



BIDGEE FINANCE LTD
HALF YEAR ACCOUNTS
DECEMBER 2005

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CHAIRMAN'S & MANAGING DIRECTOR'S REPORT

The directors of Bidgee Finance ("the Company") are pleased to announce that the audited result for the 6 months to 31 December 2005 is another record profit before tax of \$1,830,896 which is an increase of 6.4% on the same period last year. Revenue over the same period increased 9.2%

The directors have resolved to maintain a fully franked interim dividend of 6.0 cents per share which will be paid on 30 March 2006. The record date for determining entitlement to this dividend will be 16 March 2006.

The directors have set the dividend reinvestment price at \$1.99 which is a 5% discount to the average selling price of the Company's shares on the NSX for the 3 weeks ended 6 March 2006. Notices of election or variation in the Dividend Reinvestment Plan must be received no later than 14 March 2006.

The Company's net tangible assets per share at 31 December 2005 was \$1.09 compared to \$1.05 for the corresponding period last year.

After tax profits over the same period decreased by 6.7% due to a significant increase in income tax expense as a result of the introduction of the onerous Australian equivalents to International Financial Reporting Standards (AIFRS) and a timing difference in relation to the taxation of lease income. Both of these items are non-cash in nature and the timing difference is expected to substantially reverse before the end of the financial year.

Shareholders will note that the introduction AIFRS has added considerable complexity to this Half-Year Report and the adoption of these new reporting standards has provided minimal additional benefits to shareholders.

The last six months has seen substantial organic growth in our loan book of \$8.1 million to \$78.6 million at an average rate slightly above that of the same period last year. This increase will provide additional income in the coming reporting periods.

Several rural sectors in which the Company operates are affected by drought, low commodity prices or an over supply of produce. As the Company operates in a broad range of geographic areas and industries, the overall impact of these factors has been controlled effectively. The Company has rationalised its operations in the more affected areas without affecting on-going profitability.

On 1 November 2005 the Company acquired the business known as Lovetts Finance Brokers based in Albury. This acquisition has performed in excess of the Company's projections in the first two months and is expected to have a greater positive impact on the performance of the Company in the second half of the financial year.

Your directors will continue to explore opportunities that will continue to reward our shareholders and we look to the future with confidence and enthusiasm.



Lloyd Thomson
Chairman



Martin Hill
Managing Director

DIRECTORS' REPORT

The directors of Bidgee Finance Ltd present the financial statements of the Company in respect of the half-year ended 31 December 2005 and submit the following report made out in accordance with a resolution of the directors.

DIRECTORS

The names of directors who held office during or since the end of the half-year:

Mr. Lloyd J Thomson (Chairman)

Mr. John H Macknight

Mr. Gerard J Sullivan

Mr. Lester M Wheatley

Mr. Martin J Hill (Managing Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

A review of the operations of the Company during the financial year and the results of those operations found that the loan book and revenue continued to grow in line with expectations. This increase has contributed to the increase in the Company's operating profit.

Operating profit before tax for the half-year was \$1,830,896 an increase of 6.4% above that for the corresponding period of the previous year.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

This interim financial report has been prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). A reconciliation of differences between previous Australian Generally Accepted Accounting Principals (AGAAP) and AIFRS has been included in Note 2 of this report.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and this report have been rounded off to the nearest thousand dollars, unless otherwise stated.

AUDITOR'S DECLARATION

The auditor's independence declaration made under section 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2005 and forms part of this Directors' Report.

Other than the matters discussed in this report, no matters have arisen since the end of half-year to 31 December 2005 and to the date of this report which in the opinion of the directors would substantially affect the Company's operations, the results of those operations or the state of affairs in future financial years.

For and on behalf of the board of directors.



Lloyd Thomson
Chairman



Martin Hill
Director

Dated this 6th day of March 2006



Chartered Accountants

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BIDGEE FINANCE LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2005 there have been:

- no contraventions of the auditor independence requirements of this Act in relation to the review;
and
- no contraventions of any applicable code of professional conduct in relation to the review.

BDO
Chartered Accountants

R.D.D Collie
Partner

Melbourne
Date: 6 March, 2006

BALANCE SHEET AS AT 31 DECEMBER 2005

	31 Dec 2005 \$'000	30 June 2005 \$'000	31 Dec 2004 \$'000
Assets			
Cash and cash equivalents	561	1,741	1
Trade and other receivables	473	517	357
Other financial assets	28	33	37
Loans and advances to customers	78,567	70,494	69,978
Deferred tax assets	351	540	378
Property plant and equipment	1,089	1,135	922
Intangible Assets	1,175	756	605
Total assets	82,244	75,216	72,278
Liabilities			
Trade and other payables	992	911	1,115
Deposits and short term borrowings	30,355	31,323	37,708
Current tax liabilities	179	266	176
Provisions	1,133	1,480	994
Other liabilities	297	131	167
Long term borrowings	32,000	25,000	17,000
Deferred tax liabilities	76	74	34
Total liabilities	65,032	59,185	57,194
Net assets	17,212	16,031	15,084
Equity			
Share Capital	13,900	12,993	11,978
Reserves	59	53	42
Retained earnings	3,253	2,985	3,064
Total equity	17,212	16,031	15,084

The accompanying notes form part of these financial statements.

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Note	31 Dec 2005 \$'000	31 Dec 2004 \$'000
Interest revenue	4	4,366	4,143
Borrowing costs		(1,987)	(1,705)
Net interest revenue		2,379	2,438
Other revenue from ordinary activities	4	1,771	1,478
Bad and doubtful debts expense		(43)	(101)
Employee benefits expense		(1,433)	(1,169)
Occupancy expense		(105)	(75)
Depreciation and amortisation expenses		(86)	(73)
Fee and commission expense		(134)	(85)
General administrative expenses		(170)	(380)
Other expenses from ordinary activities		(348)	(312)
Profit before income tax	5	1,831	1,721
Income tax expense	9	(681)	(488)
Profit for the year		1,150	1,233
Basic earnings per share (cents per share)	10	7.96	9.19
Diluted earnings per share (cents per share)	10	7.78	8.96

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Ordinary Share Capital \$'000	Reserves \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 July 2004	10,913	33	2,649	13,595
Profit			1,233	1,233
Shares issued during the year for business acquisitions				
Shares issued during the year under dividend reinvestment plan	910			910
Options exercised	155			155
Option reserve on recognition of employee share options		9		9
Sub-total	11,978	42	3,882	15,902
Dividends paid or provided for			(818)	(818)
Balance at 31 Dec 2004	11,978	42	3,064	15,084
Balance at 1 July 2005	12,993	53	2,985	16,031
Profit			1,150	1,150
Shares issued during the year for business acquisitions	87			87
Shares issued during the year under dividend reinvestment plan	820			820
Options exercised				
Option reserve on recognition of employee share options		6		6
Sub-total	13,900	59	4,135	18,094
Dividends paid or provided for			(882)	(882)
Balance 31 Dec 2005	13,900	59	3,253	17,212

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Note	31 Dec 05 \$'000	31 Dec 04 \$'000
Cash flows related to operating activities			
Payments to suppliers & employees		(2,250)	(2,053)
Interest received		4,366	4,143
Interest paid		(1,804)	(1,298)
Income taxes paid		(576)	(551)
Brokerage fees received		1,505	1,258
Other income		280	273
Net cash provided by operating activities	11(b)	1,521	1,772
Cash flows relating to investing activities			
Purchases of property, plant and equipment		(75)	(342)
Proceeds from sale of PP & E		34	45
Customer loans granted		(23,561)	(20,572)
Customer loans repaid		15,624	13,157
Business acquisitions		(331)	-
Net cash provided by (used in) investing activities		(8,309)	(7,712)
Cash flows from financing activities			
Proceeds from borrowings		7,000	1,000
Repayment of hire purchase agreements		11	(38)
Dividends paid to shareholders		(463)	(280)
Net increase in deposit funds		-	5
Net increase/(decrease) in debentures		(940)	1,973
Proceeds from issue of shares		-	155
Net cash provided by financing activities		5,608	2,815
Net decrease in cash held		(1,180)	(3,125)
Cash at beginning of period		1,741	3,093
Decrease in cash		(1,180)	(3,125)
Cash at end of period	11(a)	561	(32)

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2005**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These general purpose half-year consolidated accounts have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements (Urgent Issue Group Consensus Views). It is recommended that these accounts be read in conjunction with the financial accounts for the year ended 30 June 2005 and any public announcements made by the Company during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

As this is the first interim financial report prepared under AIFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous AGAAP. Accordingly, a summary of the significant accounting policies under AIFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and AIFRS has been prepared (refer note 2).

This interim financial report does not include notes of the type normally included in an annual report.

Basis of Preparation of Interim Financial Report

The accounting policies adopted have been applied consistently to all periods presented in the consolidated financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to AIFRS. However, AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* have been applied from 1 July 2005, as the Company has elected not to restate comparative information for these standards, as permitted in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. The Company has applied the previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the financial report for the year ended 30 June 2005.

The half-year financial report has been prepared on the basis of historical cost, except for financial instruments which have been measured at fair value.

The Company has elected to apply the exemption under AASB 1 to AASB 2 *Share-based Payment* and only apply AASB 2 to equity instruments that were granted after 7 November 2002 and had not yet vested at 1 January 2005.

The Company has elected to apply AASB 119 *Employee Benefits* (issued in December 2004) to the reporting periods beginning 1 July 2005.

Accounting Policies

a) Income Tax

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated over their effective lives commencing from the time the asset is ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates, using the diminishing value method of depreciation, used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings	2.5%
Leasehold improvements	6% - 23%
Plant & equipment	5% - 40%
Plant & equipment leased to external parties	5% - 33%

c) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

d) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the

recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

f) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within deposits and short-term borrowings within liabilities on the balance sheet.

i) Revenue

Lease finance transactions have been recorded using the finance concept and accordingly these are shown in the financial statements as net receivable rather than leased assets less depreciation.

Unearned income on non-structured hire purchase and chattel mortgage contracts has been recognised using the "rule of 78" method. Unearned income on other receivables has been recognised using the actuarial method.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax.

j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables, payables and lease receivables in the balance sheet are shown exclusive of GST.

k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2005**

<u>Note 2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS</u>		Adjustments on introduction of Australian equivalents to IFRS		Australian equivalents to IRFS at 1 July 2004
Reconciliation of Equity at 1 July 2004		Previous GAAP at 1 July 2004 \$'000	\$'000	\$'000
Assets				
Cash and cash equivalents		3,093		3,093
Trade and other receivables		310		310
Other financial assets		48		48
Loans and advances to customers		62,923		62,923
Deferred tax assets	2a	236	106	342
Property plant and equipment		678		678
Intangible Assets		605		605
Total assets		67,893	106	67,999
Liabilities				
Trade and other payables		588		588
Deposits and short term borrowings		36,041		36,041
Current tax liabilities		203		203
Provisions	2b	1,374	5	1,379
Other liabilities		159		159
Long term borrowings		16,000		16,000
Deferred tax liabilities	2c	(62)	96	34
Total liabilities		54,303	101	54,404
Net assets		13,590	5	13,595
Equity				
Share Capital		10,913		10,913
Reserves	2d		33	33
Retained earnings	2f	2,677	(28)	2,649
Total equity		13,590	5	13,595

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2005**

**Note 2. FIRST TIME ADOPTION OF
AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING
STANDARDS** (cont'd)

		Adjustments on introduction of Australian equivalents to IFRS		
		Previous GAAP at 31 Dec 2004 \$'000	Australian equivalents to IFRS \$'000	Australian equivalents to IFRS at 31 Dec 2004 \$'000
Reconciliation of Equity at 31 December 2004				
Assets				
Cash and cash equivalents		1		1
Trade and other receivables		357		357
Other financial assets		37		37
Loans and advances to customers		69,978		69,978
Deferred tax assets	2a	230	148	378
Property plant and equipment		922		922
Intangible Assets	2g	585	20	605
Total assets		72,110	168	72,278
Liabilities				
Trade and other payables		1,115		1,115
Deposits and short term borrowings	2h	37,675	33	37,708
Current tax liabilities	2e	204	(28)	176
Provisions	2b	974	20	994
Other liabilities		167		167
Long term borrowings	2h	17,033	(33)	17,000
Deferred tax liabilities	2c	(95)	129	34
Total liabilities		57,073	121	57,194
Net assets		15,037	47	15,084
Equity				
Share Capital		11,978		11,978
Reserves	2d	-	42	42
Retained earnings	2f	3,059	5	3,064
Total equity		15,037	47	15,084

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2005**

**Note 2. FIRST TIME ADOPTION OF
AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING
STANDARDS** (cont'd)

		Previous GAAP at 30 June 2005 \$'000	Adjustments on introduction of Australian equivalents to IFRS \$'000	Australian equivalents to IFRS at 30 June 2005 \$'000
Reconciliation of Equity at 30 June 2005				
Assets				
Cash and cash equivalents		1,741		1,741
Trade and other receivables		517		517
Other financial assets		33		33
Loans and advances to customers		70,494		70,494
Deferred tax assets	2a	305	235	540
Property plant and equipment		1,135		1,135
Intangible Assets	2g	716	40	756
Total assets		74,941	275	75,216
Liabilities				
Trade and other payables		911		911
Deposits and short term borrowings		31,323		31,323
Current tax liabilities	2e	419	(153)	266
Provisions	2b	1,482	(2)	1,480
Other liabilities		131		131
Long term borrowings		25,000		25,000
Deferred tax liabilities	2c	(146)	220	74
Total liabilities		59,120	65	59,185
Net assets		15,821	210	16,031
Equity				
Share Capital		12,993		12,993
Reserves	2d	-	53	53
Retained earnings	2f	2,828	157	2,985
Total equity		15,821	210	16,031

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2005**

**Note 2. FIRST TIME ADOPTION OF
AUSTRALIAN EQUIVALENTS TO
INTERNATIONAL FINANCIAL REPORTING
STANDARDS (cont'd)**

Reconciliation of Profit or Loss for the half year to 31 December 2004	Previous GAAP \$'000	Effect of transition to Australian equivalents to IFRS \$'000	Australian equivalents to IFRS \$'000
Interest revenue	4,143		4,143
Borrowing costs	(1,705)		(1,705)
Net interest revenue	2,438		2,438
Other revenue from ordinary activities	1,478		1,478
Bad and doubtful debts expenses	(101)		(101)
Employee benefits expenses	(1,145)	(24)	(1,169)
Occupancy expenses	(75)		(75)
Depreciation and amortisation expenses	(93)	20	(73)
Fee and commission expenses	(85)		(85)
General administrative expenses	(380)		(380)
Other expenses from ordinary activities	(312)		(312)
Profit before income tax	1,725	(4)	1,721
Income tax expense	(525)	37	(488)
Profit for the year	1,200	33	1,233

**Reconciliation for Profit or Loss for the full year to
30 June 2005**

Interest revenue	8,282		8,282
Borrowing costs	(3,471)		(3,471)
Net interest revenue	4,811		4,811
Other revenue from ordinary activities	2,820		2,820
Bad and doubtful debts expenses	(261)		(261)
Employee benefits expenses	(2,341)	(14)	(2,355)
Occupancy expenses	(181)		(181)
Depreciation and amortisation expenses	(198)	40	(158)
Fee and commission expenses	(168)		(168)
General administrative expenses	(545)		(545)
Other expenses from ordinary activities	(588)		(588)
Profit before income tax	3,349	26	3,375
Income tax expense	(1,091)	159	(932)
Profit for the year	2,258	185	2,443

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2005**

**Note 2. FIRST TIME ADOPTION OF AUSTRALIAN
EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING
STANDARDS (cont'd)**

	30 June 2005 \$'000	31 Dec 2004 \$'000	1 July 2004 \$'000
Notes to the reconciliations of equity and profit and loss			
(a) Deferred tax assets comprise:			
Deferred tax on recognition of AASB 119 <i>Employee Benefits</i> (refer 2(b))	(1)	6	-
Deferred tax on recognition of AASB 2 <i>Share-based Payment</i> (refer 2(c))	16	13	10
Under AASB 112 <i>Income Taxes</i> deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences and deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.	220	129	96
	235	148	106
(b) Provisions comprise:			
Under AASB 19 <i>Employee Benefits</i> all short term employee benefits payable with twelve months of reporting date are recognised at undiscounted amounts, with all other benefits being recorded at present value.	2	(20)	(5)
(c) Deferred tax liabilities comprise:			
Deferred tax on recognition of AASB 112 <i>Income Taxes</i> (refer 2 (a))	(220)	(129)	(96)
(d) Reserves comprise:			
Under AASB 2 <i>Share-based Payment</i> , all share options that were granted after 7 November 2002 and had not yet vested at 1 January 2005 must be valued. An options reserve of \$32,441.14 was created on 1 July 04 against retained earnings. All increases in the options reserve after 1 July 05 were expensed.	53	42	33
(e) Current tax liabilities comprise:			
Under AASB 112 <i>Income Taxes</i> , income tax expense must be split between its current and deferred components. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for a period. Deferred tax is the net movement in the deferred tax liability and deferred tax asset balances during the period adjusted for amounts recognised directly in equity.	153	28	-
(f) Retained earnings comprise:			
Reversal of goodwill previously amortised	40	20	-
Creation of options reserve under AASB 2 <i>Share-based Payment</i>	(53)	(42)	(33)
AASB 19 <i>Employee Benefits</i> (refer 2 (b))	2	(20)	(5)
Deferred tax adjustment on recognition of AASB 2 <i>Share-based Payment</i>	16	13	10
Deferred tax adjustment on recognition of AASB 119 <i>Employee Benefits</i>	(1)	6	-
Deferred tax expense under AASB 112 <i>Income Taxes</i>	153	28	-
	157	5	(28)

(g) Under AASB 3, *Business combinations*, goodwill is no longer amortised but subject to annual impairment testing. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* allows an exemption for years prior to the date of transition and the Company has elected not to apply AASB 3 retrospectively.

Goodwill amounting to \$39,619 previously amortised in the 2005 full financial year has been reversed in the income statement for the year ended 30 June 2005. Goodwill amounting to \$19,971 previously amortised for the 2004 half year has been reversed in the income statement for the half year ended 31 December 2004.

(h) Under Australian equivalents to IFRS, short-term deposits are classified as cash as opposed to receivables. All long-term deposits amounting to \$32,727 in the comparative period have been reclassified to cash and cash equivalents.

Note 3. CHANGES IN ACCOUNTING POLICY

Under AASB 139 *Financial Instruments: Recognition and Measurement*, all trading derivatives are required to be fair valued at each reporting date.

AASB 139 has prospective application for years commencing on or after 1 January 2005. Previous Australian Accounting Standards have been applied to comparative financial information.

	2005	2004
	\$	\$
<u>Note 4. OPERATING REVENUE</u>		
Interest revenue	4,366	4,143
Brokerage, consultant and documentation fees	1,771	1,478
Total revenue	6,137	5,621

Note 5. OPERATING PROFIT

Operating profit before income tax has been determined after

Crediting:

Interest revenue	4,366	4,143
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Charging:

Interest expense	1,753	1,576
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Significant Revenues and Expenses

The following revenue and expense items are relevant in explaining the financial performance

Expenses relating to abnormal items (takeover bid)	-	268
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Note 6. DIVIDENDS

Declared interim ordinary dividend of 6 cents per share fully franked (2004: 6 cents per share fully franked) at the tax rate of 30% (2004: 30%)

Note 7. NON-CASH FINANCING AND INVESTING ACTIVITIES

- a) During the half-year, 414,212 fully paid ordinary shares were issued to shareholders of the Company pursuant to the Dividend Reinvestment Plan in satisfaction of dividends payable of \$820,140.
- b) Clients transferred \$28,600 from debenture stock to make payments on finance contracts with the Company.
- c) 42,101 fully paid ordinary shares at \$2.08 per share were issued as part of a business acquisition.

As part of a business acquisition agreement the Company may be required to issue shares and/or cash at a future date dependant upon certain performance targets being met.

These transactions are not reflected in the Cash Flow Statement.

Note 8. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the half-year, which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Note 9. INCOME TAX

The Company adopts the balance sheet liability method of tax-effect accounting. The Company has provided for income tax at 31 December 2005 even though the Company is only required to pay tax on its taxable income at year-end. The circumstances in calculating the tax liability for the first half-year may change during the half-year period to 30 June 2005.

Note 10. EARNINGS PER SHARE (EPS)

	2005 \$'000	2004 \$'000
(a) Earnings used in calculation of basic and dilutive EPS	1,150	1,233
(b) Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS	14,453	13,419
Weighted average number of options outstanding	320	332
Weighted average number of ordinary shares outstanding during the half-year used in calculation of dilutive EPS	14,773	13,751

Note 11. CASH FLOW INFORMATION

(a) Cash at end of the half-year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2005 \$'000	2004 \$'000
Cash at bank	561	1
Bank overdraft	-	(33)
	561	(32)

(b) Reconciliation of net cash provided by operating activities to operating profit after income tax:

Operating profit after income tax	1,152	1,233
Depreciation	86	74
Bad debts written off	6	-
Doubtful loans provision	(170)	16
Employee entitlements	57	(5)
(Increase)/decrease in other debtors	(74)	32
(Increase)/decrease in prepayments	122	(67)
Increase/(decrease) in accrued expenses	170	79
Decrease in tax payable	(87)	(35)
Increase in accrued interest payable	6	473
Increase in derivative liability	61	-
Net movement in future income tax benefit/provision for deferred income tax	192	(28)
Net cash provided by operating activities	1,521	1,772

Note 12. ACQUISITION AND DISPOSAL OF CONTROLLED ENTITIES**For the half-year ended 31 December 2005**

Entities acquired:	Date acquired	Beneficial Ownership %
Lovetts Finance Brokers	1 November 2005	100%

For the half-year ended 31 December 2004

There were no material acquisitions, disposals or loss of control over any entities during the half-year period to 31 December 2004.

Note 13. CONTINGENT LIABILITIES

The directors have resolved that if the Managing Director's services are terminated as a result of a takeover, a one-off payment of the equivalent of nine months of annual salary would be made at the time of termination.

Other than the above there has been no change in contingent liabilities since the last annual reporting date.

Note 14. SEGMENT INFORMATION

The Company operates geographic segments (branches) in Mildura, Deniliquin, Horsham, Wagga Wagga and Albury.

31 Dec 2005

	Mildura \$'000	Deniliquin \$'000	Horsham \$'000	Wagga Wagga \$'000	Albury \$'000	Total \$'000
Revenue	2,061	1,130	542	1,889	480	6,102
Unallocated revenue						35
Total revenue from ordinary activities						6,137
Segment result	1,510	948	364	1,344	221	4,387
Unallocated expenses net of unallocated revenue						(2,556)
Profit before income tax						1,831
Income tax expense						(681)
Profit after income tax						1,150

31 Dec 2004

Revenue	2,217	1,251	444	1,441	211	5,564
Unallocated revenue						57
Total revenue from ordinary activities						5,621
Segment result	1,640	1,025	298	1,080	68	4,111
Unallocated expenses net of unallocated revenue						(2,390)
Profit before income tax						1,721
Income tax expense						(488)
Profit after income tax						1,233

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 20:
 - (a) Comply with Accounting Standards and the *Corporations Act 2001*; and
 - (b) Give a true and fair view of the financial position as at 31 December 2005 and performance for the half-year ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Lloyd Thomson
Chairman



Martin Hill
Director
6 March 2006



**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF
BIDGEE FINANCE LIMITED**

Scope

We have reviewed the financial report comprising the Income Statement, Balance Sheet, Statement of Cash Flows, Statement of Changes in Equity, accompanying notes and Directors' Declaration of Bidgee Finance Limited for the half-year ended 31 December 2005. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting, other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

The independence declaration given to the directors in accordance with section 307C would be in the same terms if it had been given at the date of this report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bidgee Finance Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - giving a true and fair view of the disclosing entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

BDO
Chartered Accountants

R.D.D Collie
Partner

Melbourne
Date: 6 March, 2006



Mildura • Deniliquin • Horsham • Wagga Wagga • Albury