

Fellow Share Holders,

I am pleased to present the following report to our first Annual General Meeting.

This has been a very rewarding time for me and my directors of the Redlands Community Financial Services Limited. We have worked as a team for the past 18 months or more progressing from a Steering Committee of like minded individuals dedicated to bringing a community bank to Victoria Point.

We progressed from seemingly endless public meetings and securing pledges and commitment to this new bank, through the feasibility study (a requirement for any community bank) to determine if there was a need for a community bank. Then the launch of our prospectus and entry onto the stock exchange. This process included all the due diligence, legal advice, layout (from a basic format), artwork and reports.

Following the success of our launches at Macleay Island Golf Club and then the Redlands Bowls Club at Victoria Point, we then set about meeting our share targets.

As Chairman it was great to be able to open our first branch at Pelicans Nest Shopping Precinct, Victoria Point on the 15th December 2005. Since then we have gone from strength to strength, with the recent opening of our first agency on Macleay Island on 16th September 2006. Both these events are in line with our growth strategy and deliver on the community expectation. No man is an island, I have a team of dedicated directors who bring with them a wealth of knowledge and talent in many different areas and I need to acknowledge them publicly.

Glenda Little Secretary, Terry Ford Treasurer, Steve E Efstathis HR and Property, Greg Cook and Clive Philips Promotion and Marketing, *Robert Smith Property, Rod Bickell Solicitor, **Laurie Culley Property, ***Tom Schermer Marketing and myself were the original 10 Directors.

*** Tom Schermer resigned due to family and work commitments.

* Robert Smith is also the Principal of the Macleay Island agency and maintains his position as a director.

** Laurie Culley resigned after achieving the personal milestone he set out to achieve, the opening of our branch of the community bank at Victoria Point, Laurie has been instrumental in the planning and development of the agency on Macleay Island and was given the privilege of cutting the ribbon to acknowledge his contribution to the opening. He continues to be available to the board for similar specific projects. On a personal note I have valued Laurie's input as a member of the team through the steering committee phase and onto the board.

We have been very systematic in the way we have gone about the business, we have also delivered on our commitment to growing the brand in the shire with the first agency now open.

The shareholders are the owners of the Victoria Point Community Bank and I encourage your continued support by transferring your banking to the Bank and encourage your family and business acquaintances to do the same.

As shareholders you may enquire about the payment of a dividend. The Corporations' legislation allows dividends to be only paid out of Company's profits, so in view of our budgeted trading loss (as stated in the prospectus) a dividend will not be paid for the 2006 financial year.

With the retirement of 2 Directors we have an opportunity to strengthen our board further, in order to meet the growing demands of this new business growth phase. At the time of writing the board is in the process of inviting 2 new members to become directors.

In finalising this report I would like to thank you, our Shareholders who have supported us during the financial year. I look forward to your continuing support and a mutually rewarding association.

Peter J Dowling
Chairman