



2007 annual report

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Chairman's report

For year ending 30 June 2007

This report covers 9 months of trading by the Coolalinga & Districts **Community Bank**[®] Branch of Bendigo Bank which commenced operations on 19 September 2006.

The opening was a highlight after three years of hard work and persistence. Your **Community Bank**[®] branch has exceeded all expectations and we thank you, the Shareholders and community, for supporting your **Community Bank**[®] branch.

To the end of the financial year 2006/07, the Coolalinga & Districts **Community Bank**[®] Branch was able to report banking business of \$25 million against the forecast figure of \$26 million in our prospectus. Noting that the forecast figure is for full year of trading, your branch has shown encouraging results.

The share offer closed prior to the cut off date of 30 April 2007 fully subscribed.

I would like to acknowledge and thank your Directors for their loyalty, dedication and hard work this last 12 months. These are voluntary positions and often, as you all probably do, we are completing many multi tasks as well as running our home life and properties. We did lose two Directors this past year and I thank them for their work during their time on the Board. We do have vacancies on our Board and I encourage you to consider a position and to register your interest.

I would also like to publicly thank our staff who does a tremendous job. Good staff is our greatest asset. We did lose our first Branch Manager (Steve Purkis) who did a wonderful job in getting us to where we are at the close of this financial year, but once again we were lucky to obtain Debbie Reid. For those who have already met Debbie you will know how experienced she is and what a benefit she is to our **Community Bank**[®] branch. We are looking at developing positions within the branch by adding a Community Relationship Officer / Lending Officer to the team which will be of great assistance to Debbie. By the time you receive this report I have no doubt that this position will be in place.

We would not be where we are without our partners, Bendigo Bank. There were many people involved before our branch opened, but since opening we have had support from our Regional Manager Mike Clutterham. Mike is Regional Manager SA/NT, but as there are several branches now open in the Territory and others coming along we are welcoming a dedicated Regional Manager NT, so we are losing Mike who will be involved fully again in SA only. Thank you for all your assistance to the Board.

I am happy to say we sponsored several groups within the last nine months to the sum of \$4000 and this will increase as we grow our business.

Our vision of distributing profits back into the community is becoming more and more a reality. We are presently working towards a project that will benefit the entire rural community so wait for the news.

Chairman's report continued

I thank the community and Shareholders for supporting your branch and encourage you to continue to use and promote your **Community Bank®** branch. Without your support we cannot give back to the community – with your support the community is the winner. I am sure those of you who are customers have experienced the difference. I look forward to the future growth that will enable our community to benefit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Newman', written in a cursive style.

Maureen Newman
Chairman

Manager's report

For year ending 30 June 2007

Coolalinga & Districts **Community Bank**® Branch has had a busy time since opening its doors on 19 September 2006.

Previous Branch Manager Steve Purkis moved on to pastures new, and I commenced as Branch Manager during June 2007.

At the time of writing this report we have a full time position vacant which we hope to fill soon.

As at the 30 June 2007, Coolalinga & Districts **Community Bank**® Branch had a total book value of \$25 million in combined deposits and lending, which was 114.8 per cent of our budget.

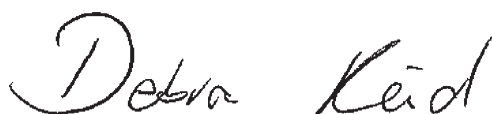
The total number of accounts held as of the 30 June 2007 was 1075 this had grown to 1190 as at 31 August, giving an indication of how our branch is growing.

The monthly transactions processed by the branch have risen steadily since our opening. We processed 721 transactions during October 2006, and this has grown to 1443 in August 2007. The Automatic Teller Machine (ATM) at the branch processes approx 1800 transactions a month and the Darwin Wharf ATM a further 2800 transactions.

Our aim for the coming 12 months is to grow our business by a total of \$24.0 million.

Overall I would like to thank the branch staff for their continuing support and their professionalism over the past 12 months. They are all exceptional and have a fantastic relationship with all our valued customers, providing a personalised service rarely seen nowadays.

I would also like to thank the customers and the shareholders for their current and ongoing support of the branch. Without a combined effort by all involved it would make it impossible to achieve our goals and support the local communities in the way that we do.



Debbie Reid

Branch Manager

Bendigo Bank Ltd report

For year ending 30 June 2007

As we approach the 10th anniversary of the **Community Bank**[®] network it is timely to reflect on what has been achieved. The opening of the first **Community Bank**[®] branches in Victoria's Wimmera in 1998 changed the Australian banking landscape – how significant this change has been is only now starting to become obvious.

Today, the **Community Bank**[®] brand is represented in every State and Territory of Australia, with the final frontier, the Northern Territory, falling with the opening of Coolalinga & Districts **Community Bank**[®] Branch in September 2006. Nine months later we were celebrating the opening of our 200th **Community Bank**[®] branch in the Victorian seaside community of Dromana.

When you take the time to list them, the official statistics are impressive:

- \$10 billion in combined banking business
- \$10 million in grants to community groups and projects
- \$7 million in dividends paid to shareholders
- 1000 **Community Bank**[®] branch staff

But perhaps what has been most significant during 2007 have been merger talks. Bendigo rejected a merger proposal from Bank of Queensland in April. Less than four months later, Bendigo Bank's Board unanimously supported a merger proposal with Adelaide Bank. The merger will be voted on by Adelaide Bank shareholders in late-2007.

Under the merged group, our unique **Community Bank**[®] model will continue to grow and prosper, and new Company-owned and **Community Bank**[®] branches will continue to open.

The Bendigo Bank brand will be retained, customers' accounts will not change and the same friendly faces will be at your local branch to provide for your banking needs. As a **Community Bank**[®] shareholder, you will notice no changes – you remain a shareholder of your local community Company.

Nationally, the merger will increase Bendigo Bank's network, delivering our customers access to 24 branches in South Australia and 90 ATMs. Over time, new products and services will follow.

Bendigo Bank participates in the development of community banking with an enormous sense of pride. We are indeed fortunate to be your partner and look forward to celebrating 10 years of community banking in 2008.



Russell Jenkins

Chief General Manager Retail & Distribution

Directors' report

For year ending 30 June 2007

Your Directors submit the financial report of the Company for the financial year 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 year:

Maureen Annetta Newman

Chairman

Age: 59

Partner in NT Tractor Wreckers

12 years as partner, 25 years of business accounts experience. Treasurer & Public Officer of

Rural Area Business Group Inc.

Human Resources, Governance

Interests in shares: 2,001

Karen Lee Relph

Company Secretary

Age: 50

Marketing Executive

Karen has co-ordinated the second largest

Agricultural Show in the NT. Currently Marketing & Member Officer for Australian Hotels Association NT Branch

Marketing, Governance

Interests in shares: 1,001

Robert Newman

Director (Appointed 16 November 2006)

Age: 59

Business Owner 12 years, NT Tractor Wreckers.

Completed Australian Institute of Company Directors course.

Marketing

Interests in shares: 1001

Raymond Oak Grimshaw

Treasurer (Appointed 14 August 2006)

Age: 71

Chartered Accountant

Own business 16 years. Certified Public Accountant

Fellow Inst. Of Chartered Accountants of Australia

Fellow Taxation Institute of Australia

Governance

Interests in shares: 500

Janice Susan Young

Director

Age: 56

Wharf Precinct Manager

Manages Cruise shipping for Port of Darwin.

Extensive experience Marketing/PR. Executive

Member of Tourism Top End. President SKAL Int

Public Relations/HR/Marketing

Interests in shares: 3,001

Frederick James Davis

Director (Resigned 9 March 2007)

Age: 66

Barrister & Solicitor

Operated a legal practice for 10 years in Coolalinga.

Secretary of Palmerston Football Club, Director of Darwin & Palmerston YMCA

Governance

Interests in shares: 1

Directors' report continued

Robert Leon Flanagan

Director (Resigned 9 March 2007)

Age: 67

Self Employed

Past Primary Producer for 25 years. Qualifications in Agriculture and Rural business management.

Governance, Public Officer

Interests in shares: 3,001

Steven Neale Johns

Director (Resigned 4 July 2006)

Age: 50

Boilermaker

Interests in shares: 1,001

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

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

Company Secretary

The Company Secretary is Karen Lee Relph. Karen was appointed to the position of Secretary on 14 August 2006. Karen has managed her own marketing and public relations business in Western Australia. She has hands on experience in finance, staff and project management and her experience includes developing agendas, taking of minutes and report writing. Her excellent negotiating skills allows her to liaise with all levels of government, corporate, community and the public.

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating 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 year.

Operating results

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was:

Year ended	Year ended
30 June 2007	30 June 2006
\$	\$
(292,153)	(81,047)

Remuneration report

All Directors perform their duties solely in a voluntary capacity and do not receive any form of remuneration.

The Branch Manager attends all Board meetings and presents a full report to the Board of Directors. The Branch Manager advises the Directors on a number of issues but does not have any voting rights.

The Branch Manager is a member of two sub-committees.

- (i) Human Resources
- (ii) Marketing, Sponsorship & Business Development

Directors' report continued

The Branch Manager, Stephen Purkis was paid between \$50,000 - \$60,000 for the year until his resignation in May 2007. Stephen was replaced as Branch Manager by Debra Reid, who commenced employment on 25 June 2007.

Dividends

No dividends were declared or paid for the previous year and 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 year under review not otherwise disclosed in this report or the financial report.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year 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 facilitating banking services to the community.

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, 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.

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 Manager 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' report continued

Directors' meetings

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

	Number of Board meetings eligible to attend	Number attended
Maureen Annetta Newman	13	12
Raymond Oak Grimshaw (Appointed 14 August 2006)	12	12
Karen Lee Relph	13	13
Janice Susan Young	13	11
Robert Newman (Appointed 16 November 2006)	9	9
Robert Leon Flanagan (Resigned 9 March 2007)	9	8
Frederick James Davis (Resigned 9 March 2007)	9	9
Steven Neale Johns (Resigned 4 July 2006)	1	0

Non audit services

The Company may decide to employ the Auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Directors' report continued

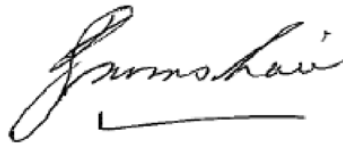
Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Signed in accordance with a resolution of the Board of Directors at Bendigo, Victoria on 7 September 2007.



Maureen Annetta Newman
Chairman



Raymond Oak Grimshaw
Treasurer

Auditor's independence declaration



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Auditor's independence declaration

As lead Auditor for the audit of Coolalinga & Districts Community Finance Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the Auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coolalinga & Districts Community Finance Limited.



David Hutchings
Auditor Partner

Andrew Frewin & Stewart

Bendigo

Financial statements

Income statement

For year ending 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	3	109,444	1,000
Salaries and employee benefits expense		(229,236)	(110,000)
Advertising and promotion expenses		(12,984)	(1,160)
Occupancy and associated costs		(39,577)	-
Systems costs		(19,523)	-
Depreciation and amortisation expense	4	(12,570)	-
General administration expenses		(87,707)	(8,516)
Loss before income tax credit		(292,153)	(118,676)
Income tax credit	5	-	37,629
Loss for the period		(292,153)	(81,047)
Loss attributable to members of the entity		(292,153)	(81,047)
Earnings per share (cents per share)		c	c
- basic for loss for the year	18	(41.11)	(12.17)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash assets	6	195,382	651,941
Trade and other receivables	7	14,712	12,766
Total current assets		210,094	664,707
Non-current assets			
Property, plant and equipment	8	182,184	-
Intangible assets	9	8,430	10,000
Deferred tax assets	10	37,629	37,629
Total non-current assets		228,243	47,629
Total assets		438,336	712,336
Current liabilities			
Trade and other payables	11	40,381	161,254
Provisions	12	5,605	-
Total current liabilities		45,986	161,254
Total liabilities		45,986	161,254
Net assets		392,350	551,082
Equity			
Contributed equity	13	765,550	632,129
Accumulated losses	14	(373,200)	(81,047)
Total equity		392,350	551,082

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2007

	Note	2007 \$	2006 \$
Total equity at the beginning of the financial year		551,082	-
Net income/expense recognised directly in equity		-	-
Net loss for the year		(292,153)	(81,047)
Shares issued during period		134,111	665,900
Costs of issuing shares		(690)	(33,771)
Dividends provided for or paid		-	-
Total equity at the end of the financial year		392,350	551,082

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from customers		171,233	1,000
Payments to suppliers and employees		(542,241)	(3,102)
Interest received		6,238	-
Net cash outflow from operating activities	15	(364,770)	(2,102)
Cash flows from investing activities			
Payment for intangible assets		(10,000)	-
Payments for property, plant and equipment		(193,183)	-
Net cash outflow from investing activities		(203,183)	-
Cash flows from financing activities			
Proceeds from issue of shares		134,111	665,701
Payment of share issue costs		(22,717)	(11,658)
Net cash inflow from financing activities		111,394	654,043
Net increase/(decrease) in cash held		(456,559)	651,941
Cash at the beginning of the financial year		651,941	-
Cash at the end of the financial year	6(a)	195,382	651,941

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2007

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

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 for 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 statement of cash flows 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 operation cash flows.

Notes to financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- | | |
|--------------------------|----------------|
| • leasehold improvements | 40 years |
| • plant and equipment | 2.5 - 40 years |
| • furniture and fittings | 4 - 40 years |

Notes to financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. 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.

Borrowings

All loans are initially 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 equity

Ordinary shares are 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.

Notes to financial statements continued

Note 1. Summary of significant accounting policies (continued)

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Note 2. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

Notes to financial statements continued

	2007	2006
	\$	\$

Note 3. Revenue from ordinary activities

Operating activities:

- services commissions	103,206	-
- other revenue	-	1,000

Total revenue from operating activities	103,206	1,000
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Non-operating activities:

- interest received	6,238	-
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Total revenue from non-operating activities	6,238	-
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Total revenues from ordinary activities	109,444	1,000
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Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	6,114	-
- leasehold improvements	4,886	-

Amortisation of non-current assets:

- franchise agreement	1,570	-
	12,570	-

Note 5. Income tax expense

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating loss	(292,153)	(118,676)
Prima facie tax on loss from ordinary activities at 30%	(87,646)	(35,603)

Add tax effect of:

- non-deductible expenses	471	-
- timing difference expenses	2,009	-
- blackhole expenses	(2,067)	(2,026)
Tax losses not brought to account	87,233	-

Income tax expense on operating loss	-	(37,629)
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Deferred tax asset carried forward	37,629	37,629
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Notes to financial statements continued

	2007	2006
	\$	\$

Note 6. Cash assets

Cash at bank and on hand	195,382	651,941
	195,382	651,941

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash

Cash at bank and on hand	195,382	651,941
	195,382	651,941

Note 7. Trade and other receivables

Trade receivables	8,395	12,766
Prepayments	6,317	-
	14,712	12,766

Note 8. Property, plant and equipment

Plant and equipment

At cost	31,892	-
Less accumulated depreciation	(6,114)	-
	25,778	-

Leasehold improvements

At cost	161,291	-
Less accumulated depreciation	(4,886)	-
	156,405	-
Total written down amount	182,184	-

Notes to financial statements continued

	2007	2006
	\$	\$

Note 8. Property, plant and equipment (continued)

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	-	-
Additions	31,892	-
Disposals	-	-
Less: depreciation expense	(6,114)	-
Carrying amount at end	25,778	-

Leasehold improvements

Carrying amount at beginning	-	-
Additions	161,291	-
Disposals	-	-
Less: depreciation expense	(4,886)	-
Carrying amount at end	156,405	-
Total written down amount	182,184	-

Note 9. Intangible assets

Franchise fee

At cost	10,000	10,000
Less: accumulated amortisation	(1,570)	-
	8,430	10,000

Note 10. Deferred tax

Deferred tax asset

Tax losses - revenue	37,629	37,629
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Notes to financial statements continued

	2007 \$	2006 \$
Note 11. Trade and other payables		
Trade creditors	37,381	158,654
Other creditors & accruals	3,000	2,600
	40,381	161,254

Note 12. Provisions

Employee provisions	5,605	-
Number of employees at year end	5	-

Note 13. Contributed equity

800,011 Ordinary shares fully paid of \$1 each (2006: 665,900)	800,011	665,900
Less: equity raising expenses	(34,461)	(33,771)
	765,550	632,129

Note 14. Accumulated losses

Balance at the beginning of the financial year	(81,047)	-
Net loss from ordinary activities after income tax	(292,153)	(81,047)
Balance at the end of the financial year	(373,200)	(81,047)

Note 15. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(292,153)	(81,047)
Non cash items:		
- depreciation	11,000	-
- amortisation	1,570	-

Notes to financial statements continued

	2007	2006
	\$	\$

Note 15. Statement of cash flows (continued)

Changes in assets and liabilities:

- (increase)/decrease in receivables	(1,945)	(12,766)
- (increase)/decrease in other assets	-	(37,629)
- increase/(decrease) in payables	(88,847)	129,340
-increase/(decrease) in provisions	5,605	-
Net cashflows used in operating activities	(364,770)	(2,102)

Note 16. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	4,000	2,600
- non audit services	1,370	15,500
	5,370	18,100

Note 17. Director and related party disclosures

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

Maureen Annetta Newman

Robert Leon Flanagan (Resigned 9 March 2007)

Frederick James Davis (Resigned 9 March 2007)

Janice Susan Young

Karen Lee Relph

Raymond Oak Grimshaw (Appointed 14 August 2006)

Robert Newman (Appointed 16 November 2006)

Steven Neale Johns (Resigned 4 July 2006)

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 17. Director and related party disclosures (continued)

Directors shareholdings	2007	2006
Maureen Annetta Newman	2,001	3,002
Robert Leon Flanagan (Resigned 9 March 2007)	3,001	3,001
Frederick James Davis (Resigned 9 March 2007)	1	6,001
Janice Susan Young	3,001	3,001
Karen Lee Relph	1,001	1,001
Raymond Oak Grimshaw (Appointed 14 August 2006)	500	500
Robert Newman (Appointed 16 November 2006)	1,001	-
Steven Neale Johns (Resigned 4 July 2006)	1,001	1,001

Movements in Directors shareholdings during the year are outlined above. Each share held is valued at \$1.

	2007	2006
	\$	\$

Note 18. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company

used in calculating earnings per share (292,153) (81,047)

	2007	2006
	Number	Number

(b) Weighted average number of ordinary shares used as the

denominator in calculating basic earnings per share 710,683 665,900

Note 19. Events occurring after the balance sheet date

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

Note 20. Contingent liabilities

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

Notes to financial statements continued

Note 21. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Coolalinga and surrounding districts, Northern Territory.

Note 22. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
Shop 18, 460 Stuart Highway	Shop 18, 460 Stuart Highway
Coolalinga, NT 0835	Coolalinga, NT 0835

Note 23. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at the year 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 Statement of Financial Position 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	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	29,856	1,240	-	-	-	-	-	-	-	-	0.05	0.05
Trust account	165,526	650,701	-	-	-	-	-	-	-	-	2.40	-
Receivables	-	-	-	-	-	-	-	-	14,712	12,766	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	40,381	161,254	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Coolalinga & Districts Community Finance Limited, we state that:

In the opinion of the Directors:

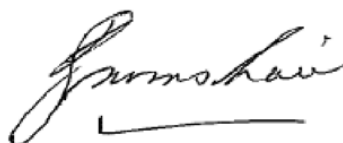
- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

This declaration is made in accordance with a resolution of the Board of Directors.



Maureen Annetta Newman
Chairman



Raymond Oak Grimshaw
Treasurer

Signed 7 September 2007.

Independent audit report



INDEPENDENT AUDITOR'S REPORT

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

To the members of Coolalinga & Districts Community Finance Limited.

We have audited the accompanying financial report of Coolalinga & Districts Community Finance Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that 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 financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the financial report of Coolalinga & Districts Community Finance Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Coolalinga & Districts Community Finance Limited as of 30 June 2007, and of its financial performance and its cash flows for the year then ended and Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 7th day of September 2007

BSX report

The following information is being provided in addition to the information provided so as to satisfy Bendigo Stock Exchange Listing Rule 3.17. The information is current as at 17 September 2007.

A. Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the Shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has adopted policies and procedures that will govern our Company into the future. We believe that building policy framework will assist and clarify the future direction of our local Company, providing accountability and transparency; ensuring there are guiding principles in place for future decision making.

Substantial shareholders – 20 largest shareholdings

Shareholder	Number of shares	% shareholding
Arnhem Geological & Exploration Services P/L	40,000	5.1%
Castle Nominees Pty Ltd	20,000	2.5%
Mr Stanley A Hore	20,000	2.5%
Mr Allan C Smith	15,000	1.9%
Mrs Valma Smith	15,000	1.9%
Ms Gisela Lamche (Svetlana Lamche A/C)	12,000	1.5%
Mr Robert G Burgdorf & Ms Vicki Jenkins	10,000	1.3%
Dominic H Byrne & Vera M Urich	10,000	1.3%
Mr James M Cox & Ms Prudence King	10,000	1.3%
Mrs Barbara A Crane	10,000	1.3%
Mrs Susan Van-Cuylenburg & Mr Howard Van-Cuylenburg	10,000	1.3%
David J Deguara & Micheal F Deguara	10,000	1.3%
Diana L Delaney & Nicole R O'Donohoe	10,000	1.3%
Judith A Giles	10,000	1.3%
Brenton Griguol & Christine Griguol (Super Fund A/C)	10,000	1.3%
Dian C Munt	10,000	1.3%
Eric J Munt	10,000	1.3%
Robert C Orchard & Dianne M Orchard	10,000	1.3%
Kevin F Renehan	10,000	1.3%
Ian Sloan & Leah Sloan	10,000	1.3%
	262,000	33%

BSX report continued

B. Voting rights

Each Shareholder has one vote.

C. Distribution of shareholders

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	239	134,405
1,001 – 5000	111	341,006
5,001 – 10,000	22	202,600
10,001 - 100,000	6	122,000
100,001 and over	-	-
Total	378	800,011

There are 66 shareholders holding less than a marketable parcel of shares (ie less than \$500 in value).

D. 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 Directors will be reviewed annually by the Chairperson along with the Audit and Governance Sub-Committee. Director's whose performance is unsatisfactory will be asked to retire.

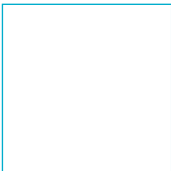
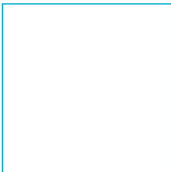
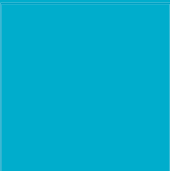
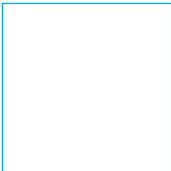
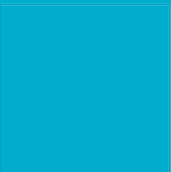
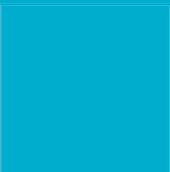
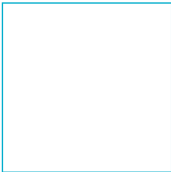
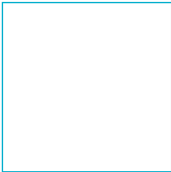
The Board and Director's aims are to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

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

Essential Registry Team
Computershare Investor Services Limited
452 Johnston Street
Abbotsford, VIC 3067
Phone: 1300 738 341

F. Coolalinga & Districts Community Finance Limited

Company Secretary
PO Box 557
Virginia, NT 0822
Telephone: 0409 697 713



Coolalinga & Districts **Community Bank®** Branch
Shop 18, Coolalinga Shopping Centre, 1571 Howard Springs, NT 0835
Phone: (08) 8983 4111 Fax: (08) 8983 3482

Franchisee: Coolalinga & Districts Community Finance Limited
Shop 8/465 Stuart Highway, Coolalinga, NT 0835
PO Box 557, Virginia, NT 0822
Phone: (08) 8983 4111 Fax: (08) 8983 3482
ABN 24 117 500 455

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Bendigo Bank Limited, The Bendigo Centre, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR7060) (09/07)