

GYMPIE & DISTRICT  
FINANCIAL SERVICES LIMITED  
ABN 79 113 293 173

2006  
**Annual**  
Report



# Contents

---

<b>Chairman's report</b>	<b>2</b>
<b>Manager's report</b>	<b>3</b>
<b>Bendigo Bank Ltd report</b>	<b>4-6</b>
<b>Directors' report</b>	<b>7-10</b>
<b>Auditor's independence declaration</b>	<b>11</b>
<b>Financial statements</b>	<b>12-15</b>
<b>Notes to the financial statements</b>	<b>16-27</b>
<b>Directors' declaration</b>	<b>28</b>
<b>Independent audit report</b>	<b>29-30</b>
<b>BSX report</b>	<b>31-32</b>

# Chairman's report

---

For year ending 30 June 2006

To my fellow shareholders and Directors,

The past 12 months mark the end of a busy time for our **Community Bank**<sup>®</sup> Company. The Annual General Meeting will be the first full year of trading for our Company and as you will see from our Treasurer's Report we are certainly heading in the right direction.

I am sure our opposition have been aware of our existence over the last year judging by reports from bank customers of some improvements recently.

The Board has worked hard together and create an example of cohesion and efficiency, due to personal reasons I missed Board meetings this past year. It shows the strength of the Board that it was able to carry on in my absence and I personally thank everyone for their efforts.

This year we are proud of the fact that we have started handing out grants to community groups in our district. At this stage it is just the beginning and I'm sure you will agree that in the near future we will achieve our aims.

Our Board has now finished a set of Philosophy and Directions to pass on to new Directors, a great deal of work went into this document and my thanks to all who participated.

Our Board has worked in harmony with the Manager and staff during the past year and I know this will continue into the future.

We celebrated our first birthday in July by holding a morning tea at the branch which was well received.

My special thanks go to our Treasurer and Secretary who have worked so diligently and Bendigo Bank for its guidance over any difficult times.

I look forward to the future for our **Community Bank**<sup>®</sup> Company and ask for the support of our shareholders to achieve our aims.

The Board anticipates that our Company will move into profit in the near future, of course this will be determined by the continued growth in business, so I appeal to shareholders to help keep bringing more customers in so that we bring in our first dividend.

Our Board is currently discussing Bendigo Bank's Community Enterprise concept. Taking the **Community Bank**<sup>®</sup> model of aggregated buying, the next project the Board is considering is the selling of telecommunications to local businesses and households. As with **Community Bank**<sup>®</sup> concept, aggregated buying of telecommunications will result in cheaper telecommunications prices and the chance for our community to benefit directly from profits generated locally.

As Chairman I would like to thank our Directors, shareholders, staff and customers for a great year in our **Community Bank**<sup>®</sup> Company and look forward to the future.

'Empowering our Community'



**Ray Bird**  
**Chairman**

# Manager's report

---

For year ending 30 June 2006

We are very pleased to announce that from rather modest beginnings in June 2005 we have been able to increase our account holding to 1176 accounts and grown our total lending and deposit business to approximately \$11 million. Our staff have worked very hard all year to achieve these results and are to be commended for their efforts.

The last few months in particular have seen considerable growth especially in our lending portfolio whereby customers are now considering Gympie & District **Community Bank**<sup>®</sup> Branch as the first option for their lending needs. This growth has also been assisted by the expertise of our Business Banking Manager, Paul Hampson and our Financial Advisor, Michael Ansell, both available to you all through our **Community Bank**<sup>®</sup> Branch.

I would also like to take this opportunity to thank shareholders and our customers for their continuing support. With various marketing programs now in place, including the forwarding of courtesy letters and phone calls by staff to local businesses, shareholders and customers, our business has continued to show a steady upward growth. In fact, there are a number of loan approvals in place to ensure lending growth of approximately \$1 million per month for the first quarter of the 2006/2007 financial year and an expected total growth of close to \$5 million.

However, while there has been greater activity from our shareholders by way of opening of further facilities, there are still a number yet to experience the **Community Bank**<sup>®</sup> way of banking. In order for our Company to grow and evolve, we require that our shareholders support 'your' bank and continue to be roving ambassadors within the community. Therefore, I once again ask that you encourage your friends and family to come into the **Community Bank**<sup>®</sup> branch at 68 Mary Street and open an account or make an appointment regarding all banking, lending and investment needs. Remember, we are open for business from 9.00am to 5.00pm Monday to Friday and 9.00am to 12.00 noon on Saturdays.

We must work together to achieve our desired results for continued success not only for ourselves but also for the greater community.



**Michael Thornley**  
**Branch Manager**

# Bendigo Bank Ltd report

---

For year ending 30 June 2006

Eleven years since bank conversion (and eight years since introducing **Community Bank®**) it has been extremely pleasing to announce a further improvement in our profit performance – and to demonstrate how we are able to focus on enhancing the prospects for all stakeholders and produce solid returns for Shareholders.

It has taken considerable commitment and effort by the Bank and its partners, but we have built a credible Australian banking alternative which is now producing improved outcomes for customers, for communities, and for other stakeholders associated with the Bendigo Group.

Our F06 result has shown the market that we have been able to sustainably improve profit performance while also undertaking substantial investments over the past eleven years. We have done so with a consistent strategy – and, while the \$100 million net profit is a milestone for us, the market continues to remind us that this is well under that being produced by the majors. We accept this, but we are making good progress.

Our ROE (excluding significant item) was 14.2% – where the majors are currently delivering higher returns. However, we are producing improved results year-on-year, and the prospects for our Group and our partners are even greater than when we started the strategy. Therefore we have not used up our credits, taken customers and communities for granted, or cut our cost base to produce our improved Shareholder returns. This gives us greater opportunity to continue our progress.

The **Community Bank®** contribution has steadily improved. It is also helping to convince the financial markets that the model has merit, and that communities across Australia are able to respond to the challenge our model ascribes to our local partners. I have maintained my consistent message – that we have great partners and have never doubted the ability of communities to respond to this difficult task.

**Community Bank®** branches have now produced 27% of the Group's business footings and are contributing around 13% of our profit. As individual sites mature, I would expect the profit contribution to move closer to the overall business volumes serviced through the **Community Bank®** network.

In the past year Bendigo Bank has paid \$76 million to **Community Bank®** sites as their share in revenue, and the majority of this revenue now stays in the local community and its economy.

Many earlier **Community Bank®** sites are now generating solid surpluses and making distributions – not only to local Shareholders but to local community projects and support services. We are now also able to leverage the sustainable revenue these communities are generating to multiply the money available for community activities.

Our Community Enterprise Foundation enables gifting to be undertaken tax-effectively, and the work we have been undertaking with the various governments is also enabling us to assist in seeking match-funding to further improve the amount of money available to direct to local projects. It is most pleasing to see this occur, and I expect many new strategic initiatives and projects will be undertaken in the coming decade.

# Bendigo Bank Ltd report continued

---

I am extremely proud of all of the communities who have undertaken the difficult task of launching their own **Community Bank**® branch. I also fully understand the contribution made by the local leaders who are involved in the Community Banking network for and on behalf of their communities.

It is particularly pleasing that the market is now acknowledging the strength of this model – although they are still expressing some doubt concerning our joint ability to remain united as a strong collaborative force – or whether the model will be as effective if we experience less buoyant economic times. Of course, we believe we will be able to maintain our joint commitment in whatever economic environment emerges.

We are convinced – even if this model is not being used anywhere else in the world – that the benefits for all stakeholders will be substantial and that the relationships developed in this Business & Community Partnership will be enduring.

I am confident we can remain united and committed to improve the prospects of communities – and this in turn will improve the local support for each **Community Bank**® site and strengthen the connection we have with customers and communities around Australia. This has to be good for our business – and I think the recent result is proving this.

At the Bendigo we are convinced it is possible to produce Triple Bottom Line outcomes on a sustainable basis – if the outcomes for the broader stakeholder base are a result of the particular strategy and business model rather than something pursued independently.

As our **Community Bank**® partners – and as representatives for your local communities – you are truly the local champions who are making this happen. I know how difficult it is to create a new business of any kind – let alone a new publicly-owned business shaped like the Community Enterprise that is **Community Bank**®.

I can confirm that Bendigo Bank, your business partner, is committed to the building of more prosperous local economies. If together we can build a sustainable local enterprise, we will have built a source of reliable local revenue that can be directed to the ongoing improvement of your local marketplace for many years to come.

When we built the **Community Bank**® business model we did so with great faith in community and its role in the future marketplace. Today we hold that same view – but also an ever-increasing belief that community has so much to offer in the development of the communities of the future.

We also believe that many of the things that challenge us can be addressed at the local level. I understand there is still much to be done to improve the financial outcomes for communities and for the Bendigo Group and we look forward to working with you on activities to secure our respective futures.

We will continue our efforts to identify and assist you to address many of these challenges and – on behalf of the Board and Management at Bendigo Bank – I thank you for the effort you have expended over the years on behalf of your community. We feel confident your community will profit from this effort for many years to come.

## Bendigo Bank Ltd report continued

---

We have always held the belief that banks were originally formed (back in the 1400s) to help build a more prosperous village. We are confident our **Community Bank®** Business & Community Partnership is working to that same objective and that we will all benefit greatly from this joint commitment.

I wish you well in the future and pledge our ongoing support to help ensure your Community Enterprise develops into a sustainable entity and a lasting contributor to your local market.

Thanks for your efforts in F06 and for your ongoing commitment.

**Rob Hunt**  
**Managing Director**  
**Bendigo Bank Group**

18 August 2006

# Directors' report

---

For year ending 30 June 2006

Your Directors submit their report of the Company for the financial period ended 30 June 2006.

## Directors

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

### **Raymond John Bird**

Chairman

Retired Manufacturing Business Operator  
(appointed 9 March 2005)

### **Michael Ellis Thornley**

Director

**Community Bank®** Branch Manager  
(appointed 9 March 2005)

### **John Clifford Joyce**

Director

Solicitor  
(appointed 9 March 2005)

### **Florence May Dennis**

Director

Retired Shopkeeper and Farmer  
(appointed 9 March 2005)

### **Beven Roy Webb**

Director

Furniture Retailer  
(appointed 23 March 2005)

### **Rens John Poels**

Treasurer

Retired Computer Engineer  
(appointed 9 March 2005)

### **Vicki Shapcott**

Company Secretary

Community Development Officer  
(appointed 9 March 2005)

### **Elaine Gwen Thomson**

Director

Shop Owner  
(appointed 9 March 2005)

### **Lesley Anne O'Hern**

Director

Teacher and Primary Producer  
(appointed 9 March 2005)

### **Petra Schulz**

Director

Coffee Shop Owner/Operator  
(appointed 23 March 2005,  
resigned 10 September 2005)

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

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

## Principal activities

The principal activities of the Company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

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



# Directors' report continued

---

## Operating results

Operations have continued to perform in line with expectations. The loss of the Company for the financial period after provision for income tax was \$275,705.

## Dividends

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

## Significant changes in the state of affairs

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

## Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future periods.

## Likely developments

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

## Directors' benefits

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

## Executive Remuneration

	Primary Benefits Salary & Fees \$	Post Employment Superannuation \$	Other \$	Total \$
--	--	--	-------------	-------------

Michael Ellis Thornley

(Branch Manager)

Period ended 30 June 2006

61,346

5,521

145

67,012

## Indemnification and insurance of Directors and Officers

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

## Directors' report continued

---

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

### Directors meetings

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

<b>Number of meetings held:</b>	<b>10</b>
<b>Number of meetings attended:</b>	
Raymond John Bird	8
Rens John Poels	10
Michael Ellis Thornley	10
Vicki Shapcott	10
John Clifford Joyce	8
Elaine Gwen Thomson	10
Florence May Dennis	8
Lesley Anne O'Hern	9
Beven Roy Webb	6
Petra Schulz (resigned 10 September 2005)	-

### Company Secretary

Vicki Shapcott has been the Company Secretary of Gympie & District Financial Services Ltd since its inception. Her qualifications include a BA in Australian and Comparative Studies and a Graduate Diploma in Library Science. Her experience includes small business ownership, four years in banking, ten years in local government and three years in community development,

### Corporate governance

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

- (a) The establishment of several sub-committees. Members of these committee are Audit Committee - Members Treasurer Rens Poels and Piri Edmonds. Business Development, Marketing and Sponsorship Committee - Members Michael Thornley, John Joyce and Beven Webb.  
  
Governance Committee - Members Chairman Ray Bird, Secretary Vicki Shapcott and Treasure Rens Poels  
Human Resources Committee - Members Chairman Ray Bird, Florence Dennis and John Joyce.  
  
Public Relations - Members Lesley O'Hern and Elaine Thomson.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) All Directors have completed basic Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

## Directors' report continued

---

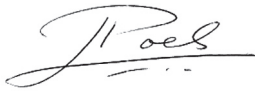
### **Auditor independence declaration**

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

Richmond Sinnott & Delahunty

Chartered Accountants

Signed in accordance with a resolution of the Board of Directors at Gympie on 20 September 2006.

A handwritten signature in black ink, appearing to read 'R. Poels', with a horizontal line extending from the end of the signature.

**Rens Poels**

**Director**

# Auditor's independence declaration

---

## **Richmond Sinnott & Delahunty** Chartered Accountants



Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty

20 September 2006

The Directors  
Gympie & District Financial Services Limited  
PO Box 1173  
GYMPIE QLD 4570

Dear Directors

### **Auditor's Independence Declaration**

In relation to our audit of the financial report of Gympie & District Financial Services Limited for the period ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

**Warren Sinnott**  
Partner  
Richmond Sinnott & Delahunty

# Financial statements

---

## Income statement

For year ending 30 June 2006

	Note	2006 \$
Revenues from ordinary activities	2	86,529
Employee benefits expense	3	(202,601)
Depreciation and amortisation expense	3	(59,956)
Finance costs	3	(46)
Other expenses from ordinary activities		(201,187)
<b>Loss before income tax benefit</b>		<b>(377,261)</b>
Income tax benefit	4	101,556
<b>Loss after income tax benefit</b>		<b>(275,705)</b>
Earnings per share (cents per share)		
- basic for loss for the year	20	(34.46)
- diluted for loss for the year	20	(34.46)

The accompanying notes form part of these financial statements.

# Financial statements continued

## Balance sheet

As at 30 June 2006

	Note	2006 \$
<b>Current assets</b>		
Cash assets	6	148,899
Receivables	7	8,116
<b>Total current assets</b>		<b>157,015</b>
<b>Non-current assets</b>		
Property, plant and equipment	8	212,556
Deferred income tax asset	4	101,556
Intangible assets	9	82,407
<b>Total non-current assets</b>		<b>396,519</b>
<b>Total assets</b>		<b>553,534</b>
<b>Current liabilities</b>		
Payables	10	14,487
Provisions	11	14,742
<b>Total current liabilities</b>		<b>29,229</b>
<b>Total liabilities</b>		<b>29,229</b>
<b>Net assets</b>		<b>524,305</b>
<b>Equity</b>		
Share capital	12	800,010
Accumulated losses	13	(275,705)
<b>Total equity</b>		<b>524,305</b>

The accompanying notes form part of these financial statements.

# Financial statements continued

## Statement of cash flows

As at 30 June 2006

	Note	2006 \$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations		81,792
Cash payments in the course of operations		(382,311)
Interest paid		(46)
Interest received		4,373
<b>Net cash flows from/(used in) operating activities</b>	<b>14b</b>	<b>(296,192)</b>
<b>Cash flows from investing activities</b>		
Payment for intangible assets		(123,953)
Payments for property, plant and equipment		(230,966)
<b>Net cash flows from/(used in) investing activities</b>		<b>(354,919)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		800,010
<b>Net cash flows from/(used in) financing activities</b>		<b>800,010</b>
Net increase/(decrease) in cash held		148,899
Add opening cash brought forward		-
<b>Closing cash carried forward</b>	<b>14a</b>	<b>148,899</b>

The accompanying notes form part of these financial statements.

# Financial statements continued

## Statement of changes in equity

As at 30 June 2006

	Note	2006 \$
<b>Share capital</b>		
Ordinary shares		
Balance at start of period		-
Issue of share capital		800,010
Share issue costs		-
<b>Balance at end of period</b>		<b>800,010</b>
<b>Retained earnings/(accumulated losses)</b>		
Balance at start of period		-
Loss after income tax expense		(275,705)
Dividends paid		-
<b>Balance at end of period</b>		<b>(275,705)</b>

The accompanying notes form part of these financial statements.



# Notes to the financial statements

---

For year ending 30 June 2006

## Note 1: Basis of preparation of the financial report

### **(a) Basis of accounting**

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

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

The financial report was authorised for issue by the Directors on 20 September 2006.

### **(b) Statement of compliance**

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

### **(c) Summary of significant amended accounting policies**

#### **Income tax**

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

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

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

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

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

# Notes to financial statements continued

---

## Note 1: Basis of preparation of the financial report continued

### Property, plant and equipment

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

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

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

Class of asset	Depreciation rate
Building improvements	5.0%
Furniture and fittings	2.5 - 20%
Computer software	40%

### Impairment

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

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

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

### Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired.

Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

### Goods and services tax

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

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

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

# Notes to financial statements continued

---

## Note 1: Basis of preparation of the financial report continued

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

### **Employee benefits**

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

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

### **Intangibles**

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

### **Cash**

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

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

### **Revenue**

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

### **Receivables and payables**

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

### **Interest bearing liabilities**

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

### **Provisions**

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

# Notes to financial statements continued

## Note 1: Basis of preparation of the financial report continued

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

### Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### Comparative figures

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

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

## Note 2: Revenue from ordinary activities

### Operating activities

- services commissions	80,178
- other revenue	1,978
<b>Total revenue from operating activities</b>	<b>82,156</b>

### Non-operating activities:

- interest received	4,373
- other revenue	-
<b>Total revenue from non-operating activities</b>	<b>4,373</b>
<b>Total revenue from ordinary activities</b>	<b>86,529</b>

## Note 3: Expenses

### Employee benefits expense

- wages and salaries	187,070
- superannuation costs	14,992
- workers' compensation costs	539
	<b>202,601</b>

## Notes to financial statements continued

	2006 \$
Note 3: Expenses continued	
<b>Depreciation of non-current assets:</b>	
- plant and equipment	9,202
- buildings	9,208
<b>Amortisation of non-current assets:</b>	
- intangibles	41,546
	<b>59,956</b>
<b>Finance Costs:</b>	
- Interest paid	46
<b>Bad debts</b>	<b>515</b>

## Note 4: Income tax expense

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

Prima facie tax on loss before income tax at 30%	(113,179)
Add tax effect of:	
- Non-deductible expenses	11,623
<b>Current income tax benefit</b>	<b>(101,556)</b>
Income tax benefit	(101,556)
Deferred income tax asset	
<b>Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.</b>	
	<b>101,556</b>

## Note 5: Auditors' remuneration

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

- Audit or review of the financial report of the Company	3,650
--	-------

## Notes to financial statements continued

	2006
	\$

### Note 6: Cash assets

<b>Cash at bank and on hand</b>	<b>148,899</b>
---------------------------------	----------------

### Note 7: Receivables

Trade debtors	6,016
Withholding tax	2,100
	<b>8,116</b>

### Note 8: Property, plant and equipment

#### Buildings

At cost	175,965
Less accumulated depreciation	(9,208)
	<b>166,757</b>

#### Plant and equipment

At cost	42,656
Less accumulated depreciation	(6,537)
	<b>36,119</b>

#### Computer software

At cost	12,345
Less accumulated depreciation	(2,665)
	<b>9,680</b>

<b>Total written down amount</b>	<b>212,556</b>
----------------------------------	----------------

#### Movements in carrying amounts

##### Building

Carrying amount at beginning of period	-
Additions	175,965
Disposals	-
Depreciation expense	(9,208)
<b>Carrying amount at end of period</b>	<b>166,757</b>

## Notes to financial statements continued

2006

\$

### Note 8: Property, plant and equipment continued

#### Plant and equipment

Carrying amount at beginning of period	-
Additions	42,656
Disposals	-
Depreciation expense	(6,537)
<b>Carrying amount at end of period</b>	<b>36,119</b>

#### Computer software

Carrying amount at beginning of period	-
Additions	12,345
Disposals	-
Depreciation expense	(2,665)
<b>Carrying amount at end of period</b>	<b>9,680</b>

### Note 9: Intangible assets

#### Franchise fee

At cost	60,000
Less accumulated amortisation	(24,000)
	<b>36,000</b>

#### Preliminary expenses

At cost	63,953
Less accumulated amortisation	(17,546)
	<b>46,407</b>

<b>Total written down amount</b>	<b>82,407</b>
----------------------------------	---------------

## Notes to financial statements continued

	2006
	\$

### Note 10: Payables

Trade creditors	4,717
GST payable	75
Other creditors and accruals	9,695
	<b>14,487</b>

### Note 11: Provisions

Employee benefits	14,742
<b>Number of employees at period end</b>	<b>5</b>

### Note 12: Share capital

<b>800,010 Ordinary Shares fully paid of \$1 each</b>	<b>800,010</b>
---	----------------

### Note 13: Accumulated losses

Balance at the beginning of the financial period	-
Loss after income tax	(275,705)
<b>Balance at the end of the financial period</b>	<b>(275,705)</b>

### Note 14: Cash flow statement

(a) Reconciliation of cash

<b>Cash assets</b>	<b>148,899</b>
--------------------	----------------

(b) Reconciliation of loss after tax to net cash provided from/(used in) operating activities

Loss after income tax	(275,705)
Non cash items	
- Depreciation	18,410
- Amortisation	41,546



## Notes to financial statements continued

2006

\$

### Note 14: Cash flow statement continued

#### Changes in assets and liabilities

- (Increase) decrease in receivables	(8,116)
- Increase (decrease) in payables	14,487
- Increase (decrease) in provisions	14,742
- (Increase) decrease in deferred tax asset	(101,556)
<b>Net cashflows from/(used in) operating activities</b>	<b>(296,192)</b>

### Note 15: Director and related party disclosures

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

Raymond John Bird  
 Rens John Poels  
 Michael Ellis Thornley  
 Vicki Shapcott  
 John Clifford Joyce  
 Elaine Gwen Thomson  
 Florence May Dennis  
 Lesley Anne O'Hern  
 Beven Roy Webb  
 Petra Schulz (resigned 10 September 2005)

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

#### Executive Remuneration

	Primary Benefits Salary & Fees \$	Post Employment Superannuation \$	Other \$	Total \$
Michael Ellis Thornley (Branch Manager) Period ended 30 June 2006	61,346	5,521	145	67,012

## Notes to financial statements continued

---

### Note 15: Director and related party disclosures continued

<b>Directors Shareholdings</b>	<b>2006</b>
Raymond John Bird	3,501
Rens John Poels	1,001
Michael Ellis Thornley	1,001
Vicki Shapcott	502
John Clifford Joyce	4,001
Elaine Gwen Thomson	4,001
Florence May Dennis	501
Lesley Anne O'Hern	2,001
Beven Roy Webb	501
Petra Schulz (resigned 10 September 2005)	-

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

### Note 16: Subsequent events

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

### Note 17: Contingent liabilities

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

### Note 18: Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Gympie and the surrounding district.

### Note 19: Corporate information

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

The registered office and principal place of business is: 68 Mary Street, Gympie QLD 4570

## Notes to financial statements continued

---

2006

\$

### Note 20: Earnings per Share

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

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

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

<b>Loss after income tax expense</b>	<b>(275,705)</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>800,010</b>

### Note 21: Financial instruments

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

#### **Credit risk**

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

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

## Notes to financial statements continued

### Note 21: Financial instruments continued

#### Interest rate risk

Financial instrument	Fixed interest rate maturing in					Weighted average effective interest rate
	Floating	1 year	Over 1 to	Over	Non interest	
	interest rate	or less	5 years	5 years	bearing	
	2006	2006	2006	2006	2006	
	\$	\$	\$	\$	\$	%

#### Financial

##### assets

Cash assets	148,899	-	-	-	-	3.00
Receivables	-	-	-	-	8,116	N/A

#### Financial

##### liabilities

Payables	-	-	-	-	14,487	N/A
----------	---	---	---	---	--------	-----

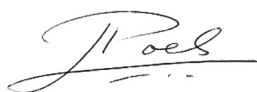
# Directors' declaration

---

In accordance with a resolution of the Directors of Gympie & District Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2006 and of their performance for the period ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2006.



**Rens Poels**

**Director**

Signed at Gympie on 20 September 2006.

# Independent audit report

---

**Richmond Sinnott & Delahunty**  
Chartered Accountants



Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty

***INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF GYMPIE & DISTRICT FINANCIAL  
SERVICES LIMITED***

***SCOPE***

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Gympie & District Financial Services Limited, for the period ended 30 June 2006.

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

***Audit approach***

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

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

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

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

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not

## Independent audit report continued

---

include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

### **INDEPENDENCE**

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

### **AUDIT OPINION**

In our opinion, the financial report of Gympie & District Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the period ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott & Delahunt*

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner  
Bendigo

Date: 20 September 2006

# BSX report

---

## Share Information

In accordance with Bendigo Stock Exchange listing rules to Company provides the following information as at 2 October 2006, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of Shares held	Number of Shareholders
1 to 1,000	222
1,001 to 5,000	102
5,001 to 10,000	18
10,001 to 100,000	5
100,001 and over	0
Total Shareholders	347

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There is 1 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.



## BSX report continued

---

The following table shows the 10 largest Shareholders.

Shareholder	Number of Shares	Percentage of capital
Mr Ralph & Mrs Paula Kelly	60,000	7.5
Mr Kurt & Mrs Ruth Steinscherer	50,000	6.25
Mr Christopher O'Hare	40,000	5
Skill Centred Queensland Inc.	20,000	2.5
Mr Gavin & Mrs Lynette Burls	12,000	1.5
Mrs Mary Finselbach	10,000	1.25
Mr Rodney Holzapfel	10,000	1.25
Mrs Betty Holzapfel	10,000	1.25
Mr Brian & Mrs Carmel Reason	10,000	1.25
Mr Roger & Mrs Lorraine Broadley	10,000	1.25
	<b>232,000</b>	<b>29</b>

There are 9 more shareholders holding 10,000 shares each.

### Registered office and principal administrative office

The registered office of the Company is located at:

68 Mary Street,  
Gympie, Qld 4570  
Phone: (07) 5481 1787

The principal administrative office of the Company is located at:

68 Mary Street,  
Gympie, Qld 4570  
Phone: (07) 5481 1787

### Security register

The security register (share register) is kept at:

68 Mary Street,  
Gympie, Qld 4570  
Phone: (07) 5481 1787

### Other information

Please refer to the Directors Report, within the annual report, for details of the Company Secretary and main corporate governance practices of the entity.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

Gympie & District Community Bank® Branch.  
68 Mary Street, Gympie QLD 4570  
Phone: (07) 5481 1787 Fax: (07) 5481 1232

Franchisee: Gympie & District Financial Services Limited  
68 Mary Street, Gympie QLD 4570  
ABN 79 113 293 173

[www.bendigobank.com.au](http://www.bendigobank.com.au) Bendigo Bank Limited, Fountain Court,  
Bendigo, VIC 3550 ABN 11 068 049 178. AFSL 237879 (BMPAR3055) (10/06)