

Chairman's Address AGM 3.11.04

I am extremely proud to be able to present our 5th Annual report to you this evening knowing full well our Company is well and truly trading in a healthy state with good economic growth, providing solid returns for you the shareholders and of equal importance delivering substantial funding for worthwhile community projects. Being an optimistic and fairly positive person I must confess, my thoughts and those of the Board in the year 2000, these results were a dream and seldom thought of as a reality.

Perhaps we could have chosen directions differently such as building a second site and again, perhaps we will never know if we chose the right direction. All we do know is the direction we chose has proven successful. Back at our first AGM in November 2000 we announced our priority was to focus on our site becoming profitable and reasonably assured of future sustainability. You can never declare a job finished however I am prepared to consider our progress is sufficiently advanced in this area that we can now look at extending our services to further cement the economic future of our Company. You will be well informed and consulted during any significant changes to our Company structure or direction.

It is interesting to note our position compared with the other sites in our network and I wish to share some important comparisons as collected by our independent Company auditors Richmond Sinnot & Delahunty from the financial data of the 30 Community Banks® they audited at 30th June 2004.

Category	Total Sites	3yr+ Sites	Warburton
Return on Investment	-1%	22%	46%
Expenses to Income	173%	84%	63%
Net Pr Marg (after Tax)	-75%	11%	25%
Operating Revenue	387,674	531,524	730,784
Operating Rev. per employee	64,000	80,755	104,398
Increase in Profit	19,790	41,435	62,935
Increase in Assets	65,854	56,258	180,371

Of the other 12 categories compared we were also better placed than both othe compared sites.

It is well known the respect our Board holds for our partner Bendigo Bank Limited . We do not need to justify this but can assure you our strong professional relationship and preparedness to engage and support the educational programs they provide directors and staff has contributed to our achievements.

Like most other Community Bank ® sites our board members are making huge steps from being enthusiastic community members to directing a public company in an era with rapidly increasing governance responsibilities. Our partner is continually offering opportunities for self development at affordable cost and convenience to the multitude of directors in the network. Bill Den Hartog our relationship Manager and proxy for Robert Musgrove during the period of this report has been of tremendous assistance and I ask Robert to pass our appreciation on to Bill.

Being listed on the Bendigo Stock Exchange is one of the opportunities I speak of which has not only provided a transparent means for shareholders to trade shares but also given us another level of professional accountability in governance.

One of the highlights of the past financial year was our hosting of a Community Bank® regional conference in partnership with Upwey, Mooroolbark, Mt Evelyn, Wandin, Woori Yallock, and Bendigo Bank Ltd. This gave us the opportunity to showcase our region to the rest of our network and at the same time make them envious of the support we receive from our Shire of Yarra Ranges.

I reiterate my comments in the Annual Report in regards to our staff, the Bendigo Bank team, our professional advisors, our shareholders and customers, and my fellow directors. Together we do it well.

We would be foolish to rest on our laurels as the rewards of this journey are more than economic achievement and most importantly reflect on the desire and commitment to improve our community's ability to have a sustainable and viable future.

I thank you for making the time available to attend tonight's meeting with a special appreciation to Robert Musgrove , Bendigo Bank's Chief Manager Alliance and Community Banking as well as a director of our Company, Michael Aicher our Company Accountant and guiding light together with Timothy Mepstead our legal representative and very important foundation director.

Success of most Companies depends heavily on the level of professional assistance and advice received. Our Company is no exception.

Ian De La Rue
Chairman
Warburton Community Financial Services Ltd
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