

Doncaster East Community Financial Services Limited
Market Release Relating to Accounts as at 30th June 2003

While the Company was incorporated on 28th June 2002 the Doncaster East Community Bank Branch of Bendigo Bank did not open until the 18th March 2003. It follows that the Company generated income for only 3 months in the reporting period. However, as detailed below, the Company incurred operating expenses for 9 months of the reporting period. This 6 month mismatch of income and expenditure has distorted an otherwise strong start for the Branch.

Like any new business venture the project presented challenges. The most significant revolved around the identification of and the securing of suitable premises for the Branch. Directors were delighted when the opportunity arose to secure a prominent site at 900 Doncaster Road, Doncaster East, and following protracted negotiations signed a 5+5+5 year lease effective from 1st October 2002. However, the Company was unable to commence any building works or fit out of the premises until an opposition bank ATM was decommissioned and removed from the site. In accordance with an arrangement between the Landlord, the bank and the Company, the bank was in fact entitled to leave the ATM in situ until the end of January 2003, which is what transpired. As a result fit out of the premises did not begin until 2nd February. Fit out also had some unexpected challenges, including structural modifications and the removal of asbestos tiling. Accordingly the premises fit out became protracted and the Branch was not ready for occupation until mid March.

Consequently, the Company incurred premises rental costs and outgoings for nearly 6 months prior to being able to generate any income. While this was of course most undesirable Directors made a conscious decision to accept this significant upfront expense because of the prominence of the site and the assessed long-term benefit of the exposure offered by the site. Furthermore, no other suitable site was available and if the Company had not secured this site the Branch may never have opened as no suitable site has become available since.

The Company also incurred personnel costs with effect from December 2002 as a result of the early recruitment of our Manager. However, his early recruitment ensured that the Branch got off to a good start.

After 3 months of operation, to 30th June, Directors were pleased with the progress of the branch. Business volumes were in line with plan, which confirmed that the community was giving support as indicated by the earlier feasibility study.

Most importantly that early growth has continued and Directors are confident that we are moving toward building the sound profitable business forecast in the prospectus and that the early cost over-runs will be quickly arrested. Indeed if current monthly cost and income trends continue the Company will clearly achieve the year one 80% forecast as detailed in the prospectus by mid March 2004.

James D Christie
Chairman
10th September 2003