

Inglewood & Districts Community Enterprises Ltd

ACN 123 959 375

**INGLEWOOD & DISTRICTS
COMMUNITY BANK® BRANCH OF BENDIGO BANK**

INFORMATION MEMORANDUM

**for an application for admission to the Official List
of the Bendigo Stock Exchange**

IMPORTANT NOTICE

This Information Memorandum, dated 25 March 2008 has been prepared by Inglewood & Districts Community Enterprises Ltd ACN 123 959 375 in connection with its application for listing and quotation of its shares on the Bendigo Stock Exchange. This document is not a prospectus and it will not be lodged with the Australian Securities and Investments Commission under the Corporations Act. It does not constitute or contain any offer of shares for subscription or purchase or any invitation to subscribe for or buy shares.

Bendigo Stock Exchange does not take any responsibility for the contents of this Information Memorandum. The fact that Bendigo Stock Exchange may admit Inglewood & Districts Community Enterprises Ltd to the official list is not to be taken in any way as an indication of the merits of Inglewood & Districts Community Enterprises Ltd.

Shareholders with enquiries about this information should contact Inglewood & Districts Community Enterprises Ltd on (03) 5432 6706.

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Inglewood & Districts Community Enterprises Ltd
(ACN 123 959 375)

This Information Memorandum outlines the existing operations of the Company. The Company operates the Inglewood & Districts Community Bank[®] Branch of Bendigo Bank. The branch was established as part of the Bendigo Bank Community Banking project, the terms of which are outlined in this document.

I encourage you to read this Information Memorandum closely, so that you understand the nature and prospects of the business.

The Directors will lodge this Information Memorandum with the Bendigo Stock Exchange in connection with the Company's application for listing and quotation of Shares on the Bendigo Stock Exchange. This application is being made in order to facilitate a secondary market for the trade of Shares (subject to the rules regarding share ownership described in the Company's Constitution and this Information Memorandum). Further details are set out in this Information Memorandum.

Our decision to proceed with this application was based on the Directors' belief that the trading of Shares in the Company should take place in an open and transparent market, and that it is in the best interests of the Company to do so.

Yours sincerely,

Dr Max Higgs

Chairman, Inglewood & Districts Community Enterprises Ltd

1. Overview

1.1 Purpose of the Information Memorandum

This Information Memorandum has been prepared by the Company in connection with its application for listing, and quotation of its Shares, on the Bendigo Stock Exchange.

Under a Franchise Agreement with Bendigo Bank, the Company has established and manages the Inglewood & Districts Community Bank[®] Branch of Bendigo Bank as a "franchise" of Bendigo Bank. The franchise arrangements and the business of the Company are described in detail in this Information Memorandum, especially Sections 3 and 6.

Please Note: This document is not a prospectus lodged with the Australian Securities and Investments Commission under the Corporations Act. It does not contain any offer of Shares for subscription or purchase or any invitation to subscribe for or buy Shares. This document relates to the proposed listing of the Company – not Bendigo Bank.

1.2 Description of the Listing Process

Under the BSX Listing Rules, each company applying for listing and quotation of its shares must either issue a prospectus or it must provide to the BSX a listing memorandum containing the information required by the BSX Listing Rules.

1.3 Capital Structure

There are currently **505,412** ordinary shares in the Company on issue. Of these, **505,400** were issued under the Prospectus dated 7 March 2007 at an issue price of \$1.00 per Share.

The Company has not raised any capital for the three months before the date of this Information Memorandum and does not need to raise any capital for three months after the date of this Information Memorandum.

The capital structure of the Company is as follows:

	Ordinary Shares
Initial subscriber shares issued to the directors	12
Shares issued pursuant to the Company's Prospectus	505,400
TOTAL	505,412

It should be noted that, pursuant to the Constitution of the Company, each shareholder is entitled to only one vote, regardless of the number of Shares held. The Constitution also prohibits a shareholder from controlling or owning 10% or more of the Company.

The voting rights attaching to Shares and the ownership restrictions are discussed in Sections 7.2(a) and 7.3 below.

The amount of dividends and other distributions to shareholders that the Company may make in any 12-month period is limited by the terms of the Franchise Agreement with Bendigo Bank. You should refer to Section 5.2 of this Information Memorandum for a description of this limit.

1.4 Listing on the Bendigo Stock Exchange

Application will be made for listing of the Company and quotation of the Shares on the Bendigo Stock Exchange. Please see Section 5 of this Information Memorandum for a discussion of the risk factors relevant to quotation of the Shares and Section 7.7 for a discussion of the waivers and confirmations the Company requires from the Bendigo Stock Exchange. Admission to listing, quotation of the Shares and the granting of the necessary waivers and confirmations sought is at the absolute discretion of the Bendigo Stock Exchange, and so there is no guarantee that they will occur. Other risks associated with acquiring Shares in the Company are discussed in Section 5.

1.5 Supplementary Information Memorandum

A Supplementary Information Memorandum will be issued if, between the issue of this Information Memorandum and the date the Shares are quoted, the Company becomes aware that:

- a material statement in this Information Memorandum is false or misleading;
- there is a material omission from this Information Memorandum;
- there has been a significant change affecting a matter included in this Information Memorandum; or
- a significant new matter has arisen and it would have been required to be included in this Information Memorandum.

2. Directors

Details of the Directors of the Company are as follows:

Name	Maxwell Charles Higgs
Date of Birth	23 January 1958
Occupation	General Medical Practitioner
Background Information	Born in Inglewood & raised on family farm. MBBS University of Melbourne in 1981. Worked as a General Practitioner for the past 22 years. Served for 3 years as Councillor for Inglewood Riding Shire of Loddon and is past member of Inglewood and Districts Health Service Board of Management.

Name	Allan Maurice Bunnnett
Date of Birth	4 April 1953
Occupation	Primary Producer
Background Information	Married with 2 adult children, Allan is a local farmer of long standing with an impressive record of community involvement in a broad range of areas including sporting clubs, Rural Fire Brigade, Lions Club and the local Cemetery Trust.

Name	Kenneth John Canfield
Date of Birth	4 September 1946
Occupation	Primary Producer
Background Information	Local farmer for more than 40 years. Actively involved in the community serving in executive positions with Inglewood Golf and Bowls Clubs & member of Salisbury – Powlett Fire Brigade.

Name	Colleen Mary Condliffe
Date of Birth	15 March 1950
Occupation	Primary Producer
Background	A local primary producer, Colleen is involved with

Information	Rural Finance Counselling Service, Salisbury West Landcare and has been a Loddon Shire Councillor for the past 7 years.
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Name	Jennifer Anne Hosking
Date of Birth	24 February 1959
Occupation	Home Duties/Farming
Background Information	Primary producer who graduated with a Diploma of Rural Business Management at University of Melbourne, Longerenong Campus 2005. A local that is actively involved in the community.

Name	Dale Thomas Jackson
Date of Birth	15 August 1969
Occupation	Technical Design Officer
Background Information	Involved with Wedderburn Lions Club, football club, trotting club and bowls club. Locally employed as a Technical Design Officer with the Shire of Loddon Infrastructure Department.

Name	Terence William Mangles
Date of Birth	4 March 1941
Occupation	Retired
Background Information	Retired Victoria Police Force officer after some 30 years of service. Former Director of a football management group and Bendigo Investigation Services Pty Ltd. Recently relocated to Inglewood and is an active member of the Inglewood Lions Club.

Name	Kevin James Poyser
Date of Birth	21 January 1936
Occupation	Retired
Background Information	Worked for 30 years at Bridgewater Flour Mill and then ran a mixed business for a further 10 years.

	Actively involved in the local community.
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Name	Andrew Richard Smith
Date of Birth	13 December 1964
Occupation	Business Proprietor
Background Information	Self employed locally as a small business operator (Friendly Inglewood IGA). Actively involved with Inglewood CGA and St Marys' Primary School Board.

Name	Beverly Dawn Taig
Date of Birth	13 July 1945
Occupation	Home Duties / Farmer
Background Information	Spent most of her life on a mixed farming enterprise which includes the production of eucalyptus oil. Long history of involvement with sporting clubs and community groups around the district.

Name	Simon Patrick Tuohey
Date of Birth	3 June 1972
Occupation	Primary Producer
Background Information	Primary producer. Involved with various sporting and community groups in the Serpentine district.

Name	George Arthur Wyatt
Date of Birth	11 October 1944
Occupation	Retired
Background Information	Formerly worked at the Bendigo Stock Exchange for 4 years as a Trading Manager and recently did part time clerical work for Stratagem Financial Group. Previously involved with local sporting clubs.

3. Bendigo Bank Franchise

3.1 Bendigo Bank

Bendigo Bank had its origins on the Bendigo goldfield in 1858 when the settlement comprised thousands of makeshift tents and humpies clustered along the gold bearing gullies. Disturbed by the temporary and unsightly nature of these dwellings, a group of prominent citizens banded together to foster a sense of civic pride by providing finance for miners wishing to own their own homes. Thus was born the Bendigo Land and Building Society, which immediately began financing humble miners' cottages, some of which remain in the city today.

Within 30 years, Bendigo had established itself as one of the most gracious Victorian era cities in the world, its grand public buildings a monument to the vast riches produced by the deep reef miners.

As Bendigo prospered, so did its building society, which rapidly established a reputation for prudent financial management and ethical dealing. While other societies came and went, the Bendigo Land and Building Society grew steadily, declaring a profit in each year of its operation, even through the crises of the 1890s and 1930s Depressions.

Bendigo Bank converted to a bank on 1 July 1995, at which time it was Australia's oldest and Victoria's largest building society.

The past 20 years have seen Bendigo Land and Building Society, now Bendigo Bank, grow quickly and in the process merge with a number of other firms and building societies: the Bendigo and Eaglehawk Star (1978), Sandhurst (1983), Sunraysia (1985), Capital (1992) and Compass (1992), trustee company Sandhurst Trustees (1991), mortgage securitisation firm National Mortgage Market Corporation (1995) and Monte Paschi Australia Limited (1997). Sandhurst Trustees, National Mortgage Market Corporation and Monte Paschi (now Cassa Commerciale) are wholly-owned subsidiaries of Bendigo Bank. Bendigo Bank also operates a joint venture, with Elders Limited, called Elders Rural Bank. This joint venture is aimed at bringing banking services to farmers throughout Australia. In October 2000, Bendigo Bank acquired the Queensland-based First Australian Building Society. On 30 November 2007, Adelaide Bank and Bendigo Bank officially became a merged company after all necessary approvals had been received. The merged company name will officially become Bendigo and Adelaide Bank Limited on 31 March 2008.

The Bendigo and Adelaide Bank Group now operates (itself and through franchises) approximately 397 branches and has assets of around \$49 billion. It is listed on the Australian Stock Exchange and is the only Australian bank with headquarters outside a capital city. Through Bendigo Bank, Adelaide Bank and its subsidiary companies, the Bendigo and Adelaide Bank Group provides a wide

range of products including commercial mortgages and unsecured loans, investment products insurance and superannuation.

3.2 Community Banking Project

Bendigo Bank developed its Community Bank[®] project in response to the continuing closure of bank branches across Australia, and the subsequent effects on disenfranchised communities.

Community Bank[®] is a means by which communities with the will and enthusiasm can enhance their future prospects by securing a conduit to the finance system.

The aims of the Community Bank[®] project are threefold:

- to secure branch banking services for participating communities;
- to help these communities better manage locally-generated capital, and so provide them with a better return on their capital; and
- to enable participating communities to share in revenues generated from their Community Banking enterprise.

Community Bank[®] draws on the greatest strength communities possess – their parochialism.

Through the potential to share in branch revenues, communities have the opportunity to generate profits which can be returned to support and develop the community via dividends to participating shareholders and through projects identified and agreed to by the community.

The Community Bank[®] project does this by providing communities with the opportunity to manage a community-owned branch of Bendigo Bank. It supposes that ownership of this management right provides local residents and businesses with a powerful incentive to conduct their financial affairs through their own local bank branch, thereby maximising revenue potential for the local enterprise.

Each branch operates as a franchise of Bendigo Bank, using the name, logo and system of operations of Bendigo Bank. The franchisees manage the Community Bank[®] Branches on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank[®] Branches are effectively conducted between the customers and Bendigo Bank.

To date, Bendigo Bank has granted 210 Community Bank[®] Branches, located in places such as Avoca, Bayswater, Bellarine Peninsula, Carrum Downs, Coleambally, East Gosford, East Malvern, Elwood, Goomalling, Henty, Kulin, Laverton, Maldon, Minyip and Rupanyup (combined franchise), Nathalia, Neerim South, Parkdale, Tambellup and Cranbrook (combined franchise), Toodyay, Toora, Upwey, Virginia, Warburton and Wentworth. Bendigo Bank has also granted a number of commercial franchises.

3.3 Community Interest (Our Beginnings)

A significant amount of work and public consultation was undertaken in relation to the feasibility of establishing the Inglewood & Districts Community Bank[®] Branch of Bendigo Bank.

Following initial community interest in 2006, an original community company entered into arrangements with members of then Bendigo Bank Group (now known as the Bendigo and Adelaide Bank Group since the merger) pursuant to which it acquired rights to manage a Community Bank[®] Branch of Bendigo Bank at Inglewood. On 1 June 2007, the Inglewood & Districts Community Bank[®] Branch of Bendigo Bank was opened.

Regulation of Franchising

The relationship between Bendigo Bank and the Company as franchisor and franchisee is governed by the Franchising Code of Conduct (**Franchising Code**).

The Franchising Code is a mandatory industry code of conduct for the purposes of Section 51ACA of the *Trade Practices Act 1974 (Cth)* (**TPA**). Section 51AD of the TPA makes a contravention of the Franchising Code a contravention of Part IVB of the TPA.

The Franchising Code requires a franchisor to provide a prospective franchisee with a disclosure document, to enable the prospective franchisee to make a reasonably informed decision about entering into the franchise. The Franchising Code prescribes the information that must be included in the disclosure document. Such a disclosure document was provided by Bendigo Bank to the Company.

The Franchising Code requires that, prior to entering into a franchise agreement with the Company, Bendigo Bank must have obtained from the Company a statement that the Company has received, read and had a reasonable opportunity to understand the Disclosure Document and the Franchising Code and statements as to whether the Company has obtained independent legal, accounting and business advice. The relevant statements were provided to Bendigo Bank by the Company, before the Franchise Agreement was entered into.

Franchise Arrangements

As noted, the Company has entered into a Franchise Agreement with Bendigo Bank that governs the management and operation by the Company of the Inglewood & Districts Community Bank[®] Branch of Bendigo Bank.

The key features of the Franchise Agreement between the Company and Bendigo Bank are described below and in Section 6 of this Information Memorandum.

3.4 Activities of Company

Branch

The Company operates the Inglewood & Districts Community Bank[®] Branch at 64 Brooke Street, Inglewood, Victoria.

Inglewood & Districts Community Bank[®] Branch is open from Monday to Friday 9.00 a.m. – 5.00 p.m.

Manager and Employees

The Company employs a Branch Manager and 3 other staff. Each of these staff members has received Bendigo Bank training.

Products and Services

The Company provides a core range of products and services at the Branch, as determined by Bendigo Bank from time to time.

The products and services include the following:

- *deposit business*, for example, ultimate accounts, term deposits, "Money Extra", classic accounts, investment accounts and specialised rural accounts;
- *personal bank products and services*, for example, credit and debit cards, insurance and financial planning;
- *loans and lending products*, for example, home loans, investment loans, home equity loans, leasing, commercial loans, farm loans and personal loans;
- *investment products*, such as superannuation, Sandhurst Select products and common fund and tax-based savings products; and
- *cash and cheque facilities*, delivered through electronic means and ATM services.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the Company facilitating the provision of those products.

All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The products and services available to be offered through the Inglewood & Districts Community Bank[®] Branch by the Company are not necessarily the same and may not be the same as those offered by other Bendigo Bank branches or franchises. However, the Company endeavours to ensure that the products and services offered will be appropriate for the requirements of its customers.

The Franchise Agreement provides for three types of revenue that may be earned by the Company.

First, the Company is entitled to 50% of the monthly gross margin earned by Bendigo Bank on products and services provided through the Company that are regarded as "day to day" banking business (i.e. 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the Company effectively incurs 50% of that loss.

The second source of revenue for the Company is commission paid by Bendigo Bank on the other products and services provided through the Company (i.e. 'commission business').

The third source of revenue is that the Company may be entitled to a proportion of the fees and charges (that is, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion (if any) is determined by Bendigo Bank, may vary between products and services and may be amended by Bendigo Bank from time to time.

3.5 Benefits of Franchise Arrangements

Name, Logo and Systems

As part of the franchise arrangements with Bendigo Bank, Bendigo Bank grants the Company the right to use its name, logo and system of operations and other relevant intellectual property rights including the trademarks "Community Bank" and "Community Banking" for the purpose of managing the Community Bank[®] Branch of Bendigo Bank. To the extent that it is able, Bendigo Bank also gives the Company reasonable access to all information and technology created or obtained by Bendigo Bank in connection with other franchises.

The Company has the benefit of all general advertising and promotions undertaken by Bendigo Bank, in addition to the local promotional activities undertaken by the Company itself (in accordance with the controls set out in the Franchise Agreement).

Assistance and Advice

Bendigo Bank provided significant assistance to the Company in establishing and maintaining the Community Bank[®] Branch. Bendigo Bank will continue to provide ongoing management operation and support, and other assistance and guidance in relation to all aspects of these Branches, including advice in relation to:

- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

Non-exclusive Franchise

The franchise granted under the Franchise Agreement is a non-exclusive franchise. That is, any member of the Bendigo Group is able to carry on any business (including the granting of franchises) anywhere. Further, Bendigo Bank (for example, through branches), any related body corporate of Bendigo Bank and any Bendigo Bank franchise are entitled to be located anywhere and to market to, or deal with, persons located anywhere.

Similarly, although the Community Bank Branch[®] can only be carried on by the Company from a location or locations approved by Bendigo Bank, the Company is entitled to market to, or deal with, persons located anywhere.

3.6 Duration of Franchise

Bendigo Bank granted the Company the franchise in respect of the Inglewood & Districts Community Bank[®] Branch. Of these initial terms, 50 months remain in relation to the Inglewood & Districts Community Bank[®] Branch. Pursuant to the Franchise Agreement, the Company may seek to extend the term of each franchise for (in total) two additional five year terms. A request to extend the term of a franchise must be made between 3 and 6 months prior to the end of the then existing term.

Bendigo Bank must agree to extend the term provided that the Company:

- is not in breach of the Franchise Agreement;
- secures continued rights to possession and use of each location from which the Branch is being conducted for the renewal period, and refurbishes each such location to the then current standards of Bendigo Bank franchises;
- provides the relevant statement required under the Franchising Code; and
- pays the Renewal Fee under the Franchise Agreement and Bendigo Bank's costs of renewing the Franchise Agreement.

Bendigo Bank has the ability to assign or novate its rights and obligations under the Franchise Agreement at any time. However, Bendigo Bank must not assign its obligations (without the consent of the Franchisee) unless the proposed assignee is either a related body corporate of Bendigo Bank, a person whose business includes the provision of financial services (and it is reasonable to expect that the person will be able to comply with its obligations under the Franchise Agreement) or a person who has entered into arrangements with Bendigo Bank and/or any of the foregoing, so as to enable that person to comply with its obligations under the Franchise Agreement. In any event, any assignee would have to continue to perform Bendigo Bank's obligations under the Agreement.

The Company may only dispose (in any way) of, or otherwise effect or permit a change of control or ownership of, the franchise, the Company or the Company's interest in the franchise, the Franchise Agreement, a franchise or the branch location with the prior written consent of Bendigo Bank and with the payment of a Transfer Fee to Bendigo Bank.

Bendigo Bank also has a pre-emptive right over the sale, transfer or disposal of the Company's interest in the franchise, or a Branch location.

The consequences of the termination of the franchise are discussed in Section 5.2 below.

3.7 Restrictions on Operations

Sole Purpose Company

The Franchise Agreement provides that, subject to the ability to provide ancillary services (see below), the Company must not carry on any business other than managing and operating the Inglewood & Districts Community Bank[®] Branch of

Bendigo Bank and it must not own or use any assets, or incur any liabilities, other than those directly associated with the franchise operation.

Competition Restrictions

The Company is also subject to covenants that restrict its activities both during the term of the franchise, and for a further three years after the franchise has terminated.

Pursuant to these covenants (contained in the Franchise Agreement), the Company must not (except in managing and operating the Community Bank[®] Branches under the Franchise Agreement):

- have any interest in an entity carrying on business that is substantially the same as that conducted by Bendigo Bank through its franchises, or is in competition with Bendigo Bank in relation to that business;
- seek to attract any customers or employees from Bendigo Bank or any of its franchisees; or
- otherwise interfere with the business being conducted by Bendigo Bank.

Similar restrictions apply to the Directors of the Company.

Bendigo Bank Involvement

Bendigo Bank retains a tight control over the day to day operations of the Company, including the provision by the Company to Bendigo Bank of regular and detailed reports. Bendigo Bank also has the right to inspect or audit the franchise records.

In particular, as noted above, the products and services supplied through the Company are determined by Bendigo Bank. As described in Section 3.4 above, all credit transactions must be approved by Bendigo Bank.

Further, the Company must only use Bendigo Bank's intellectual property (including its trademarks) licensed to the Company under the Franchise Agreement in accordance with the guidelines provided by Bendigo Bank.

3.8 The Company's Board of Directors

The management and control of the business and affairs of the Company is the responsibility of the Board of Directors. Under the terms of the Constitution, one third of the Directors (other than an 'exempt' Managing Director – if any) are required to retire at each annual general meeting (other than the Company's first annual general meeting). A retiring Director is eligible for re-election.

4. Financial information

The accounts attached at the back of this Information Memorandum are an extract of the Company's audited financial reports for the year ended 30 June 2007 and reviewed financial reports for the half year to 31 December 2007. This historical financial information is included for information purposes only. Past performance is not an indicator of future performance. No assurance or representation is given in relation to the future performance of the Company.

5. Risk factors

5.1 Introduction

There are a number of factors, which might have a significant impact on the future performance of the Company. An investment in the Company is not guaranteed by Bendigo Bank.

Particular investment risks arise due to the specific purpose for which the Company was established, that is, to manage a Community Bank[®] Branch of Bendigo Bank pursuant to a Franchise Agreement with Bendigo Bank.

An investment in the Company is also affected by the business risks to which the Company will be subject, which may affect the success of the Company and, accordingly, its ability to pay dividends and its ongoing operation.

The following Sections highlight some of the key risks associated with an investment in the Company. There may also be other risks.

5.2 Investment Risk

Dividends

The Directors intend that any profits of the Company will, as a general rule, be applied at the discretion of the Directors in one or more of the following ways:

- in payment of dividends to shareholders (subject to the limit described below);
- towards community or charitable projects as determined by the Directors from time to time; or
- as working capital.

The timing and payment of dividends is dependent on many factors, which affect future profits and the financial position of the Company. Dividends will be determined by the Directors according to actual results, financial position, capital requirements, operating costs and economic conditions at the time. There will also be an assessment by the Directors of the needs of any worthwhile community or charitable projects. Further, in recognition of the aims of the Company to deliver social and economic benefits to the community (in addition to, if possible, a return to shareholders), the Company has agreed that in any 12 month period, the aggregate of the profits or funds of the Company distributed to shareholders (whether by way of dividends, bonus shares or otherwise) must

not, except in the case of a winding up, exceed the Distribution Limit. The Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital over that 12 month period (as determined by Bendigo Bank in consultation with the Company). The Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period (as determined by Bendigo Bank) plus 5%.

Of course, the actual amounts distributed to shareholders may be less than the Distribution Limit.

To date, the company has paid dividends as follows:

Nil.

Past performance is not an indicator of future performance. There is no guarantee that any dividends will be paid in the future.

Trading in Shares

The Company was established to provide community members with the opportunity to contribute to the establishment and ongoing operations of a Community Bank[®] Branch of Bendigo Bank. The community nature of the Company is reflected in the provisions of its Constitution relating to voting rights and limits on shareholding interests (see Sections 7.1 to 7.3 below).

Because of the community based nature of the Company, it is not envisaged that there will be significant trade in shares in the Company. Accordingly, there may be limited opportunities for members to recoup their investment in the Company by disposing of their Shares.

In particular, while the Directors intend to apply for listing, and quotation of the Shares, on the Bendigo Stock Exchange, granting of these applications (and of the waivers and confirmations required by the Company, as discussed in Section 7.7 below) is at the discretion of the Bendigo Stock Exchange. They may either not be granted at all or alternatively may be granted subject to conditions that are not satisfactory to the Company. In either case, listing and quotation may not proceed. Further, as listing and quotation impose additional obligations and costs on the Company, it is possible that in the future, the Directors will form the view that listing and quotation is no longer in the best interests of the Company.

Even if listing and quotation occur, it is not anticipated that an active market for trading of the Shares will develop. If the market for the Shares is not liquid, it is possible that the market price of the Shares may not reflect the true underlying value of the Company.

Further, the market price of the Shares will fluctuate due to various factors, including general movements in the Australian equity market (which, in turn, is

influenced by the international equity markets), investor perceptions, local and worldwide economic conditions, movements in interest rates and specific factors affecting the performance and financial position of the Company and its business.

In addition, in the case of many companies listed on a stock market, it is possible that their share price may include a “control premium” to reflect the fact that a person may wish to acquire sufficient shares in the company to gain control of the company and, to do so, the acquirer would need to pay a premium above the underlying share price. It is unlikely that such a premium will be present in the case of the Shares (or will be paid by an acquirer), given the restrictions on share ownership in the Constitution and the fact that a change of control of the Company may trigger a termination of the Franchise Agreement.

It is possible that the market price of the Shares may be lower than the issue price under the Offer or otherwise may not reflect the true underlying value of the Company or its performance. Whilst this risk applies to all investments in any securities on any stock market, it applies particularly so here given the community nature of the Company (for example, the restriction on dividend payments), the limitations on share ownership, the restrictions on the business activities of the Company and the likelihood of an illiquid market.

Termination of Franchise

The Franchise Agreement provides for a maximum possible term for each franchise of 15 years (see Section 3.6 above), after which the continued operation of each Community Bank[®] Branch will be subject to further negotiations with Bendigo Bank. Bendigo Bank also has broad rights to terminate the Franchise Agreement or a franchise (see Section 6 below), in particular, if a Community Bank[®] Branch is not profitable. If the Franchise Agreement itself is terminated, the franchise would also terminate.

The Company is not entitled to any payment upon termination of the Franchise Agreement or of any franchise, though it would be entitled to the net proceeds of the sale or transfer of a franchise if, at its discretion, Bendigo Bank proceeded with such a sale or transfer after termination (see Section 6 below).

There are no restrictions on where Bendigo Bank (or any of its related bodies corporate or other Bendigo Bank franchisees) may carry on business or be located (either before, during or after the term of the Franchise Agreement – see Section 3.7 above).

On the expiration or earlier termination of the Franchise Agreement, the Company is prohibited from carrying on a substantially similar business for three years.

There are also restrictions on the ability of the Company to dispose of its rights in the franchise, the Franchise Agreement or a branch location (see Section 3.6 above).

5.3 Business Risks

Sole Purpose Company

The Company is essentially a sole purpose company.

Subject to the ability to provide ancillary services that have been approved by Bendigo Bank, the Company's only business is managing a Community Bank[®] Branch of Bendigo Bank.

Level of Banking Business

Although all transactions conducted through the Branch are conducted with Bendigo Bank, the effect of the gross margin sharing arrangement (as described in Section 3.4) is that the Company bears the risk of generating sufficient income from the banking business to derive a profit.

The ability of the Company to generate new business is subject to factors beyond the control of the Company.

The level of banking business conducted through the Inglewood & Districts Community Bank[®] Branch is affected by general economic conditions, in particular, the effect of interest rate movements on the interest rates offered by Bendigo Bank.

As part of the Community Bank[®] concept, the Inglewood & Districts Community Bank[®] Branch was established, in part, given the level of banking facilities then available. It should be recognised that the Company faces competition from other financial service providers (including, possibly, other branches and franchises of Bendigo Bank) whether located in Inglewood or in nearby communities or that are able to deliver such services remotely (for example, through the internet or over the phone). It is also possible that, in the future, other financial service outlets could seek to open in Inglewood.

Branch Operations

Like any small business, the Branch Manager and employees have a key role in the success of the Community Bank[®] Branch. The Manager and employees are responsible for promoting the Branch, and providing a level of service and support that will engender ongoing relationships with customers. The ability of the Manager to communicate effectively with representatives of Bendigo Bank, and represent the interests of the Branch, is critical to the smooth operation of the Branch.

Although all deposits made through the Inglewood & Districts Community Bank[®] Branch are transferred to Bendigo Bank, the Company bears the risk of implementing procedures for handling and transferring such deposits.

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

The Inglewood & Districts Community Bank[®] Branch operates under the Bendigo Bank name and (subject to any ancillary services that may be approved by Bendigo Bank) only provide Bendigo Bank products and services.

Accordingly, the success of the Company is, to a significant degree, dependent on the standing and success of Bendigo Bank.

The products and services provided through the Company, and the income that Bendigo Bank (and, accordingly, the Company) is able to earn on those products and services, will be subject to the competitive pressures facing Bendigo Bank generally and the impact of economic conditions and other factors on the business of Bendigo Bank.

Approvals

As described in Section 3.7 above, many of the Company's business decisions (including the products and services made available, the annual budgets and the credit business generated through the branch) are subject to the approval of Bendigo Bank.

It is clear that the Company and Bendigo Bank have a common interest in the success of the Company. However, as noted above, communication between the Company and Bendigo Bank will be critical to ensuring that Bendigo Bank understands the particular requirements of each Community Bank[®] Branch and decisions in respect of the branch operations are made accordingly.

Bendigo Bank Claims

Pursuant to a broad indemnity in the Franchise Agreement, the Company is responsible for certain claims made against Bendigo Bank in connection with the operation of the Community Bank[®] Branch (see Section 6).

5.5 Other Factors

Regulatory Environment

Although the Company does not carry on banking business, by managing a Community Bank[®] Branch of Bendigo Bank it effectively is subject to the regulatory environment in which Bendigo Bank operates. In particular, decisions of APRA that affect Bendigo Bank may also have an impact on the business conducted by the Company.

Economic Conditions

As noted above, the Company's business will be affected by changes in economic conditions both directly and indirectly through the effect such changes may have on Bendigo Bank. Relevant factors include market growth, inflation, movements in interest rates and exchange rates and the level of loan defaults.

Government Policies and Legislation

The Company's business may be affected by changes to government policies, including those relating to prudential supervision, taxation and regulation of financial services industries. Again, such changes may affect the Company directly or indirectly as a result of their impact on Bendigo Bank.

6. Franchise Agreement

The Franchise Agreement establishes the relationship between the Company and Bendigo Bank, and sets out the parameters within which the Company must operate. The Franchise Agreement defines the business conducted by the Company and, accordingly, is critical to an assessment of the Company.

The provisions of the Franchise Agreement have been described in detail in Sections 3 and 5 of this Information Memorandum.

The following is a brief summary of the key provisions of the Franchise Agreement.

Grant of Rights

Bendigo Bank grants the Company the right to use Bendigo Bank's system of operations and certain intellectual property rights to manage and operate the Inglewood & Districts Community Bank[®] Branch.

Term

The initial term of the Franchise in respect of the Inglewood & Districts Community Bank[®] Branch is five years (see Section 3.6). In respect of each Franchise, provided certain conditions are met at the end of each five year term, at the request of the Company, Bendigo Bank will extend the term of the Franchise for a maximum of two further five year terms (see Section 3.6).

Branch Operations

There are strict controls on the Company in relation to the operations of the Community Bank[®] Branch. In particular, the Company must only offer the products and services specified by Bendigo Bank, it must comply with Bendigo Bank's promotions, it (and its staff) must comply with the operating manuals supplied by Bendigo Bank, it must seek the prior approval of Bendigo Bank to its promotional activities and material, public communications, signs and stationery, and there are tight controls over the use of Bendigo Bank's intellectual property.

Payments/Receipts

The Company is responsible for all ongoing costs in relation to the Branch and the Branch location (including, for example, all staff costs, rent, outgoings and insurance).

For each Franchise, or each additional five year period, the Company must pay a Renewal Fee, the reasonable costs of training to be provided by Bendigo Bank to the Company's employees and the costs of Bendigo Bank of renewing the Franchise (including legal fees).

The revenue the Company is entitled to receive is described in Section 3.4 above.

You should refer also to Section 5.2 of this Information Memorandum or a description of the limit, contained in the Franchise Agreement, on distributions by the Company to its shareholders.

Indemnity

The Company indemnifies Bendigo Bank against all third party claims that may be brought against Bendigo Bank in connection with the conduct of the franchise or the franchise operations (i.e. the management of the Community Bank[®] Branch), the activities of the Company or its employees at or near the Community Bank[®] Branch premises and any other unauthorised act, default, dishonesty, negligent act or omission or fraudulent conduct of the Company or any of its officers, employees or agents.

Bendigo Bank indemnifies the Company against all third party claims that may be brought against the Company to the extent that such claims result from a misleading or deceptive statement in, or a misleading or deceptive omission from, the products or services specified by Bendigo Bank to be offered to customers, certain actions by employees of Bendigo Bank or any related promotional materials or manuals supplied by Bendigo Bank. Other potential liability on Bendigo Bank is, to the extent permitted, excluded.

Termination

Bendigo Bank may terminate the Franchise Agreement in various circumstances, including if:

- the Company breaches the Franchise Agreement;
- the Company engages in fraudulent or dangerous conduct, becomes insolvent or fails to pay its debts on time;
- the Company is convicted of a "serious offence" (as defined under the Franchising Code) or, without limiting the foregoing, the Company or any member of Staff, is convicted of an offence where, in the reasonable opinion of Bendigo Bank, that conviction materially and adversely affects Bendigo Bank and/or the name, goodwill or good reputation of the franchise, Bendigo Bank's system of operations or other Bendigo Bank franchises;
- the Company carries on the franchise in a manner that harms or adversely affects, or may harm or adversely affect materially, the good name, goodwill or good reputation of Bendigo Bank, Bendigo Bank's business, the franchise, Bendigo Bank's system of operations or other Bendigo Bank franchises, including if the Company (or its staff) engage in misleading or deceptive conduct;
- the Company takes (or omits) to take an action that, under the Franchising Code, permits Bendigo Bank to immediately terminate the Franchise Agreement (eg the Company abandons the branch, carries it

on in a way that endangers public health or safety or agrees to terminate the Franchise Agreement);

- the Company operates the business from a location not previously approved by Bendigo Bank;
- there is, without Bendigo Bank's prior written consent, a change in the underlying ownership or control of the Company, the franchise, or the Company's interest in the Franchise Agreement or a Branch location (this can be deemed to occur for certain changes to the Directors of the Company or if the Company's control/ownership limit is breached - see Section 7.3 below);
- the Manager of a Community Bank[®] Branch becomes unable to perform his or her duties for an extended period, without suitable replacement;
- a Community Bank[®] Branch is not profitable; or
- there is an amendment to, renewal of, or alteration of the effect of, a rule or clause of the Company's constituent documents, without the approval of Bendigo Bank.

The Company may terminate the Franchise Agreement if Bendigo Bank materially breaches the Franchise Agreement.

The procedures for termination (either by Bendigo Bank or by the Company) are set out in the Franchise Agreement.

In certain circumstances, where there has been a breach of the Franchise Agreement by the Company, the right to carry on the franchise is suspended until the breach is rectified or the Franchise Agreement is terminated.

Upon termination of the Franchise Agreement, there is no obligation on Bendigo Bank to sell or transfer the franchise. However, if such a sale or transfer did proceed, the Company would be entitled to the proceeds received (less the costs of the sale or transfer and certain debts owed by the Company, if any).

7. Additional Information

7.1 Constitution

The rights attaching to Shares (Section 7.2) and the prohibition on shareholding interest (Section 7.3) set out in the Company's Constitution are summarised below.

7.2 Rights Attaching to Shares

The Shares are fully paid ordinary shares.

Set out below is a summary of the principal rights attaching to the Shares.

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting. On a show of hands or a poll, each person present

as a member, attorney, corporate representative or by proxy, has one vote, regardless of the number of Shares held.

The purpose of the limitation on voting rights is to reflect the nature of the Company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank[®] Branch have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. You should refer to Section 5.2 of this Information Memorandum for a description of this limit. There is also a restriction on the payment of dividends to certain shareholders if they breach the 10% share owning limit (see Section 7.3 below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares. For example, the Directors may refuse to register a transfer that would result in a shareholder holding a prohibited shareholding interest (see Section 7.3 below). Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's Constitution, the Corporations Act and the rules of the Bendigo Stock Exchange.

The Directors understand that, if the Shares are quoted on the Bendigo Stock Exchange, it is likely that brokers may require a statutory declaration from the transferee confirming that the transfer will not breach any of the shareholding ownership restrictions that apply (see Section 7.3 below).

(d) Winding up

If the Company is wound up, then subject to any special or preferential rights attaching to any class of shares, shareholders will be entitled to participate in any surplus assets of the Company in proportion to the capital paid up on their shares when the winding up begins.

If the assets available for distribution amongst shareholders are insufficient to repay the whole of the paid up capital, then those assets will be distributed in proportion to the capital paid up on shares when the winding up begins.

Notwithstanding the above, if the Company is wound up, the liquidator has the discretion to divide among all or any of the shareholders in specie or in kind any part of the Company's assets. The division may be

carried out as the liquidator thinks fit, subject to the right of any shareholder prejudiced by the division to dissent. Any dissenting shareholder has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the transfer of the Company's assets by a liquidator in a voluntary winding up (see, in particular, Chapter 5 of the Corporations Act, especially section 507).

7.3 Prohibited Shareholding Interest

A person must not have a prohibited shareholding interest in the Company.

In summary, a person has a prohibited shareholding interest if any of the following applies.

- They control or own 10% or more of the shares in the Company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the Company predominantly carries on business (the "close connection test". For example, individuals whose primary residence is within that community (and close family members of such individuals) or companies whose registered office is within the community, and that are controlled and owned by individuals with a close connection to the community, would ordinarily be considered to have a close connection. This reflects the community nature of the Company and that it is in the best interests of the Company that the Company is owned by those with a close connection to the relevant community or communities.
- Where the person is a shareholder, after the transfer of shares in the Company to that person the number of shareholders in the Company is (or would be) lower than the base number (the "base number test"). The base number is 306. As at the date of this Information Memorandum, the Company had 340 shareholders.

Similar to the voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

In summary, in relation to the 10% limit, a person will be deemed to own the shares in the Company in which the person has a relevant interest and the shares in which the person's associates have a relevant interest. (The terms 'relevant interest' and 'associate' have the same meaning as in the Corporations Act, subject to some modifications as set out in the Company's Constitution). Also, a person is deemed to control the votes that the person, and the person's associates, can cast or control the casting of on a resolution to elect a director of the Company.

The effect of these definitions is that, for example, if the aggregate of the shares owned (legally or beneficially) by a person plus the shares owned (legally or beneficially) by members of the person's immediate family, equal or exceed 10% of the shares in the Company, the person has a prohibited shareholding interest. Similarly, if the votes a person can control the casting of on a resolution to elect a

director, plus the votes that members of the person's immediate family can control the casting of on such a resolution, equal or exceed 10% of the votes that could be cast by all shareholders on such a resolution, that person has a prohibited shareholding interest. A person's "immediate family" includes a person's spouse, defacto spouse, parent, son, daughter, brother or sister or a spouse or defacto spouse of any of the preceding persons.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of Shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified Shares on behalf of that person. The holder will be entitled to the consideration from the sale of the Shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

A person cannot have a Prohibited Shareholding Interest on the basis of the 10% limit until the earlier of the time when the number of shareholders in the Company first exceeds ten and the date which is twelve months after the date of incorporation of the Company. Where the Company is Listed, a person cannot have a Prohibited Shareholding Interest on the basis of the base number test unless Bendigo Stock Exchange (BSX) has confirmed that the base number test is appropriate and equitable and the base number test does not apply to any transfer registered before that time. BSX has indicated that its confirmation that the prohibited shareholding provisions are appropriate and equitable will not extend to the base number test. The Company is considering its position in relation to this matter and may make further representations in relation to this matter (refer section 7.7).

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

7.4 Taxation Implications

The following is intended only as a general summary and does not purport to be a complete statement of all tax consequences that may be relevant to the issue of ordinary shares in the Company. The taxation implications of investing in the Company may vary depending on the individual circumstances of investors. The information provided is a brief explanation of the potential taxation implications for Australian resident investors.

All investors should consult their adviser about the taxation implications of investing in the Company relevant to their own particular circumstances.

An acquisition of ordinary shares by a resident of Australia will be an acquisition for capital gains tax (**CGT**) purposes.

A resident of Australia may be assessed in respect of a net capital gain for CGT purposes on disposal of their ordinary shares.

Generally, a net capital gain is determined by reference to the excess (if any) of the consideration received for the ordinary shares over the cost base of the ordinary shares. The amount of the excess will constitute the amount of capital gain unless the investor is entitled to a CGT discount, which is only available to individuals, superannuation funds and, in certain situations, trust investors. The CGT discount is calculated as follows. In the case of an investor who holds their shares for at least 12 months after the date of acquisition of the shares, the capital gain will be reduced by 50% (where the investor is an individual) or 33¹/₃% (where the investor is a superannuation fund) in the hands of the investor. In the case of trust investors, the calculation of the CGT discount is complex, and specific advice should be obtained.

Any capital loss (namely the excess of the cost base of the ordinary shares over the consideration received for those shares) with respect to the shares can generally be offset against capital gains realised by the investor in the same year or in later years. However, if there are net capital gains to which the investor is entitled to a CGT discount, any capital losses must be offset against the net capital gains realised by the investor before the CGT discount is applied to the net capital gains

Certain investors, for example those who carry on business of share trading, may be liable to tax in respect of any profit on the disposal of ordinary shares as ordinary income.

Investors who are resident individual shareholders (or a resident superannuation fund) and who receive dividends from the Company must include in their assessable income the amount of the dividend together with any franking credits attached to the dividend. Income tax is calculated on this total amount and investors will generally be entitled to claim a rebate equal to any franking credits attaching to the dividend. Any excess rebate over and above the total tax payable can be refunded to investors.

A resident corporate shareholder that is:

- a public company for tax purposes – is entitled to a rebate of tax only to the extent of the franked portion (if any) of any dividends received; and
- a private company for tax purposes - is entitled to a rebate only to the extent of the franked portion (if any) of any dividends received.

Companies are generally entitled to credit their franking account for the franked amount of any dividend.

7.5 Directors' Interests

Other than as set out below, no Director has, or has held at any time during the last two years, any interest in the formation or promotion of the Company or in property acquired or proposed to be acquired by the Company.

Shares

The Directors of the Company and their interests in the share capital of the Company as at the date of this Information Memorandum are set out below.

Name of Director	Number of Shares	Subscriber Shares	Nature of Interest
M.C Higgs	1500	1	Legal and Beneficial
A.M Bunnett	0	1	Legal and Beneficial
K.J Canfield	1000	1	Legal and Beneficial
C.M Condliffe	500	1	Legal and Beneficial
J.A Hosking	500	1	Legal and Beneficial
D.T Jackson	0	1	Legal and Beneficial
T.W Mangles	0	1	Legal and Beneficial
K.J Poyser	500	1	Legal and Beneficial
A.R Smith	0	1	Legal and Beneficial
B.D Taig	1000	1	Legal and Beneficial
S.P Tuohey	500	1	Legal and Beneficial
G.A Wyatt	500	1	Legal and Beneficial

No Director holds shares in any related body corporate of the Company.

Indemnity

Under the Company's Constitution, the Company:

- indemnifies its current and former officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers; and
- is permitted to pay premiums for insurance policies insuring its Directors and officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers.

Other Interests

Nil.

Other benefits

No amounts have been paid or agreed to be paid (and no benefits have been given or agreed to be given) to a Director (or a proposed Director) to induce them to become, or to qualify as, a director of the Company.

7.6 Disclosure of Interests

Other than as set out below, no person (referred to as a **Relevant Person**) named in this Information Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Information Memorandum, no promoter of the Company and no stockbroker or underwriter has, or has held at any time during the last two years, any interest in the formation or promotion of the Company or in property acquired or proposed to be acquired by the Company.

The amounts paid, or agreed to be paid, and the nature and value of any benefits given or agreed to be given, to a Relevant Person or such a promoter, stockbroker or underwriter, for services provided in connection with the application for listing of the Company, and quotation of the Shares, on the Bendigo Stock Exchange (including preparation of this Information Memorandum) are as follows:

Nil.

7.7 BSX Waivers

In connection with the proposal for the listing of the Company, and the quotation of the Shares, on the Bendigo Stock Exchange, it is anticipated that the Company will require a number of waivers and confirmations from the Bendigo Stock Exchange. (These are in addition to the other requirements for listing and quotation that must be satisfied).

The Directors have had discussions of a preliminary nature with the Bendigo Stock Exchange about the waivers and confirmations required. However, the granting of these waivers and confirmations is at the absolute discretion of the Bendigo Stock Exchange and, if given, may be given subject to conditions. The main waivers and confirmations to be sought are as follows.

(a) Company's Constitution

The Company intends to seek confirmation that, for the purposes of BSX Listing Rule 1.2(b), the Company's Constitution is consistent with the BSX Listing Rules (as modified by the waivers and confirmations referred to in this Section).

(b) Voting Rights

The Company intends to request a waiver from the requirement in BSX Listing Rule 4.3(b) that, on a poll, each shareholder must have one vote for each fully paid share held. As noted above (see Section 7.2(a)),

each shareholder in the Company will have only one vote, regardless of the number of shares held.

(c) Suspension of Dividend & Voting Rights

The Company intends to seek confirmation that the provisions in the Company's Constitution that suspend the rights of a shareholder to receive dividends or vote if they have a prohibited shareholding interest (see Section 7.3 above) are "appropriate and equitable" for the purposes of the BSX Listing Rule 4.4(g). BSX has indicated that any such confirmation will not extend to the base number test. The Company is considering its position and may make further representations in relation to this matter.

(d) Divestment of shares

The Company intends to seek confirmation that the provisions in the Company's Constitution that permit a divestment of shares if a shareholder has a prohibited shareholding interest (see Section 7.3 above) are "appropriate and equitable" for the purposes of the BSX Listing Rule 4.6(d). BSX has indicated that any such confirmation will not extend to the base number test. The Company is considering its position and may make further representations in relation to this matter.

(e) Tests for listing

In order to list, among other things, a company must satisfy either the "profits test" (i.e. among other things, it must have earned a certain level of profits over the past three years) or the "assets test" (i.e. it must have assets of a certain value): see BSX Listing Rules 1.1 to 1.7. It is not expected that the Company will be able to satisfy either of these tests. Accordingly, the Company intends to request a waiver from the requirement to comply with each test.

(f) Ongoing Operations

Under the BSX Listing Rules, there is a requirement for a listed entity to maintain a level of operations and financial stability that, in the BSX's opinion, is sufficient for the entity to remain on the BSX official list (see BSX Listing Rule 9.1). The Company intends to seek confirmation from the BSX that the level of business contemplated by the Company will be sufficient for the purposes of these rules.

(g) Rights attaching to shares

The Company intends to seek confirmation from the BSX that, for the purposes of BSX Listing Rule 2.1(a), the rights attaching to the Shares satisfy the requirements of chapter 4 of the BSX Listing Rules (as modified by the waivers and confirmations described in this Section) and that, for the purposes of BSX Listing Rule 4.1, the rights attaching to the Shares are "appropriate and equitable".

7.8 Consents

- (a) **Bendigo Bank** has given and has not, before the issue of this Information Memorandum withdrawn its written consent to be named in this Information Memorandum in the form and context in which it is named. It has not authorised or caused the issue of this Information Memorandum.

8. Definitions

APRA	Australian Prudential and Regulatory Authority.
Bendigo Bank	Bendigo and Adelaide Bank Limited (ABN 11 068 049 178). Please Note: this new merged Co Name is effective from 31/03/2008.
Bendigo Group	Bendigo Bank and its related bodies corporate.
Bendigo Stock Exchange or BSX	BSX Limited (ACN 087 708 898).
BSX Listing Rules	Listing rules of the BSX.
Company	Inglewood & Districts Community Enterprises Ltd ACN 123 959 375
Corporations Act	Corporations Act 2001 (Cth).
Disclosure Document	The disclosure document provided to the Company by Bendigo Bank under the Franchising Code.
Franchise	The rights granted to the Company under the Franchise Agreement.
Franchise Agreement	The agreement dated 6 March, 2007 between Bendigo Bank and the Company (and the Directors) under which the Company was granted the rights to manage and operate the Community Bank [®] Branch of Bendigo Bank, subject to the terms and conditions of the agreement.
Franchise	Has the meaning given in Section 3.5.
Franchising Code	Franchising Code of Conduct.
Prospectus	The prospectus dated 7 March, 2007 issued by the Company.
Shares	Ordinary shares in the Company

Each Director of the Company has consented to the lodgement of this Information Memorandum with the Bendigo Stock Exchange.

Signed for and on behalf of the Company by :

Maxwell Charles Higgs (Chairman & Director)

Kenneth John Canfield

Colleen Mary Condliffe

Jennifer Anne Hosking

Dale Thomas Jackson

Terence William Mangles

Kevin James Poyser

Andrew Richard Smith

Beverly Dawn Taig

Simon Patrick Tuohey

George Arthur Wyatt

Alan Maurice Bunnett

DIRECTORY

Directors

Maxwell Charles Higgs (Chairman)

Alan Maurice Bunnett

Kenneth John Canfield

Colleen Mary Condliffe

Jennifer Anne Hosking

Dale Thomas Jackson

Terence William Mangles

Kevin James Poyser

Andrew Richard Smith

Beverley Dawn Taig

Simon Patrick Tuohey

George Arthur Wyatt

Company Secretary

Heather Louise Chamberlain

Registered Office

64 Brooke Street,

Inglewood, Vic 3517

Inglewood & Districts
Community Enterprises Limited

Financial Statements

as at

31 December 2007

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Directors' Report

Your Directors submit the financial report of the company for the half-year ended 31 December 2007.

Directors

The names of directors who held office during the half year and until the date of this report are as below:

Maxwell Charles Higgs

Allan Maurice Bunnett

Colleen Mary Condliffe

Kenneth John Canfield

Dale Thomas Jackson

Jennifer Anne Hosking

Kevin James Poyser

Terence William Mangles

Beverley Dawn Taig

Andrew Richard Smith

George Arthur Wyatt

Simon Patrick Tuohey

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.

Review and results of operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was: \$13,718.

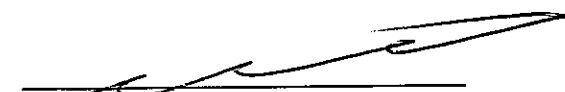
Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting 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.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Directors at Inglewood, Victoria on 25 February 2008.


Maxwell Charles Higgs, Chairman

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
to the directors of Inglewood & Districts Community Enterprises Limited**

I declare that, to the best of my knowledge and belief, in relation to the review for the financial period ended 31 December 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 25th day of February 2008

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Income Statement
for the half-year ended 31 December 2007

	2007
	\$
Revenue from ordinary activities	204,396
Salaries and employee benefit expense	(112,739)
Occupancy and associated costs	(4,700)
Advertising and promotion expenses	(6,879)
Systems costs	(15,163)
Depreciation and amortisation expense	(10,164)
General administration expenses	(35,450)
	<hr/>
Profit before income tax expense	19,301
Income tax expense	5,583
	<hr/>
Profit for the period	13,718
	<hr/>
Profit attributable to members of the entity	13,718
	<hr/>
Earnings per Share	
	c
Earnings per share for the period were:	2.71

The accompanying notes form part of these financial statements.

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Balance Sheet
as at 31 December 2007

	31-Dec 2007 \$	30-Jun 2007 \$
ASSETS		
Current Assets		
Cash assets	143,066	58,360
Trade and other receivables	14,756	39,478
Total Current Assets	<u>157,822</u>	<u>97,838</u>
Non-Current Assets		
Property, plant and equipment	123,333	147,881
Deferred tax asset	31,619	37,202
Intangible assets	121,000	122,000
Total Non-Current Assets	<u>275,952</u>	<u>307,083</u>
Total Assets	<u>433,774</u>	<u>404,921</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	14,966	19,843
Total Current Liabilities	<u>14,966</u>	<u>19,843</u>
Total Liabilities	<u>14,966</u>	<u>19,843</u>
Net Assets	<u>418,808</u>	<u>385,078</u>
Equity		
Issued capital	488,516	468,504
Retained earnings	(69,708)	(83,426)
Total Equity	<u>418,808</u>	<u>385,078</u>

The accompanying notes form part of these financial statements.

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Statement of Changes in Equity
for the half-year ended 31 December 2007

	2007
	\$
Total equity at the beginning of the period	385,078
Net profit for the period	13,718
Net income/expense recognised directly in equity	-
Dividends provided for or paid	-
Shares issued during period	20,012
Total equity at the end of the period	<u>418,808</u>

The accompanying notes form part of these financial statements.

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Cash Flow Statement
for the half-year ended 31 December 2007

	2007
	\$
Cash Flows From Operating Activities	
Receipts from customers	204,656
Payments to suppliers and employees	(159,469)
Interest received	4,123
Net cash provided by operating activities	<u>49,310</u>
Cash Flows From Investing Activities	
Payments for property, plant and equipment	(2,395)
Refund on fit out commitment	17,779
Net cash provided by investing activities	<u>15,384</u>
Cash Flows From Financing Activities	
Proceeds from issues of equity securities	20,012
Net cash provided by financing activities	<u>20,012</u>
Net increase in cash held	84,706
Cash at the beginning of the financial year	58,360
Cash at the end of the half-year	<u><u>143,066</u></u>

The accompanying notes form part of these financial statements.

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Notes to the financial statements
for the half-year ended 31 December 2007

1. Basis of preparation of the half-year financial statements

Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

Basis of accounting

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the financial report for the year ended 30 June 2007 and any public pronouncements made by the company during the period.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2007. All accounting policies are consistent with those applied in the 30 June 2007 financial statements except as set out below.

2. Events subsequent to reporting date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

3. Contingent assets and liabilities

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

4. Segment Reporting

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

5. Contributed equity

	2007
	\$
505,412 Ordinary shares of \$1 each	505,412
Less: equity raising expenses	(16,896)
	<u>488,516</u>

6. Comparative figures

Comparatives have not been provided as the company had not commenced operations during the half year ending 31 December 2006.

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Directors' Declaration

In the opinion of the directors of Inglewood & Districts Community Enterprises Limited ("the Company"):

- 1 The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors


Maxwell Charles Higgs, Chairman

Dated this 25th day of February 2008.

Independent Review Report to the Members of Inglewood & Districts Community Enterprises Limited

Scope

We have reviewed the accompanying financial report of Inglewood & Districts Community Enterprises Limited comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes 1-6 to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2007.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reports when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. Our review did not involve an analysis of the prudence of business decisions made by directors or managers.


Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Inglewood & Districts Community Enterprises Limited is not in accordance with Corporations Act 2001, including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001.


David Hutchings Partner
BENDIGO

Dated this 25th day of February 2008

**Inglewood & Districts
Community Enterprises Limited**

Financial Statements

as at

30 June 2007

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2007.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Maxwell Charles Higgs

Chairman

Age: 49

General Medical Practitioner

Graduated MBBS University of Melbourne in 1981. Has worked as a General Practitioner in the area for the past 22 years. Max served for 3 years as Councillor for the Inglewood Riding Shire of Loddon, past member of Inglewood & Districts Health Services Board of Management.

Interests in shares: 2,501

Allan Maurice Bunnett

Treasurer

Age: 54

Primary Producer

Long standing record of community involvement in sporting clubs, Lions Club, Rural Fire Brigade, Cemetery Trust and Grains Group of the Victorian Farmers Federation.

Interests in shares: 2,501

Colleen Mary Condliffe

Director

Age: 57

Primary Producer

Colleen has been a Loddon Shire Councillor for the past 7 years. Also involved with Rural Finance Counseling Service and Salisbury West Landcare.

Interests in shares: 501

Kenneth John Canfield

Director

Age: 60

Primary Producer

Held executive positions with the Inglewood Golf and Bowls Clubs and as a member Salisbury/Powlett Fire Brigade.

Interests in shares: 1,001

Dale Thomas Jackson

Director

Age: 37

Technical Design Officer

Technical Design Officer at the Shire of Loddon Infrastructure Department.

Interests in shares: 1

Jennifer Anne Hosking

Director

Age: 48

Primary Producer

Diploma of Rural Business Management at University of Melbourne. Jenny has a long history of Community involvement.

Interests in shares: 1001

Kevin James Poyser

Director

Age: 71

Retired

Has worked for 30 years at the Bridgewater Flour Mill prior to running his own mixed business for another 10 years.

Interests in shares: 501

Terence William Mangles

Director

Age: 66

Retired

30 years of service in the Victoria Police Force. Director of a Football Management and Bendigo Investigation Services Pty Ltd. Members of the Inglewood Lions Club.

Interests in shares: 1,001

Beverley Dawn Taig

Director

Age: 61

Home Duties/Farmer

Owens a mixed farming enterprises which includes the production of eucalyptus. Bev has a long history of involvement in Community groups.

Interest in shares: 1,001

Andrew Richard Smith

Director

Age: 42

Business Proprietor

Andrew is a self employed small business operator. Serves on the Board of St Mary's Primary School and is a member of the Inglewood Country Fire Authority.

Interests in shares: 501

George Arthur Wyatt

Director

Age: 62

Clerical/Share Trader

Part time clerical work for the Strategem Financial Group and has worked as Trading Manager for the Bendigo Stock Exchange for 4 years. George has also been involved with local sporting clubs.

Interests in shares: 501

Simon Patrick Tuohy

Director

Age: 35

Primary Producer

Heavily involved in various sporting and community groups in the Serpentine District.

Interests in shares: 501

Directors were in office since 15 February 2007 unless otherwise stated.

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

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Directors' Report

Company Secretary

The company secretary is Heather Louise Chamberlain. She was appointed to the position of company secretary on 3 January 2007. She is a business owner and Company Director, experience in Bookkeeping and Community Secretarial Services.

Principal activities

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

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

Operating Results

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

Year ended
30 June 2007
\$
(83,426)

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

Matters subsequent to the end of the financial year

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

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

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

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Directors' Report

Indemnification and Insurance of Directors and Officers

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

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

Directors Meetings

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

	Number of Board Meetings	
	<u>eligible to attend</u>	<u>Number attended</u>
Maxwell Charles Higgs	2	2
Allan Maurice Bunnett	2	1
Colleen Mary Condliffe	2	1
Kenneth John Canfield	2	0
Jennifer Anne Hosking	2	1
Dale Thomas Jackson	2	2
Terence William Mangles	2	2
Kevin James Poyser	2	2
Andrew Richard Smith	2	2
Beverley Dawn Taig	2	2
Simon Patrick Touhey	2	2
George Arthur Wyatt	2	1

Non Audit Services

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

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

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

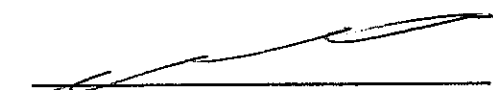
all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors at Inglewood, Victoria on 24 August 2007.


Maxwell Charles Higgs, Chairman


Alan Maurice Bunnett, Treasurer

Auditor's Independence Declaration

As lead auditor for the audit of the financial statements of Inglewood & Districts Community Enterprises Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- b) any applicable code of professional conduct in relation to the audit.



DAVID HUTCHINGS
AUDITOR
ANDREW FREWIN & STEWART
BENDIGO

Dated this 24th day of August 2007

Inglewood & Districts Community Enterprises Limited

ABN 87 123 959 375

**Income Statement
for the year ended 30 June 2007**

	<u>Notes</u>	2007 \$
Revenues from ordinary activities	3	24,689
Salaries and employee benefits expense		(133,677)
Advertising and promotion expenses		(260)
Occupancy and associated costs		(1,045)
Systems costs		(786)
General administration expenses		(9,549)
Loss before income tax credit		(120,628)
Income tax credit	4	37,202
Loss for the period		(83,426)
Loss attributable to members of the entity		(83,426)
 Earnings per share (cents per share)		c
- basic for profit for the year	17	(17.19)

The accompanying notes form part of these financial statements

Inglewood & Districts Community Enterprises Limited

ABN 87 123 959 375

Balance Sheet

as at 30 June 2007

	<u>Notes</u>	2007 \$
Current Assets		
Cash assets	5	58,360
Trade and other receivables	6	39,478
Total Current Assets		<u>97,838</u>
Non-Current Assets		
Property, plant and equipment	7	147,881
Intangible assets	8	122,000
Deferred tax asset	9	37,202
Total Non-Current Assets		<u>307,083</u>
Total Assets		<u>404,921</u>
Current Liabilities		
Trade and other payables	10	19,843
Total Current Liabilities		<u>19,843</u>
Total Liabilities		<u>19,843</u>
Net Assets		<u>385,078</u>
Equity		
Contributed equity	11	468,504
Accumulated losses	12	(83,426)
Total Equity		<u>385,078</u>

The accompanying notes form part of these financial statements

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Statement of changes in equity
for the year ended 30 June 2007

	2007
	\$
Total equity at the beginning of the financial year	-
Net income/expense recognised directly in equity	-
Net loss for the year	(83,426)
Total recognised income & expenses for the year	<u>-</u>
Shares issued during period	485,400
Costs of issuing shares	(16,896)
Dividends provided for or paid	-
Total equity at the end of the financial year	<u><u>385,078</u></u>

The accompanying notes form part of these financial statements

Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Statement of Cashflows
for the year ended 30 June 2007

	<u>Notes</u>	2007 \$
Cash flows from operating activities		
Receipts from customers		-
Payments to suppliers and employees		(150,820)
Net cash outflow from operating activities	13	<u>(150,820)</u>
 Cash Flows From Investing Activities		
Payment for intangible assets		(10,000)
Payment for purchase of agency		(112,000)
Payments for property plant and equipment		(147,881)
Net cash outflow from investing activities		<u>(269,881)</u>
 Cash Flows From Financing Activities		
Proceeds from issue of shares		485,400
Payment of share issue costs		(6,339)
Net cash inflow from financing activities		<u>479,061</u>
 Net increase in cash held		58,360
Cash at the beginning of the financial year		-
Cash at the end of the financial year	5(a)	<u><u>58,360</u></u>

The accompanying notes form part of these financial statements

1. Summary of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

Income tax

Current tax

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

1. Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Employee entitlements

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

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

Intangibles

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

Cash

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

1. Summary of significant accounting policies (continued)

Comparative figures

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

Property, plant and equipment

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

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

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

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the company's investment in each branch.

Critical Accounting Estimates and Judgements

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

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Estimated Impairment of Goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(above). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

1. Summary of significant accounting policies (continued)

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Payment terms

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

Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Borrowings

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

Provisions

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

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

1. Summary of significant accounting policies (continued)

Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per Share

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

2. Financial Risk Management

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

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

(i) Market Risk

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

(ii) Price Risk

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

(iii) Credit Risk

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

(iv) Liquidity Risk

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

(v) Cash flow and fair value interest rate risk

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

Notes to the Financial Statements
for the year ended 30 June 2007

	2007
3. Revenue from ordinary activities	\$
Operating activities:	
- services commissions	24,689
- other revenue	-
Total revenue from operating activities	<u>24,689</u>
Non-operating activities:	
- interest received	-
Total revenue from non-operating activities	<u>-</u>
Total revenues from ordinary activities	<u><u>24,689</u></u>

4. Income tax expense

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

Operating loss	(120,628)
Prima facie tax on loss from ordinary activities at 30%	(36,188)
Add tax effect of:	
- blackhole expenses	(1,014)
Income tax credit on operating loss	<u><u>(37,202)</u></u>

5. Cash assets

Cash at bank and on hand	6,160
Trust account	52,200
	<u><u>58,360</u></u>

The above figures are reconciled to costs at the end of the financial year as shown in the statement of cashflows.

5(a). Reconciliation of cash

Cash at bank and on hand	6,160
Investment account	52,200
	<u><u>58,360</u></u>

6. Trade and other receivables

Trade receivables	<u><u>39,478</u></u>
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7. Property, plant and equipment

2007

\$

Plant and equipment

At cost

2,426

Less accumulated depreciation

-

2,426*Leasehold improvements*

At cost

145,456

Less accumulated depreciation

-

145,456

Total written down amount

147,882**Movements in carrying amounts:***Plant and equipment*

Carrying amount at beginning

-

Additions

2,426

Disposals

-

Less: depreciation expense

-

Carrying amount at end

2,426*Leasehold improvements*

Carrying amount at beginning

-

Additions

145,456

Disposals

-

Less: depreciation expense

-

Carrying amount at end

145,456

Total written down amount

147,882**8. Intangible assets***Franchise Fee*

At cost

10,000

Less: accumulated amortisation

-

Goodwill on Purchase of Agency Business

112,000

At cost

-

122,000**9. Deferred tax asset**

Deferred Tax Asset

Tax losses - revenue

37,202**10. Trade and other payables**

Trade Creditors

17,843

Other creditors & accruals

2,000

19,843

11. Contributed equity	2007
	\$
485,400 Ordinary shares fully paid of \$1 each	485,400
Less: equity raising expenses	(16,896)
	<u>468,504</u>
 12. Accumulated losses	
Balance at the beginning of the financial year	-
Net loss from ordinary activities after income tax	(83,426)
Dividends Paid	-
Balance at the end of the financial year	<u>(83,426)</u>
 13. Statement of cashflows	
<i>Reconciliation of loss from ordinary activities after tax to net cash used in operating activities</i>	
Loss from ordinary activities after income tax	(83,426)
Non cash items:	
- depreciation	-
- amortisation	-
Changes in assets and liabilities:	
- increase in receivables	(39,478)
- increase in other assets	(37,202)
- increase in payables	9,286
Net cashflows used in operating activities	<u>(150,820)</u>
 14. Auditors' remuneration	
Amounts received or due and receivable by the auditor of the company for:	
- audit & review services	2,000
- non audit services	2,800
	<u>4,800</u>

15. Director and Related party disclosures

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

Maxwell Charles Higgs
Allan Maurice Bunnett
Colleen Mary Condliffe
Kenneth John Canfield
Jennifer Anne Hosking
Dale Thomas Jackson
Terence William Mangles
Kevin James Poyser
Andrew Richard Smith
Beverley Dawn Taig
Simon Patrick Tuohey
George Arthur Wyatt

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.

Directors shareholdings	<u>2007</u>
Maxwell Charles Higgs	2,501
Allan Maurice Bunnett	2,501
Colleen Mary Condliffe	501
Kenneth John Canfield	1,001
Jennifer Anne Hosking	1001
Dale Thomas Jackson	1
Terence William Mangles	1,001
Kevin James Poyser	501
Andrew Richard Smith	501
Beverley Dawn Taig	1,001
Simon Patrick Tuohey	501
George Arthur Wyatt	501

There was no movement in directors shareholdings during the year. Each share held is valued at \$1.

16. Key management personnel disclosures

No Director of the company receives remuneration for services as a company director or Committee member.

There are no Executives within the company whose remuneration is required to be disclosed.

17. Earnings per Share

	2007
(a) Basic earnings per share	£
Profit attributable to the ordinary equity holders of the company	(83,426)
(b) Reconciliations of earnings used in calculating earnings per share	2007
<i>Basic earnings per share</i>	\$
Profit attributable to the ordinary share holders of the company used in calculating basic earnings per share	(17.19)
(c) Weighted average number of shares used as the denominator	2007 <u>Number</u>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	485,400

18. Events occurring after the balance sheet date

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

19. Contingent liabilities

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

20. Segment reporting

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

21. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office
64 Brooke Street
INGLEWOOD VIC 3517

Principal place of business
64 Brooke Street
INGLEWOOD VIC 3517

22. Financial Instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at the year end.

Credit risk

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

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

Interest rate risk

Financial instrument	Floating interest rate 2007 \$	Fixed interest rate maturing in			Non interest bearing 2007 \$	Weighted average effective interest rate 2007 %
		1 year or less 2007 \$	Over 1 to 5 years 2007 \$	Over 5 years 2007 \$		
Financial assets						
Cash assets	6,160	-	-	-	-	0.05
Trust account	52,200	-	-	-	-	3.75
Receivables	-	-	-	-	39,478	N/A
Financial liabilities						
Payables	-	-	-	-	19,843	N/A

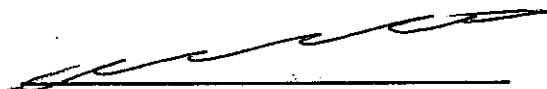
Inglewood & Districts Community Enterprises Limited
ABN 87 123 959 375
Directors' Declaration

In accordance with a resolution of the directors of Inglewood & Districts Community Enterprises Limited, we state that:


In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the *Corporations Regulations 2001*.

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



Maxwell Charles Higgs, Chairman



Alan Maurice Bunnett, Treasurer

Signed on the 24th of August 2007.

INDEPENDENT AUDITOR'S REPORT

To the members of Inglewood & Districts Community Enterprises Limited.

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

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independent Auditor's Opinion

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



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

Dated this 24th day of August 2007