

Happy Christmas to all

2005 has been a very busy year for the team up at *Yfuel /Yfarm*.

Record fuel prices and the task of settling in a new business (rural supplies and hardware) have taken a lot of time and energy on the part of everyone. And, of course, we still have a way to go.

The Board of YCD Co. Ltd., together with our staff, take this opportunity to wish all our customers and shareholders a merry Christmas and safe and happy new year. We look forward to a 2006 where, together, we can continue to build the Yfarm business and secure its profitability for the benefit of Yackandandah.

We thought we'd devote this newsletter to recalling a few of the 2005 highlights:

Yfarm Opens for Business ...

Clearly, this was a highlight. Building a non-fuel based business was always going to be integral to the company's long-term success. The hardware /rural supplies lines were the obvious best-fit. Over the first 8 months or so, we have hit our sales targets of \$4,500 in gross sales per week (that's rural supplies and hardware only) which is very encouraging. The additional labour expenses involved in running that side of the business and set-up costs have been a bit higher than we bargained for to start with but that's improved after things settled down and we have better systems in place.

New Shed and Shop Extension ...

We very quickly extended the shed and storage area at the back to cope with the range & quantity of rural lines we are selling (total shed cost \$33,000). The westerly shop extension (to the west of the existing service station building) is planned for early in 2006 (estimated cost \$35,000). The extra retail shop space substantially improves our display and merchandising capacity for hardware products which will translate into better sales.

Record Fuel Prices ...

No-one likes high fuel prices. Wars, hurricanes and the like all make for a volatile world market and, whether we like it or not, it flows through to Yack.

At times that all works for us, other times against us. Sometimes we are bit dearer than others, more often cheaper. But in the long-run, we generally make from 5 c/litre up to about 12 cents/litre. That's still a fairly slim gross margin of between **4% and 10%**.

And (as we like to say), **it keeps the money in Yack.**

"Shop at Yackandandah Station"

Yfarm

- ü **Pet Food- cats, dogs, horses ...**
- ü **Fencing- wire, gates, posts, Ø pickets**
- ü **Hardware- Tools, nails, screws, cement**
- ü **Gardening- Mulch, fertiliser tools etc.**
- ü **Produce- Hay, straw, stock feed**
- ü **Water tanks, troughs, feeders etc.**
- ü **Poly products- pipe, fittings etc.**
- ü **Gas - 45 KG and BBQ refills**
- ü **Electrical- globes, fuses wire**

Phil & the staff at Yfarm say thanks to our customers for your support during the year. Have a safe and happy Christmas & New Year.

Highlights (Continued)

Volumes Remain Strong ...

Fuel volumes have remained strong throughout the year at around the 32,000 to 33,000 litre p.w. mark.

When prices were high, there were times we were considerably cheaper than elsewhere - our volumes hit 42,000 litres in one week (who says fuel buyers aren't price sensitive!). In that week alone, the business's takings for the week were over \$62,000.

Profitability aside, that's \$62,000 in that 1 week that stayed in the Yackandandah economy and didn't go to Wodonga.

COMMUNITY PROJECTS FUNDED ...

We continue to sponsor/fund many community projects & initiatives. So far this year, we have made the following sponsorships & contributions:

Round 1 2005 (Funded):

Yackandandah Folk Festival (\$3,000)

Yack Historical Society - Digital Camera (\$635)

Yackandandah Golf Club - Mower (\$2,909)

Yack Sports Park - \$ for \$ to Completion Fund (\$15,000) *

Round 2 2005: Currently Under Consideration:

Yack Public Hall Committee - Replace curtains

Yack Bowling Club

- disabled access/underpinning green/ kitchen

Yack Cricket Club - Junior equipment kits

YCDCo. - Runner-Up in National Economic Development Award ...

YCDCo. was nominated by the Shire and came equal runner-up in the National Awards for Economic Development projects. Lyn and Phil Buerckner represented YCDCo. at an official awards dinner in Melbourne recently, with former Industry Minister John Button as keynote speaker.

We were up against multi-million dollar employment creation schemes/ projects funded by the Tweed Development Corporation (the ultimate winner) and The City of Melbourne.

So, while we didn't actually win, that's not bad company for a small town like Yack and a very significant achievement.

FINANCIAL PERFORMANCE ...

Through all this, YCDCo. continues to consolidate itself financially. The capital works we have been undertaking (shed and shop extension to come) will end up costing about \$68,000 in total, \$33,000 of which has already been expended.

The business generates significant cash surpluses and we didn't have any debt to start with (thanks to the successful share offer). So that means we are able to fund the shed and shop extension simply through running a bank overdraft (\$30,000) which is still a minimal debt level for a business of our scale.

The Board sees this as a necessary investment to secure the company's long-term future around fuel, rural supplies and hardware product lines.

Cash-flow's been good, people generally pay us on time so ... things are promising for 2006.

... as long as we all maintain our loyalty by, wherever possible, shopping in Yack!

CHECK OUT

OUR SHED ...

Sheds are fantastic places - lots of stuff in them you wouldn't imagine.

Next time you are up at the servo, come in and check out OUR SHED!

..., garden tools, wheel barrows, mulch

... wire, rope, chain

... fly-screen, shade-cloth

... hardware, fittings, brackets, PVC, poly

We've got MOST THINGS you need for that home or farm job!

The Mirror...

Where do I look when the shop shuts?

How dare they just close the doors.

I thought it would always be there,

but its just not no more.

It's the multi-nationals, the blue suits, the big boys.

They've rogered us proper again.

But where do I look now the shop's shut?

I can't even find them to vent.

Now, where did I go shopping yest'dy?

For my bits n' pieces and bites.

Where'd I go to last frid'y?

When I snaffled that stuff at a price?

And where would I go tomorrow, if our shop was still around?

I really miss their faces.

The smiles, the banter, my town.

anon.

**Merry Christmas
to All!!**