

Logan
Community Financial Services Limited

Financial Statements

as at

30 June 2007

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:

Colin Albert Nelson
Chairman
Age 60
Company Director
Diploma Marketing & Business Practice. Business owner for over 20 years.
Interests in shares: 29,001 Ordinary Shares

Ian Edward Pynor
Secretary
Age 59
Project Manager
ARMIT (Civil Engineering), Commissioner of Declarations
Company Secretary
Interests in shares: 20,000 Ordinary Shares

Alan Leslie Gough
Treasurer
Age 53
Accountant
B.Bus-Accounting, PNA, NTAA, 30 years accounting experience, own Tax accounting business 14 years.
Treasurer, Chairman: Governance & Audit Committee
Interests in shares: 5,001 Ordinary Shares

John Joseph McLaughlin
Director
Age 45
Solicitor
LLB, Solicitor in Logan area for over 15 years, specialising in commercial, retail, leasing, conveyancing and franchising.
Vice Chairman and Governance & Audit committee member
Interests in shares: 7,501 Ordinary Shares

Stephen John Simpson
Director
Age 49
Bank Executive, Bendigo Bank Limited
Over 20 years banking experience in senior positions with Australian banking institutions.
Interests in shares: Nil Ordinary Shares

Richard Saad
Director
Age 48
Business Owner
Extensive management and sales experience in major organisations. Owns and runs two Logan businesses.
Marketing committee member
Interests in shares: Nil Ordinary Shares

Russell Peter Jenkins
Director
Age 45
Chief General Manager-Retail & Distribution, Bendigo Bank Limited
Qualified Chemical Engineer
Interests in shares: Nil Ordinary Shares

Jennifer Elizabeth Townend
Director
Age 48
Manager
Justice of the Peace, extensive involvement as a volunteer with numerous charity organisations and management.
Interests in shares: 1,000 Ordinary Shares

Darren John Cahill (Appointed 26 February 2007)
Director
Age: 36
Area Manager, Logan Community Bank
20 years in the banking industry (15 with ANZ and 5 with Bendigo Bank) 12 years management in the industry.
Chairman: MBI Committee
Interests in shares: Nil

Sherolyn Leslie Heath (Appointed 2 July 2007)
Director
Age: 45
Business Owner
Associate Diploma in Industrial Relations, Double Major in Business, Partner in a Graphic Design and Advertising Business and involved in many charity organisations
Interests in shares: 1,000

Mark Anthony Lally (Appointed 23 July 2007)
Director (Alternate Director for Russell Peter Jenkins)
Age: 40
Bank Executive, Bendigo Bank Limited
Over 23 years banking experience in senior positions with Australian and European banking institutions.
Interests in shares: Nil

Gregory Caught (Appointed 23 October 2006, Resigned 30 June 2007)
Director (alternate Director for Russell Peter Jenkins)
Age: 49
Bank Executive, Bendigo Bank Limited
32 years of Australian Banking experience with particular focus on institutional and corporate banking
Interests in shares: Nil

Company Secretary

The Company Secretary is Ian Pynor. Ian was appointed to the position on 16 March 2006.

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 franchised branches of Bendigo Bank Limited.

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

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

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	Year ended 30 June 2006
\$	\$
(114,042)	(180,876)

Remuneration Report

(a) Remuneration of Directors

Except for Darren Cahill all Directors of the Company are on a voluntary basis, therefore no remuneration guidelines have been prepared. Darren Cahill, Director is also employed by Logan Community Financial Services Limited as an Area Manager and is remunerated for his services in this capacity. Darren's remuneration includes gross salary of \$85,234 including \$5,497 grossed up FBT plus employer sponsored superannuation of \$7,956 for the 2006/07 financial year.

(b) Remuneration of Executives

The current Company Secretary, Ian Pynor is not remunerated for his duties.

Dividends	Cents	\$
Final dividend:	.	
Dividends paid in the year:	0.03	93,733

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 except as set out in Note 17 to the Financial Statements. 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.

Logan Community Financial Services Limited
ABN 88 101 148 430
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>
Collin Albert Nelson (<i>Chairman</i>)	11	10
Ian Edward Pynor (<i>Secretary</i>)	11	9
Alan Leslie Gough (<i>Treasurer</i>)	11	10
John Joseph McLaughlin	11	7
Stephen John Simpson	11	8
Russell Peter Jenkins #	11	10
Richard Saad	11	8
Jennifer Elizabeth Townend	11	8
Darren John Cahill (Appointed 26 February 2007)	5	3
Sherolyn Leslie Heath (Appointed 2 July 2007)	0	0
Mark Anthony Lally (Appointed 23 July 2007)	0	0
Gregory Caught (Appointed 23 October 2006, Resigned 30 June 2007)	7	7

Seven of the meetings were attended by alternative director Greg Caught

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 7.

Signed in accordance with a resolution of the Board of Directors at Logan, Queensland on 7 September 2007.


Chairman - Colin Albert Nelson


Secretary - Ian Edward Pynor

Logan Community Financial Services Limited
ABN 88 101 148 430
Corporate Governance

The company recognises the need for the provision of strategic direction and sound oversight by the Board, to enable management to carry out its responsibilities within broadly defined parameters and without the day to day intervention of the Board.

The Company has adopted policies which define the different roles of Board and management, and which govern the way in which the Board discharges its duties. The Franchise Agreement, which governs the Company's operations as Bendigo Bank Community Bank® Branches, also sets out roles and responsibilities of both the Board and management.

Role of the Board

The role of the Board is to provide strategic leadership. It does this by having a focus on the future, and acting proactively to identify new opportunities for developing the Company's operations. It holds annual Board retreats where strategic issues can be aired and deliberated on without the need to conduct regular business. Additionally, part of each monthly meeting is set aside to consider strategic issues.

Role of Management

It is the role of management to carry out the day to day operations of the business, supervising branch staff and liaising with customers, sponsored groups, Bendigo Bank Limited and other stakeholders within our community. The managers have all undertaken the training required by Bendigo Bank Limited to ensure the roles are carried out diligently.

The managers report in writing to the Board at its monthly business meetings on matters such as business development, staffing compliance with Financial Services legislation and any branch issues which need to be brought to the attention of the Board.

Board Structure

The Board is currently comprised of ten individuals who each have experience in running small businesses or as Managers in large corporations. The background of the members includes three with banking experience, an accountant and a solicitor. Board members are elected for three year terms and are able to offer themselves for re-election at the end of each term.

The Board has established two committees, the Governance, Audit and Human Resources Committee and the Marketing, Business Development and Information Technology Committee. These committees meet monthly to consider the issues appropriate to each area of governance.

The Board members have undertaken training provided by the Australian Institute of Company Directors designed to introduce Community Bank® Directors to the legal and fiduciary responsibilities of Directors.

During 2007, the Board undertook an annual Performance Review in a format established by Bendigo Bank Limited.

Board Conduct

The Company has a policy setting out the conduct expected of the Board and its members. Under this policy, the Board has committed itself to carrying out its duties in an ethical manner. The Board recognises its legal duty to act in good faith, for the benefit of the shareholders, and to either avoid or declare all or any potential conflicts of interest which may arise.

The Board is cognizant that the Company represents Bendigo Bank Limited in its operations and seeks to avoid any activity which may bring Bendigo Bank or the Community Bank® network into disrepute.

The Board also recognises its responsibility to provide a secure workplace environment for its staff, ensuring all are treated with due respect.

Logan Community Financial Services Limited

ABN 88 101 148 430

Corporate Governance

Financial Reporting

The Board has appointed a Treasurer who is responsible for keeping accurate and up to date books of account, and for complying with all legal accounting requirements such as reports to the Bendigo Stock Exchange, the Australian Tax Office and the Australian Securities and Investment Commission.

The Treasurer provides a written management report to the Board's monthly meetings, giving cash flow information as well as actual results compared with budget.

Shareholders Rights

The Company recognises the rights of Shareholders to have regular and up to date information concerning progress of the Company. Shareholders have the ability to access the half yearly accounts of the Company as well as receiving annual accounts and the opportunity to attend the Annual General Meeting of the Company.

Shareholders also receive informal communications by way of newsletters and the opportunity to attend shareholder information nights at the Bank's branches.

Risk Management

The Board undertakes a regular assessment of the risks associated with the activities of the Company and in particular the risks involved in the implementation of its key strategies. Measures are taken to eliminate, mitigate and/or insure those risks.


Ian E Pynot
Company Secretary

Auditor's Independence Declaration

As lead auditor for the audit of the financial statements of Logan Community Financial Services Limited 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
7 September 2007

Logan Community Financial Services Limited
ABN 88 101 148 430
Income Statement
for the year ended 30 June 2007

	<u>Notes</u>	<u>2007</u> <u>\$</u>	<u>2006</u> <u>\$</u>
Revenues from ordinary activities	3	2,443,927	2,024,391
Salaries and employee benefits expense		(1,253,449)	(1,085,974)
Management advisory fee		(300,081)	(300,000)
Advertising and promotion		(46,707)	(7,431)
Occupancy and associated costs		(395,270)	(347,495)
Systems costs		(112,612)	(100,731)
Depreciation and amortisation expense	4	(92,130)	(90,299)
General administration expenses		(389,501)	(334,459)
Loss before income tax credit		(145,822)	(241,998)
Income tax credit	5	31,780	61,122
Loss for the period		(114,042)	(180,876)
Loss attributable to members of the entity		(114,042)	(180,876)
Earnings per share (cents per share)		<u>c</u>	<u>c</u>
- basic for profit for the year	18	(3.69)	(5.65)
- dividends paid per share	19	0.03	-

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited

ABN 88 101 148 430

Balance Sheet

as at 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Current Assets			
Cash assets	6	308,756	149,816
Trade and other receivables	7	97,739	375,693
Total Current Assets		<u>406,495</u>	<u>525,509</u>
Non-Current Assets			
Property, plant and equipment	8	686,510	725,481
Intangibles	9	49,225	97,225
Deferred tax assets	10	501,703	469,923
Total Non-Current Assets		<u>1,237,438</u>	<u>1,292,629</u>
Total Assets		<u>1,643,933</u>	<u>1,818,138</u>
Current Liabilities			
Trade and other payables	11	36,952	5,230
Provisions	12	2,910	1,063
Total Current Liabilities		<u>39,862</u>	<u>6,293</u>
Total Liabilities		<u>39,862</u>	<u>6,293</u>
Net Assets		<u>1,604,071</u>	<u>1,811,845</u>
Equity			
Contributed equity	13	3,042,211	3,042,211
Accumulated losses	14	(1,438,141)	(1,230,366)
Total Equity		<u>1,604,070</u>	<u>1,811,845</u>

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited
ABN 88 101 148 430
Statement of changes in equity
for the year ended 30 June 2007

	2007 <u>\$</u>	2006 <u>\$</u>
Total equity at the beginning of the financial year	1,811,845	1,992,721
Net income/expense recognised directly in equity	-	-
Net loss for the year	(114,042)	(180,876)
Total recognised income & expenses for the year	<u>1,697,803</u>	<u>1,811,845</u>
Shares issued during period	-	-
Costs of issuing shares	-	-
Dividends provided for or paid	(93,733)	-
Total equity at the end of the financial year	<u><u>1,604,070</u></u>	<u><u>1,811,845</u></u>

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited
ABN 88 101 148 430
Statement of Cashflows
for the year ended 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from customers		2,715,487	1,983,364
Payments to suppliers and employees		(2,464,051)	(2,463,378)
Interest received		6,394	21,049
Net inflows/(outflows) from operating activities	15	<u>257,830</u>	<u>(458,965)</u>
 Cash Flows From Investing Activities			
Payments for property plant and equipment		(5,157)	(16,649)
Dividends Paid		(93,733)	-
Net cash outflows from investing activities		<u>(98,890)</u>	<u>(16,649)</u>
 Net decrease in cash held		158,940	(475,614)
 Cash at the beginning of the financial year		149,816	625,430
Cash at the end of the financial year	6(a)	<u><u>308,756</u></u>	<u><u>149,816</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

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.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for those dealing with the expected recoverability of the company's carried forward income tax losses.

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.

1. Summary of significant accounting policies (continued)

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.

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.

- The Board undertakes a regular assessment of the risks associated with the activities of the Company and in particular the risks involved in the implementation of its key strategies.

(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.

2. Financial Risk Management (continued)

(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.

	2007 \$	2006 \$
3. Revenue from ordinary activities		
Operating activities:		
- services commissions	2,418,732	1,991,843
- other revenue	18,801	11,499
Total revenue from operating activities	<u>2,437,533</u>	<u>2,003,342</u>
Non-operating activities:		
- interest received	6,394	21,049
Total revenue from non-operating activities	<u>6,394</u>	<u>21,049</u>
Total revenues from ordinary activities	<u>2,443,927</u>	<u>2,024,391</u>
 4. Expenses		
Depreciation of non-current assets:		
- plant and equipment	26,024	16,386
- leasehold improvements	18,106	11,453
Amortisation of non-current assets:		
- franchise agreement	48,000	48,000
	<u>92,130</u>	<u>75,839</u>
Bad debts	<u>17,540</u>	<u>-</u>

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2007

	2007	2006
	\$	\$

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

Operating loss	(145,822)	(241,998)
Prima facie tax on loss from ordinary activities at 30%	(43,747)	(72,599)
Add tax effect of:		
- non-deductible expenses	11,967	11,477
Income tax expense on operating loss	<u>(31,780)</u>	<u>(61,122)</u>

6. Cash assets

Cash at bank and on hand	308,756	149,816
	<u>308,756</u>	<u>149,816</u>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash

Cash at bank and on hand	308,756	149,816
	<u>308,756</u>	<u>149,816</u>

7. Trade and other receivables

Trade receivables	97,739	75,693
Prepayments	-	300,000
	<u>97,739</u>	<u>375,693</u>

8. Property, plant and equipment

Plant and equipment

At cost	287,423	282,267
Less accumulated depreciation	(74,635)	(48,612)
	<u>212,788</u>	<u>233,655</u>

Leasehold improvements

At cost	527,230	527,228
Less accumulated depreciation	(53,508)	(35,402)
	<u>473,722</u>	<u>491,826</u>

Total written down amount	<u>686,510</u>	<u>725,481</u>
---------------------------	----------------	----------------

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2007

8. Property, plant and equipment (continued)

	2007 \$	2006 \$
Movements in carrying amounts:		
<i>Plant and equipment</i>		
Carrying amount at beginning	233,655	241,200
Additions	5,157	16,649
Less: depreciation expense	(26,024)	(24,194)
Carrying amount at end	<u>212,788</u>	<u>233,655</u>
<i>Leasehold improvements</i>		
Carrying amount at beginning	491,826	509,932
Less: depreciation expense	(18,106)	(18,106)
Carrying amount at end	<u>473,720</u>	<u>491,826</u>
Total written down amount	<u>686,508</u>	<u>725,481</u>

9. Intangible assets

<i>Franchise Fee</i>		
At cost	240,000	240,000
Less: accumulated amortisation	(190,775)	(142,775)
	<u>49,225</u>	<u>97,225</u>

10. Deferred Tax

Deferred Tax Asset		
Tax losses - revenue	<u>501,703</u>	<u>469,923</u>

11. Trade and other payables

Trade Creditors	33,952	5,230
Other creditors & accruals	3,000	
	<u>36,952</u>	<u>5,230</u>

12. Provisions

Employee provisions	<u>2,910</u>	<u>1,063</u>
Number of employees at year end	<u>1</u>	<u>1</u>

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2007

13. Contributed equity	2007 \$	2006 \$
3,200,000 Ordinary shares fully paid of \$1 each (2006: 3,200,000)	3,092,000	3,092,000
Less: equity raising expenses	(49,789)	(49,789)
	<u>3,042,211</u>	<u>3,042,211</u>

14. Accumulated losses

Balance at the beginning of the financial year	(1,230,366)	(1,049,490)
Net loss from ordinary activities after income tax	(114,042)	(180,876)
Dividends Paid	(93,733)	-
Balance at the end of the financial year	<u>(1,438,141)</u>	<u>(1,230,366)</u>

15. Statement of cashflows

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

Loss from ordinary activities after income tax	(114,042)	(180,876)
Non cash items:		
- depreciation	44,130	42,299
- amortisation	48,000	48,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	277,954	(310,312)
- (increase)/decrease in other assets	(31,780)	(61,122)
- increase/(decrease) in payables	33,568	1,983
- increase/(decrease) in other liabilities	-	1,063
Net cashflows used in operating activities	<u>257,830</u>	<u>(458,965)</u>

16. Auditors' remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit & review services	3,000	3,500
- non audit services	1,400	1,400
	<u>4,400</u>	<u>4,900</u>

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2007

17. Director and Related party disclosures

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

Colin Albert Nelson (Chairman)
Ian Edward Pynor (Secretary)
Alan Leslie Gough (Treasurer)
John Joseph McLaughlin
Stephen John Simpson
Russell Peter Jenkins
Richard Saad
Jennifer Elizabeth Townend
Darren John Cahill (Appointed 26 February 2007)
Sherolyn Leslie Heath (Appointed 2 July 2007)
Mark Anthony Lally (Appointed 23 July 2007)
Gregory Caught (Appointed 23 October 2006, Resigned 30 June 2007)

No Directors' remuneration has been paid as the positions are held on a voluntary basis.

Logan Community Financial Services Limited has entered into a lease agreement with Lawgold Pty Ltd for the use of 11 Vanessa Boulevard, Springwood. The entity is a company owned by Director - John McLaughlin. The payments for rent and associated outgoings totalled \$45,188.08 (2006: \$31,933.50).

McLaughlin & Associates Lawyers are used as professional legal advisors for the entity when and where required. McLaughlin & Associates Lawyers is a company owned by Director - John McLaughlin.

Richard Saad is the owner of Café Metro, Logan Community Financial Services Limited used Café Metro's services for food and beverages for events totaling \$1,074.20 for the financial year.

Director Darren Cahill is also employed by Logan Community Financial Services Limited as an Area/Branch Manager and is remunerated for his services. Darren's remuneration includes gross salary of \$85,234 including \$5,497 grossed up FBT plus employer sponsored superannuation of \$7,956 for the 2006/07 financial year.

Directors shareholdings	<u>2007</u>	<u>2006</u>
Colin Albert Nelson (Chairman)	29,001	29,001
Ian Edward Pynor (Secretary)	20,000	20,000
Alan Leslie Gough (Treasurer)	5,001	5,001
John Joseph McLaughlin	7,501	7,501
Stephen John Simpson	-	-
Russell Peter Jenkins	-	-
Richard Saad	-	-
Jennifer Elizabeth Townend	1,000	1,000
Darren John Cahill (Appointed 26 February 2007)	-	-
Sherolyn Leslie Heath (Appointed 2 July 2007) #	1,000	-
Mark Anthony Lally (Appointed 23 July 2007)	-	-
Gregory Caught (Appointed 23 October 2006, Resigned 30 June 2007)	-	-

Sherolyn purchased 1,000 shares on 14 August 2007.

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

Logan Community Financial Services Limited
ABN 88 101 148 430
Notes to the Financial Statements
for the year ended 30 June 2007

18. Earnings per Share	2007	2006
	£	£
Basic earnings per share to the ordinary equity holders of the company	(3.69)	(5.65)
 (a) Reconciliations of earnings used in calculating earnings per share	2007	2006
	\$	\$
<i>Basic earnings per share</i>		
Profit attributable to the ordinary share holders of the company used in calculating basic earnings per share	(114,042)	(180,876)
 (b) Weighted average number of shares used as the denominator	2007	2006
	<u>Number</u>	<u>Number</u>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	3,092,000	3,092,000
 19. Dividends paid or provided		
Ordinary Shares	2007	2006
	\$	\$
Dividend for the year ended 30 June 2007 of 3 cents per fully paid share		
Unfranked - 3 cents per share	<u>93,733</u>	<u>-</u>

20. 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.

21. Contingent liabilities

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

22. 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 Logan, Queensland.

23. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office
61 Bull Street
BENDIGO VIC 3550

Principal place of business
11 Vanessa Boulevard
SPRINGWOOD QLD 4127

Logan Community Financial Services Limited

ABN 88 101 148 430

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

24. 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		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 %	2006 %
Financial assets												
Cash assets	308,756	149,816	-	-	-	-	-	-	-	-	0.05	0.05
Receivables	-	-	-	-	-	-	-	-	97,739	375,692	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	36,952	5,230	N/A	N/A

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

In accordance with a resolution of the directors of Logan Community Financial Services 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*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act*.

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



Chairman - Colin Albert Nelson



Secretary - Ian Edward Pynor

Signed on the 7th of September 2007.

INDEPENDENT AUDITOR'S REPORT

To the members of Logan Community Financial Services Limited

We have audited the accompanying financial report of Logan Community Financial Services 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 Logan Community Financial Services Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Logan Community Financial Services 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 7th day of September 2007