

Balmain/Rozelle
Financial Services Limited
Financial Statements
as at
31 December 2006

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Directors' Report

Your Directors submit the financial report of the company for the half-year ended 31 December 2006.

Directors

The names of directors who held office during the half year and until the date of this report are as below:

Kevin James Boundy

Barry William Bidwell

Lars Wladik Brander

Elio Cacciotti

Ian Richard Crichton-Browne

E. Paul Doughty

Pauline Keitha McAlinden

Cynthia Marica Nadai

Michelle Anne Rohan

Richard James Ware

Principal activities

The principal activities of the company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

Review and results of operations

Operations are not meeting expectations but the Board believes that with a number of new initiatives this situation will be improved. The net loss of the company for the financial period was: (\$88,830) [2005: (\$131,175)].

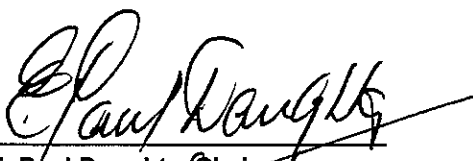
Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Directors at Drummoyne, Sydney
on 3 February 2007.


E. Paul Doughty, Chairman


Barry William Bidwell, Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Balmain/Rozelle Community Financial Services Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial period ended 31 December 2006 there have been:

- ✓ no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review and
- ✓ no contraventions of any applicable code of professional conduct in relation to the review.



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated: 8 February 2007

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Income Statement
for the half-year ended 31 December 2006

	2006	2005
	\$	\$
Revenue from ordinary activities	105,256	22,349
Salaries and employee benefit expense	(114,162)	(93,768)
Occupancy and associated costs	(36,173)	(30,810)
Advertising and promotion expenses	(5,024)	(5,355)
Systems costs	(10,097)	(16,803)
Depreciation and amortisation expense	(13,369)	(11,588)
General administration expenses	(50,253)	(48,962)
	<hr/>	<hr/>
Profit/(loss) before income tax expense/credit	(123,822)	(184,937)
Income tax expense/credit	34,992	53,762
	<hr/>	<hr/>
Profit/(loss) for the period	(88,830)	(131,175)
	<hr/>	<hr/>
Profit/(loss) attributable to members of the entity	(88,830)	(131,175)
	<hr/>	<hr/>
Losses per Share		
	<u>c</u>	<u>c</u>
Losses per share for the period were:	(10)	(15)

The accompanying notes form part of these financial statements.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Balance Sheet
as at 31 December 2006

	31-Dec 2006 \$	30-Jun 2006 \$
ASSETS		
Current Assets		
Cash assets	111,436	235,400
Trade and other receivables	5,369	4,448
Total Current Assets	<u>116,805</u>	<u>239,848</u>
Non-Current Assets		
Property, plant and equipment	186,304	193,673
Deferred tax asset	150,965	115,973
Intangible assets	42,000	48,000
Total Non-Current Assets	<u>379,269</u>	<u>357,646</u>
Total Assets	<u>496,074</u>	<u>597,494</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	4,527	19,844
Provisions	4,177	1,450
Total Current Liabilities	<u>8,704</u>	<u>21,294</u>
Total Liabilities	<u>8,704</u>	<u>21,294</u>
Net Assets/(Liabilities)	<u>487,370</u>	<u>576,200</u>
Equity		
Contributed equity	863,147	863,147
Accumulated losses	(375,777)	(286,947)
Total Equity	<u>487,370</u>	<u>576,200</u>

The accompanying notes form part of these financial statements.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Statement of Changes in Equity
for the half-year ended 31 December 2006

	2006	2005
	\$	\$
Total equity at the beginning of the period	576,200	650,152
Net loss for the period	(88,830)	(131,175)
Net income/expense recognised directly in equity	-	(3,871)
Dividends provided for or paid	-	-
Shares issued during period	-	168,750
Total equity at the end of the period	<u>487,370</u>	<u>683,856</u>

The accompanying notes form part of these financial statements.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Cash Flow Statement
for the half-year ended 31 December 2006

	2006	2005
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	92,996	10,337
Payments to suppliers and employees	(220,594)	(178,011)
Interest paid	-	(118)
Interest received	3,634	6,212
Net cash provided by/(used in) operating activities	<u>(123,964)</u>	<u>(161,580)</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	-	(198,885)
Net cash provided by/(used in) investing activities	<u>-</u>	<u>(198,885)</u>
Cash Flows From Financing Activities		
Proceeds from issues of equity securities	-	168,750
Payment for share issue costs	-	(9,833)
Net cash provided by/(used in) financing activities	<u>-</u>	<u>158,917</u>
Net increase/(decrease) in cash held	(123,964)	(201,548)
Cash at the beginning of the financial year	235,400	575,285
Cash at the end of the half-year	<u>111,436</u>	<u>373,737</u>

The accompanying notes form part of these financial statements.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Notes to the financial statements
for the half-year ended 31 December 2006

1. Basis of preparation of the Half-Year Financial Statements

Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report and any public pronouncements made by the company during the period.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2006. All accounting policies are consistent with those applied in the 30 June 2006 financial statements except as set out below.

2. Events subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

3. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the date of this report to affect the financial statements.

4. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Balmain & Rozelle suburbs of Sydney, New South Wales.

Balmain/Rozelle Financial Services Limited
ABN 95 112 711 654
Directors' Declaration

The directors declare that:

- (a) in the directors opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



E. Paul Doughty, Chairman



Barry William Bidwell, Director

Dated this 7th day of February 2007

Independent Review Report to the Members of Balmain/Rozelle Financial Services Limited

Scope

We have reviewed the accompanying financial report of **Balmain/Rozelle Financial Services Limited** comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes 4 to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2006.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Balmain/Rozelle Financial Services Limited is not in accordance with Corporations Act 2001, including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001.



David Hutchings - Partner
BENDIGO 8 February 2007