

Warburton Community Financial Services

Annual General Meeting 1st November 2006

Chairman's Address

I trust you have all read the Chairperson's report in the 2006 Annual Report and so I won't bore everyone by going through that again in detail. There are some points that are worth noting and a number of initiatives undertaken through the year of which the Board is quite proud.

In November last year we had our first Strategic Planning Conference. This was of great benefit for all the directors and subsequently the company as well. It was truly beneficial to take time out to work through strategic matters away from the normal monthly business. It was at this meeting the board decided to appoint a Board Executive Officer to act in a full time capacity to oversee all governance issues, financial issues, development possibilities and so forth. This allows the other directors to use their precious time more effectively and assists in better and faster decision making.

We also decided to set a level of cash reserves as a contingency fund to stabilize the company in the event of a business slow down or as a business development fund. Much of this fund was utilized in the purchase of the bank building in February. It was fortuitous that the fund was in place at that time as the board had previously been advised by the building owner that the building would never be sold to the company.

Financially the year was a bit flat and we ended up in a similar position to that in which we started. This was not a bad situation considering the landlord dispute that had ensued. The company had a number of extraordinary expenses regarding painting, carpeting, security, renovations, etc that all impacted on the bottom line. In spite of this we were able to declare a fully franked 9c per share dividend. Our Community Grants program however will not be at the level of last year but we anticipate that an amount of approximately \$80,000 will be put into the community this year.

Finally we acknowledge the input and efforts of our retiring directors Bob Murray who has held the position of Chairperson for the last twelve months, Robert Musgrove from Bendigo Bank who has been a director since the establishment of the company and Raylene Chisholm who has served on the board since 2001. We will talk more about them later.

Where will the company be in twelve months time? That is always a difficult question. We don't know what interest rates will do. We don't know how the economy will progress. What we do know is that Warburton Community Financial Services Ltd is in a strong position to take advantage of any shifts in the financial arena and the company will continue to grow and prosper with the support of the shareholders, the staff and the community.