Logan

Community Financial Services Limited

Financial Statements

as at

31 December 2005

Logan Community Financial Services Limited
ABN 88 101 148 430
Condensed Financial Statements
Directors' Report

Your Directors submit the financial report of the company for the half-year ended 31 December 2005.

Directors

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

Colin Albert Nelson
Chairman
Age 58
Company Director

Cathleen Margaret Wallis
Secretary
Age 47
General Manager

Alan Leslie Gough
Director
Age 51
Accountant

Drazen Zen Knezevic
Director
Age 37
Business Consultant

Richard Saad
Director
Age 46
Business Owner

John Joseph McLaughlin
Director
Age 43
Solicitor

Russell Peter Jenkins
Director
Age 43
Bank Executive

Stephen John Simpson
Director
Age 47
Bank Executive

Jennifer Elizabeth Townend
Director *(Appointed 11 August 2005)*
Age 47
Manager

Patrick Simonis
Director *(Resigned 1 December 2005)*
Age 51
IT Specialist/Managing Director

David Michael Manfield
Director *(Resigned 7 July 2005)*
Age 59
Company Director

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 loss of the company for the financial period was: ($129,229) (2004: ($56,265)).

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 Logan, Queensland on 9 February 2006.

Chairman - Colin Albert Nelson

Secretary - Cathleen Margaret Wallis

partners in success
Chartered Accountants & Business Advisors

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Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Logan Community Financial Services Limited.

As lead auditor for the review of the financial statements of Logan Community Financial Services Limited for the half-year ended 31 December 2005, 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 review; and

b) any applicable code of professional conduct in relation to the review.

David Hutchings
Auditor

Andrew Frewin & Stewart

Bendigo VIC 3550

Dated: 2 March 2006

Logan Community Financial Services Limited
ABN 88 101 148 430
Condensed Income Statement
for the half-year ended 31 December 2005

	2005 $	2004 $
Revenue from ordinary activities	964,015	814,098
Other revenue	13,834	24,763
Salaries and employee benefit expense	(540,065)	(535,035)
Occupancy and associated costs	(165,925)	(131,494)
Management advisory fee	(175,000)	-
Depreciation and amortisation expense	(45,054)	(34,568)
Other expenses	(221,118)	(207,857)
Loss before income tax credit	(169,313)	(70,093)
Income tax credit	45,084	13,828
Loss for the period	(124,229)	(56,265)
Loss attributable to members of the entity	(124,229)	(56,265)

The accompanying notes form part of these financial statements.

Logan Community Financial Services Limited
ABN 88 101 148 430
Condensed Balance Sheet
as at 31 December 2005

	31-Dec 2005 $	30-Jun 2005 $	31-Dec 2004 $
Current Assets			
Cash assets	540,147	625,430	822,581
Trade and other receivables	26,400	65,380	59,265
Total Current Assets	566,547	690,810	881,846
Non-Current Assets			
Property, plant and equipment	730,078	751,132	571,199
Deferred tax asset	453,885	408,801	169,225
Intangible assets	121,225	145,225	405,264
Total Non-Current Assets	1,305,188	1,305,158	1,145,688
Total Assets	1,871,735	1,995,968	2,027,534
Current Liabilities			
Trade and other payables	3,243	3,247	1,710
Total Current Liabilities	3,243	3,247	1,710
Total Liabilities	3,243	3,247	1,710
Net Assets	1,868,492	1,992,721	2,025,824
Equity			
Issued capital	3,042,211	3,042,211	3,042,211
Retained earnings	(1,173,719)	(1,049,490)	(1,016,387)
Total Equity	1,868,492	1,992,721	2,025,824

The accompanying notes form part of these financial statments.

Logan Community Financial Services Limited
ABN 88 101 148 430
Condensed Statement of Changes in Equity
for the half-year ended 31 December 2005

Retained Earnings	2005 $	2004 $
Retained earnings at the beginning of the period	(1,049,490)	(960,122)
Net profit/(loss) attributable to members of the parent entity	(124,229)	(56,265)
Retained earnings at the end of the period	**(1,173,719)**	**(1,016,387)**

Earnings		
Net loss attributable to members of the parent entity	(124,229)	(56,265)
Net income/expense recognised directly in equity	-	-
Total recognised income & expense for the period	**(124,229)**	**(56,265)**

Share Capital		
Share capital at the beginning of the period (3,200,000 shares (2004: 3,200,000))	3,092,000	3,092,000
Shares issued during period	-	-
Share capital at the end of the period (3,200,000 shares (2004: 3,200,000)	**3,092,000**	**3,092,000**

The accompanying notes form part of these financial statements.

Logan Community Financial Services Limited
ABN 88 101 148 430
Cash Flow Statement
for the half-year ended 31 December 2005

	2005 $	2004 $
Cash Flows From Operating Activities		
Receipts from customers	1,059,224	895,508
Payments to suppliers and employees	(1,148,913)	(1,018,653)
Interest received	4,406	24,763
Net cash used in operating activities	(85,283)	(98,382)
Cash Flows From Investing Activities		
Payments for property, plant and equipment	-	(262,198)
Net cash used in investing activities	-	(262,198)
Net decrease in cash held	(85,283)	(360,580)
Cash at the beginning of the financial year	625,430	1,183,161
Cash at the end of the half-year	540,147	822,581

The accompanying notes form part of these financial statments.

1. Basis of preparation of the Half-Year Financial Statements

Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2005 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in Note 2.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2005 the entity's date of transition. All accounting policies are consistent with those applied in the 30 June 2005 financial statements except as set out below.

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

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).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of 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.

1. Basis of preparation of the Half-Year Financial Statements (continued)

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 they related to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current 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.

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,

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

1. Basis of preparation of the Half-Year Financial Statements (continued)

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine wither 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 form 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.

2. Impacts of adoption of Australian equivalents to International Financial Reporting Standards

Correction of errors v changes in accounting policies

If the entity becomes aware of errors made under previous GAAP, the reconciliations of equity at the date of transition to A-IFRS and of reported profit or loss for the latest period presented in the entity's most recent annual financial report under Australian GAAP shall distinguish the correction of those errors from changes in accounting policies.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition.

There has been no impact to the Financial Statements of Logan Community Financial Services Limited from the adoption of the Australian equivalents to International Financial Reporting Standards.

2. Impacts of adoption of Australian equivalents to International Financial Reporting Standards (continued)

Revenue

Under superseded policies, the consolidated entity recognised the gain or loss on disposal of property, plant and equipment on a 'gross' basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a 'net' basis, and is classified as income, rather than revenue.

Income tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustments for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

3. 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.

4. Contingent Assets and Liabilities

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

5. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Logan, Queensland.

Logan Community Financial Services Limited
ABN 88 101 148 430
Directors' Declaration

The directors declare that:

(a) in the directors opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and

(b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

Chairman - Colin Albert Nelson

Secretary - Cathleen Margaret Wallis

Dated this 9th day of February 2006

partners in success
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Independent Review Report to the Members of Logan Community Financial Services Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2005.

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

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the entity's financial position, and performance as presented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

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

Statement

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

a) the Corporations Act 2001, including:
   i. giving a true and fair view of the entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
   ii. complying with Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

David Hutchings
Partner
BENDIGO 2 March 2006