

the Company and we believe that there will likely be an opportunity in future to make a new issue of shares.

How long will it take to buy or sell shares?

The length of time taken to buy or sell shares depends upon the number of buyers or sellers at any particular time and the amount of funds that they have at their disposal. The background activity does not take long once the buyer and seller get together. On completion of the initial transaction the Board (at its regular monthly meeting) approves or rejects (rarely) the transaction and the share certificates are then issued to the new owner of the shares.

Is there a dividend this year and if so, when will it be paid?

As the company is now in regular profit it is intended that a dividend be paid annually. The size of the dividend is determined by the application of a set of complex calculations and as a result the amount may change annually. Any dividend that the Company declares and pays will normally be paid in December each year and the payment of the dividend is based upon the share registry at a particular closing date.

Disclaimer: Please note that the advice provided in relation to shares and the associated activities regarding shares is indicative and educational in nature. This advice does not take the place of professional advice so for specific advice relating to shares and share trading please refer to your own financial or legal advisor. If you require any specific information in relation to your shareholding in Mundaring Community Financial Services Ltd please refer your enquiry to the Board.

Board and Staff Profiles



Neil Cole

Neil runs his own business in the Hills region, offering environmental services and pest control. Neil has been a Director of the company since its inception in 2001. He has extensive experience in small business and asset management as well as having solid local community connections. Neil is a keen soccer player, with a commitment to staying

fit through competitive sports, and he plays regularly with the Perth Hills United Football Club. Neil has two children at Mundaring Primary School and says his family and his community matter the most.



Neridah Zlatnik

Neridah recently joined the Board as a new Director, bringing extensive marketing and communications experience. She has worked in both the mining and electricity industries, including a varied career at Western Power. Neridah has strong connections to the local community and is an active member of the local Stoneville Playgroup and Community

Kindergarten, the Mundaring Toy Library and the Stoneville Volunteer Bush Fire Brigade. Neridah lives in Stoneville with her husband, Ian and their two young daughters. She has also joined the Community Sub-Committee of the Board to further contribute to the work of the Board.



Mundaring Community
Financial Services Ltd

Shareholder Focus

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Expansion plans implemented

At the last AGM, the Directors outlined their strategy for the development of the business. The strategy focused on ensuring that the foundations of the business were sure and strong, reflecting the continued importance of branch operations, but also mapping a path of strategic business development aimed at expanding our business both geographically and service-wise.

We've taken up two opportunities to expand the business: the installation of two ATMs to help our customers access their funds and shop more conveniently. The first was installed at the Darling Ridge Shopping Centre in Swan View in May, and the second will shortly be commissioned at Ace Cinemas at Midland Gate Shopping Centre. These two ATMs mark the first foray into business expansion with our franchise partner, Bendigo Bank Ltd, and are an indication of our intention to more fully develop our customer service base and reach prior to the exploration of sub-branch activities.

As opportunities are identified and explored, we will work to expand the business and grow our base. It remains Board strategy to ensure that our core branch business in Mundaring is protected and managed to remain successful and with strong growth. We do welcome ideas from shareholders about business opportunities and if you would like to comment, feel free to forward your comments to either Phil or the office.

Cinema Advertising now showing

We're on the silver screen! Well, almost – in fact we're on the screens at the Ace Cinemas in Midland. As part of our broad market development strategy, we've commissioned advertising at the cinemas to screen for twelve months on all the screens at all the showings. There are two digital advertisements which feature four slides promoting the branch and our community work, and six static single screen advertisements. Every time a film screens, our advertisements are seen. As the only **Community Bank**[®] running this sort of campaign, it will be interesting to see if we start something amongst our compatriot community companies. So, if you're planning to enjoy a film, why not use the cinemas at Midland Gate and check out our ads? We'd love your feedback.



Rescued Bandicoot at Chidlow Marsupial Hospital

Should have an explanation of this picture here.



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





Chairman's Report

The company has been performing well, and I congratulate our branch staff for their tireless efforts in providing excellent customer service. This was recognized by Bendigo Bank recently when the branch won the sales award for April and May, receiving recognition and a prize of two tickets to the *Men in Black* ball at the Hyatt Hotel,

with accommodation - an excellent achievement. As we have always maintained, it is this focus on making sure our customers are happy that builds a successful company. It is this that builds our profitability and leads to our ability to put something back into the community. It is also leading us in our business development plans, including the installation of the two new ATMs.

I'm pleased to report that it has been an excellent year for performance as well, with the final accounts for the year now with the auditors and we expect that our results will reflect the hard work put in by all involved. We will shortly be organising the production of the Annual Report and Annual General Meeting, and although we had anticipated that the majority of our shareholders will read their Annual Report from the web, we will also be printing and distributing to those who have specifically requested a hard copy, as well as making copies available by request and at the branch.

The Board has been working hard to support the expansion that we have undertaken this year with a move to corporate offices as well as the ATM installations. This support is critical if we are to undertake these changes and ensure that the level of professionalism is maintained. I want to thank all my fellow Directors for their attention to detail and their encouraging feedback - when we need ideas, debate and interest, they always deliver, so thank you!

The community side of the company is also growing, with the focus on capacity building and support, rather than simply handing out cheques. Whilst cheques remain an important part of our community efforts, we have developed a far more sophisticated strategy that allows us to help all the groups in our community at a much deeper level, and to ensure that the control remains with community volunteer groups, rather than us, and that the impact we are able to have is where it is needed the most. Allison continues to work with the community and develop long term loyalty to the business, and this in turn builds the branch business. An excellent match.

Phil I'Dell



Branch Manager's Report

I'm pleased to report that the business is growing well, and we are achieving our expected levels of growth and development. Whilst we may experience some impacts from international and national economic issues, at the local level, our ability to meet and develop the business to

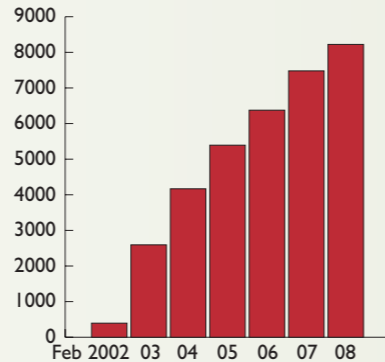
customers expectations continues. I value the team we have at the branch and I want to acknowledge their efforts and commitment to what we do.

From a results point of view we continue to open a significant number of new accounts, and this is a good sign of both the local community loyalty to the local **Community Bank®** as well as a response to the work that we do in the community. We are also able to target new business from outside our region with targeted marketing as well as the expanding ATM opportunities. I'm excited by the prospects that we are exploring to develop the business and it is a good time to explore how to work within the regional market to get the message out there about how good banking can be.

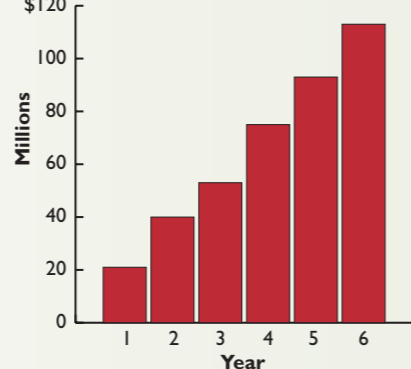
With the merger between Bendigo Bank and the Adelaide Bank now completed, the impact has been minimal in the operational aspects of the business. We have noticed very little impact, I'm pleased to say, and I look forward to the building of Bendigo Bank products from the combined operation as they move forward.

Gerry Toovey

Account Numbers



Portfolio Total



Mundaring Arts Centre



Chidlow Marsupial Hospital



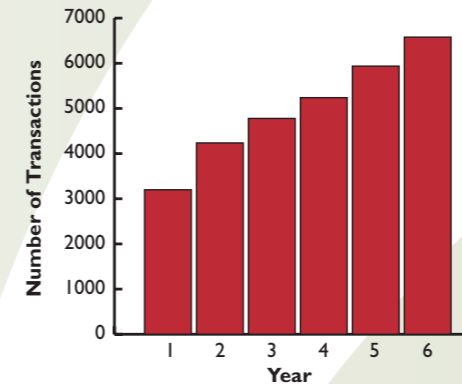
Mundaring Tourism Centre



Red Kangaroo Paw



Average Monthly Over the Counter Transactions



Bendigo Bank is a broadcast partner of the Olympics!

For the first time, Bendigo Bank has agreed to advertise nationally on television as a broadcast partner to Channel 7 for the Olympics. The advertisements have now been filmed and focus on the community aspect of the company. They begin broadcasting the first week of August, and you may have noticed the "teaser" advertising that has commenced as Channel 7 promotes the Olympics broadcast in the evenings. It is expected that these adverts will begin a new phase of promotion within Bendigo Bank, particularly in the larger Sydney and Melbourne markets which are notoriously expensive and difficult to make headway in for smaller companies.

Of course, we have the motto of never letting an opportunity pass us by, and so, we're changing our promotions to fit with the new style. We will adapt our advertorials and general marketing campaigns to provide us with a more direct benefit through reinforcing the Bendigo Bank messages seen during the Olympic broadcast with our local messages.

Environment Activity Book

We're partnering with the Shire of Mundaring to develop an activity book for local primary school children that focuses on our local environment and its importance. The book has been developed and coordinated by one of our Community Resource Officers, Carla Swift, and will be distributed through all local schools in Term 3. We will launch the book with a colouring competition and Carla will be visiting all local schools to promote the book and the

importance of valuing and protecting our community. Look out for it at the branch from August onwards!

Frequently Asked Questions

What is the Low Volume Market?

The Low Volume Market is a means of enabling share transactions to occur between buyers and sellers. The company had to apply for exemption to operate what is known as a financial market and we have been recorded on the **Corporations (Low Volume Financial Markets) Exemption Notice 2003** register. This market allows us to record and publish (on our website) the interest of people who wish to buy or sell shares in our company. Additionally we can - as information becomes available - publish the prices at which shares change hands. In short being able to operate the Low Volume Market allows for a transparent system of trading to take place.

What price can I sell my shares at?

As an unlisted company the price at which shares sell is determined by the individual buyer and seller. At present most of the share trades that have taken place are for the par value of \$1 per share. However as we progress with the development of the Low Volume Market we expect that the price of our shares will move to more realistic levels. To be able to develop a true open market with fair and realistic prices the Board has decided to commission an independent valuation of the company. This valuation will take place once our annual accounts have been audited and the results, once reviewed by the Board, will be made available through our website.

Will more shares be available?

At present only the initial issue of 565,700 shares is available. In order to make more shares available for purchase the Board would have to make a new issue. To make a new issue of shares the Board has to consider many associated factors - not the least of which is the purpose and what would the money raised from such an issue be used for. The Board is aware of the interest that current shareholders (and the public) have in purchasing shares in