

RURAL SUPPLIES & PRODUCE

- Opens 21 Feb

We are pleased to announce that the Yackandandah Station rural supplies and produce business will open on 21 February 2005. Coinciding with this, the **Yackandandah Hardware Store** in High Street will cease trading at close of business on Friday 18 February 2005.

To be branded "**Yfarm**" (to compliment the **Yfuel** brand), the product range will include most of the existing hardware store offering plus more.

- ü water tanks and poly products
- ü fencing supplies and equipment (wire, star pickets, posts etc.)
- ü bottled gas
- ü stock feeds and produce
- ü rural supplies, hardware & equipment.

Initially, we will be a bit 'squeezed' for space so, **please be patient**. But, over the next few months, we plan to build a new shed and fenced enclosure at the rear and extend the retail shop space to the west of the existing service station building (planning permits have been obtained).

As many shareholders will be aware, this transaction has been negotiated by the Board over a period of months after it became clear that the hardware business as it presently exists would close soon. The outcome is that the Robinsons can now pursue their other business interests with Border Lifting and Safety, YCDCo. gets a new complimentary business to go with fuel ... and most importantly, **YACK GETS TO KEEP ANOTHER SHOP!**

The Board has conducted a detailed investigation into the viability of this business proposition, as we did with the share offer. .

"Shop at Yackandandah Station"

coming soon ...

- ü Pet Food
- ü Fencing
- ü Basic hardware
- ü Produce/stockfeed
- ü Water tanks
- ü Poly products
- ü Gas

Monday **21** February 2005

→ **Rural Supplies & Produce**

It is proposed to fund the transaction through the establishment of an overdraft facility to bolster our working capital (for purchase of stock etc.).

Based on our analysis, we estimate that the introduction of rural supplies, produce and hardware lines will result in the following for YCDCo. Ltd. shareholders:

- ü capital outlays of approximately \$100,000 (including building, shed and stock)
- ü increased staffing requirement to approx. 123 hours p.w. (jobs in Yack)
- ü a **68%** increase in **earnings per share (EPS)**;
- ü a payback period of 2 to 3 years
- ü a debt to equity ratio of approximately 20%

Overall, we are confident that this move is **strongly** in the interests of YCDCo. shareholders and strongly in the interests of the wider Yackandandah community.

Community Commitment Projects ...

The Board of YCDCo. (in consultation with 4 other community reps) has made the following initial allocations of community commitment funds.

(For those who don't know, clause 27 of our Constitution requires the company to contribute 50% of any distributed profits to community projects, causes or initiatives. The other 50% is available to be distributed to shareholders as dividends.)

The projects are:

- Yack Public Hall Committee - \$649 (for restoration of historic court-house furniture)
- Folk Festival - \$2,500 (festival sponsorship including street bunting, performers etc.)
- Yack Football and Sports Club - \$1,850 (lighting and netball facilities upgrade)
- Kindergarten - \$1,842 (purchase of photocopier)
- Arts Yackandandah - \$1,800 (Community Choir conductor)
- Yack Bush Nursing Hospital - \$1,595 (purchase of weighing chair)

It is important to note that, from now on, the funding process will be ongoing rather than a once-a year thing. Other project ideas and proposals are still being discussed and **we welcome more proposals.**

The only **provisos** are in applying for Community commitment funds are:

- There must demonstrable, broad community benefit;
- **YOU** must take accountability for researching your idea or proposal, building a case for it and **IMPLEMENTING IT, not US!**

We plan to have issued **\$15,020** in community commitment funds by the end of our financial year on 31 March 2005.

Welcome Phil ...

Most people will have noticed that **Phil Buerckner** has taken over as site manager at Yackandandah Station. Ben has left to pursue other interests. We want to thank him for his contribution over the last 12 months getting the service station up and running.

Phil has a strong background in supermarkets and retailing, as well as being a detective in Victoria Police ... an ideal mix you might say!!

More importantly, he believes in YCDCo. and is committed to the Yack community and is working hard on staff development at the servo.

So, if you haven't already, say "Hi Phil".

Dividend

Approved by Board ...

Shareholders with an eye on the bottom line will welcome news that the Board has declared a dividend of ...

<p style="text-align: center;">\$3.55 <i>per ordinary \$100 share *</i></p>
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Shareholders will recall that the Board decided not to pay a dividend in our first year of operation in order to consolidate our financial position.

The Directors now feel confident that our cash flow and profit situation is consolidated.

Dividend payment options (including EFT and cheque) will be advised when we send out the notice of our AGM which should be in late April/early May.

(* You might note that $\$3.55 \times 4,231$ (the number of shares on issue) = \$15,020 ... the same as the community commitment target.)

65 Shares Sold ...

The YCDCo. Constitution has this peculiar mechanism that heavily prescribes not only the method of share transfer but the price as well.

And, we've just completed the first transfer cycle. We can now fess up that we were a bit unsure about how it would all work in practice, but fortunately it went like a dream!

The price is defined as the "net asset value attributable to each share" as per the last published annual report - that was **\$105.98** (compared to an issue price of \$100).

We received 12 applications for a total of 185 shares. There were only 65 shares on offer and so the shares were allocated on a pro-rata basis to applicants.

So, welcome to the following new shareholders:

- Johanna Pihkanen & Ewen Silvester
- Gena Cavini
- Noeline Hartwig
- Anne Corcoran
- Tiahn and Callum Barnard
- Sandy Creek Trees Pty Ltd
- Kenneth & Helen Beatty
- Stanley & Kathleen Edmiston
- Baderina Pty Ltd (Peter Hughes)
- Gregory Saffin
- Carolyn Martin-Doyle

“YCards”

- Accounts Available ...

With the introduction of the rural supplies and produce business, YCDCo. will continue to offer credit (through **Ycard** accounts) to approved customers.

Account customers will get a “Y-Card/s” and 14 day credit terms. A monthly administration fee applies. Applicants should note that credit terms will be **STRICTLY APPLIED**. More information / account application forms are available at the service station or from the Manager on 6027 1901.

Sales

Report ...



Over the past 12 months, sales have consistently topped the 30,000 litres per week figure which is where we want to stay.

Since mid-December and through January, average sales dropped off slightly to around 28,000 litres per week.

We are confident that that this is a short term blip on the radar coinciding with school holidays and Shire holidays etc. On the other hand, margins (which are ridiculously tight when the retail price is around the \$1.00 mark) have improved a lot.

It will be interesting to see February figures!

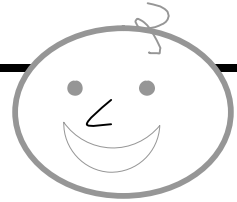
BUT, it is also a timely reminder that we will never be able to ‘rest on our laurels’ and take our customers clientele for granted. After the YCDCo. “honeymoon phase” (which is pretty much over), we will have to work hard to earn and maintain the support of our customers - including that of our shareholders.

... so please

Shop locally

whenever you can

Phil’



Column...

This is the first of what will be a regular column in the Orange Sheet about Yackandandah Station site issues.

Firstly, I'd like to say how excited I am about the potential of this place and this community-owned company model. Lyn and I are really enjoying our role at the service station and especially working with all the younger kids around town. The start of the rural supplies and hardware business will really consolidate the business for the town ... all we need is your continued support.

And it's up to us to earn that!

One of my first priorities has been **training** and **staff development**. Some people might think this is 'just a service station' but when you think about it, its a lot more than that.

Often, it is the first paid work experience for many teenagers around town. That means the experience will have a big impact on their attitudes to work and things like taking responsibility, working in a team and - very importantly - customer service.

Things like smiling, addressing customers by name and looking them in the eye are important life skills which go beyond the service station. If we can instil positive skills and attitudes in these kids early, it will carry them far. And make no mistake, the attitudes they develop in their first job will be the ones they carry forward.

We have also been running a traineeship program over the past couple of months where we 'buddied up' senior staff with juniors. That's worked really well and we now have a good pool of staff.

See ya

Phil B

Thanks for your support!