



GOLDFIELDS CREDIT UNION

ABN 63 087 651 849, AFS License 246884
BSB 806-043

ANNUAL FINANCIAL REPORT

SUMMARY

2007

CHAIRMAN'S REPORT 2006-2007

It is with pleasure that I present the Chairman's Report to members of Goldfields Credit Union (GCU) for 2006-2007.

GCU celebrated its 25th year of operation in June this year and it is testimony to the foresight of those local business leaders in the early 1980s that the local community would support a truly local financial institution. GCU continues to grow strongly in a competitive financial service market.

Financial Performance

The Board is pleased to announce an after tax profit of \$455,084 for 2006/07, up from \$450,684 the previous year.

Whilst net interest margins have been maintained, non- interest revenue has fallen significantly. This fall has been partially offset by containment of costs resulting in maintenance of satisfactory after tax profit.

A review of GCU fee and rebate structures has resulted in some necessary changes to improve fee income to cope with rising running costs. The Board sees these changes as vital to the continuing prudential management of GCU. These changes will come into effect on 1 August 2007 and will be the first change in fees since October 2004.

Total assets have grown by approximately \$1.5 million to just over \$39 million.

A most pleasing aspect in our Balance Sheet is the continued improvement in quality of GCU's loan book where bad and doubtful debts have been tightly managed.

GCU's capital adequacy continues to remain strong allowing for further lending growth.

Compliance & Risk Management

Compliance is a key element in managing risk.

GCU continues to improve on its risk management framework to comply with regulatory standards.

GCU faces new challenges in the compliance area with the anti- money laundering and counter terrorism financing legislation together with the Basel II capital framework to be introduced in the upcoming 12 months.

Board

It was with regret that the Board accepted the resignation of Dean Willis as director after 8 years of passionate service to GCU in October 2006. Greg Coyle was seconded as a replacement for Dean and has nominated to be elected to the Board at September's Annual General meeting.

The Credit Committee has been chaired by Bill McKenzie supported by Allan Pental and Leigh Junk as its members. The Audit Committee has been chaired by Ashton George supported by Coralie Hurley and Greg Coyle.

Staff

On behalf of the Board, I would like to recognize the continuing efforts and commitment of GCU's staff over 2006/07. The staff continue to maintain the highest standard of service to its members which continues to be reflected in GCU's continued growth and standing in the Goldfields region. GCU was also awarded the business of the month in January 2007.

Community Involvement

GCU continues to support the community by providing sponsorship and donations to local charities, arts, sports and key services such as RFDS.

Finally, I would like to acknowledge the efforts of my fellow Directors in Ashton George, Bill McKenzie, Dean Willis, Leigh Junk, Greg Coyle and Coralie Hurley during 2006/07, for dedicating their time and experience for the benefit of GCU.

Allan Pental
Chairman

INCOME STATEMENT

For the year ended 30 June 2006

	2007	2006
Interest revenue	2,833,250	2,560,077
Interest expense	-1,255,711	-1,165,163
Net Interest Revenue	1,577,539	1,394,914
Non-interest revenue	1,015,143	1,248,212
Bad & doubtful debts expense	-74,979	-28,302
Other expenses	-1,884,011	-1,966,284
NET PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	633,692	648,540
Income tax expense	-178,608	-197,856
NET PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX	455,084	450,684
Retained Profits at the beginning of the year	0	0
Total available for appropriation	455,084	450,684
Aggregate of amounts transferred to reserves	-455,084	-450,684
RETAINED PROFITS AT THE END OF THE YEAR	0	0

BALANCE SHEET

For the year ended 30 June 2006

	2007	2006
Assets		
Cash and cash equivalents	2,362,369	1,831,096
Due from other financial institutions	7,000,000	9,000,000
Loan and advances to customers	28,908,322	25,875,367
Investment securities	168,231	165,986
Property, plant & equipment	499,910	516,171
Deferred Tax Asset	75,150	54,968
Other Assets	61,903	53,068
TOTAL ASSETS	39,075,885	37,496,656
Liabilities		
Deposits	33,901,394	32,805,019
Payables	480,588	441,685
Other borrowed funds	400,000	400,000
Current tax liabilities	76,284	91,031
Current tax liabilities	8,664	7,205
Provisions	109,980	110,791
TOTAL LIABILITIES	34,976,910	33,855,731
NET ASSETS	4,098,975	3,640,925
Members Funds	10,356	10,796
Reserves	4,088,619	3,630,129
TOTAL MEMBERS' FUNDS	4,098,975	3,640,925