

Bright Community
Financial Services
ABN 93 117 798 553

Bendigo Bank atm



2007 annual report



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Chairman's report

For year ending 30 June 2007

It is my pleasure to present my Chairman's report for the period ended 30 June 2007, for Bright Community Financial Services Limited, trading as Bright **Community Bank**[®] Branch.

The completion of the purpose built premises for the branch provided for the very well attended official opening on Tuesday, 24 October 2006. The opening was a highlight of the year in Bright, with Bendigo Bank State Manager for Victoria, Mr Scott Elkington, together with the Mayor of the Alpine Shire, Cr Jan Vonarx, officially declaring the branch open. This subsequently provided for operation of full branch facilities for the residents of Bright and its surrounding areas, on a five and a half day per week basis. The new staff complement immediately sprung into action to complete setting up activities, re-domiciling accounts and opening new accounts.

To the end of the 2006/2007 financial year, Bright **Community Bank**[®] Branch has reported growth of its banking business to more than \$17.3 million from an account base of nearly 1000. Our business is now 50 per cent towards the forecast break-even level of \$34 million. I consider this to be a significant achievement for an eight month period since commencement of trading. The operating loss for the year, after tax, was \$226,863.

While this is an encouraging achievement for the Board, staff and shareholders, it is important to note that the task will become more challenging as we proceed toward break-even, after Agency and re-domiciled accounts are finalised. Impacting on the banking and finance sector as a whole is the affect of a major national push to increase investment in superannuation.

Full details of the financial position of the Company can be found in the audited accounts, which form part of the financial statements.

Bright **Community Bank**[®] Branch is well on the way to achieving its goal of providing a broadly based suite of banking services, and featuring a customer friendly approach to local banking services. This will return tangible benefits to the local community in the future.

However, the job is not yet done. For the branch to be successful, it needs the full support of you, the shareholders, not only in bringing your business to Bright **Community Bank**[®] Branch, but by encouraging your family, colleagues and friends to do likewise.

As Chairman of a dedicated Board of Directors, I am using this Annual Report to remind all shareholders that this is your bank branch, your business. Achieving the optimum level of success and economic development within our community is in your hands. Please give it your full support.

The past year has seen some movement at the boardroom table, with the departure of several of Directors who were involved in the years leading up to, and during the establishment phase, of the branch. Thank you to former Secretary Alan Stephens, Treasurer Marilyn Chipperfield, Assistant Treasurer, Paul Vey, Secretary, Enid Donadio and Deputy Chairman Peter Ely, who contributed significantly during the establishment campaign, Rob Moore, who did an excellent job during the premises construction and fit out of the branch and dedicated Director John Farrington. They have earned our thanks and our gratitude.

Chairman's report continued

The Board has been fortunate to have gained the services of the current Secretary, Sue Jarrett, current Corporate Secretary, Geoff Tually, Rob Bone and Kim Muhlen, all of whom bring individual experience, skills and professional attributes to the boardroom table. The Board is delighted to have such enthusiastic and dedicated people prepared to put in countless hours of honorary work for their community and I am indebted to all Directors for their community spirit, input into the very effective decision making team and dedication to the wide range of activities undertaken by the Board.

One of the most pleasing aspects of the past year has been the performance of our staff. Under the guidance of our Manager Russell McGibbon, staff have performed in an exemplary and professional manner. They have proven that, in business, a good staff complement is your greatest asset. During the reporting period there was no turnover of staff members.

The Bright **Community Bank**[®] Branch has been able to support a number of local organisations with donations and sponsorships, and in this regard I have requested that a separate report be prepared and presented to shareholders in this regard. Further, I note the enthusiastic effort by the Marketing and Sponsorship Committee in moving towards finalisation of the policy and guidelines for future management of requests for assistance and completing promotion activities undertaken to date. As a Board, we look forward to being able to support more organisations as the business grows.

The operation of Bright **Community Bank**[®] Branch would not be possible without our partners, Bendigo Bank. I take this opportunity to personally thank the bank staff, as well as Regional Manager Mr Chris Pursehouse, for their untiring support, assistance and commitment to the **Community Bank**[®] model, and their relationship with myself and the Board of Directors.

While the dream is still a dream, our aim of being able to distribute increased profits back into the community is now moving ever closer, but it needs everyone to play a part. It needs all of our shareholders to be customers and all of our customers to be ambassadors. The **Community Bank**[®] model is a powerful community force and the community can make it happen.



Roger Williams
Chairman

Manager's report

For year ending 30 June 2007

It is with pleasure that I submit my report as Manager of the Bright **Community Bank**® Branch of the Bendigo Bank.

The first eight months have been an exciting and enjoyable time for all involved. The Bright **Community Bank**® Branch is extremely fortunate to have five very capable, enthusiastic and professional staff that are committed to providing the standard of service that Bendigo Bank is renowned for. All staff members are striving to improve their skills and knowledge by participating in training courses both internally and externally. Our industry is one of continual change and it is essential that we meet the challenges that change brings. I thank my staff sincerely for their efforts to date and believe that they are excellent ambassadors for the Bright **Community Bank**® Branch and their respective communities. The most rewarding aspect for the staff is that our customers bank with us because they want to. They feel welcome, needed and very comfortable every time they enter the branch.

From an operations aspect, business totalled \$17.3 million at the end of June with 995 accounts. Our ATM is being used extensively by both our customers and other banks customers with approximately 1500 transactions per month, generating extra banking business into our Company and provide additional profits to be channelled back into our local districts.

Operational risk is always a major concern, however our first audit showed a "satisfactory" result indicating that the staff are adhering to Bendigo Bank policy and meeting all government regulations and requirements. A great result and a credit to the staff.

Deposit balances fluctuate markedly depending on interest rates and superannuation changes while loan enquiries are slow however this is not surprising as we have a real challenge with three major banks in town. Business bankers Tony Clarebrough (Wangaratta), Brian O'Keefe (Albury), and agribusiness Manager Peter Nolan (also based in Wangaratta) along with financial planner Tania Monaghan (Shepparton) are utilised when necessary to provide expertise for our business, farming and wealth conscious customers respectively.

Tania is highly qualified and has proved very popular providing excellent advice and counselling in the financial arena. Tania specialises in superannuation strategies, pre and post retirement, and taxation planning for your investments, wealth protection and estate planning. Tania attends the branch fortnightly on a Friday purely on an as needs basis.

I believe that many in the community are still not fully aware of all the products that we offer, particularly those products outside the normal banking sphere. Health, travel, loan, car, building, contents and landlords insurance are all available.

The full benefits of having the Bright **Community Bank**® Branch are yet to be realised. I hear of the benefits that other communities have gained from having a **Community Bank**® branch in their community and it makes me all the more excited as to the future benefits we can achieve for the Bright community.

However, we must not assume that just because the branch is open with friendly, professional staff and a very extensive, competitive product range that the business will automatically grow. We must continue to work extremely hard with a strong team effort from both the Board and the staff.

Manager's report continued

Finally I would like to sincerely thank Chairman Roger Williams and the members of the Bright Community Financial Services Ltd Board for their support and assistance.

I look forward to another year of growth as we strive to achieve the goals of profit, shareholder dividends, and the ability to provide the Bright community with funds to spend in, and for, their own community.

A handwritten signature in black ink, appearing to read 'Russell McGibbon', with a large initial 'R' and a wavy line extending to the right.

Russell McGibbon
Branch Manager

Directors' report

For year ending 30 June 2007

Your Directors submit their report of the Company for the financial period ended 30 June 2007.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial period are:

Roger Williams

Chairman
Newsagent

Karen Jane Dentry

Director
Company Director

Allan James Poyner

Director
Civil Engineer

Carmel Smith

Director
Tyre Retailer / Wholesaler

Stuart Hargreaves

Director
Retired

Peter Joseph Ely (resigned 7 August 2006)

Director
Farmer

John Edward Farrington (resigned 17 July 2006)

Director
Retail Manager

Susan Cheryl Jarrett (appointed 25 September 2006)

Director
Business Services Officer

Geoffrey Gurner Tually (appointed 25 September 2006)

Director
Business Consultant

Marilyn Chipperfield (resigned 19 December 2006)

Director
Director-Engineering Consultancy

Ronald Ido Kool

Director
Retired

Adrian Victor Smith

Director
Tyre Retailer / Wholesaler

Paul Andrew Vey (resigned 27 February 2007)

Director
Accountant

Robert James Moore (resigned 27 March 2007)

Director
Real Estate Agent

Eckberg Enid Donadio (resigned 7 August 2006)

Director
Company Director / Accountant

Alan Bruce Stephens (resigned 31 July 2006)

Director
Accommodation Owner

Robert Charles Bone (appointed 25 September 2006)

Director
Retired

Kim Hacon Muhlen-Schulte (appointed 30 Oct. 2006)

Director
Economic Development Officer

Directors were in office for this entire period unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

Directors' report continued

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.

There has been no significant changes in the nature of these activities during the period.

Operating results

Operations have performed in line with expectations. The loss of the Company for the financial period after provision for income tax was \$226,863.

Dividends

The Directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial period under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial 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, in future years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors' benefits

During the period ended 30 June 2007, \$507 was paid to Bright Authorised Newsagency, which is owned by Roger Williams. All transactions were on normal commercial terms.

During the period ended 30 June 2007, \$534 was paid to B & S Bright Ideas, which is owned by Sue Jarrett and her husband. All transactions were on normal commercial terms.

No other Director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Directors' report continued

Indemnification and insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as

Directors or Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Directors meetings

The number of Directors meetings attended by each of the Directors of the Company during the period were:

Number of meetings held:	46
Number of meetings attended:	
Roger Williams	43
Marilyn Chipperfield (resigned 19 December 2006)	26
Karen Jane Dentry	32
Ronald Ido Kool	26
Allan James Poyner	28
Adrian Victor Smith	41
Carmel Smith	44
Paul Andrew Vey (resigned 27 February 2007)	24
Stuart Hargreaves	40
Robert James Moore (resigned 27 March 2007)	34
Peter Joseph Ely (resigned 7 August 2006)	14
Eckberg Enid Donadio (resigned 7 August 2006)	19
John Edward Farrington (resigned 17 July 2006)	17
Alan Bruce Stephens (resigned 31 July 2006)	19
Susan Cheryl Jarrett (appointed 25 September 2006)	8
Robert Charles Bone (appointed 25 September 2006)	10
Geoffrey Gurner Tually (appointed 25 September 2006)	11
Kim Hacon Muhlen-Schulte (appointed 30 Oct. 2006)	8

Directors' report continued

Company Secretary

Geoff Gurner Tually has been the Company Secretary of Bright Community Financial Services Ltd since 25 September 2006. Geoff's qualifications and experience include being a senior academic with the University of Melbourne, member of the Association of Taxation and Management Accountants of Australia and a registered taxation agent.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Roger Williams, Karen Dentry, Rob Bone and Kim Muhlen;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

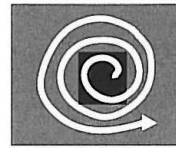
Signed in accordance with a resolution of the Board of Directors at Bright on 27 September 2007.

A handwritten signature in black ink, appearing to read 'R Williams', with a large, stylized initial 'R'.

Roger Williams
Chairman

Auditor's independence declaration

Richmond Sinnott & Delahunty Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

27 September 2007

The Directors
Bright Community Financial Services Limited
Shop 2, 104 Gavan Street
BRIGHT VIC 3741

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Bright Community Financial Services Limited for the period ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Financial statements

Income statement

For year ending 30 June 2007

	Note	2007 \$
Revenues from ordinary activities	2	138,788
Employee benefits expense	3	(184,715)
Depreciation and amortisation expense	3	(21,421)
Other expenses from ordinary activities		(253,137)
Profit/(loss) before income tax expense		(320,485)
Income tax expense / (benefit)	4	(93,622)
Profit/(loss) after income tax expense		(226,863)
Earnings per share (cents per share)		
- basic for profit / (loss) for the period	20	(32.68)
- diluted for profit / (loss) for the period	20	(32.68)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

As at 30 June 2007

	Note	2007 \$
Current assets		
Cash assets	6	203,545
Receivables	7	8,425
Total current assets		211,970
Non-current assets		
Property, plant and equipment	8	139,129
Deferred income tax asset	4	93,622
Intangible assets	9	23,852
Total non-current assets		256,603
Total assets		468,573
Current liabilities		
Payables	10	13,923
Provisions	11	11,166
Total current liabilities		25,089
Total liabilities		25,089
Net assets		443,484
Equity		
Share capital	12	670,347
Retained earnings / (accumulated losses)	13	(226,863)
Total equity		443,484

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2007

	Note	2007 \$
Cash flows from operating activities		
Cash receipts in the course of operations		120,303
Cash payments in the course of operations		(422,880)
Interest received		20,177
Net cash flows from/(used in) operating activities	14b	(282,400)
Cash flows from investing activities		
Payment for intangible assets		(29,815)
Payments for property, plant and equipment		(154,587)
Net cash flows from/(used in) investing activities		(184,402)
Cash flows from financing activities		
Proceeds from issue of shares		694,113
Share issue costs		(23,766)
Net cash flows from/(used in) financing activities		670,347
Net increase/(decrease) in cash held		203,545
Add opening cash brought forward		-
Closing cash carried forward	14a	203,545

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2007

	Note	2007 \$
Share capital		
Ordinary shares		
Balance at start of period		-
Issue of share capital		694,113
Share issue costs		(23,766)
Balance at end of period		670,347
Retained earnings / (accumulated losses)		
Balance at start of period		-
Profit/(loss) after income tax expense		(226,863)
Dividends paid		-
Balance at end of period		(226,863)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2007

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 27 September 2007.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Branch fit out	10.0%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Comparative figures

The entity commenced operations during the period, hence there are no comparative figures.

2007

\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions and fee income	118,611
Total revenue from operating activities	118,611
Non-operating activities:	
- interest received	20,177
- other revenue	-
Total revenue from non-operating activities	20,177
Total revenue from ordinary activities	138,788

Notes to financial statements continued

	2007 \$
Note 3. Expenses	
Employee benefits expense	
- wages and salaries	153,115
- superannuation costs	13,306
- workers' compensation costs	903
- other costs	17,391
	184,715
Depreciation of non-current assets:	
- branch fit out	15,458
Amortisation of non-current assets:	
- set up costs	3,963
- franchise fee	2,000
	21,421
Finance costs:	
- Interest paid	-
Bad debts	-

Note 4. Income tax expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30%	(96,145)
Add tax effect of:	
- Non-deductible expenses	2,523
Current income tax expense / (benefit)	(93,622)
Income tax expense /(benefit)	(93,622)
Deferred income tax asset	
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	93,622

Notes to financial statements continued

2007

\$

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,650
- Completion of feasibility study	5,000
- Accounting work for prospectus	2,000
	10,650

Note 6. Cash assets

Cash at bank and on hand	203,545
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Note 7. Receivables

Trade debtors	8,425
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Note 8. Property, plant and equipment

Branch fit out costs

At cost	154,587
Less accumulated depreciation	(15,458)
	139,129

Total written down amount	139,129
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Movements in carrying amounts

Branch fit out costs

Carrying amount at beginning of period	-
Additions	154,587
Disposals	-
Depreciation expense	(15,458)
Carrying amount at end of period	139,129

Notes to financial statements continued

2007

\$

Note 9. Intangible assets

Franchise fee

At cost	10,000
Less accumulated amortisation	(2,000)
	8,000

Set up costs

At cost	19,815
Less accumulated amortisation	(3,963)
	15,852
	23,852

Note 10. Payables

Trade creditors	9,705
Other creditors and accruals	4,218
	13,923

Note 11. Provisions

Employee benefits	11,166
Number of employees at period end	5

Note 12. Share capital

694,113 Ordinary Shares fully paid of \$1 each	694,113
Less capital raising costs	(23,766)
	670,347

All the above shares were issued during the period.

Notes to financial statements continued

	2007 \$
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Note 13. Retained earnings/(accumulated losses)

Balance at the beginning of the financial period	-
Profit/(loss) after income tax	(226,863)
Dividends	-
Balance at the end of the financial period	(226,863)

Note 14. Cash flow statement

(a) Reconciliation of cash

Cash assets	203,545
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(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

Profit / (loss) after income tax	(226,863)
Non cash items	
- Depreciation	15,458
- Amortisation	5,963
Changes in assets and liabilities	
- (Increase) decrease in receivables	(8,425)
- (Increase) decrease in deferred income tax asset	(93,622)
- Increase (decrease) in payables	13,923
- Increase (decrease) in provisions	11,166
Net cashflows from/(used in) operating activities	(282,400)

Notes to financial statements continued

Note 15. Director and related party disclosures

The names of Directors who have held office during the financial period are:

Roger Williams

Marilyn Chipperfield (resigned 19 December 2006)

Karen Jane Dentry

Ronald Ido Kool

Allan James Poyner

Adrian Victor Smith

Carmel Smith

Paul Andrew Vey (resigned 27 February 2007)

Stuart Hargreaves

Robert James Moore (resigned 27 March 2007)

Peter Joseph Ely (resigned 7 August 2006)

Eckberg Enid Donadio (resigned 7 August 2006)

John Edward Farrington (resigned 17 July 2006)

Alan Bruce Stephens (resigned 31 July 2006)

Susan Cheryl Jarrett (appointed 25 September 2006)

Robert Charles Bone (appointed 25 September 2006)

Geoffrey Gurner Tually (appointed 25 September 2006)

Kim Hacon Muhlen-Schulte (appointed 30 Oct. 2006)

During the period ended 30 June 2007, \$507 was paid to Bright Authorised Newsagency, which is owned by Roger Williams. All transactions were on normal commercial terms.

During the period ended 30 June 2007, \$534 was paid to B & S Bright Ideas, which is owned by Sue Jarrett and her husband. All transactions were on normal commercial terms.

No Director or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

Notes to financial statements continued

Note 15. Director and related party disclosures (continued)

Directors shareholdings	2007
Roger Williams	10,001
Marilyn Chipperfield (resigned 19 December 2006)	6,001
Karen Jane Dentry	1
Ronald Ido Kool	5,000
Allan James Poyner	2,301
Adrian Victor Smith	1,001
Carmel Smith	1,001
Paul Andrew Vey (resigned 27 February 2007)	1,001
Stuart Hargreaves	20,801
Robert James Moore (resigned 27 March 2007)	1
Peter Joseph Ely (resigned 7 August 2006)	9,201
Eckberg Enid Donadio (resigned 7 August 2006)	801
John Edward Farrington (resigned 17 July 2006)	801
Alan Bruce Stephens (resigned 31 July 2006)	1,001
Susan Cheryl Jarrett (appointed 25 September 2006)	20,000
Robert Charles Bone (appointed 25 September 2006)	2,000
Geoffrey Gurner Tually (appointed 25 September 2006)	10,000
Kim Hacon Muhlen-Schulte (appointed 30 Oct. 2006)	-

All Directors shareholdings were purchased during the period. Each share held has a paid up value of \$1 and is fully paid.

Note 16. Subsequent events

There have been no events after the end of the financial period that would materially affect the financial statements.

Note 17. Contingent liabilities

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

Notes to financial statements continued

Note 18. 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 Bright, Victoria.

Note 19. Corporate information

Bright Community Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is:

Shop 2, 104 Gavan Street

Bright, VIC 3741

2007

\$

Note 20. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	(226,863)
Weighted average number of ordinary shares for basic and diluted earnings per share	694,113

Notes to financial statements continued

Note 21. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at period end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

Financial instrument	Floating interest rate	Fixed interest rate maturing in			Non Interest bearing	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	Over 5 years		
	2007 \$	2007 \$	2007 \$	2007 \$	2007 \$	2007 %

Financial assets

Cash assets	203,545	-	-	-	-	5.0%
Receivables	-	-	-	-	8,425	N/A

Financial liabilities

Payables	-	-	-	-	13,923	N/A
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Directors' declaration

In accordance with a resolution of the Directors of Bright Community Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

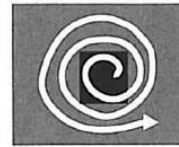


Roger Williams
Chairman

Signed at Bright on 27 September 2007.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BRIGHT COMMUNITY FINANCIAL SERVICES LIMITED

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Bright Community Financial Services Limited, for the period ended 30 June 2007.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the 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 in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independent audit report continued

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Bright Community Financial Services Limited 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 30 June 2007 and of its performance for the period ended on that date;
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunt

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

W. J. Sinnott

W. J. SINNOTT

Partner

Bendigo

Date: 27 September 2007

BSX report

Additional information required by the Bendigo Stock Exchange Limited.

A. Corporate governance statement

The Board is responsible for the development and monitoring of the business and affairs on behalf of the shareholders to whom they are accountable.

The Board maintains a strict division of responsibilities between the Business of the bank and Governance of the bank. The nexus between the two is by the Manager attending all Board meetings and providing monthly financial reports to the Board and relationship to operating budget. The Manager is not a member of the Board.

Directors meetings are now held on a monthly basis, following the development period of the bank, which required more frequent meetings of the Board.

An Audit committee is in operation. The Board supports training opportunities for Directors and Staff provided by Bendigo Bank.

B. Substantial shareholders – sixteen largest shareholders

As at the 30 September 2007.

	Ordinary shares	% Number of ord shares
1. Mr Raymond John Cox	50,000	7.20
2. Mr Stuart Hargreaves & Mrs Cynthia Hargreaves	20,801	3.00
3. Mr Brenton Jarrett & Mrs Sue Jarrett	20,200	2.91
4. Mr Dino Michelini (Jade Michelini a/c)	20,000	2.88
5. Mr Dino Michelini (Kane Michelini a/c)	20,000	2.88
6. Bordmont Pty Ltd	10,000	1.44
7. Mr Frederick R Borschmann & Mrs Ann L Borschmann (Borschmann Super Fund a/c)	10,000	1.44
8. Mr Gregory B Chalwell & Mrs Jill E Chalwell	10,000	1.44
9. Mr Jeffery M Dawes & Mrs Thea D Dawes	10,000	1.44
10. Mr Craig J Martin & Mrs Sharon M Martin (C & S Martin Super Fund a/c)	10,000	1.44
11. Jeanette B O'Leary & Philip J O'Leary (The O'Leary Family S/F a/c)	10,000	1.44
12. Mrs Dreena E O'Toole	10,000	1.44
13. Mr Philip Stubberfield & Mrs Helen Stubberfield (Gallant Ruler S/Fund a/c)	10,000	1.44

BSX report continued

B. Substantial shareholders – sixteen largest shareholders (continued)

	Ordinary shares	% Number of ord shares
14. Mrs Elzbieta W Tually & Mr Geoffrey G Tually	10,000	1.44
15. Margaret Anne Baker	10,000	1.44
16. Mr Ronald McFadyen & Mrs Teresa McFadyen (McFadyen Super Fund)	10,000	1.44
	223,001	34.71%

C. Voting rights

Each shareholder has one vote

D. Distribution of shareholders

The number of shareholders, as at 30 September 2007, by size of holding, is:

	Ordinary shares		
	Number of holders	Number of shares	% Issued capital
1 - 500	126	56,658	8.16
501 - 1,000	91	88,801	12.80
1,001 - 5,000	85	275,403	39.68
5,001 - 10,000	16	142,250	20.49
10,001 - 100,000	5	131,001	18.87
100,001 and over	-	-	
Total	323	694,113	100.00

There are 7 shareholders holding less than a marketable parcel of 500 shares, apart from Director shares of 1 share.

E. Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Director's is reviewed annually by the chairperson. Director's whose performance is unsatisfactory will be asked to retire.

The Board and Director's aims to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

The Board does have an Audit Committee.

BSX report continued

F. Address and telephone number of the office which securities register is kept:

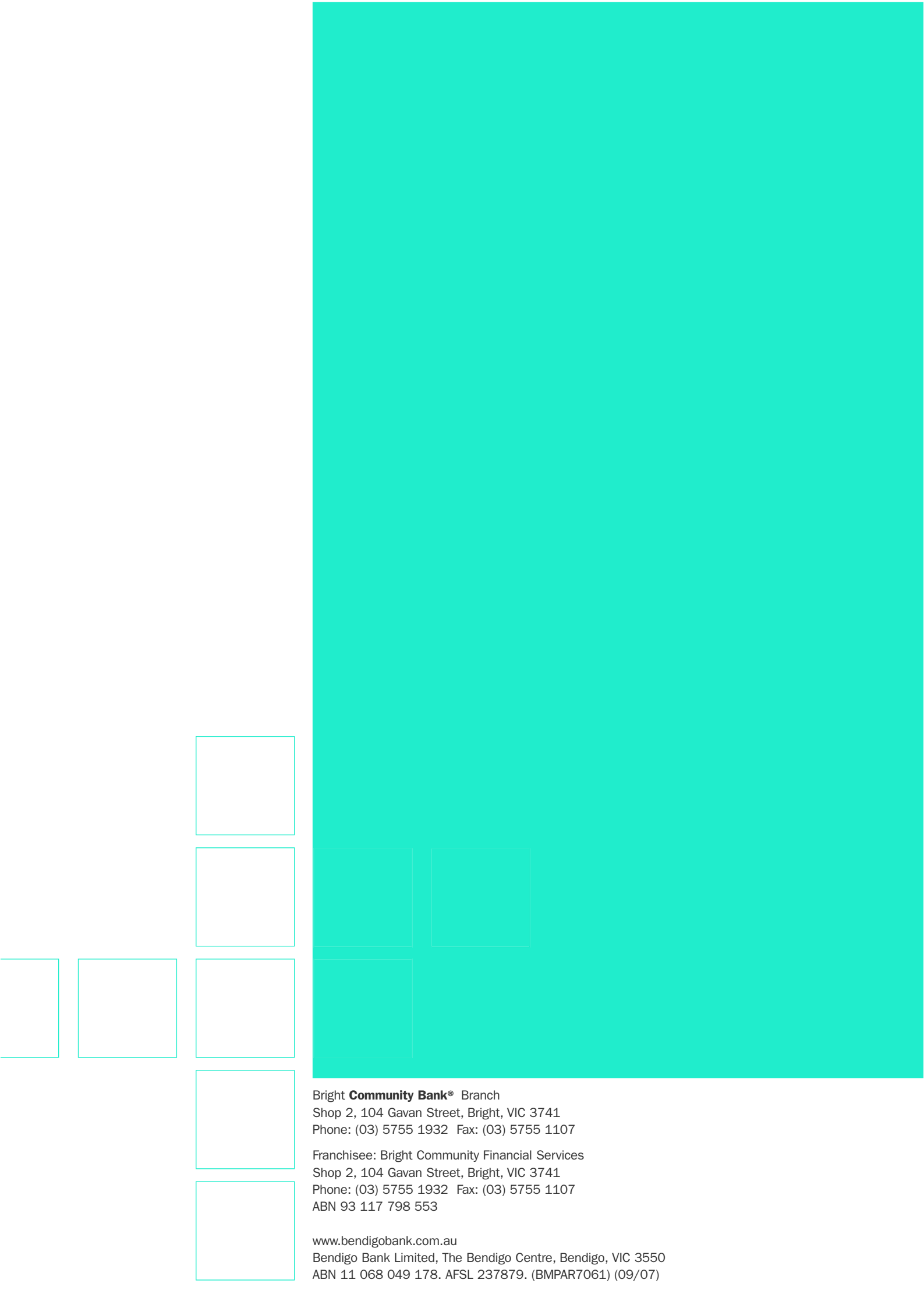
Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, VIC 3067
Phone: (03) 9415 5000
www.computershare.com

G. Bright Community Financial Services Limited

Geoff Tually
Company Secretary,
PO Box 82.
Bright, VIC 3741
Telephone: 0407 437 526

A handwritten signature in black ink, appearing to read 'R Williams', with a large, stylized initial 'R'.

Roger Williams
Director



Bright **Community Bank**[®] Branch
Shop 2, 104 Gavan Street, Bright, VIC 3741
Phone: (03) 5755 1932 Fax: (03) 5755 1107

Franchisee: Bright Community Financial Services
Shop 2, 104 Gavan Street, Bright, VIC 3741
Phone: (03) 5755 1932 Fax: (03) 5755 1107
ABN 93 117 798 553

www.bendigobank.com.au
Bendigo Bank Limited, The Bendigo Centre, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR7061) (09/07)