

**FREMANTLE COMMUNITY
FINANCIAL SERVICES LIMITED
ABN 41 114 925 174**

**Financial Report for the half year
ended 31 December 2005**

C O N T E N T S

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This is annexure A of 12 pages referred to in Form 7051: Notification of half-yearly reports

Director

Dated this day of 2006

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

The directors of the Company submit the financial report for the half-year ended 31 December 2005.

Directors

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

Kevin Arthur Campbell (Chairperson)
Patrick James Gardner (Secretary)
Michael Boyd Finn
Lally Major
Geoffrey Graeme Dunstan
David Paul Thurban
Glenda Marye
Karel Pier Eringa
Colleen Marie McKenney – resigned December 2005

Review of Operations

The principal activity and focus of the Company's operations during the period was the preparation for the opening and operation of, Fremantle Bank Branch of Bendigo Bank, pursuant to a franchise agreement.

The loss from ordinary activities of the Company after income tax was \$141,662 for the half-year ended 31 December 2005.

Adoption of Australian Equivalent to IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. As this is the first financial report that has been prepared by the Company, the adoption of AIFRS has no impact as there were no reports previously prepared under Australian Accounting Standards AASB.

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from RSM Bird Cameron Partners, the Company's auditors. The declaration is included at page 2 of the financial report.

Signed in accordance with a resolution of directors

Director

Dated this _____ day of _____ 2006

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Auditor's Independence Declaration
to the Directors of Fremantle Community Financial Services Limited

In relation to our review of the interim financial report of Fremantle Community Financial Services Limited for the half-year ended 31 December 2005, 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.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 15 March 2006

D WALL
Partner

'Liability is limited by the Accountants'
Scheme pursuant to the NSW
Professional Standards Act 1994'

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

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RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.

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**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED**

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity and cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Fremantle Community Financial Services Limited (the company), for the half-year ended 31 December 2005.

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 Standard AASB 134 "Interim Financial Reporting", 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.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Bendigo Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present 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.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement

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

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

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 15 March 2006

D WALL
Partner

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' DECLARATION

The directors of the Company declare that:

- 1) The financial statements and notes set out on pages 6 to 12 are in accordance with the Corporations Act 2001, including:
 - (a) comply with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
 - (b) give a true and fair view of the Company's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and cash flows for the half-year ended 31 December 2005.
- 2) At the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

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

Director

Dated this day of 2006

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

INCOME STATEMENT

For the half-year ended 31 December 2005

	Note	31 December 2005
Revenue from ordinary activities		22
Employee benefits expense		-
Depreciation and amortisation expenses		(208)
Borrowing costs		(79)
Other expenses from ordinary activities	3	<u>(141,397)</u>
Loss from ordinary activities before income tax		(141,662)
Income tax expense relating to ordinary activities		<u>-</u>
Loss from ordinary activities after income tax expense attributable to members		(141,662)
Total revenue expenses and valuation adjustments attributable to members and recognised directly in equity		<u>-</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>(141,662)</u>
Basic earnings per share (cents)		(19.9)
Diluted earnings per share (cents)		(19.9)

The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

BALANCE SHEET

As at 31 December 2005

	31 December 2005
CURRENT ASSETS	
Cash and cash equivalents	677,726
GST Receivable	15,809
Other	2,011
TOTAL CURRENT ASSETS	<u>695,546</u>
NON CURRENT ASSETS	
Intangibles	9,896
Other	7,896
TOTAL NON CURRENT ASSETS	<u>17,792</u>
TOTAL ASSETS	713,338
CURRENT LIABILITIES	
Trade and other payables	142,741
TOTAL CURRENT LIABILITIES	<u>142,741</u>
TOTAL LIABILITIES	142,741
NET ASSETS	570,597
CONTRIBUTED EQUITY	
Contributed equity	712,259
Retained losses	(141,662)
TOTAL EQUITY	570,597

The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2005

	Share Capital (Ordinary shares) \$	Retained losses \$	Total \$
Balance at 1 July 2005	-	-	-
Loss attributable to the members of the Company	-	(141,662)	(141,662)
Shares issued during the half year	<u>712,259</u>	<u>-</u>	<u>712,259</u>
Balance at 31 December 2005	<u>712,259</u>	<u>(141,662)</u>	<u>570,597</u>

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT

For the half-year ended 31 December 2005

**31 December
2005**

Cash flows from operating activities	
Receipts from customers	-
Payments to suppliers and employees	(24,476)
Interest received	22
Borrowing costs paid	(79)
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Net cash used in operating activities	(24,533)
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Cash flows from investing activities	
Purchase of franchise	(10,000)
	<hr/>
Net cash used in investing activities	(10,000)
	<hr/>
Cash flows from financing activities	
Proceeds from issue of shares	712,259
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Net cash provided by financing activities	712,259
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Net increase in cash held	677,726
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Cash held at the beginning of the financial period	-
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Cash held at the end of the financial period	677,726
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The accompanying notes form part of these financial statements

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2005

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report has been prepared under Australian equivalents to IFRS. As this is the Company's first period of operation, no comparative figures are available. It is recommended that this financial report be read in conjunction with any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half year report does not include full disclosures of the type normally included in an annual financial report.

(a) Income tax

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

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2005

1. STATEMENT OF ACCOUNTING POLICIES (Cont.)

(b) Intangible assets

Under AASB 138: Intangible Assets, formation costs must be expensed. Under the new policy, all formation costs will be written off as incurred.

(c) Cash flow statement

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 overdraft.

(d) Revenue

Revenue from the provision of banking services is recognised upon the delivery of the services to customers.

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(f) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(g) Comparative figures

As this is the company's first year of operation, no comparative figures are available.

FREMANTLE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2005

2. IMPACT OF ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS.

As this is the first financial report that has been prepared by the Company, the adoption of AIFRS has no impact as there were no reports previously prepared under Australian Accounting Standards AASB.

3. OTHER EXPENSES FROM ORDINARY ACTIVITIES

	31 December 2005	\$
Formation costs	136,030	
Rental for premises	4,364	
Other operating costs	<u>1,107</u>	
	<u>141,501</u>	

4. EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2005, no event has arisen that would be likely to materially affect the operations of the Company or its state of affairs.

5. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date.

6. SEGMENT INFORMATION

The Company operates in the financial services sector as a branch of the Bendigo Bank at Fremantle in Western Australia.