

Community Financial Services Victoria Limited

ACN 092 756 351

COMMUNITY BANK™ BRANCHES OF BENDIGO BANK LIMITED IN LANG LANG AND PEARCEDALE

INFORMATION MEMORANDUM

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

IMPORTANT NOTICE

This Information Memorandum, dated 27th November 2002, has been prepared by ***Community Financial Services Victoria Limited*** ACN ***092 756 351*** 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 ***Community Financial Services Victoria Limited*** to the official list is not to be taken in any way as an indication of the merits of ***Community Financial Services Victoria Limited***

Shareholders with enquiries about this information should contact ***Community Financial Services Victoria Limited*** on ***03 5978 7566***

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Community Financial Services Victoria Limited

(ACN 092 756 351)

This Information Memorandum outlines the existing operations of the Company. The Company operates the Lang Lang Community Bank[™] Branch of Bendigo Bank and the Pearcedale Community Bank[™] of Bendigo Bank. These branches were 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,

Maxwell William Papley

Chairman - Community Financial Services Victoria Limited

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 Lang Lang Community BankTM Branch of Bendigo Bank and the Pearcedale Community BankTM Branch of Bendigo Bank, each 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, Community Financial Services Victoria Limited – 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 **732,384** ordinary shares in the Company (**Shares**) on issue. Of these, **734,725** were issued on under the Prospectus dated 7th September 2000 at an issue price of \$1.00 per Share, subsequently 2350 shares were redeemed.

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	9
Shares issued pursuant to the Company's Prospectus	734,725
Shares Redeemed	2,350
TOTAL	732,384

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.

AR Strategem Investment Services Pty Ltd is assisting and advising the Company in relation to the proposed listing, and quotation of the Shares, on the Bendigo Stock Exchange.

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 William Papley
Date of Birth	31 st July 1940
Occupation	Company Director
Background Information	Rural Supplies/ Hardware business owner/operator. Chairman Lang Lang Community Bank since 1998. Cardinia Shire Councillor since 1994 including 1 term as Mayor. Previous occupations include small business proprietor & farmer/grazier. Lived in Cardinia Shire area for 30 years
Resides	26 Jefferson Rd., Garfield 3814

Name	Douglas Hugh Hamilton
Date of Birth	31 st August 1937
Occupation	Grazier
Background Information	Deputy Chairman Lang Lang Community Bank since October 1998 Charter Member Rotary Club of KooWeeRup & Lang Lang. Lived in Lang Lang area for 45 years.
Resides	815 Western Port Rd. Lang Lang 3984

Name	Glenister Malcolm McGregor
Date of Birth	4 th April 1941

Occupation	Farmer/Company Director
Background Information	Sand extraction business owner/operator President of Lang Lang Township Committee. Lived in Lang Lang area for 45 years.
Resides	650 McDonald's Track, Lang Lang 3984

Name	Ronald James Witney
Date of Birth	16 th July 1959
Occupation	Pharmacist
Background Information	Bachelor of Pharmacy from Victoria College of Pharmacy. 10 years as business owner in Pearcedale
Resides	47 Tanti Ave., Mornington 3931

Name	Tania Lyn Hansen
Date of Birth	10 th November 1969
Occupation	Student
Background Information	Currently studying for Bachelor of Behavioural Science. Director of Lang Lang Community Bank branch since November 1999. Previous employment as Customer Service Manager. Former secretary Lang Lang Township Committee. Lived in Lang Lang area for 30 years.
Resides	40 Salisbury St., Lang Lang 3984

Name	Gordon Lovell Sampson
Date of Birth	20 th April 1936
Occupation	Self employed Electrician

Background Information	<p>Director of Lang Lang Community Bank since October 1998.</p> <p>President of Lang Lang Pastoral Agricultural & Horticultural Society, Lang Lang & District Historical Society and Lang Lang Fire Brigade.</p> <p>Member of Rotary Club of KooWeeRup and Lang Lang.</p> <p>Lived in Lang Lang area for 64 years</p>
Resides	357 Western Port Rd., Lang Lang 3984

Name	John Munro Lyle
Date of Birth	23 rd April 1951
Occupation	Company Director
Background Information	<p>Independent Supermarket owner/operator.</p> <p>Previous occupations include Stockbroker and Corporate Banker.</p> <p>7 years as business owner in Pearcedale</p>
Resides	27 Bembridge Ave., Frankston 3199

Name	Michael John Duff
Date of Birth	24 th May 1964
Occupation	Company Director
Background Information	<p>Petroleum distribution owner/operator.</p> <p>Director Lang Lang Community Bank since November 1999.</p> <p>Lived in KooWeeRup for 36 years</p>
Resides	346 Rossiter Rd., KooWeeRup 3981

Name	Maxwell Arthur John Kneebone
Date of Birth	8 th June 1937
Occupation	Holder/Investor
Background Information	Director Lang Lang Community Bank Since October 1998.

	Previous Occupations include Police Officer and Bus Line Owner Operator.
Resides	490 Western Port Rd. Lang Lang 3984

Name	Russell Peter Jenkins
Date of Birth	26 th November 1961
Occupation	General Manager - Community and Business Banking Solutions
Background Information	<p>Bachelor of Chemical Engineering</p> <p>Director of the Tasmanian Banking Services</p> <p>Director of Rupanyup/Minyip Finance Group</p> <p>Director of Upwey Community Finance Group</p> <p>Director of Bendigo Investment Services.</p>
Resides	52 Bramble St., Bendigo 3550

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.

The Bendigo Group now operates (itself and through franchises) approximately 225 branches and has assets of around \$8 billion. It is listed on the Australian Stock Exchange and is the only Australian bank with headquarters outside a capital city. Through Bendigo Bank and its subsidiary companies, the Bendigo 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 BankTM 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 BankTM 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 BankingTM enterprise.

Community BankTM 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 BankTM 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 BankTM Branches on behalf of Bendigo Bank, however all transactions with customers conducted through the Community BankTM Branches are effectively conducted between the customers and Bendigo Bank.

To date, Bendigo Bank has granted around **81** franchises to Community BankTM 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 Lang Lang Community BankTM Branch of Bendigo Bank and the Pearcedale Community BankTM Branch of Bendigo Bank.

Following initial community interest in 1998, an original community company entered into arrangements with members of the Bendigo Group pursuant to which it acquired rights to manage a Community BankTM Branch of Bendigo Bank at Lang Lang and on **29th October 1998**, the Lang Lang Community BankTM Branch of Bendigo Bank was opened.

There was then community interest in opening a Community BankTM Branch in Pearcedale. After an initial feasibility study and consultation period, it was agreed

that the Company ought be formed and that it ought to manage and operate both the Lang Lang Community Bank™ Branch and the Pearcedale Community Bank™ Branch.

To facilitate this, the Company was formed as a public company limited by shares and it then entered into an agreement to acquire the business of the original community company (namely, the right to manage and operate the Lang Lang Community Bank™ Branch). The “old” arrangements were then terminated and replaced with a new Franchise Agreement that governs the management and operation of both the Lang Lang Community Bank™ Branch and the Pearcedale Community Bank™ Branch. The Company raised **\$734,725** under a Prospectus dated **7th September 2000**. The Pearcedale Community Bank™ Branch commenced operations on **30th October 2000**.

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 Lang Lang Community Bank™ Branch of Bendigo Bank and of the Pearcedale Community Bank™ Branch of Bendigo Bank. In this Information Memorandum, a right to manage and operate a Community Bank™ Branch of Bendigo Bank under the Franchise Agreement is referred to as a ***Franchise Right***.

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

Branches

The Company operates the Lang Lang Community Bank™ Branch at 29 Western Port Rd., Lang Lang Victoria. and operates the Pearcedale Community Bank™ Branch at Shop 4, Pearcedale Village Shopping Centre, Baxter Tooradin Rd., Pearcedale Victoria. The Company also operates agencies at 28 Station St KooWeeRup Victoria and 5 High St., Bunyip Victoria.

Lang Lang and Pearcedale Community Bank™ Branches are open from **9.00am to 5.00pm on Monday to Friday, and from 9.00am to 12 noon on Saturdays.**

KooWeeRup Agency operates **9.30am to 4.00pm on Monday to Thursday, 9.30am to 5.00pm on Friday and from 9.00am to 12 noon on Saturdays.**

Bunyip Agency operates **9.30am to 4.00pm on Monday to Friday**, and commenced operation on 23rd September 2002.

Manager and Employees

The Company employs a Branch Manager for each Branch and 11 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 each 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 Lang Lang Community Bank™ Branch and the Pearcedale 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 (ie '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 (ie '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.

The Company also receives some income from tenants at the Lang Lang Business Centre. See Section 3.7 below.

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 each Community BankTM 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 each Community BankTM 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 each Community Bank BranchTM 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 Right in respect of the Lang Lang Community BankTM Branch for an initial term of three years and the Franchise Right in respect of the Pearcedale Community BankTM Branch also for an initial term of three years. Lang Lang Community BankTM Branch had a five year initial term and on gaining approval to assist Pearcedale Community BankTM Branch the term was renegotiated to reflect the full five year period. Of these initial terms, 11 months remain in relation to the Lang Lang Community BankTM Branch and 11 months remain in relation to the Pearcedale Community BankTM Branch. Pursuant to the Franchise Agreement, the Company may seek to extend the term of each Franchise Right for (in total) two additional five year terms. A request to extend the term of a Franchise Right 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.

These conditions must be satisfied at the end of the initial term and, if the Franchise Right is extended for the first five year period, at the end of that first renewal period. The renewal of a Franchise Right is assessed independently of the renewal of the other Franchise Right. Thus, it is possible, for example, that the Franchise Right in respect of one Community BankTM Branch will be extended, but the Franchise Right in respect of the other Community BankTM Branch may not be extended. In that case, the Company would only manage and operate one Community BankTM Branch.

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 Right 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, a Franchise Right 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 Lang Lang Community BankTM Branch of Bendigo Bank and the Pearcedale Community BankTM 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.

The Company currently facilitates ancillary services (a Business Centre) as a result of approval given by Bendigo Bank for such facilities to be made available. The Business Centre facilitates Legal and Accounting Services, the office is also utilised by the State Government Community Capacity Building program as well as providing an office for a local Member of Parliament and local Council information.

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 BankTM 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

Set out below is an extract of the Company's audited financial reports for the year ended 30 June 2002. 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.

4.1 Profit and Loss Statement: Year ended 30 June 2002

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$ (12 months)	2001 \$ (8 months)
REVENUES AND EXPENSES			
Operating Revenue	2	601,735	289,111
Interest Received		3,634	2,063
Other Income		3,281	440
Employee expenses		(377,683)	(218,063)
Depreciation expenses	2	(32,361)	(24,108)
Amortisation expense	2	(53,449)	(39,278)
Other expenses from ordinary activities		(240,114)	(115,861)
Profit/(loss) from ordinary activities before income tax expense		(94,957)	(105,696)
Income tax expense relating to ordinary activities	3	-	-
Net profit/(loss) from ordinary activities after income tax expense		(94,957)	(105,696)
Net loss	14	(94,957)	(105,696)
Total changes in equity of the Company		(94,957)	(105,696)

4.2 Balance Sheet as at 30 June 2002

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2002

	Note	2002	2001
CURRENT ASSETS			
Cash assets	17	180,275	153,483
Receivables	5	80,435	51,126
Other assets	6	44,054	77,713
TOTAL CURRENT ASSETS		304,764	282,322
NON-CURRENT ASSETS			
Property, plant and equipment	7	161,347	179,012
Goodwill	8	193,120	210,160
TOTAL NON-CURRENT ASSETS		354,467	389,172
TOTAL ASSETS		659,231	671,494
CURRENT LIABILITIES			
Payables	9	33,457	32,184
Interest Bearing Liabilities	10	10,680	8,881
Tax liabilities	11	17,513	12,768
Provisions	12	30,893	12,986
TOTAL CURRENT LIABILITIES		92,543	66,819
NON CURRENT LIABILITIES			
Interest bearing liabilities	10	34,966	45,646
TOTAL NON-CURRENT LIABILITIES		34,966	45,646
TOTAL LIABILITIES		127,509	112,465
NET ASSETS		531,722	559,029
EQUITY			
Contributed Equity	13	732,375	664,725
Retained profits/(accumulated losses)	14	(200,653)	(105,696)
TOTAL EQUITY		531,722	559,029

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$ (12 months)	2001 \$ (8 months)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from operations		568,460	248,550
Other receipts		3,281	440
Payments to suppliers and employees		(590,079)	(306,040)
Interest received		3,634	2,063
Net GST Collected		4,745	3,515
Net cash provided by (used in) operating activities	17b	(9,959)	(51,472)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for property, plant and equipment		(14,696)	(99,061)
Payment for Business	17c	-	(320,000)
Start up costs associated with acquisition of Business		(2,750)	(91,189)
Net cash provided (used) by investing activities		(17,446)	(510,250)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		70,000	664,725
Share redemption costs		(2,350)	-
Repayment of borrowings		(13,453)	(8,968)
Proceeds from borrowings		-	59,448
Net cash used in financing activities		54,197	715,205
Net increase in cash held		26,792	153,483
Cash at the beginning of the financial year		153,483	-
Cash at the end of the financial year	17a	180,275	153,483

The accompanying notes form part of this financial report.

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 1: Statement of Significant Accounting Policies

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporations Act, 1981.

The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(c) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the profit from ordinary activities before income tax adjusted for any permanent differences.

(d) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment

The carrying amount of plant and equipment is reviewed annually by the Company to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected cash inflows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 1: Statement of Significant Accounting Policies (cont'd)

Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight line or diminishing value basis over the useful lives of the assets to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Property, Plant & Equipment	Depreciation Rate
Motor Vehicles	22.5%
Plant and equipment	10%-50%

(e) Leases

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

(f) Employee Entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave, long service leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Company to an employee superannuation fund and are recognised as expenses when incurred.

(g) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit.

(h) Revenue

Revenue from the sale of goods and services is recognised upon the delivery of goods and/or provision of service to members and customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST)

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

Note 1: Statement of Significant Accounting Policies (cont'd)

(i) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Purchased goodwill is amortised on a straight line basis over the period of 13 years based on the options for continued support via franchise agreements from Bendigo Bank. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

(j) Financial Reporting Period

The reporting period is the twelve month period from 1 July 2001 to 30 June 2002.

2002 2001

Note 2: Statement of Financial Performance Items

Profit/(loss) from ordinary activities is after crediting the following revenues:

- Franchise Income Share	601,735	289,111
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Profit/(loss) from ordinary activities is after charging the following expenses:

Depreciation of:

- Motor Vehicles		
- Plant & Equipment	11,018	8,579
	21,343	15,529

Amortisation of:

- Goodwill		
- Prospectus Costs	17,040	11,360
- Other	11,076	6,584
	25,333	21,334

Other operating expenses:

- Bad Debts Written off		
- Provision for Employee Entitlements	4,474	814
	15,098	10,927

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 3: Income Tax Expense	2002	2001
	\$	\$
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 30%	(28,487)	(35,937)
Tax effect of:		
- amortisation of intangible assets	8,075	8,040
Income tax benefit	(20,412)	(27,897)

Income tax benefit has not been brought to account as the realisation of benefits is not virtually certain.

Note 4: Earning Per Share

Basic Earnings Per Share (cents per share)	(13.0)	(15.9)
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Note 5: Receivables

Trade debtors	73,835	40,560
Other debtors	6,600	10,566
	80,435	51,126

Note 6: Other Assets

Prepayments	44,054	77,713
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Note 7: Property, Plant and Equipment

Motor Vehicles, at cost	57,548	57,548
Less accumulated depreciation	(19,597)	(8,579)
Total Motor Vehicles	37,951	48,969
Plant and Equipment, at cost	160,268	145,572
Less accumulated depreciation	(36,872)	(15,529)
Total Plant and Equipment	123,396	130,043
Total Property, Plant and Equipment	161,347	179,012

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 7: Property, Plant and Equipment (cont'd)

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year	Motor Vehicles \$	Plant and Equipment \$
Balance at the beginning of year	48,968	130,043
Additions	-	14,697
Disposals	-	-
Depreciation expense current Year	(11,018)	(21,343)
Carrying amount at the end of year	37,950	123,396

	2002 \$	2001 \$
Note 8: Intangible Asset		
Goodwill	221,500	221,520
Less: Accumulated Amortisation	(28,400)	(11,360)
	193,120	210,160

Note 9: Payables

Trade creditors and accruals	25,880	12,360
Other creditors	7,577	19,824
	33,457	32,184

Note 10: Interest Bearing Liabilities

CURRENT

Hire purchase liabilities	10,680	8,881
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NON-CURRENT

Hire purchase liabilities	34,966	45,646
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45,646	54,527
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Note 11: Tax Liabilities

Net GST Payable	17,513	12,768
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Note 12: Provisions

Provision for employee entitlements	30,893	12,986
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COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

	2002	2001
	\$	\$
Note 13: Contributed Equity		
Ordinary shares issued beginning of year	664,725	-
Ordinary shares issued during the year	70,000	664,725
Ordinary shares redeemed during the year	(2,350)	-
Ordinary shares issues end of year	<u>732,375</u>	<u>664,725</u>

Note 14: Retained Profits

Retained profits/(losses) at the beginning of the financial year	(105,696)	-
Net profit/(loss)	(94,957)	(105,696)
Retained profits/(losses) at the end of the Financial year	<u>(200,653)</u>	<u>(105,696)</u>

	2002	2001
	\$	\$
Note 15: Capital Commitments		
(a) Hire Purchase liabilities payable		
- not later than one year	13,453	13,453
- later than one year but not later than 5 years	<u>35,941</u>	<u>49,394</u>
Less future finance charges	<u>(3,748)</u>	<u>(8,320)</u>
Total Hire Purchase liability	<u>45,646</u>	<u>54,527</u>

Note 16: Segment Reporting

Geographic Segments	Total Revenue	Profit/(loss) from Ordinary Activities after Income Tax	Total Assets
	2002	2002	2002
	\$	\$	\$
Lang Lang Branch			
- External	423,887	56,489	495,953
Pearcedale Branch			
- External	175,993	(101,456)	137,999
Koo Wee Rup			
- External	8,770	(49,990)	25,279
	<u>608,650</u>	<u>(94,957)</u>	<u>659,231</u>

The Company operates solely within the financial services industry in the above geographic segments.

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 17: Cash Flow Information

	2002	2001
	\$	\$
(a) Reconciliation of Cash		
Cash at bank	180,275	153,485
(b) Reconciliation of net cash provided By operating activities to profit from Ordinary activities after income tax		
Profit/(loss) from ordinary activities after Income tax	(94,957)	(105,696)
<i>Non-cash flows in profit from Ordinary activities:</i>		
- Depreciation	32,361	24,108
- Amortisation of Goodwill	17,040	11,360
- Hire Purchase Charges	4,568	4,047
<i>Changes in assets and liabilities:</i>		
- (Increase)/Decrease in receivables	(29,308)	(40,560)
- (Increase)/Decrease in prepayments	36,412	6,584
- Increase/(Decrease) in payables	1,273	32,184
- Increase/(Decrease) in holiday pay provisions	17,907	12,986
- Increase/(Decrease) in GST provisions	4,745	3,515
Net cash provided by operating activities	(9,959)	(51,472)

(c) Acquisition of Business - 2001

	2002	2001
	\$	\$
During the 2001 year the Company purchased the management rights and assets and liabilities of the Lang Lang Community Bank Charitable Trust. Details of this transaction are:		

Purchase consideration

	-	320,000
Cash outflow	-	320,000

Assets and liabilities held at acquisition date:

- Fixtures, fittings, furniture & equipment	-	46,510
- Motor Vehicles	-	57,548
- Prepaid Franchise & Training Fees	-	24,000
- Prospectus Costs	-	13,600
- Loan Repayment	-	16,088
- Hire Purchase Liabilities	-	(57,206)
- Provision for Annual Leave	-	(2,060)
	-	98,480
Goodwill	-	221,520
	-	320,000

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 18: Financial Instruments

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest
	2002	2002	2002
	%	\$000	\$000
FINANCIAL ASSETS			
Cash at Bank	2.18	2.18	
FINANCIAL LIABILITIES			
Hire purchase liabilities	9.12		9.12

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

(c) Net Fair Values

For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded and the Company intends to hold these to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

Note 19: Related Party Transactions

(i) Directors

The company made payments of \$16,639 to Maxwell Arthur John Kneebone for rental of the business premises at Lang Lang. The terms and conditions of this rental arrangement are on a commercial basis.

COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 19: Related Party Transactions (cont'd)

(ii) Share Transactions of Directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the Company:

Ordinary Shares

Michael John Duff	30,000
Douglas Hugh Hamilton	8,050
Maxwell Arthur John Kneebone	52,500
John Munro Lyle	15,850
Glenister Malcolm McGregor	56,000
Maxwell William Papley	5,250
Gordon Lovell Sampson	5,700
Ronald James Witney	11,200

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
COMMUNITY FINANCIAL SERVICES VICTORIA LIMITED**

Scope

We have audited the financial report being the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, notes to and forming part of the Financial Statements and the Directors' Declaration of Community Financial Services Victoria Limited as set out on pages 1 to 15 for the year ended 30 June 2002. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of

accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the association's financial position, the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements the financial position of Community Financial Services Victoria Limited as at 30 June 2002, and the results of its operations and cash flows for the year then ended.

STOCKFORD LTD

DUNCAN F. SMITH

4th October 2002

Warragul

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 two Community BankTM Branches 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 not paid any dividends. 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 two Community BankTM Branches 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 Right of 13 years (see Section 3.6 above), after which the continued operation of each Community BankTM Branch will be subject to further negotiations with Bendigo Bank. Bendigo Bank also has broad rights to terminate the Franchise Agreement or a Franchise Right (see Section 6 below), in particular, if a Community BankTM Branch is not profitable. If the Franchise Agreement itself is terminated, each Franchise Right would also terminate. However, if a particular Franchise Right alone was terminated, the remaining Franchise Right would not, by that fact alone, necessarily terminate. In other words, it is possible that the Company may end up managing and operating only one Community BankTM Branch.

The Company is not entitled to any payment upon termination of the Franchise Agreement or of any Franchise Right, though it would be entitled to the net proceeds of the sale or transfer of a Franchise Right 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, a Franchise Right, 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 two Community Bank™ Branches of Bendigo Bank.

Level of Banking Business

Although all transactions conducted through the Branches 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 Lang Lang Community Bank™ Branch and Pearcedale Community Bank™ Branch are each 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 Lang Lang Community Bank™ Branch and the Pearcedale Community Bank™ Branch were each 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 Lang Lang or Pearcedale 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 Lang Lang or Pearcedale.

Branch Operations

Like any small business, the Branch Managers and employees have a key role in the success of each Community Bank™ Branch. The Manager and employees are responsible for promoting each 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 each Branch, is critical to the smooth operation of the Branch.

Although all deposits made through the Lang Lang Community Bank™ Branch and the Pearcedale Community Bank™ Branch, are transferred to Bendigo Bank, the Company bears the risk of implementing procedures for handling and transferring such deposits.

Two Branches

The Company manages and operates two Community Bank™ Branches of Bendigo Bank. Thus, shareholders of the Company share the risks, and rewards, of both Branches. For example, it is possible that losses from one Branch could offset the profits from the other. Similarly, should the Company incur any liabilities in respect of one Branch, all assets of the Company (including assets relating to the other branch) would be available to meet those liabilities.

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

The Lang Lang Community Bank™ Branch and the Pearcedale Community Bank™ Branch each operate 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™ Branches (see Section 6).

5.5 Other Factors

Regulatory Environment

Although the Company does not carry on banking business, by managing two Community Bank™ Branches 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 Prospectus.

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 Lang Lang Community BankTM Branch and the Pearcedale Community BankTM Branch.

Term

The initial term of the Franchise Right in respect of the Lang Lang Community BankTM Branch is three years and the initial term of the Franchise Right in respect of the Pearcedale Community BankTM Branch is also three years (see Section 3.6). In respect of each Franchise Right, provided certain conditions are met at the end of each subsequent five year term, at the request of the Company, Bendigo Bank will extend the term of the Franchise Right 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 each Community BankTM 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 each Branch and each Branch location (including, for example, all staff costs, rent, outgoings and insurance).

For each Franchise Right, for 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 Right (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 (ie the management of the two Community BankTM Branches), the activities of the Company or its employees at or near each Community BankTM 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 (or, at Bendigo's option, a Franchise Right) 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, a Franchise Right 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 BankTM Branch becomes unable to perform his or her duties for an extended period, without suitable replacement;
- a Community BankTM 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 or a Franchise Right is suspended until the breach is rectified or the Franchise Agreement is terminated.

Upon termination of the Franchise Agreement or a Franchise Right, there is no obligation on Bendigo Bank to sell or transfer the franchise or a Franchise Right. 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 BankTM Branches 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 Prospectus 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 member is prohibited from controlling or owning 10% or more of the shares in the Company (a "prohibited shareholding interest").

Similarly to the voting rights, the purpose of this shareholding limit is to reflect the community based nature of the Company, by ensuring that the Board can prevent ownership of the Company being concentrated in the hands of a small number of community members.

In summary, 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 relevant interest in excess of 10% of the Company, 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.

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

Directors and director-related entities hold directly, indirectly or beneficially as at the date of this Information Memorandum, the following equity interests in the Company:

Name of Director	Number of Shares	Subscriber Shares	Nature of Interest
Michael John Duff	30,000	1	Legal and Beneficial
Douglas Hugh Hamilton	8,050	1	Legal and Beneficial
Tania Lyn Hansen	500	1	Legal and Beneficial
Maxwell Arthur John Kneebone	52,500	1	Legal and Beneficial
John Munro Lyle	15,850	1	Legal and Beneficial
Glenister Malcolm McGregor	56,000	1	Legal and Beneficial
Maxwell William Papley	5,250	1	Legal and Beneficial
Russell Peter Jenkins	Nil	Nil	Legal and Beneficial
Gordon Lovell Sampson	5,700	1	Legal and Beneficial
Ronald James Witney	11,200	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

Russell Peter Jenkins is an Executive of Bendigo Bank. He holds the position of General Manager – Community and Business Banking Solutions, Bendigo Bank.

Maxwell Arthur John Kneebone is the Proprietor of the branch premises at 29 Western Port Rd., Lang Lang.

Tania Lyn Hansen provides Secretarial and Accounting Services to the Company and for this service she is reimbursed \$50 per week.

Maxwell William Papley, Gordon Lovell Sampson and Michael John Duff provide goods and services to the Company from time to time on a commercial arms length basis.

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:

Rennick & Gaynor Solicitors have provided legal services to the company and for those services will be paid a fee of \$2,500.

Z. Maric & Associates Pty Ltd has provided accountancy services to the company but will not be paid a fee for the preparation of this Information Memorandum.

Stockford Audit and Assurance Services has provided auditing services to the company but will not be paid a fee for the preparation of this Information Memorandum.

AR Strategem Investment Services Pty Ltd has provided advisory services to the company and for those services will not be paid a fee.

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). Further, the Company intends to request a waiver from the requirement in BSX Listing Rule 11.14 that its Constitution must contain certain provisions relating to restricted securities.

(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 prescribed shareholding interest (see Section 7.3 above) are "appropriate and equitable" for the purposes of the BSX Listing Rule 4.4(g).

(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 prescribed shareholding interest (see Section 7.3 above) are "appropriate and equitable" for the purposes of the BSX Listing Rule 4.6(d).

(e) Tests for listing

In order to list, among other things, a company must satisfy the "spread test" (ie it must have a certain specified number of shareholders each holding at least a certain specified value of shares) and it must satisfy either the "profits test" (ie among other things, it must have earned a certain level of profits over the past three years) or the "assets test" (ie 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 any 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). There is also a requirement to maintain a spread of security holders in a company's main class of securities which, in the BSX's opinion, is sufficient to ensure that there is an orderly market in securities (see BSX Listing Rule 9.2). The Company intends to seek confirmation from the BSX that the level of business contemplated by the Company, and the expected shareholder spread, 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".

(h) Limit on New Shares Issues

The Company intends to seek confirmation that, to the extent that the limit on new share issues in BSX Listing Rule 5.2 applies to the issue of Shares under the Prospectus, the issue is approved by the BSX for the purposes of that rule.

(i) Registration of share transfers

The Company intends to request a waiver from BSX Listing Rule 6.3 in order to permit the Directors of the Company to prevent a share transfer at their discretion.

(j) Rotation of directors

The Company intends to request a waiver from BSX Listing Rule 11.20 (which requires the retirement by rotation of Directors) but only to the extent that the Company complies with the Directors' retirement by rotation procedures set out in the Company's Constitution.

7.8 Consents

- (a) ***Rennick & Gaynor Solicitors*** have given and have not, before the issue of this Information Memorandum, withdrawn their written consent to be named as solicitors to the Company in the form and context in which they are named. They have not authorised or caused the issue of this Information Memorandum.

- (b) **Z. Maric & Associates Pty Ltd** 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.
- (c) **Stockford Audit and Assurance Services** 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.
- (d) **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.
- (e) **AR Strategem Investment Services Pty Ltd** 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 Bank Limited (ABN 11 068 049 178).
Bendigo Group	Bendigo Bank and its related bodies corporate.
Bendigo Stock Exchange Limited or BSX	BSX Limited (ACN 087 708 898).
BSX Listing Rules	Listing rules of the BSX.
Company	Community Financial Services Victoria Limited (ACN 092 756 351).
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 28 th October 2000 between Bendigo Bank and the Company (and the Directors) under which the Company was granted the rights to manage and operate the two Community Bank TM Branches of Bendigo Bank, subject to the terms and conditions of the agreement.
Franchise Right	Has the meaning given in Section 3.5.
Franchising Code	Franchising Code of Conduct.
Prospectus	The prospectus dated 7 th September 2000 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 Limited.

Signed for and on behalf of the Company by each Director:



Michael John Duff

Douglas Hugh Hamilton

Tania Lyn Hansen

Russell Peter Jenkins

Maxwell Arthur John Kneebone

John Munro Lyle

Glenister Malcolm McGregor

Maxwell William Papley



Gordon Lovell Sampson



Ronald James Witney

DIRECTORY

Directors

Michael John Duff

Douglas Hugh Hamilton

Tania Lyn Hansen

Russell Peter Jenkins

Maxwell Arthur John Kneebone

John Munro Lyle

Glenister Malcolm McGregor

Maxwell William Papley

Gordon Lovell Sampson

Ronald James Witney

Company Secretary

Keith William MacQueen

Solicitors

Rennick & Gaynor

431 Riversdale Rd.,

Hawthorn East Vic 3128

Registered Office

29 Western Port Rd.,

Lang Lang Vic 3984

Accountants

Z. Maric and Associates Pty Ltd.,

Suite 10,

22 – 26 Princes Way,

Drouin Vic 3818.

Auditors

Stockford Audit and Assurance Services

Warragul

Vic 3820

Sponsoring Broker

AR Strategem Investment Services Pty Ltd

35 Mundy St.,

Bendigo Vic 3550