

Treasurer's Report

For year ending 30 June 2012

Business Performance Summary

In a difficult period generally for the economy and business in Australia Valley Community Financial Services Ltd can take some pride in our 2012FY results. All our branches grew their footings and income and we continued to make significant financial contributions to our community and shareholders. My highlights include:

- Three branches generated profits for the year. Hurstbridge just under \$1.16 million, Diamond Creek just under \$250k and Kinglake nearly \$5k. (It should be noted our company administration and community support expenses are not attributed to our Branches for accounting purposes).
- Hurstbridge profit relative to Diamond Creek is a quick lesson in the importance of growing footings in all branches. Diamond Creek has close to half the footings of Hurstbridge.
- In 2012FY we generated nearly \$600k more income than 2011FY when expenses increased by nearly \$300k. Not a bad return.
- Of our \$3.6 million of income approximately \$1.9M is generated by Hurstbridge, \$0.9M by Diamond Creek, \$0.4M by Eltham, \$0.2M by Kinglake, and \$0.2M by Doreen Mernda. All these are increases on the 2011FY result.

Our branch footings grew a credible 20% on 2011FY, missing our full year budget for the year by only 4%:

- Better than budget margins contributed to an on budget income performance; and
- Below budget expenses and sponsorships a 2012FY profit 39% better than budget.

2013FY Budget Summary

KPI	\$000	Notes:
Total Income:		
FY2012 Actual	3,626.5	
FY2013 Budget	4,188.7	An increase of \$562.2k (15.5%)
Total Operating Expenses (including Sponsorships):		
FY2012 Actual	3,291.1	
FY2013 Budget	3,754.5	An increase of \$463.4k (14%)
Profit After Tax:		
FY2012 Actual	174.8	
FY2013 Budget	289.2	An increase of \$40.5k (16.2%) , <u>\$114.4k (65.4%)</u> , 6.9% of Total Income

Cash and Cash Equivalents:

FY2012 Actual 676.1

FY2013 Budget 676.1 No change

FY2012 Dividend Recommendation

The Board of Directors has declared a final dividend for 2012FY of 2c per share payable in October 2012.

VCFS policy requires that the Finance Committee provide directors with assurances that all governance requirements for a dividend to be declared have been met.

The three governance areas to be met are:

1. The Company Constitution
2. Corporate Law
3. The Franchise Agreement

Based on the number of shareholders at 30th June 2012, 2c per share represents a total dividend payment of \$81k. This is over 90% of the maximum value payable while meeting all three governance areas, so the best result possible for our shareholders this year.



Daryl Brooke
Treasurer