

Contents

Chairman's report	2-3
Manager's report	4
Directors' report	5-10
Financial statements	11-14
Notes to the financial statements	15-25
Directors' declaration	26
Independent audit report	27-28
Auditor's independence declaration	29
BSX report	30-31

Chairman's report

For year ending 30 June 2006

The financial year 2005-06 started well, with sound business growth after the launch in August.

However we unexpectedly lost the services of our Branch Manager at the beginning of March 2006 and were not able to appoint a new Manager until early May.

Fortunately we were able to have the services of a series of excellent interim Managers who maintained the branch with the assistance of our fine customer service team.

Our dynamic new Manager, Annette Seeliger, is an experienced and outgoing professional who has made a strong commitment to a new career in **Community Bank®**, and quickly gained enthusiastic support from both her staff and the Board.

Rigorous training schedules occupied much of her time from the time of her appointment in early May until well into June, so business growth levelled off considerably during the last four months of the financial year.

Despite these disruptions we were able to achieve some important milestones by 30 June. The first was the completion of our share issue in April, with nearly \$820,000 invested by over 400 shareholders – well over the \$620,000 minimum target.

The next was reaching the first target of \$10 million worth of business in June. The immediate benefit of this is a marketing bonus of \$10,000 from Bendigo Bank over the 2006-7 financial year, which will enable us to expand our promotion of the branch more effectively.

Meanwhile, a decision was made to install a Bendigo Bank ATM at the Highgate Pharmacy. Although the implementation has been fraught with technical difficulties, we see this move, together with the promise of regular visits by our new Branch Manager, as an important first step towards extending our banking services into the area and fulfilling our commitment to the Highgate community and its shareholders.

Sponsorship

A major principle of Bendigo Bank's **Community Bank®** branch network is a commitment to the communities they serve, that a percentage half of any net profits made being allocated to local projects.

Although our branch is not yet profitable, the Board made small but strategic donations to a range of local programs, including sport (junior tennis and football), community services (child care centres, Greek pensioners) and the Goodwood Community/School garden.

The Board's marketing and sponsorship was also active in promoting the Goodwood **Community Bank®** Branch through such community events at the Goodwood Christmas Market in December 2005 and the Unley Way to Go Fair in April 2006.

At this early stage of our growth, the major aim in our sponsorship program is to raise awareness of the Goodwood **Community Bank®** Branch in the community – together with the hope of attracting more business.

Chairman's report continued

However we look forward to the time when we become profitable so we can contribute to more substantial and creative community projects – as we have seen with many of the longer-established **Community Bank®** branches.

The Board

The Board has functioned increasingly smoothly since the last AGM and I would like to recognise the hard work of our Directors and the various committees during the year.

I also want to thank our mentor Frank Tassone (Chair of the Virginia **Community Bank®**) and Mike Clutterham (now Bendigo Bank's Regional Manager) for their contribution to the Board.

I announce with some regret the retirement of four Directors from the Board. As members of the Steering Committee, Leo Amato, Bob Barnden and Kath Truran worked hard to help establish the **Community Bank®** branch and have served on the Board from its beginning in January 2005. Jenny Panagaris, who was appointed by the Board after the last AGM will also retire.

Each has made a valuable contribution to an important community venture and their presence on the Board will be missed.

One Director will retire at the AGM, but will be immediately eligible to stand for election: Les Birch, who is a fourth retiree 'by rotation' as required by our constitution. We also expect that several new Directors will be elected at the December AGM and we look forward to their contribution to the Board in its support of the Manager and the branch.

In conclusion, I would like to thank all those who helped us through the first year of operation and helped to lay the foundations for a prosperous second year.

First, I want to thank the Branch Manager Annette Seeliger and her tremendous customer service team – well supported by Regional Manager Mike Clutterham and other Bendigo Bank staff.

Next, I think it is important that shareholders recognise the voluntary contribution of Directors, especially office bearers, chairs of committees and others who spend hundreds of hours each year to maintain the operations of the Board and work for the success of the branch.

Lastly, I want to thank our supporters for their efforts in promoting the Goodwood **Community Bank®** Branch amongst family, friends and colleagues – with special thanks to the small band that regularly contributes by assisting at community events, branch celebrations and our AGMs.



Ken Bridge
Chairperson

Manager's report

For year ending 30 June 2006

After the doors of our **Community Bank**® branch opened on 4 August 2005 there was strong initial growth in total funds. However due to changing circumstances within management, there was a slump over the last 3 months of the financial year.

Now that I am fully trained and permanently located at the branch we are extremely enthusiastic about the future. I am re-energising our team and focussing on community sector banking and small business banking as well as on personal and home loans.

We have reached our first target of \$10 million worth of deposit and lending business. We are currently awaiting the installation of an ATM at the Highgate Pharmacy and when that happens I will be spending some time in the Highgate area on a regular basis. I feel this represents an important extension of our banking services in Highgate.

Although we fell short of our set budget for the year in lending and deposit growth we have put action plans into place for the new financial year to remedy the situation.

We have great expectations for the future and believe that the targets set for the next 12 months can be achieved. We have already begun laying the foundation in which to build the business and with the help of the local community, the Board of Directors, shareholders, customers, and staff as well as family and friends we will build a successful business.



Annette Seeliger
Branch Manager

Directors' report

For year ending 30 June 2006

Your Directors present their report together with the financial report of the Company for the period 27 January 2005 to 30 June 2006 ("the financial period").

Directors

The following persons were Directors of Goodwood/Highgate Community Financial Services Ltd during the whole of the financial period and up to the date of this report:

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.

Directors' report continued

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.

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 Everitt 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.

Anthony Lapidge

Date of Birth: 27th September, 1954

Occupation: Wholesale Distributor

Background information: Anthony has been an Industrial Designer and for the past 14 years a Director in a family business supplying to the picture framing, interior design and tourist industry in SA and NT. Anthony is in his third term as a Councillor for the City of Unley.

Jenny Panagaris

Date of Birth: 6th October, 1955

Occupation: Local Government Councillor/Home Duties

Background information: Jenny has psychology/research qualifications with 12 years experience as a vocational counsellor for people with disabilities, as a social researcher in the health field and projects Officer in a medical research unit and has owned a small wholesale aromatherapy business for a number of years. She is a local government councillor with Unley Council.

Directors' report continued

Principal activity and review of operations

The principal activity and focus of the Company's operations during the financial period was the operation of, Goodwood **Community Bank**® Branch of Bendigo Bank, pursuant to a franchise agreement.

Operating results

The amount of the loss from ordinary activities of the Company after income tax was \$395,562 for the financial period ended 30 June 2006.

Dividends

The company did not pay or declare a dividend during the financial period.

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.

Matters subsequent to the end of the financial period

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.

Likely 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.

Directors' report continued

Meetings of Directors

During the financial year, 24 meetings of Directors were held. Attendances by each Director during the year were:

	Directors' meetings	
	Number eligible to attend	Number attended
Ken James Bridge	24	24
Pantaleo (Leo) Amato	24	15
Robert Anthony Barnden	24	16
Susan Patricia Straschko	14	12
Leslie Ronald Birch	24	17
Anthony Lapidge	10	9
Graham Ralph Pitman	14	13
Ian Robert Telfer	24	23
Kathleen Mary Turan	24	11
Richard Everritt Thorne	24	23
Pamela Anne Dale	24	19
Jenny Panagaris	10	5

Indemnifying Officer or Auditor

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

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

Share options

No options over issued shares or interests in the Company were granted during or since the end of the financial 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.

Directors' report continued

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 financial period.

Remuneration report

Remuneration policy (audited)

All directors of the company are on a voluntary basis therefore no remuneration policy is currently relevant.

The remuneration package of the bank manager is done on an annual basis and is endorsed by the Board. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Details of remuneration for year ended 30 June 2006 (audited)

Details of the nature and amount of each element of the emolument of the bank managers of the Company receiving the highest emolument for the financial period are as follows:

Remuneration packages may contain the following key elements:

(a) primary salary

(b) post employment benefits including superannuation

	Salary	Superannuation Contribution	Total
	\$	\$	\$
Annette Seeliger	12,062	1,086	13,147
Anthony Conroy	49,859	4,487	54,346
	61,921	5,573	67,493

Employment contracts of bank manager (audited)

The employment conditions of the bank manager are formalised in contracts of employment. The bank manager is a permanent employee of the company.

The employment contracts stipulate a range of one- to four week resignation periods.

In the instance of serious misconduct the Company can terminate employment at any time.

Directors' report continued

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. The insurance contract prohibits disclosure of any details of the cover.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to Auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external Auditors during the year ended 30 June 2006:

	\$
Taxation & other services	10,844

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 29.

Dated: 27 October 2006



Ken Bridge
Chairman



Ian Telfer
Secretary

Financial statements

Income statement

For year ending 30 June 2006

	Note	2006 \$
Revenue from continuing operations	2	79,574
Employee benefits expense		(229,215)
Depreciation and amortisation expense		(5,888)
Administration & general costs		(132,037)
Franchise fee		(12,742)
IT leasing and running costs		(14,746)
Occupancy costs		(51,932)
Training costs		(6,371)
Borrowing costs		(123)
Other expenses		(6,963)
Loss before income tax expense		(380,443)
Income tax expense	5	-
Loss for the financial period		(380,443)
Basic earnings per share (cents)		(47.4)
Diluted earnings per share (cents)		(47.4)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

As at 30 June 2006

	Note	2006 \$
Current assets		
Cash and cash equivalents	6	138,698
Trade receivables	7	2,773
Other receivables	8	18,000
Total current assets		159,471
Non current assets		
Plant and equipment	9	236,463
Other receivables	10	52,887
Total non current assets		289,350
Total assets		448,821
Current liabilities		
Trade and other payables	11	26,573
Total current liabilities		26,573
Total liabilities		26,573
Net assets		422,248
Contributed equity		
Contributed equity	12	802,691
Accumulated losses	13	(380,443)
Total equity		422,248

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2006

	Note	2006 \$
Total equity at incorporation		-
Net income recognised directly in equity		-
Loss for the financial period		(380,443)
Total recognised income and expense for financial period		(380,443)
Transactions with equity holders in their capacity as equity holders:		
Contribution of equity, net of transaction costs	12	802,691
Total equity at the end of the financial period		422,248

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2006

	Note	2006 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		62,356
Interest received		14,446
Payments to suppliers and employees (inclusive of GST)		(498,443)
Net cash outflow from operating activities	14	(421,641)
Cash flows from investing activities		
Payments for plant and equipment		(242,352)
Net cash outflow from investing activities		(242,352)
Cash flows from financing activities		
Proceeds from issue of shares		817,810
Share issue transaction costs		(15,119)
Net cash inflow from financing activities		802,691
Net increase in cash and cash equivalents		138,698
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	6	138,698

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2006

Note 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report covers Goodwood/Highgate Community Services Ltd as an individual entity. Goodwood/Highgate Community Services Ltd is a company limited by shares, incorporated and domiciled in Australia.

(a) Basis of preparation

The general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the financial statements and notes of Fleurieu Community Enterprises Ltd comply with International Financial Reporting Standards (IFRSs).

The principal accounting policies adopted in the preparation of the financial report are set out below. These accounting policies have been consistently applied, unless otherwise stated.

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Goodwood/Highgate Community Services Ltd financial statements to be prepared in accordance with AIFRS. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Directors are of the opinion that there are no critical accounting estimates and judgements.

Notes to financial statements continued

Note 1: Summary of significant accounting policies continued

(b) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Revenue is recognised for the major business activities as follows:

- Franchise Margin Income
- Franchise margin income is recognised as the gross margin percentage, as set out in the franchise agreement. This is recognised on a monthly basis on receipt of the amount from Bendigo Bank Ltd.

Interest

Interest income is recognised as it accrues.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(d) Property, plant and equipment

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

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

Depreciation is calculated on a straight line basis for all buildings and plant and equipment. Estimates of remaining useful lives are made on a regular basis.

The expected useful lives are as follows:

Class of fixed asset	Useful live
Plant and Equipment	5 years
Leasehold Improvements	40 years

Notes to financial statements continued

Note 1: Summary of significant accounting policies continued

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and deposits held at call which are readily convertible to cash and are not subject to significant risk of changes in value.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid.

(h) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(i) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(j) Impairment of assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) 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 Taxation 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 balance sheet are shown inclusive of GST.

Notes to financial statements continued

Note 1: Summary of significant accounting policies continued

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Financial reporting period

The financial reporting period covered by these financial statements is from the period 27 January 2005, being the date of incorporation, to 30 June 2006.

(m) Going concern

The financial report has been prepared on a going concern basis after consideration by the Directors of the following matter:

- (i) The Bendigo Bank has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for a period of twelve months from the date of this report.

In consideration of the above matter, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report.

2006
\$

Note 2: Revenue

Operating activities:

Franchise margin income	65,128
Revenue from outside the operating activities:	
Interest	14,446
	79,574

Note 3: Expenses

Profit/(loss) before income tax includes the following specific expenses:

Depreciation:

Leasehold improvements	5,435
Plant & equipment	453
Total depreciation	5,888
Borrowing costs:	
Interest paid	123

Notes to financial statements continued

2006

\$

Note 4: Auditor's remuneration

During the year the following fees were paid or payable for services provided by the Auditor of the Company:

Audit services	
Audit of financial reports	15,664
Other assurance services	
Due diligence services	2,500
Advisory services	
Conduct of feasibility study	13,661

Note 5: Income tax expense

a. Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	(380,443)
Tax at the Australian tax rate of 30%	(114,133)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	
- Permanent differences	3,823
- Sundry	13,504
- Tax losses not brought to account	96,806
Income tax expense	-

b. Tax losses

Unused tax losses for which no deferred tax asset has been recognised	322,687
Potential tax benefit @ 30%	96,806

Note 6: Current assets – cash and cash equivalents

Cash at bank and on hand	138,698
---------------------------------	----------------

Notes to financial statements continued

	2006 \$
--	------------

Note 7: Current assets - trade receivables

Trade receivable	2,773
------------------	-------

Note 8: Current assets – other

Prepayment	18,000
------------	--------

Note 9: Non-current assets - property, plant and equipment

Plant and equipment

Cost	1,902
Less: Accumulated depreciation	(453)
	1,449

Leasehold improvements

Cost	240,450
Less: Accumulated depreciation	(5,435)
	235,015

Total property, plant and equipment	236,463
--	----------------

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are set out below:

	Leasehold Improvements	Plant and Equipment	Total
Carrying amount at 27 January 2005	-	-	-
Additions	240,450	1,902	242,352
Depreciation expense	(5,435)	(453)	(5,888)
Carrying amount at 30 June 2006	235,015	1,449	236,463

Notes to financial statements continued

	2006
	\$

Note 10: Non-current assets – other

Prepayments	52,887
--------------------	---------------

Note 11: Current liabilities - payables

Other creditors	20,263
PAYG withholding	6,310
	26,573

Note 12: Contributed equity

Reconciliation of movements in capital

Issued capital	
Opening balance	-
Share issue	817,810
Transaction costs arising on share issue	(15,119)
Closing balance	802,691

Note 13: Accumulated losses

Movements in accumulated losses were as follows:

Balance at incorporation	-
Net loss for the period	(380,443)
Balance 30 June	(380,443)

Notes to financial statements continued

2006

\$

Note 14: Reconciliation of cash flows from operating activities

(a) Reconciliation of net cash flows from operating activities
to net loss from ordinary activities after income tax

Loss from ordinary activities after tax	(380,443)
Depreciation	5,888
Changes in assets and liabilities	
(Increase) in trade receivables	(2,773)
(Increase) in other assets	(70,887)
Increase in payables	26,573
Net cash outflow from operating activities	(421,642)

Note 15: Key management personnel disclosures

(a) Directors

The following persons were Directors of Goodwood/Highgate Community Services Limited during the financial period:

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

Anthony Lapidge was appointed in December 2005 and Jenny Panagaris was appointed in February, 2006

Notes to financial statements continued

Note 15: Key management personnel disclosures continued

(b) Other key management personnel

The following persons were key management personnel of Goodwood/Highgate Community Services Limited during the financial period:

Annette Seeliger	Bank Manager
Anthony Conroy	Bank Manager

(c) Key management personnel compensation

	2006 \$
Short-term employee benefits	67,494

(d) Shareholdings

	Balance at incorporation	Received as remuneration	Options exercised	Net change Others *	Balance 30 June 2006
Directors					
Ken James Bridge	-	-	-	501	501
Robert Anthony Barnden	-	-	-	1	1
Leslie Ronald Birch	-	-	-	2,001	2,001
Pantaleo (Leo) Amato	-	-	-	501	501
Pamela Anne Dale	-	-	-	1	1
Anthony Lapidge	-	-	-	-	-
Jenny Panagaris	-	-	-	-	-
Graham Ralph Pitman	-	-	-	1,001	1,001
Susan Patricia Straschko	-	-	-	5,001	5,001
Ian Robert Telfer	-	-	-	1	1
Richard Everitt Thorne	-	-	-	5,001	5,001
Kathleen Mary Truran	-	-	-	5,001	5,001
Other key management personnel					
Annette Seeliger	-	-	-	-	-

* Net change others refers to shares purchased or sold during the financial period

Notes to financial statements continued

Note 16: Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the company's business.

(a) Interest rate risk

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Rates	Variable	Fixed 1 year	Fixed 1 to 5 years	Non- interest	Total
2006						
Financial assets						
Cash assets	5.5%	33,652	105,036	-	10	138,698
Receivables		-	-	-	2,773	2,773
Net financial assets		33,652	105,036	-	2,783	141,471

(b) Credit risk

At the balance sheet date there was no significant credit risk.

(c) Fair values

The 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.

Note 17: Segment reporting

The Company manages a **Community Bank®** branch of Bendigo Bank at Goodwood in South Australia.

Note 18: Subsequent events

There have been no events subsequent to balance date that would materially impact the financial report.

Note 19: Contingent liabilities

There were no contingent liabilities at the reporting date.

Notes to financial statements continued

Note 20: Company details

The principal place of business of the Company is:

97 Goodwood Road,
Goodwood, SA 5034

The registered office of the Company is:

Level 4, 191 Pulteney Street,
Adelaide SA 5000

Directors' declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 11-25, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the period ended on that date of the Company.
2. the audited remuneration disclosures set out on page 9 of the Directors' Report comply with Accounting Standard AASB 124 "Related Party Disclosures" and the Corporations Regulations 2001.
3. in the Directors' opinion, as is detailed in Note 1(m) Going Concern, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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



Ken Bridge
Chairman



Ian Telfer
Secretary

Independent audit report

RSM Bird Cameron Partners

Chartered Accountants

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 Services Limited

Scope

The financial report, remuneration disclosures and directors' responsibilities

The financial report comprises the Income Statement, the Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Notes to the Financial Statements and the Directors' Declaration for Goodwood/Highgate Community Services Limited (the company) for the financial period 27 January 2005 to 30 June 2006.

The company has disclosed information about the remuneration of key management personnel (remuneration disclosures) as required by Accounting Standards AASB 124 Related Party Disclosures (AASB 124), under the heading "remuneration report" on page 9 of the directors' report and Note 15 of the financial report, as permitted by the Corporations Regulations 2001.

The company's directors are responsible for the preparation, and true and fair presentation, of the financial report in accordance with the Corporations Act 2001. This includes responsibilities for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position and of their performance as represented by the results of their operations and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 124 and the Corporations Regulations 2001.

Liability limited by a
scheme approved under
Professional Standards
Legislation

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

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



27

Independent audit report continued

INDEPENDENT AUDIT REPORT (CONT.)

To the members of Goodwood/Highgate Community Services Limited (Cont.)

Audit Approach (Cont.)

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion the financial report of Goodwood/Highgate Community Services Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the financial period 27 January to 30 June 2006; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001;
- (b) other mandatory professional reporting requirements in Australia; and
- (c) the remuneration disclosures, included within the remuneration report, which are contained on page 9 of the directors' report comply with Accounting Standard AASB 124.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Chartered Accountants

31 October 2006
Melbourne

Jason Croall
J S CROALL
Partner

Auditor's independence declaration

RSM Bird Cameron Partners

Chartered Accountants

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

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial statements of Goodwood/Highgate Community Services Limited for the financial period 27 January 2005 to 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Rsm Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants


J S CROALL
Partner

27 October, 2006
Melbourne

Liability limited by a
scheme approved under
Professional Standards
Legislation

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

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



29

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 October 2006.

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 clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

B. Substantial Shareholders – largest shareholdings

Shareholder	Number of shares	% Shareholding
M&M Hassan ATF Australian Motors SA Pty Ltd Staff Fund	20,000	2.45%
Smart Business Centre	20,000	2.45%
Romaldi Constructions Pty Ltd	20,000	2.45%
Alf Russo Constructions Pty Ltd	10,000	1.22%
Conanda Pty Ltd	10,000	1.22%
Dr Peter Graham Bell	10,000	1.22%
Ms Efthalia Rovolopoulos	10,000	1.22%
I.N. Gambling Nominees Pty Ltd	10,000	1.22%
Mr John Rovolopoulos	10,000	1.22%
Larone Pty Ltd	10,000	1.22%
Lindsay Carthew & Richard Sykes	10,000	1.22%
Mr Brian Batley & Mrs Mary Madeline Batley	10,000	1.22%
Mr William Howell Edwards & Ms Valerie Norma Edwards	10,000	1.22%
Ms Mary Veronica Emery	10,000	1.22%
Ms Paquita Margaret Bulbeck	10,000	1.22%
Ms Margaret Stuart & Mr David Keith Mallett	10,000	1.22%
Newry Pty Ltd	10,000	1.22%
Panagiotis Rovolopoulos	10,000	1.22%
Scipio Nominees Pty Ltd	10,000	1.22%
Ms Angela Angeliki Kallas	10,000	1.22%

BSX report continued

C. Voting rights

Each Shareholder has one vote

D. Distribution of Shareholders

The number of Shareholders, by size of holding, is:

	Ordinary Shares	
	Number of holders	Number of Shares
1 - 1,000	251	173,810
1,001 - 5,000	113	371,000
5,001 - 10,000	23	213,000
10,001 - 100,000	3	60,000
100,001 and over	-	-
Total	390	817,810

There are no Shareholders holding less than a marketable parcel of shares.

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

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

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

The Board has an Audit Committee.

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

RSM Bird Cameron
4/191 Pulteney Street,
Adelaide, SA 5000
Telephone: (08) 8232 3000

G. Goodwood/Highgate Community Financial Services Limited

Company Secretary
4 Capper Street,
Camden Park, SA 5038
Telephone: (08) 8294 3497

