

This is annexure 'A'  
of 15 pages referred  
to in Form 7051 Half-  
yearly reports signed  
by me and dated 28-2-08



BRENDEN R. MCKAY

**Murrumboola Financial Services Limited ABN  
12 118 357 467**

Financial Statements  
For the period from 1 July 2007 to 31 December 2007

Grant L Pearce - Chartered Accountant  
35 Montague Street (PO Box 146)  
GOULBURN NSW 2580

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**Murrumboola Financial Services Ltd ABN 12 118 357 467**  
**Directors' Report**

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Your Directors submit their report of the company for the financial year ended 31 December 2007

**Directors**

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

Brenden Robert McKay	Susan McCarthy
Tony Campbell	Catherine Sanderson
James Cusack	Andrew Kennett
Dr Yusufali Khalfan	Barbara Sargent

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

**Principal activities**

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

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

**Operating Results**

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was (\$78,255) (2007:(\$705.80))

**Dividends:** No recommendation has been made for the payment of a dividend

**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.

**Significant events after the balance date**

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 providing banking services to the community.

**Directors' Benefits**

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

**Murrumbidgee Financial Services Ltd ABN 12 118 357 467**  
**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 Managers 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.

**Corporate Governance**

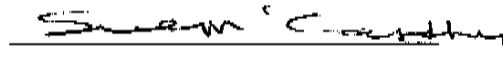
The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Susan McCarthy, Catherine Sanderson, Brenden McKay, Ralph Hawkins
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Signed in accordance with a resolution of the Board of Directors at Harden on 28 February 2008



Brenden McKay Chairman



Susan McCarthy Director

**Murrumbolla Financial Services Limited ABN 12 118 357 467****Auditor's Independence Declaration**

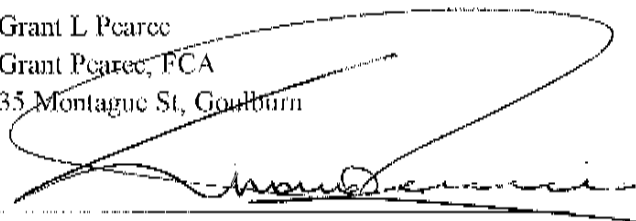
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**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001****To THE DIRECTORS OF: Murrumbolla Financial Services Limited**

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2007 there have been :

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the Audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

Grant L Pearce  
Grant Pearce, FCA  
35 Montague St, Goulburn



Goulburn

28-2-08

**Murrumboola Financial Services Limited ABN 12 118 357 467****Directors' Declaration**


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The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations; and
  - (b) give a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dated:

  
BRENDEN R. MCKAY

  
SUSAN M. CARTM

**Murrumbolla Financial Services Limited ABN 12 118 357 467****Income Statement - by Nature****For the period 1 July 2007 to 31 December 2007**

	<b>Dec 2007</b>	<b>Dec 2006</b>
	<b>\$</b>	<b>\$</b>
<b>Classification of Expenses by Nature</b>		
Revenues from ordinary activities	58,707	5,629
Borrowing costs expense		(162)
Amortisation expense	(4,095)	
Depreciation and amortisation expenses	(16,290)	
Employee benefit expense	(89,383)	
Other expenses from ordinary activities	(67,639)	(6,476)
<b>Profit (loss) from ordinary activities before income tax</b>	<b>(118,701)</b>	<b>(1,008)</b>
Income tax revenue relating to ordinary activities	40,446	302
<b>Net profit (loss) attributable to members of the company</b>	<b>(78,255)</b>	<b>(706)</b>

The accompanying notes form part of these financial statements.

**Murrumbula Financial Services Limited ABN 12 118 357 467****Balance Sheet As At 31 December 2007**

	<b>Dec 2007</b>	<b>Dec 2006</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash assets	146,509	517,976
Receivables	12,174	5,630
Current tax assets	403	13,711
Other	2,355	110,070
<b>Total Current Assets</b>	<b>161,441</b>	<b>647,387</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	226,374	
Intangible assets	6,375	10,000
Other	24,761	27,232
<b>Total Non-Current Assets</b>	<b>257,511</b>	<b>37,232</b>
<b>Total Assets</b>	<b>418,952</b>	<b>684,619</b>
<b>Current Liabilities</b>		
Payables	75,982	54
Current tax liabilities	(110,978)	(524)
Provisions	14,309	
<b>Total Current Liabilities</b>	<b>(20,688)</b>	<b>(470)</b>
<b>Total Liabilities</b>	<b>(20,688)</b>	<b>(470)</b>
<b>Net Assets</b>	<b>439,640</b>	<b>685,089</b>
<b>Equity</b>		
Contributed equity	688,108	686,208
Retained profits / (Accumulated losses)	(248,468)	(1,119)
<b>Total Equity</b>	<b>439,640</b>	<b>685,089</b>

The accompanying notes form part of these financial statements.



**Murrumboola Financial Services Limited ABN 12 118 357 467**  
**Statement of Changes in Equity**

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	Retained Profits	Issued & Paid Up Capital	Total
<b>Balance at 01/07/2006</b>	(413)	8	(405)
Profit attributable to the members	(169,799)		(169,799)
Shares issued during the year		688,100	688,100
<b>Balance at 30/06/2007</b>	(170,213)	688,108	517,895
Profit attributable to the members	(78,255)		(78,255)
<b>Balance at 31/12/2007</b>	(248,468)	688,108	439,640

**Murrumbidgee Financial Services Limited ABN 12 118 357 467****Statement of Cash Flows**

For the period 1 July 2007 to 31 December 2007

	Dec 2007 \$	Dec 2006 \$
<b>Cash Flow From Operating Activities</b>		
Receipts from customers	47,927	(5,630)
Payments to Suppliers and employees	(139,589)	(129,955)
Interest received	5,580	5,629
Interest and other costs of finance		(162)
Net cash provided by (used in) operating activities (note 2)	<u>(86,081)</u>	<u>(130,117)</u>
<b>Cash Flow From Investing Activities</b>		
<b>Payment for:</b>		
Payments for property, plant and equipment	<u></u>	<u>(37,232)</u>
Net cash provided by (used in) investing activities	<u></u>	<u>(37,232)</u>
<b>Cash Flow From Financing Activities</b>		
Proceeds of issue of shares		686,200
Repayment of borrowings	<u></u>	<u>(323,600)</u>
Net cash provided by (used in) financing activities	<u></u>	<u>362,600</u>
Net increase (decrease) in cash held	(86,081)	195,251
Cash at the beginning of the year	<u>232,591</u>	<u>322,725</u>
Cash at the end of the year (note 1)	<u>146,509</u>	<u>517,976</u>

The accompanying notes form part of these financial statements.

**Murrumbidgee Financial Services Limited ABN 12 118 357 467****Statement of Cash Flows****For the period 1 July 2007 to 31 December 2007**

	2008	2007
<b>Note 1. Reconciliation Of Cash</b>		
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.		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Bendigo Cheque Account	3,495	41,689
Trust Account-Share Applications		1,279
Term Deposit	143,015	475,000
Cash on hand		8
	<u>146,509</u>	<u>517,976</u>

**Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Operating Profit After Income Tax**

Operating profit after income tax	(78,255)	(706)
Depreciation	16,290	
Amortisation	4,095	
Increase/(decrease) in provision for income tax	(40,446)	(347)
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(5,199)	(5,630)
(Increase) decrease in prepayments	(208)	(109,840)
Increase (decrease) in trade creditors and accruals	(7,746)	54
Increase (decrease) in employee entitlements	(1,101)	
Increase (decrease) in sundry provisions	26,489	(13,648)
<b>Net cash provided by (used in) operating activities</b>	<u><b>(86,081)</b></u>	<u><b>(130,117)</b></u>

The accompanying notes form part of these financial statements.

**Murrumbula Financial Services Limited ABN 12 118 357 467****Notes to the Financial Statements****For the year ended 31 December 2007**

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**Note 1: Statement of Significant Accounting Policies**

The half year financial statements are general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report covers Murrumbula Financial Services Limited as an individual entity. Murrumbula Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Murrumbula Financial Services Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosure of the type normally included in an annual financial report.

**(A) Basis of Preparation**

The financial report of Murrumbula Financial Services Limited complies with Australian equivalents to International Financial Reporting Standards (IFRS).

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

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**(B) Accounting Policies****Income tax**

The charge for current income tax expenses is based on the profit for the year adjusted for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**Property, Plant and Equipment**

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

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# Murrumbidgee Financial Services Limited ABN 12 118 357 467

## Notes to the Financial Statements

For the year ended 31 December 2007

### a) Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

### b) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually 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 net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The cost of fixed assets constructed within Murrumbidgee Financial Services Limited includes the cost of materials, direct labor, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

### c) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Murrumbidgee Financial Services Limited commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Asset	Depreciation Rate %
Leasehold improvements	10
Plant and equipment	10 to 40

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### Cash

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

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

**Murrumbula Financial Services Limited ABN 12 118 357 467****Notes to the Financial Statements****For the year ended 31 December 2007**

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**Receivables and Payables**

Receivables and payables are non interest bearing. Receivables are recognised and carried at the koriginal invoice amount less a provision for bad debts. Liabilities for trade creditors and other amounts are carried at cost, that is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Company.

**Interest Bearing Liabilities**

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

**Impairment of Assets**

At each reporting date, the directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

**Intangibles**

Preliminary and Franchise costs are initially recorded at cost. Preliminary expenses amortised on a straight line basis at the rate of 20% per annum. Franchise fees are amortised on a straight line basis over the term of the agreement.

**Employee Benefits**

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements have been measured at the amount expected to be paid when the liability is settled, plus related on-costs.

The company contributes to employee superannuation funds. Contributions to these complying funds are charged against income as incurred.

**Provisions**

Provision are recognised when Murrumbula Financial Services Limited has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

**Revenue**

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

**Goods and Service Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**Comparative Figures**

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

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**Murrumbula Financial Services Limited ABN 12 118 357 467**  
**Independent Review Report**

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## Scope

I have reviewed the the attached financial report, being a special purpose financial report comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements for the six months ended 31 December 2007 of Murrumbula Financial Services Limited. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001, and, are appropriate to meet the needs of the members. I have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to my attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory reporting requirements and statutory requirements, so as to present a view which is consistent with my understanding of the company's financial position, and, in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

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

## Independence

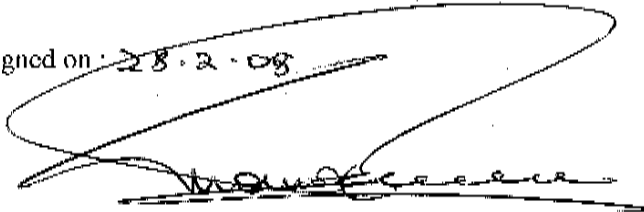
In conducting the review, I have followed applicable independence requirements of Australian professional ethics pronouncements and the Corporations Act 2001.

## Statement

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half year financial report of Murrumbula Financial Services Limited is not in accordance with:

1. the Corporations Act 2001, including:
  - (a) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - (b) complying with Accounting Standards and the Corporations Regulations; and
2. other mandatory professional reporting requirements to the extent described in Note 1.

Signed on: 28.2.08



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Grant Pearce, FCA  
35 Montague St, Goulburn