



BIDGEE FINANCE LTD | half year accounts
DEC|04

TABLE OF CONTENTS

CHAIRMAN'S & MANAGING DIRECTOR'S REPORT	Page 1
DIRECTORS' REPORT	Page 2
STATEMENT OF FINANCIAL POSITION	Page 4
STATEMENT OF FINANCIAL PERFORMANCE	Page 5
STATEMENT OF CASH FLOWS	Page 6
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	Page 7
DIRECTORS' DECLARATION	Page 10
INDEPENDENT AUDIT REPORT	Page 11

CHAIRMAN'S & MANAGING DIRECTOR'S REPORT

The directors of Bidgee Finance are pleased to announce that the audited result for the 6 months to 31 December 2004 is another record pre tax profit (before abnormal items) of \$1,992,846 which is an increase of 15.7% on the same period last year.

The directors have resolved to pay a fully franked interim dividend of 6.0 cents per share. The dividend will be paid on 2 March 2005. A higher dividend would have been considered had it not been for the significant costs incurred to date defending Voltage Finance's inadequate takeover bid.

Currently 81% of shareholders participate in the dividend reinvestment plan and these shareholders will be allotted shares at \$2.06 in satisfaction of this interim dividend.

The table below shows the direct costs that were incurred by Bidgee as in relation to the takeover bid. These costs do not take into account significant time that was consumed by Bidgee's staff, management and directors in defending the attempted takeover.

	Dec 2004	Dec 2003
Audited pre tax profit before abnormal items	1,992,846	1,723,037
Abnormal items – (costs associated with takeover)	(268,182)	-
Audited pre tax profit	<hr/> 1,724,664	<hr/> 1,723,037

As previously advised, directors are investigating listing Bidgee's shares on a stock exchange however the process cannot be further progressed until Voltage's takeover bid expires on 28 February 2005 or is withdrawn.

The directors wish to express appreciation to our staff, who have during the last 6 months demonstrated their commitment and professionalism to Bidgee by generating our record result during a difficult period due to the takeover bid and unfavourable seasonal conditions in some areas.

Your directors continue to investigate profitable expansion opportunities in strategic areas to build on the successful branch network that we currently have. These opportunities together with sound underlying business that Bidgee has developed over many years, allows us to look forward with confidence.



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 2004 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

Mr. John H Macknight

Mr. Gerard J Sullivan

Mr. Martin J Hill

Mr. Lester M Wheatley (appointed 1 November 2004)

Mr. John B Tushuizen (resigned 26 August 2004)

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 after tax and before abnormal items for the half-year was \$1,387,714, an increase of 15.6% above that for the corresponding period of the previous year. Profit after tax after abnormals for the half-year to 31 December 2004 was \$1,199,984.

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.

CHANGES IN THE STATE OF AFFAIRS

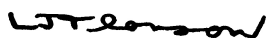
Voltage Finance Limited has served the Company and its shareholders with a Bidder's Statement detailing its offer of shares in Voltage Capital Limited for shares in the Company. The Company has responded by sending a Target's Statement to shareholders.

Although significant costs have been incurred in relation to this matter to date (refer note 3), the directors of the Company are unable to make an assessment as to the impact the takeover offer will have on the Company's future operations. This is primarily because:

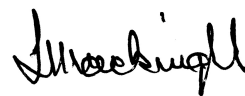
- The takeover offer by Voltage is still open and;
- The full extent of the costs that will be incurred by the Company which are associated with the takeover are as yet unknown but could be significant and;
- Should the takeover eventuate, the current directors are not able to determine what the impact will be upon the Company's operations, the results or the state of affairs in future financial years.

Other than the above matter, no matters have arisen since the end of half-year to 31 December 2004 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



John Macknight
Director
9 February 2005

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2004

	31 Dec. 2004 \$'000	30 June 2004 \$'000	31 Dec. 2003 \$'000
Assets			
Cash and short term liquid assets	1	3,093	1,001
Accrued receivables	357	358	343
Loans and advances	69,978	62,923	59,804
Property, plant and equipment	922	678	603
Deferred tax asset	230	236	189
Goodwill	585	605	429
Other assets	37	-	3
Total assets	72,110	67,893	62,372
Liabilities			
Deposits and short term borrowings	37,675	36,041	32,421
Payables and other liabilities	1,115	588	882
Interest bearing liabilities	17,033	16,000	15,600
Tax liabilities	109	141	96
Provisions	974	1,374	889
Other liabilities	167	159	75
Total liabilities	57,073	54,303	49,963
Net assets	15,037	13,590	12,409
Shareholders' equity			
Capital	11,978	10,913	9,713
Retained profits	3,059	2,677	2,696
Total shareholders' equity	15,037	13,590	12,409

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

	Note	2004 \$'000	2003 \$'000
Interest revenue		4,143	3,575
Borrowing costs		(1,705)	(1,317)
Net interest revenue		2,438	2,258
Other revenue from ordinary activities		1,478	1,247
Bad and doubtful debts expense		(101)	(175)
Employee benefits expense		(1,145)	(1,012)
Occupancy expenses		(75)	(53)
Depreciation and amortisation expenses		(93)	(82)
Fee and commission expense		(85)	(123)
General administrative expenses		(380)	(125)
Other expenses from ordinary activities		(312)	(212)
Profit from ordinary activities before income tax	3	1,725	1,723
Income tax relating to ordinary activities	6	(525)	(522)
Net profit from ordinary activities after income tax		1,200	1,201
Basic earnings per share (cents per share)	7	8.94	9.84
Diluted earnings per share (cents per share)	7	8.73	9.28

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

	Note	2004 \$'000	2003 \$'000
Cash flows related to operating activities			
Payments to suppliers & employees		(2,053)	(1,780)
Interest received		4,143	3,575
Interest paid		(1,298)	(908)
Income taxes paid		(551)	(324)
Brokerage fees received		1,258	910
Other income		273	332
Net operating cash flows	8(b)	1,772	1,805
Cash flows relating to investing activities			
Purchases of property, plant and equipment		(342)	(52)
Proceeds from sale of PP & E		45	-
Customer loans granted		(20,572)	(19,207)
Customer loans repaid		13,157	10,572
Net investing cash flows		(7,712)	(8,687)
Cash flows from financing activities			
Borrowings		1,000	3,100
Repayment of hire purchase agreements		(38)	(29)
Dividends paid to shareholders		(280)	(44)
Net increase/(decrease) in deposit funds		5	(46)
Net increase/(decrease) in debentures		1,973	(178)
Proceeds from share issues		155	-
Net financing cash flows		2,815	2,803
Net increase/(decrease) in cash held		(3,125)	(4,079)
Cash at beginning of period		3,093	5,080
Increase/(decrease) in cash		(3,125)	(4,079)
Cash at end of period	8(a)	(32)	1,001

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 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose half-year consolidated accounts have been prepared in accordance with Accounting Standard AASB 1029: Half-year Accounts and Consolidated Accounts 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 2004 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.

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

Accounting policies have been consistently applied by the Company and are consistent with those of the previous financial year and corresponding half-year.

For the purpose of preparing the half-year consolidated accounts, the half-year has been treated as a discrete reporting period.

(a) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS). This requires the production of accounting data for future comparative purposes at the beginning of the next financial year. The Company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation.

The Company's management are of the opinion that the key differences in the Company's accounting policies which will arise from the adoption of IFRS are:

Impairment of Assets

The entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136 *Impairment of Assets*, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised, more often than under the existing policy.

Non-current Investments

Under the pending AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

Income Tax

Currently the Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the pending AASB 112 *Income Taxes*, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

	2004 \$	2003 \$
<u>2. OPERATING REVENUE</u>		
Interest revenue	4,143	3,575
Brokerage, consultant and documentation fees	1,478	1,247

3. OPERATING PROFIT

Operating profit before income tax has been determined after

Crediting:

Interest revenue	4,143	3,575
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Charging:

Interest expense	1,576	1,231
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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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4. NON-CASH FINANCING AND INVESTING ACTIVITIES

During the half-year, 419,105 fully paid ordinary shares were issued to shareholders of Bidgee pursuant to the Dividend Reinvestment Plan in satisfaction of dividends payable of \$909,458.

As part of a business acquisition agreement Bidgee 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 Statement of Cash Flows.

5. EVENTS SUBSEQUENT TO BALANCE DATE

The Company is currently investigating the acquisition of several finance broking businesses. Until these discussions are further advanced it is not possible to make an assessment as to the impact these possible acquisitions would have on the Company.

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.

6. INCOME TAX

The Company adopts the liability method of tax-effect accounting. The Company has provided for income tax at 31 December 2004 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.

7. EARNINGS PER SHARE (EPS)

	2004 \$'000	2003 \$'000
(a) Earnings used in calculation of basic and dilutive EPS	<u>1,200</u>	<u>1,201</u>
(b) Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS	13,419	12,201
Weighted average number of options outstanding	<u>332</u>	<u>731</u>
Weighted average number of ordinary shares outstanding during the half-year used in calculation of dilutive EPS	<u>13,751</u>	<u>12,932</u>

8. 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:

	2004 \$'000	2003 \$'000
Cash at bank	1	1,001
Bank overdraft	<u>(33)</u>	<u>-</u>
	<u>(32)</u>	<u>1,001</u>

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

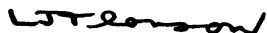
Operating profit after income tax	1,200	1,201
Depreciation	74	66
Amortisation of goodwill	20	15
Bad debts written off	-	39
Doubtful loans provision	16	(11)
Employee entitlements	(29)	8
(Increase)/decrease in other debtors	32	(3)
(Increase)/decrease in prepayments	(67)	(60)
Increase/(decrease) in accrued expenses	79	(118)
Increase/(decrease) in tax payable	2	112
Increase/(decrease) in accrued interest payable	473	470
Net movement in future income tax benefit/provision for deferred income tax	<u>(28)</u>	<u>86</u>
Net cash provided by operating activities	<u>1,772</u>	<u>1,805</u>

DIRECTORS' DECLARATION

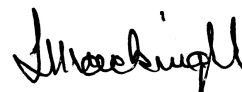
The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 2 to 10:
 - (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 2004 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



John Macknight
Director
9 February 2005

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BIDGEE FINANCE LIMITED

Scope

We have audited the financial report of Bidgee Finance Limited for the financial year ended 31 December 2004 as set out on pages 2 to 10.

The financial report includes the financial statements of the Company at the period end. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Bidgee Finance Ltd is in accordance with:

- (a) The Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's financial position as at 31 December, 2004 and of their performance for the period ended on that date; and
 - (ii) Complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) Other mandatory professional reporting requirements in Australia.


Brian McCleary
RCA 665

Brian McCleary & Co

126 End Street
Deniliquin, 2710

10 February 2005



Mildura • Deniliquin • Horsham • Wagga Wagga • Albury