

	31 Dec 10	31 Dec 09
	\$	\$
Statement of Financial Performance – Income Statement for six months		
Revenue from ordinary activities	881,813	748,978
Employee expense	(403,861)	(422,341)
Depreciation and amortisation expense	(19,149)	(20,073)
Distributions & support to community	(28,400)	(31,062)
Other operating expenses for ordinary activities	(275,668)	(236,589)
Profit / (loss) from ordinary activities	154,735	38,916
Income tax benefit (expense)	(46,420)	(13,175)
Net (loss) profit after income tax	108,315	25,741

Statement of Financial Position – Balance Sheets as at 31 December 2010 & 30 June 2010

Current Assets: Cash and receivables	884,455	790,290
Non-current Assets: equipment and intangibles	146,222	176,643
Total Assets	1,030,677	966,933
Current & non-current liabilities: Payables and Provisions	(255,256)	(299,827)
Net Assets	775,421	667,106
Equity:		
Shareholders funds	775,421	667,106
Earnings per share	19.14 cents	4.55 cents
Net asset backing per share	\$1.37	\$1.09

These are summaries of the financial reports prepared by the directors and reviewed by the auditors.

The principal activity and focus of the Company is the operation of Mundaring Community Bank Branch of Bendigo Bank, pursuant to a franchise agreement.

There are about 704 shareholders holding 565,700 shares in the Company.

By order of the Board

Gerard Tonks FCA, FCIS
Company Secretary and Director

28 February 2011



Mundaring Community
 Financial Services Ltd
 ABN 63 097 289 677

Branch address:

6945 Great Eastern Highway, Mundaring WA 6073
 Telephone: (08) 9295 0744

Administration address:

10 Burgess Street, Midland WA 6056
 PO Box 3443, Midland WA 6056
 Telephone: (08) 9274 6833
 Facsimile: (08) 9274 6855
 website: www.mundaringcommunitybank.com.au



Mundaring Community
 Financial Services Ltd

Company Update

With summer drawing to a close, we're thankful that the bushfire season has spared our communities, and we extend our heartfelt support to those in Roleystone and Kelmscott who have been affected so significantly by the fires of early February. Rebuilding will take time, energy and funds and if you haven't already donated to the Lord Mayor's Bushfire Appeal, we hope that you will consider doing so if you can. The cause is very worthwhile. It has been a summer to remember across Australia with floods, cyclones, never-ending water across Victoria as well as the largest floods on record in Western Australia in Carnarvon – perhaps time for us to be grateful for what we have!

On a positive note, the company has been performing well and we're looking forward to a successful financial year. You will find a summary of the half yearly accounts to December 31, 2010, on page 3 and I encourage you to review the progress being made with the branch operating at a profitable level and the company tracking well.

The shareholder dividend for 2009/10 was paid to all shareholders just before Christmas; if you have any problems with the dividend payment, please contact us on 9274 6833. We are encouraging all shareholders to provide their bank account details to make payments easier, reduce the number of cheques getting lost and to ensure that you get your payment as promptly as possible, so if you have yet to provide your details, please do get them to us as soon as you can and we will update our records. Of course, we need any address or contact changes, too, so please keep us updated.

The company performance is certainly recovering with the stability of the Reserve Bank rates and their setting of monetary policy and we trust that the impact of the summer's 'disasters' is not too severe; certainly the Board will be taking a keen interest in the economic conditions to ensure that it takes appropriate action to steer the company through.

As some of you will be aware, the directors were all elected at the AGM for terms from one to two years and I congratulate them on their elections. Unfortunately, Paige McNeil has resigned as her business interests are now focussed with the prospect of her company listing on the stock exchange in the coming months. We thank Paige for her efforts and wish her the very best in her future endeavours.

The community investment program has continued to offer support for local groups, with the EFTPOS facility being very much in demand at this time of year, as the



sports groups continue with their registrations and the concert season starting. The directors have enjoyed the opportunity to meet people in the community and have enjoyed the promotional aspects of the activity. There is a report on our community investment program further in the newsletter for you to read. If you have comments or suggestions that you would like to make, please do send them through to me.

The Board has begun the process of strategic development for the future of MCFS. This initially involved consideration of expansion, either by a new branch or a sub-branch in Midvale, but the Board considered that the costs were too high a risk for the company at this stage, so they are working on the development of a better plan for the future expansion. This will underpin the operations and expenditure of the company over the next two to three years with the aim of ensuring that it can capitalise on any opportunities that do arise in a timely way in the future.

Finally, this is my last report to you as I am leaving the company after four years to take on a new challenge in the not-for-profit sector. I have enjoyed working with the company and especially my role within the communities of Mundaring Shire. You are wonderful people and I thank you for your commitment to the company and to our community – it will remain as an inspiration to me as I take on this new challenge.

Allison I'Dell,
Corporate Manager



Branch Report

After a busy summer in the branch, it is good to see that the business profitability has continued to grow. We're still very busy in the branch and the staff are tireless in their efforts to help customers.

The portfolio is growing, now at \$153million with business continuing to recover however, the recovery is patchy and some small businesses continue to struggle after the GFC and now with the disasters over summer. We will keep working with our customers to provide the best banking service to them, as we always have, and I hope that as the effects of the Queensland, Carnarvon and Victorian floods hit the economy, that it is not too badly affected.

Bendigo and Adelaide Bank continues to grow its position in the banking sector and we are pleased with their product development and marketing support which helps to build the branch business.

The brilliant staff at the branch make this business a pleasure, so thank you to Ann, Leanne, Taryn, Denise, Sandra, Susan, Helena and Ruby – you are a great team! Sandra will be on maternity leave for a few months with her new baby girl, Evie, and we look forward to seeing her when she is ready to return.

I welcome your calls about business and if you want to discuss your financial needs, please come into the branch and see one of our friendly staff – they'll be happy to help.

Gerry Toovey,
Branch Manager



Branch Renovations

You may have noticed that the branch was closed over the March long weekend for renovations. While the changes may not be obvious when you walk in the door, the aim of the renovation is to create more space, providing our staff the means to continue providing customers with excellent, personal service.

The changes included the creation of a new interview office, which enable us to discretely assist customers with their banking requirements, whether it is opening a new account or reviewing investment options.

Board Report

The Company has had a good period of profitable business and the first six months to 31 December 2010 has given a profit before tax of \$154,715 and after providing for tax, \$108,315. We expect the next six months' result to 30 June 2011 to be as good, driven by steady growth in banking business sales.

The Company's policy on community investment this financial year is to contribute \$50,000 in various forms of support and sponsorship. In February this year the Directors decided to increase this by \$15,000 by making donations to the Lake Clifton Fire and Carnarvon Flood appeals. The Directors' strategic planning is currently to firstly, expand the capacity of the branch business by investing in more premises space and staff. An alteration to the internal layout of the Branch is about to happen which will start the process of enhancement. The branch is the only bank in Mundaring offering full banking services and has been for nine years.

Secondly, the Directors are still looking for, and evaluating, opportunities for a presence in the Midland-Midvale region. We're doing this in conjunction with our franchise partner, Bendigo and Adelaide Bank and any feasible development would not be imminent but some years in the future.

Paige McNeil, who joined the Board in January last year, has resigned due to the demands of her professional and commercial interests with mining exploration companies with potential listing this year. Paige made an excellent contribution to the deliberations of the Board and we are sorry to see her go. Chairman, Arthur Maddison, welcomes expressions of interest from shareholders to discuss opportunities for Board participation, so if you are interested, or you know someone who might be suitable, please contact him through the office.

Gerard Tonks
Director



Share Trading

If you are interested in building your MCFS shareholding or know someone who is interested in investing in MCFS shares we currently have parcels of shares available for sale. Please contact Pene if you would like any further information on 9274 6833 or drop her an email pene@mundaringcommunitybank.com.au

The process of buying and selling MCFS shares is reasonably easy, if you would like to find out more you can also visit the shareholder page of the website.



Community Report

In the eight months since commencing this role, I have had the pleasure of working with many community groups. Within each organisation there is a passion for what they represent and the services they provide for the community, in the majority of cases, on a volunteer basis.

This started me thinking about the value of volunteers. Their contribution to the community is invaluable. Not only do they donate their hours, volunteers are rarely reimbursed for their out of pocket expenses such as fuel and phone calls depending on the type of volunteering as recognised by the Australian Council of Social Services (ACOSS) to exceed \$500 per annum. Yet when applying for a sponsorship or grant, community groups are invariably asked to value the contribution of volunteers and many organisations have little or no idea how much their volunteers' time is worth. I'd like to encourage all community organisations to think about carrying out a simple valuation of volunteers. Mundaring **Community Bank**® Branch values our wonderful volunteers and we continue to make supporting volunteers a high priority in our sponsorship program.

We're very busy with the sporting clubs and their registration days with the community EFTPOS facility in high demand and February has been especially busy. We remind you, too, that the Rotary Sunday Markets Stall is available for community bookings as well as the EFTPOS facility so if you're fundraising, do give us a call and discuss how we can help.

We have managed the community budget of \$50,000 this year with the following sponsorships:

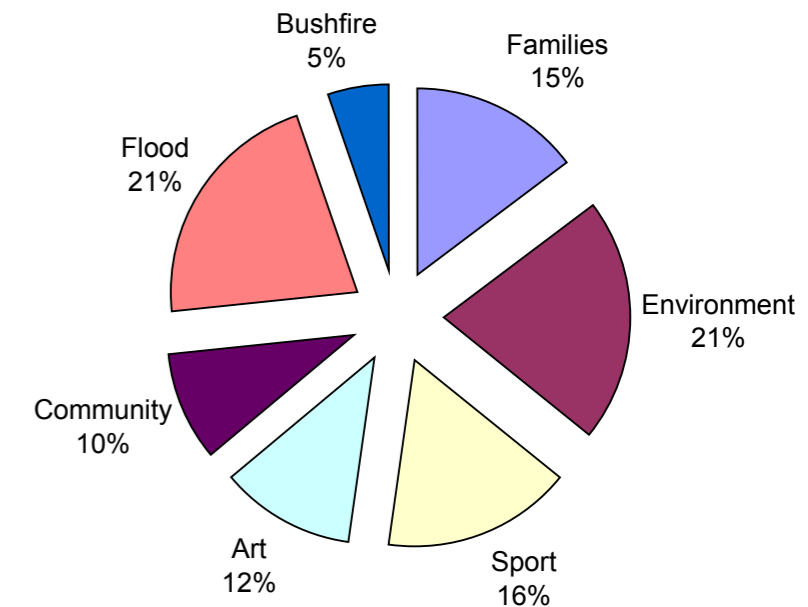
Chidlow Marsupial Hospital	\$12,000
KRW Treanor Poetry Award (WA only)	\$ 4,000
Eastern Hills SHS Hub project	\$ 2,800
Wooroloo Primary School Robotics	\$ 5,450
Little Possums	\$ 4,950
Glen Forrest Christmas Gathering	\$ 500
Darlington Chamber Music	\$ 2,500
Brown Park Sports Clubs (electricity support)	\$ 5,000
Hills Sports Star of the Year Awards	\$ 2,500

Georgia Wilson individual hockey sponsorship	\$ 500
Eastern Hills T-Ball and Baseball	\$ 1,500
El Caballo Golf Club	\$ 500

There is a balance of \$9,500 left for distribution by the Committee over the next three to four months. In addition to these sponsorships, the Board resolved to put \$12,000 towards the Carnarvon Flood Appeal and a further \$3,000 towards the Lake Clifton Fire Appeal. This brings the total to \$65,000 for the financial year to 30 June, 2011. The distribution by sector is in the graph below.

If you have any queries about community support and sponsorship, please don't hesitate to let me know.

Community Investment 2010-11



Pene Welsh,
Community and Investor Relations.