

**GOODWOOD/HIGHGATE COMMUNITY
FINANCIAL SERVICES LIMITED
ABN 54 112 676 294
Financial Report for the period 27 January 2005 to 31 July 2005**

C O N T E N T S

Directors' Report
Auditors' Independence Declaration
Statement of Financial Performance
Statement of Financial Position
Statement of Cash Flows
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Independent Audit Report

This is annexure A of 24 pages referred to in Form 388: Copy of financial statements and reports

Director

Dated this day of April 2006

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Your directors present their report together with the financial report of the Company for the period 27 January 2005 to 31 July 2005.

Directors

The names and qualifications of directors in office at any time during or since the end of the period are:

Pantaleo (Leo) Amato

Date of Birth: 26 December 1939

Occupation: Pharmacist

Background information: Operator of Goodwood Central Pharmacy. Accredited by the Australian Association of Consultant Pharmacy since 1998. S.A. branch committee member of Pharmacy Guild of Australia.

Robert Anthony Barnden

Date of Birth: 9 March 1952

Occupation: Owner/manager liquor store

Background information: Owner/operator of Cellarbrations at Fullarton. Served 22 years with the Reserve Bank. Member of various sporting boards.

Leslie Ronald Birch

Date of Birth: 23 April 1948

Occupation: Union official

Background information: Vice President of the Australian Workers Union as well as Industrial Officer for the Australian Railways Union. Served as a board member of the Workcover Corporation. Member of various council committees.

Ken James Bridge

Date of Birth: 19 July 1938

Occupation: Part-time University researcher

Background information: Semi-retired academic, teaching and researching for three universities. Facilitated a community development project in a Housing Trust suburb. Involved in local community campaigns in Goodwood

Pamela Anne Dale

Date of Birth: 31 October 1954

Occupation: Community Centre Coordinator

Background information: Employee of Goodwood Community Services Inc for the past 20 years, Co-publisher Darwin community newspaper, Tourist Resort manager, Diploma in Community Service Management.

Graham Ralph Pitman

Date of Birth: 11 February 1929

Occupation: Retired banker

Background Information: Former manager BankSA Highgate, Treasurer Theatre Organ Society of Australia, Owner/operator Capri Cinema Goodwood.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (Cont.)

Directors (Cont.)

Susan Patricia Straschko

Date of Birth: 9 May 1956

Occupation: Pharmacy co-owner

Background Information: Owner/operator Highgate Pharmacy and Newsagent. Member Highgate Village Traders Association. Represents Association on the Unley Street Life Trust.

Ian Robert Telfer

Date of Birth: 30 September 1945

Occupation: Building contractor

Background Information: Manages small construction company, Accreditation as an International BMX Official.

Richard Everritt Thorne

Date of Birth: 1 September 1934

Occupation: Retired Businessman

Background Information: Experience in Real Estate, manufacturing and retailing.

Kathleen Mary Truran

Date of Birth: 27 May 1945

Occupation: University teacher

Background Information: Lecturer in Mathematics Education Uni of SA, Coordinator International Stochastics Research Group 1988-2001. Committee St Johns Shelter for Young Men.

Meetings of Directors

During the financial year, 14 meetings of Directors were held. Attendances by each Director during the period were:

	Directors' Meetings	
	Number eligible to attend	Number attended
Pantaleo (Leo) Amato	14	10
Robert Anthony Barnden	14	9
Leslie Ronald Birch	14	10
Ken James Bridge	14	14
Pamela Anne Dale	14	11
Graham Ralph Pitman	14	13
Susan Patricia Straschko	14	12
Ian Robert Telfer	14	14
Richard Everritt Thorne	14	13
Kathleen Mary Truran	14	10

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (Cont.)

Remuneration Report

Remuneration of Directors

No income was paid or was payable or otherwise made available to the specified Directors of the Company during the period 27 January 2005 to 31 July 2005.

Options

No options over issued shares or interests in the Company were granted to specified Directors or Executive during or since the end of the financial period and there were no options outstanding at the date of this report.

The specified Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Remuneration practices

The company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed.

Operational and Financial Review

The principal activity and focus of the Company's operations during the year was the operations of a branch of the Bendigo Bank at Goodwood, South Australia pursuant to a franchise agreement.

The amount of the loss from ordinary activities of the Company after income tax was \$106,568 for the period 27 January 2005 to 31 July 2005. (The Company was incorporated on 27 January 2005.)

The company will pursue its main objective of providing a core of banking products and services pursuant to its franchise agreement with the Bendigo Bank.

Dividends

No recommendation has been made for the payment of dividend.

Significant Changes in 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 these financial statements.

Events Subsequent to the end of the Financial Year

No matters or circumstances have arisen since the end of the financial period, that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (Cont.)

Future Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Indemnifying Officer or Auditor

Indemnities have been given, during and since the end of the financial period, for any persons who are or have been a director or an officer, but not an auditor, of the Company. A directors' and officers' liability insurance policy for \$5,000,000 cover has been taken out for an annual premium cost of \$5,160.

Share Options

No options over issued shares or interests in the Company were granted during or since the end of the period and there were no options outstanding at the date of this report.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a Law of the Commonwealth or of a State or Territory.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Auditor's Independence Declaration

A copy of the auditor independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on the following page.

Signed in accordance with a resolution of directors

Director

Dated this day of April 2006

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF
GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

As lead audit partner for the audit of the financial statements of Goodwood/Highgate Community Financial Services Limited for the period 27 January 2005 to 31 July 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

R B MIANO
Partner

April 2006
Melbourne

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

For the period 27 January 2005 to 31 July 2005

	Note	2005 \$
Revenue from ordinary activities	2	500
Employee benefits expense		(35,544)
Depreciation and amortisation expenses		(1,742)
Borrowing costs		-
Other expenses from ordinary activities	3	<u>(69,782)</u>
Loss from ordinary activities before income tax		(106,568)
Income tax expense relating to ordinary activities	4	<u>-</u>
Loss after income tax expense attributable to members		(106,568)
Total revenue expenses and valuation adjustments attributable to members and recognised directly in equity		<u>-</u>
Total change in equity other than those resulting from transactions with owners as owners		<u>(106,568)</u>

The above statement of financial performance should be read in conjunction with the accompanying notes.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 July 2005

	Note	2005 \$
CURRENT ASSETS		
Cash assets	11(a)	363,575
Receivables	5	312
Other	6	6,000
TOTAL CURRENT ASSETS		<u>369,887</u>
NON CURRENT ASSETS		
Intangible assets	7	58,258
Other	6	238,723
TOTAL NON CURRENT ASSETS		<u>296,981</u>
TOTAL ASSETS		<u>666,868</u>
CURRENT LIABILITIES		
Payables	8	23,332
Provisions		2,793
TOTAL CURRENT LIABILITIES		<u>26,125</u>
TOTAL LIABILITIES		<u>26,125</u>
NET ASSETS		<u>640,742</u>
EQUITY		
Contributed equity	9	747,310
Accumulated losses	10	(106,568)
TOTAL EQUITY		<u>640,742</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

For the period 27 January 2005 to 31 July 2005

	Note	2005 \$
Cash flows from operating activities		
Receipts from customers		188
Payments to suppliers and employees		<u>(122,655)</u>
Net cash used in operating activities	11(b)	<u>(122,467)</u>
Cash flows from investing activities		
Payments for plant and equipment		(201,268)
Payments for intangibles		<u>(60,000)</u>
Net cash used in investing activities		<u>(261,268)</u>
Cash flows from financing activities		
Proceeds from issue of shares		<u>747,310</u>
Net cash provided by financing activities		<u>747,310</u>
Net increase / (decrease) in cash held		363,575
Cash balance at the beginning of the financial year		<u>-</u>
Cash balance at the end of the financial year	11(a)	<u>363,575</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It is recommended that this financial report be read in conjunction with any public announcements made by Goodwood/Highgate Community Services Limited during the period 27 January to 31 July 2005 in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs 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 accounting policies have been consistently applied, unless otherwise stated.

Goodwood/Highgate Community Financial Services Ltd is a listed public company, incorporated and domiciled in Australia.

(b) Income tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 (date of incorporation) to 31 July 2005

1. STATEMENT OF ACCOUNTING POLICIES (Cont.)

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(d) Intangible asset

The franchise fee paid by the Company pursuant to a Franchise Agreement with the Bendigo Bank (Note 7) is being amortised over the initial five (5) year period of the agreement, being the period of expected economic benefits of the franchise fee.

(e) Statement of cash flows

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 overdraft.

(f) 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.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 (date of incorporation) to 31 July 2005

1. STATEMENT OF ACCOUNTING POLICIES (Cont.)

(g) Employee entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Company to the employee superannuation funds and are charged as expenses when incurred.

(h) 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.

(j) Comparative figures

Where required by Accounting Standards, comparative figures are adjusted to conform with changes in presentation in the current financial year.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to the 31 July 2005

2005
\$

2. REVENUE FROM ORDINARY ACTIVITIES

Operating activities

Interest revenue

312

Other revenue

187

500

3. OTHER EXPENSES FROM ORDINARY ACTIVITIES

Other operating expenses

69,782

69,782

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

4. INCOME TAX EXPENSE

No income tax is payable by the Company as it incurred losses for the period for income tax purposes.

2005
\$

(a) Reconciliation of income tax expense

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

Prima facie tax benefit on the loss from ordinary activities before income tax at 30%	(31,970)
Tax effect of :	
- Permanent differences	523
- Tax loss not brought to account	<u>13,007</u>
Income tax expense	<u>(18,440)</u>

(b) Tax losses

Balance at the beginning of the year	NIL
Tax losses incurred in the financial year	<u>(61,468)</u>
	<u>-</u>

At balance date, the Company had tax losses of \$61,468 since incorporation which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$18,440. This benefit has not been recognised as an asset in the statement of financial position as its realisation is not virtually certain. The benefits will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

	2005
	\$
5 RECEIVABLES	
Accrued Income	312
	<hr/>
6 OTHER	
Current	
Prepayments	6,000
	<hr/>
Non current	
Furniture & Fittings	905
Computer Equipment	247
Leasehold Improvements	181,818
GST Refundable	32,623
Prepayments	23,129
	<hr/>
	238,723
	<hr/>
7 INTANGIBLE ASSETS	
Franchise fee	
Cost	60,000
Accumulated amortisation	(1,742)
	<hr/>
	58,258
	<hr/>

Pursuant to a five year franchise agreement with the Bendigo Bank, the Company operates branches of the Bendigo Bank at Goodwood, trading as “Goodwood Community Branch – Bendigo Bank”, providing a core range of banking products and services. The Company entered into the franchise agreement at a cost of \$60,000 that is being amortised on the basis disclosed in Note 1(d).

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to the 31 July 2005

2005
\$

8. PAYABLES

Trade Creditors	11,387
Accrued Expenses	3,576
PAYG Withholding	5,791
Superannuation Payable	2,578
	<hr/>
	23,332
	<hr/>

9. CONTRIBUTED EQUITY

747,310 fully paid ordinary shares	747,310
	<hr/>
<i>Movement in share capital</i>	
Balance at the beginning of the year	-
Subscriber shares issued	-
Allotment of shares pursuant to prospectus	747,310
	<hr/>
Balance at the end of the year	747,310
	<hr/>

10. ACCUMULATED LOSSES

Balance at the beginning of the financial year	-
Loss attributable to members of the Company	(106,568)
	<hr/>
Balance at the end of the financial year	(106,568)
	<hr/>

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

2005
\$

11. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purpose 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. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	10
Cheque Account	(13,735)
Trust Account	177,300
Term Deposit	<u>200,000</u>
	363,575

(b) Reconciliation of net cash used in operating activities to operating loss

Loss from ordinary activities	(106,568)
Depreciation and amortisation	1,742

Movement in assets and liabilities	
Receivables	(312)
Other	(35,085)
Payables	14,963
Provisions	<u>2,793</u>

Net cash used in operating activities	<u>(122,467)</u>
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GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

12. DIRECTORS' AND EXECUTIVES' REMUNERATION

- (a) The names and positions of Directors and Executive in office at any time during the financial year are:

Specified Directors:

Ken James Bridge	Chairman
Pantaleo (Leo) Amato	Non-Executive Director
Robert Anthony Barnden	Non-Executive Director
Leslie Ronald Birch	Non-Executive Director
Pamela Anne Dale	Non-Executive Director
Graham Ralph Pitman	Non-Executive Director
Susan Patricia Straschko	Non-Executive Director
Ian Robert Telfer	Non-Executive Director
Richard Everritt Thorne	Non-Executive Director
Kathleen Mary Truran	Non-Executive Director
Anthony Lapidge	Non-Executive Director

Specified Executive

No person met the definition of specified executive of the Company during the period ended 31 July 2005.

- (b) Remuneration of Directors

No income was paid or was payable or otherwise made available, to the specified Directors of the Company during the period ended 31 July 2005.

- (c) Options

No options over issued shares or interests in the Company were granted to specified Directors or Executive during or since the end of the financial period and there were no options outstanding at the date of this report

The specified Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

12. DIRECTORS' AND EXECUTIVES' REMUNERATION (Cont.)

(d) Shareholdings

	Balance 27 January 2005	Received as remuneration	Options exercised	Net change Others *	Balance 31 July 2005
<i>Specified Directors</i>					
Leslie Ronald Birch	-	-	-	2,001	2,001
Pantaleo Amato	-	-	-	501	501
Graham Ralph Pitman	-	-	-	1001	1,001
Richard Everitt Thorne	-	-	-	5,001	5,001
Susan Patricia Straschko	-	-	-	5,001	5,001
Robert Anthony Barnden	-	-	-	1	1
Kathleen Mary Truran	-	-	-	5001	5,001
Pamela Anne Dale	-	-	-	1	1
Kennedy James Bridge	-	-	-	501	501
Ian Robert Telfer	-	-	-	1	1
 TOTAL	 -	 -	 -	 19,010	 19,010

* Net change other refers to return of capital and dividend reinvested during the financial year

(e) Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed.

13. RELATED PARTY TRANSACTION

The related parties have not entered into a transaction with the Company during the period ended 31 July 2005.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

14. FINANCIAL INSTRUMENTS

(a) Interest rate risk

2005

	Rates	Variable	Fixed 1 year	Fixed 1 to 5 years	Non- interest	Total
Financial Assets						
Cash	5.7%	177,300	200,000	-	10	377,310
Receivables		-	-	-	312	312
		<u>177,300</u>	<u>200,000</u>	<u>-</u>	<u>322</u>	<u>377,622</u>
Financial Liabilities						
Payables		-	-	-	(14,963)	(14,963)
Bank Overdraft		-	-	-	(13,735)	(13,735)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,698)</u>	<u>(28,698)</u>
Net financial assets / (liabilities)		<u>177,300</u>	<u>200,000</u>	<u>-</u>	<u>(28,376)</u>	<u>348,924</u>

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair values

The net fair value of financial assets and liabilities of the Company approximates their carrying amount.

The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

15. SEGMENT REPORTING

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

16. EVENTS SUBSEQUENT TO THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial period that significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date.

18. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The Company is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. During the year, the Directors of the Company conducted impact assessments to identify key areas that would be impacted by the transition to AIFRS.

The Directors have identified that the key differences in the Company's accounting policies which will arise from the adoption of IFRS to be:

Taxation

Currently, the Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the Company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather the effects of the timing and permanent differences between taxable income and accounting profit.

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period 27 January 2005 to 31 July 2005

18. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (cont.)

Intangible Assets

Under the Australian equivalent to IAS 38 “Intangible Assets”, formation costs and franchise fees must be expensed. This will result in a change in the Company’s current accounting policy which allows for the capitalisation of formation costs and franchise fees. Under the new policy, all formation costs and franchise fees will be written off as incurred. On transition, all currently recognised formation costs and franchise fees will be adjusted against opening accumulated profits/losses as they will not meet the recognition requirements under IFRS.

At the present time, the Company’s management is still completing its transition to AIFRS and will be fully compliant by 30 June 2006. No material differences in the Company’s accounting policies or balances on conversion to AIFRS are expected.

The actual effects of transition to AIFRS however may differ due to:

- (a) ongoing work being undertaken by the Directors of the Company;
- (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and
- (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

19. COMPANY DETAILS

The registered office of the Company is:

Level 4, 191 Pulteney Street
Adelaide SA 5000

The principal place of business of the Company is:

97 Goodwood Road
Goodwood SA 5034

GOODWOOD/HIGHGATE COMMUNITY FINANCIAL SERVICES LIMITED

STATEMENT BY DIRECTORS

In the Director's opinion:

1. the financial statements and notes, as set out on pages 6 to 21, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 31 July 2005 and of its' performance as represented by the results of the operations and the cash flows for the half year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Director

Dated this day of 2006

Level 8 Rialto South Tower
525 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsmi.com.au

INDEPENDENT AUDIT REPORT

To the members of Goodwood/Highgate Community Financial Services Limited

Scope

We have reviewed the financial report of Goodwood/Highgate Community Financial Services Limited for the period 27 January 2005 to 31 July 2005 as set out on pages 6 to 22. The Company's directors are responsible for the financial report which includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the period 27 January 2005 to 31 July 2005.

We have performed an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. This review was performed in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate the financial report is not presented fairly in accordance with AASB 1029 'Interim Financial Reporting', other mandatory professional requirements in Australia, and the Corporations Act 2001, so as to present a view that is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly we do not express an audit opinion.

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 the Company is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 July 2005 and of its performance for the period 27 January 2005 to 31 July 2005; and
 - (ii) complying with Accounting Standard AASB 1029 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

R B MIANO
Partner

April, 2006
Melbourne

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