2 years before the commencement of the winding up of the co-operative, the person is liable on the winding up to contribute to the property of the co-operative the nominal value of any shares forfeited in connection with that cancellation (being their nominal value immediately before cancellation).

(2) If under section 172 (Purchase and repayment of shares) a co-operative:

- (a) Purchases any share of a member in the co-operative, or
- (b) repays to a member the whole or any part of the amount paid up on any share held by a member,

within 2 years before the commencement of the winding up of the co-operative, the member or former member is liable on the winding up to contribute to the property of the co-operative the amount which was paid by the co-operative to the member or former member in respect of the purchase or repayment together with any amount unpaid on those shares immediately before the purchase or repayment.

(3) If a person contributes to the property of a co-operative pursuant to a liability under this section, the amount contributed is, for the purposes of the winding up concerned, to be treated as having been paid up by the person on shares of the co-operative.

(4) The liability of a member or former member of a co-operative under this section is in addition to any other liability of the member or former member to contribute to the property of the co-operative on a winding up of the co-operative.

RIGHTS AND LIABILITIES ATTACHING TO SHARES

SECTION 76 - LIABILITY OF MEMBERS TO CO-OPERATIVE

- (1) A member of a co-operative is not, as such a member, under any personal liability to the co-operative, except as provided by this section.
- (2) A member of a co-operative with share capital is liable to the co-operative for the amount, if any, unpaid on the shares held by the member together with any charges payable by the member of the co-operative as required by the Rules.

The co-operative may distribute to members any part of the surplus arising in any year from the business of the co-operative by way of bonus shares, rebates, or a limited dividend.

MEMBER SHARE QUALIFICATION

(Rule 21)

The shares of the co-operative are of one class, all ranking equally and have a nominal value of \$1.00 each.

Rule 21 – Minimum Shareholding

Every member shall, on admission to membership of the co-operative, hold at least 5,000 shares, paid to 10%.

Consequently each member will be required to subscribe for a minimum of Five Thousand (5,000) \$1.00 shares in the co-operative, paid to 10%. The board will from time to time make calls upon the members in respect of any monies unpaid on the shares of members in accord with Rule 39.

DETAILS OF LIABILITY AND FINANCIAL INVOLVEMENT

Share Capital: A prospective member must pay the amount of \$500.00 to DMCL upon acceptance as a DMCL member and the allocation and allotment of the minimum 5,000 \$1 shares. The amount of \$500.00 is equal to 10% of the nominal value of the 5000 \$1 Shares allocated and allotted to the member when that person's application for membership has been accepted by the Board.

Entrance Fee: A once only entrance fee of two hundred dollars (\$200) is payable by each member and will be deducted by 12 equal instalments from any moneys which may become due to the member.

Service Fee: An annual service fee of twelve hundred dollars (\$1,200) is payable by each member and will be deducted by 12 equal instalments from any moneys which may become due to the member.

Miscellaneous Charges:

Bound Copy of Rules: \$10.00 (Otherwise free electronic)

Annual Membership Fee: \$200.00 (Unless otherwise determined by DMCL Board)

Nominal Share Value: One Dollar (\$1.00) per share

Share Transfer Fee: \$50.00

Maximum Fine: \$1,000.00

All Correspondence to:

DIAGNOSTIC MEDICAL CO-OPERATIVE LIMITED

PO BOX 139

KINGSGROVE NSW 1480

FOR MORE INFORMATION VISIT OUR WEBSITE:

www.dmcl.com.au