

# **Notice of Extraordinary General Meeting**

Mt Evelyn & Districts Financial Services Limited

A.B.N. 93 096 782 240

**To be held at 7.00pm on Wednesday, 28<sup>th</sup> January 2010  
at RSL, Hardy House, 49 Birmingham Road, Mt Evelyn**

## **1. Adoption of Issue of New Shares**

**To consider, and if thought fit, pass the following resolution:**

**“ In order to comply with Rule 5 of the Listing Rules of the ASX and the requirements of Corporations Act, the proposal to issue not less than 750,000 and not more than 950,000 shares in the company by way of a prospectus for the purpose of raising capital for the establishment of a second Community Bank Branch at Montrose is hereby approved”**

## **2. Adoption of New Constitution**

**To consider and if thought fit pass the following resolution as a special resolution:**

**“That the Constitution contained in the documents submitted to the meeting marked “A” and initialled by the Chairman for the purposes of identification be adopted as the Constitution of the Company in substitution for and to the exclusion of the existing Constitution**

## **Attending the meeting**

All shareholders may attend the Extraordinary General Meeting.

*Joint holders:* In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

*Corporate shareholder:* A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company before the Meeting.

*Proxy:* If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy.

## **Voting rights**

Each shareholder is entitled to **one** vote.

The Resolutions will be voted on by a poll.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as members as at 5.00pm on 15<sup>th</sup> December 2009.

By order of the board

**Jill Rule**

**Chairperson**

15 December 2009

A proxy form accompanies this Notice of Meeting. A member entitled to attend and vote at this meeting is entitled to appoint a proxy. The proxy need not be a member of the Company.

## **Explanatory Notes**

This information has been included to assist you in making an informed decision about the resolutions proposed at the meeting.

### **1. Adoption of Issue of new shares**

#### **Background**

The Company currently manages and operates a Community Bank Branch at Mt Evelyn under a Franchise Agreement which commenced in Nov. 2001 and was renewed in April 2007. To finance all the establishment costs and provide working capital, \$695,000 was raised under an initial Prospectus.

The Mt Evelyn Branch has traded successfully from inception, delivering much value to both its shareholders and the community. It became profitable on an annual basis from the third year and has shown strong profit each year since.

It has been paying dividends to its shareholders every year since 2006 and has been able to provide financial support to the local community through sponsorships and grants in the order of \$730,000 over the period that it has been open.

#### **Business Development - Montrose Branch**

A Bendigo Bank-approved process has been followed to establish the viability of opening a branch of our business in Montrose. The feasibility study which forms part of this process and our comprehensive due diligence review supports the viability of this new branch at Montrose.

The Board has therefore decided that it is in the best interests of the Company to establish a second Community Bank® Branch at Montrose. To meet this objective the Board has resolved that the Company raise additional capital by way of a Prospectus to enable the Company to fund the establishment costs and to meet the working capital requirements.

The refurbishment and establishment of operations of the Montrose Branch of the Bendigo Bank Community Bank® in the building at Mount Dandenong Tourist Road, Montrose is estimated to cost between \$750,000 and \$950,000.

It is proposed that these funds be obtained by issuing not more than 950,000 new shares in the company, Mt Evelyn & Districts Financial Services Limited. These shares would be issued with a par value of \$1.00.

**The raising of additional capital to enable the company to fund, open and operate the new branch in Montrose has the full support of the Board.**

Previously, the Board recognised that in the interests of fairness and equity that a bonus issue should be made to existing shareholders in the ratio of two shares for each share held. To assist the Board in reaching this decision, an independent valuation of the business was undertaken by the Company's Accountants.

The bonus share issue was unconditional and required no additional capital outlay from existing shareholders.

#### **Directors Recommendation**

**The Directors recommend that the shareholders vote in favour of the resolution.**

## 2: Adoption of New Constitution

The Board has decided that the Company should adopt a new Constitution. The proposed new Constitution (**Proposed Constitution**) is based on the Company's existing constitution (**Existing Constitution**), though it has been updated and amended in certain key areas, as discussed in these Explanatory Notes.

A copy of the Proposed Constitution and the Existing Constitution may be inspected at the Company's Registered Office during normal business hours or at the Extraordinary General Meeting itself. Alternatively, upon request from a shareholder before the meeting, the Company Secretary will send a copy to you.

A discussion of the more significant changes to be effected by this Resolution is set out below.

### Ownership Rules

As noted above, the Proposed Constitution expressly acknowledges the principal purposes of the Company. In addition, there is an express acknowledgement of the importance of broad community ownership of the Company and, accordingly, that the Board is authorised to exercise its powers and carry into effect the rules in the constitution to protect and enhance this broad community ownership.

In particular, the Existing Constitution contains a rule that, in general terms, prohibits a person from owning or controlling 10% or more of the Company. In the Proposed Constitution, this rule is maintained and also expanded. In particular, under the Proposed Constitution, there are two new ownership rules in Rule 9.

- First, persons with voting power in the Company (eg, shareholders) must have, in the opinion of the Board, a close connection to the community or communities in which the Company predominantly carries on its business. For example, individuals who reside in Mt Evelyn or Montrose and the adjoining areas, or a company with a registered office in these suburbs that is owned and controlled by such individuals, would ordinarily be considered to have this close connection. Existing shareholders are all deemed to have this connection, but this deeming rule will not apply to new shareholders.
- Second, share transfers will not be permitted where, after the transfer, the number of shareholders in the Company would be less than the Base Number (being, 90% of the number of shareholders after the shares in the Company were allotted and issued under its first Prospectus or under any subsequent Prospectus to be issued by the Company in respect of the new offer of shares in the Company to assist with the establishment of the Second Community Bank® Branch at Montrose (the **Base Number Restriction**). The current number of shareholders in the Company is approximately 330

To enforce the ownership rules in the Constitution, Directors have the power to require a divestment of shares where the rules are infringed. In addition, dividend and voting rights are suspended where the rules are infringed. While these rules impact on the freedom of shareholders to deal with their own shares, and so may impact adversely on the price of shares in the Company, these rules reflect the view that it is in the best interests of the Company and its business that there is broad local ownership of the Company.

### Distribution for charitable purposes

In further recognition of the community nature of the Company, Rule 73(2) of the Proposed Constitution expressly authorises the Company to make payments, gifts or donations to charitable organisations or causes for the benefit of our community, having given due consideration to the rate of return to shareholders.

## **Changes in the context of BSX Listing**

The Proposed Constitution includes amendments to facilitate compliance with the BSX Listing Rules. These amendments make it clear that as the Company is listed:

- a transfer of shares can be effected in accordance with the applicable transfer and settlement rules of the BSX and that, accordingly, the Company is authorised to do anything to participate in such a system (Rule 27);
- the Board's ability to refuse to register a transfer is restricted to certain limited situations (eg where expressly permitted to do under the BSX Listing Rules or where the Board does so to enforce the ownership rules discussed above) (Rules 28 and 28A);
- the transfer and settlement rules of the BSX Listing Rules take precedence in respect of the rules applying to transfers (Rules 29 and 31); and
- the BSX Listing Rules that apply to "restricted securities" (in general, these are securities that have been issued in exchange for an asset) are incorporated into the constitution (in particular, an escrow period may apply during which the securities cannot be transferred) (Rule 96). Shareholders should note that the Base Number Restriction will not operate if the Company lists on BSX.

The Base Number Restriction only operates if BSX confirms that the rule is appropriate and equitable. BSX has advised that it does not consider that the rule is appropriate and equitable for a listed company.

## **Probity checks for directors**

Given the nature of the business carried on by the Company, and the community nature of the Company, it is important that the Company is able to take all reasonable steps to satisfy itself of the integrity of its Directors. As part of this process, it has been decided that existing and prospective Directors should undergo reasonable probity checks as a condition of their appointment as Directors. This is set out in Rules 62 (6A), (6B) and (6C) of the Proposed Constitution.

Those rules require that a person nominated for appointment as a Director will need to undergo a probity check (primarily, a national criminal record check) in accordance with the Board's procedures. Existing Directors will need to undergo such a check within six months and all Directors can be required to undergo a further check every 12 months.

## **Miscellaneous changes**

The Proposed Constitution also contains a range of other minor changes to reflect changes in law and in practice. For example:

- the Proposed Constitution has been updated to allow shareholders to lodge a proxy at a specified electronic address where a notice of meeting provides for electronic lodgement.
- the Proposed Constitution expressly allows the Board to serve notices on shareholders in any way permitted by the Corporations Act (for example, the Corporations Act sets out a procedure for notifying a shareholder electronically that notices of meeting can be accessed electronically, where a shareholder has provided an electronic address for this purpose).

## **Directors Recommendation**

**The Directors recommend that the shareholders vote in favour of the resolution.**

# Proxy form

**Mt Evelyn & District Financial Services Limited**  
**A.B.N. 93 096 782 240**

**Mt Evelyn & District Financial Services Limited**  
**37 Wray Crescent**  
**Mt Evelyn Victoria 3796**

## Appointment of proxy

I/We being a member/s of **Mt Evelyn & District Financial Services Limited** and entitled to attend the vote appoint the person named below or, if no person is named below, the Chairman of the Meeting as my/our proxy to vote in accordance with directions set out below (with a discretion as to any business not referred to below) or, if no directions are given, as my/our proxy sees fit, at the Extraordinary General Meeting of the Company to be held at **RSL, Hardy House, 49 Birmingham Rd, Mt Evelyn 3796** on **Jan 28<sup>th</sup>** at **7.00pm** and at any adjournment of that Meeting.



The Chairman of  
the Meeting  
(mark with an 'X')

OR

Write here the name of the person you are  
appointing if this person is someone other  
than the Chairman of the Meeting.

## Voting directions to your proxy

Please mark with 'X' to indicate your directions

Special Business	Accept	Decline	Abstain*
Item 1. New share issue in the Company by way of a Prospectus for the establishment of a new branch in Montrose			
Item 2. Adoption of new Constitution			

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in working out the required majority on a poll.

## PLEASE SIGN HERE

This section MUST be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Shareholder/Company Name (please insert) .....

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

**Mt Evelyn & District Financial Services Limited**  
**A.B.N. 93 096 782 240**  
**Registered Office – 37 Wray Crescent**  
**Mt Evelyn Victoria 3796**

# Proxy form


## How to complete this Proxy form

### 1. Your name and address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please mark the box and make the correction on the form. **Please note, you cannot change ownership of your shares using this form.**

### 2. Appointment of a proxy

A member entitled to attend and vote at the Meeting may appoint one proxy. A proxy need not be a member of the Company. A proxy may be an individual or a Company.

### 3. Identity of proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, the Chairman of the Meeting will act as your proxy.

### 4. Voting instructions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 5. Signing instructions

The Proxy form must be signed in the spaces provided.

#### *Individual*

If the holding is in one name, the holder must sign.

#### *Joint holding*

If the holding is in more than one name, any one holder may sign.

#### *Power of Attorney*

To sign under power of attorney, you must have already lodged this document with the Company or attach a certified copy of the power of attorney to this form when you return it.

#### *Companies*

If the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (under section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the Company is to attend the meeting, the appropriate 'Certificate of Appointment of Corporate Representative' must be produced before admission to the Meeting.

## How to complete this Proxy form

This Proxy Form (and any Power of Attorney under which it is signed) must be received by the Company not later than **2 business days** before the Meeting **7.00pm Jan 28<sup>th</sup> 2010**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged in any of the following ways:

#### *Post or hand delivery*

To the Company's registered office at **37 Wray Crescent Mt Evelyn Victoria 3796**

#### *Facsimile*

To fax number **9737 1844**