

## Chairman's Report

As your Chairman it gives me much pleasure in presenting my second annual report on the affairs of your company, now in its sixth year of operation. It's hard to imagine when we opened the East Gosford Branch on 5<sup>th</sup> August 2000 we were number 26 in the Community Bank® network and now there are 160 Community Banks® throughout Australia. We were also the second Community Bank® to open in N.S.W. It gives me a sense of pride and achievement to be part of one of the most successful Community Bank® Branches in N.S.W. and indeed in Australia. We have grown from one branch with a staff of 6 back in August 2000 to two branches with a staff of 14.

Both East Gosford and Lisarow branches continue to perform strongly with combined banking business of \$94 million, which represents an increase of \$12 million over the previous year. Our trading result for the last financial year, after provision for income tax was a net profit of \$60,658 (2004: \$30,470) which represents a 99% increase over the previous year. Revenue increased from \$795,961 in 2004 to \$1.013 million for 2005, which represents a 27% increase.

As stated in my previous newsletter on 4<sup>th</sup> February 2005 our company listed on the Bendigo Stock Exchange (BSX) and we were the first of the N.S.W. based Community Bank® companies to list. Transactions on the BSX can be made through your local broker ABN AMRO Morgans phone 43517511.

Our sponsorships have increased from 14 in 2004 to 20 in 2005 and they include sporting clubs and charitable organisations. The two major sponsorships are the purchase of training sailing boats for the Gosford Sailing Club and a contribution to Fairhaven Services to provide accommodation for people with a disability. Since the branch's inception five years ago, \$43,000 in branch profits had been channeled back into community projects.

We are continuing our advertising campaign on 2GO jointly with Ettalong Community Bank® Branch. The campaign commenced on 20<sup>th</sup> June 2005 and will run for 12 months.

On 28<sup>th</sup> November 2003 a 9-cent fully franked dividend was paid to shareholders and on 13<sup>th</sup> January 2005 a 5-cent fully franked dividend was paid. I am happy to announce the Board has approved a 6-cent fully franked dividend to be paid on 28<sup>th</sup> November 2005 with a record date of 7<sup>th</sup> November 2005.

The Board has also decided to convert our Lisarow sub-branch into a Community Bank®.

As a result of our financial strength, the Board had the company valued and on this basis has resolved, subject to shareholder approval, to make a 1 for 2 bonus issue of shares to existing shareholders. The Board believe there are opportunities to build on the strength of our business and will shortly be requesting the authority from shareholders for a capital raising of up to \$700,000 to grow the business further. A prospectus will be drafted and a copy provided to the BSX as well as ASIC in due course.

On behalf of the Board, I thank you our shareholders for your support in helping to build a successful local Community Bank®. I would also like to take this opportunity to congratulate our Manager Michael Bell and the staff at East Gosford and Lisarow on bringing friendly face-to-face banking to the community.

I thank my fellow Directors for their support and commitment to the Community Bank® concept.

Bob Rudd  
Chairman