

5th September 2012

Dear Shareholder,

On behalf of the Board of Inverloch & District Financial Enterprises Limited, I am pleased to provide you with the latest news on the progress of the Inverloch & District **Community Bank**[®] Branch.

Thanks to the support provided by the people of Inverloch and the surrounding districts for more the past seven years, the Branch has more than \$75 million in banking business.

The continuing support of Shareholders has been particularly instrumental in the success of our **Community Bank**[®] branch to date.

Accordingly, the Board has approved a fully franked dividend payment of eight cents per share to all shareholders as of the record date 19th September 2012.

Payment will be made on 19th October 2012. This dividend demonstrates the success of our business venture and we thank you for your commitment to your community and your **Community Bank**[®] branch.

As previously advised to shareholders, to assist the administration of the distribution and to make the dividend payment more cost effective, cheques are no longer be provided as the Company has now moved to a direct credit payment system.

The system has streamlined the distribution process, provides more security for shareholders and results in fewer un-presented dividend cheques, which are forwarded to the State Revenue Office as unclaimed money if they are not presented in a specific time frame.

AFS & Associates Pty Ltd manages our Share Registry. If you have not already done so, please ensure that you complete the enclosed form and return it to AFS before 12th September 2012 so that the dividend payment can be made as a direct credit to your preferred bank account.

If you have not previously provided your Tax File Number (TFN) or exemption details you may like to take this opportunity to complete the details on the attached form and return to AFS by 12th September 2012. It is not an offence to withhold your TFN or, where the securities are held for a business purpose, your ABN. However, if you do not provide your TFN or ABN, tax may be deducted from any dividend payment at the highest marginal rate.

Yours sincerely,



Chairman

Inverloch & District Financial Enterprises Limited