

Pinjarra Community Financial Services Limited

ACN 097 389 547

**PINJARRA
COMMUNITY BANK[®] BRANCH OF BENDIGO BANK LIMITED**

INFORMATION MEMORANDUM

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

IMPORTANT NOTICE

This Information Memorandum, dated 20 April 2006 has been prepared by Pinjarra Community Financial Services Limited ACN 097 389 547 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 Pinjarra Community Financial Services Limited to the official list is not to be taken in any way as an indication of the merits of Pinjarra Community Financial Services Limited.

Shareholders with enquiries about this information should contact Pinjarra Community Financial Services Limited on (08) 9531 4470.

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PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED

(ACN 097 389 547)

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

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

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

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

Yours sincerely,

Malcolm Kentish

Chairman, Pinjarra Community Financial Services 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 Pinjarra Community Bank[®] Branch of Bendigo Bank as a "franchise" of Bendigo Bank. The franchise arrangements and the business of the Company are described in detail in this Information Memorandum, especially Sections 3 and 6.

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

1.2 Description of the Listing Process

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

1.3 Capital Structure

There are currently 394,160 ordinary shares in the Company on issue. Of these, 394,150 were issued on 14 August 2001 under the Prospectus at an issue price of \$1.00 per Share.

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

The capital structure of the Company is as follows:

	Ordinary Shares
Initial subscriber shares issued to the directors	10
Shares issued pursuant to the Company's Prospectus	394,150
TOTAL	394,160

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

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

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

1.4 Listing on the Bendigo Stock Exchange

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

1.5 Supplementary Information Memorandum

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

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

2. Directors

Details of the Directors of the Company are as follows:

Name	Malcolm Charles Kentish (Chairman)
Date of Birth	15 January 1958
Occupation	Business Proprietor
Background Information	Owned & operated business in Pinjarra since 1990.
Resides	Lot 7 Southwest Highway, Coolup, WA 6214

Name	Monica Rae Bermingham
Date of Birth	16 April 1952
Occupation	Small Business Owner
Background Information	Extensive clerical, managerial, office background also farming, mining industry, human resources, community organisations.
Resides	Lot 153 Bens Road, Pinjarra, WA 6208

Name	Barry William Coates
Date of Birth	7 July 1949
Occupation	Mine Worker
Background Information	Worked for Alcoa Australia for 29 years as a Mine Worker. Lives locally and farmed for 36 years in partnership with brother in West Pinjarra.
Resides	4 Pimilia Place, Pinjarra, WA 6208

Name	Nola Louise Edwards
Date of Birth	11 April 1965
Occupation	Bank Branch Manager
Background Information	11 years financial services industry experience.
Resides	10 Sutcliffe Close, Armadale, WA 6112

Name	Ernest Albert Hiddlestone
Date of Birth	14 January 1937
Occupation	Self Employed Contactor
Background Information	37 years as a School Teacher and 15 a School Principal.
Resides	14 Woolah Place, South Yunderup, WA 6208

Name	Jeffery Bernard McDonnell
Date of Birth	28 June 1949
Occupation	Health Care Worker
Background Information	25 years as a Flight Services Officer & 3 years as a Health Care Worker.
Resides	11 Murray Street, Pinjarra, WA 6208

Name	Noel Henry Nancarrow
Date of Birth	1 March 1949
Occupation	Shire President
Background Information	Justice of Peace. Shire Councilor for 16 years – 11 of these years as Shire President.
Resides	1429 Old Bunbury Road, Coolup, WA 6214

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 329 branches and has assets of around \$9 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 Bank[®] is a means by which communities with the will and enthusiasm can enhance their future prospects by securing a conduit to the finance system.

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

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

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

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

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

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

To date, Bendigo Bank has granted 175 to Community Bank[®] Branches, located in places such as Avoca, Bayswater, Bellarine Peninsula, Carrum Downs, Coleambally, East Gosford, East Malvern, Elwood, Goomalling, Henty, Kulin, Laverton, Maldon, Minyip and Rupanyup (combined franchise), Nathalia, Neerim South, Parkdale, Tambellup and Cranbrook (combined franchise), Toodyay, Toora, Upwey, Virginia, Warburton and Wentworth. Bendigo Bank has also granted a number of commercial franchises.

3.3 Community Interest (Our Beginnings)

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

Following initial community interest in 2000, an original community company entered into arrangements with members of the Bendigo Group pursuant to which it acquired rights to manage a Community Bank[®] Branch of Bendigo Bank at Pinjarra. On 10 December 2001, the Pinjarra Community Bank[®] Branch of Bendigo Bank was opened.

Regulation of Franchising

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

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

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

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

Franchise Arrangements

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

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

3.4 Activities of Company

Branch

The Company operates the Pinjarra Community Bank[®] Branch at 7C George Street, Pinjarra WA.

Pinjarra Community Bank[®] Branch is open from Monday to Friday 9.00 a.m. – 5.00 p.m. and Saturday 9.00 a.m. – 12.00 p.m.

Manager and Employees

The Company employs a Branch Manager and 4 other staff. Each of these staff members has received Bendigo Bank training.

Products and Services

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

The products and services include the following:

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

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

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

The products and services available to be offered through the Pinjarra 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.

3.5 Benefits of Franchise Arrangements

Name, Logo and Systems

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

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

Assistance and Advice

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

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

Non-exclusive Franchise

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

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

3.6 Duration of Franchise

Bendigo Bank granted the Company the franchise in respect of the Pinjarra Community Bank[®] Branch. Of these initial terms, 12 months remain in relation to the Pinjarra Community Bank[®] Branch. Pursuant to the Franchise Agreement, the Company may seek to extend the term of each franchise for (in total) two additional five year terms. A request to extend the term of a franchise must be made between 3 and 6 months prior to the end of the then existing term.

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

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

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

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

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

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

3.7 Restrictions on Operations

Sole Purpose Company

The Franchise Agreement provides that, subject to the ability to provide ancillary services (see below), the Company must not carry on any business other than managing and operating the Pinjarra Community Bank[®] Branch of Bendigo Bank and it must not own or use any assets, or incur any liabilities, other than those directly associated with the franchise operation.

Competition Restrictions

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

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

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

Similar restrictions apply to the Directors of the Company.

Bendigo Bank Involvement

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

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

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

3.8 The Company's Board of Directors

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

4. Financial information

The accounts attached at the back of this Information Memorandum are an extract of the Company's audited financial reports for the year ended 30 June 2005 and also the Half Year to 31 December 2005 reviewed financial reports. This historical financial information is included for information purposes only. Past performance is not an indicator of future performance. No assurance or representation is given in relation to the future performance of the Company.

5. Risk factors

5.1 Introduction

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

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

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

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

5.2 Investment Risk

Dividends

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

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

The timing and payment of dividends is dependent on many factors, which affect future profits and the financial position of the Company. Dividends will be determined by the Directors according to actual results, financial position, capital requirements, operating costs and economic conditions at the time. There will also be an assessment by the Directors of the needs of any worthwhile community or charitable projects. Further, in recognition of the aims of the Company to deliver social and economic benefits to the community (in addition to, if possible, a return to shareholders), the Company has agreed that in any 12 month period, the aggregate of the profits or funds of the Company distributed to shareholders (whether by way of dividends, bonus shares or otherwise) must not, except in the case of a winding up, exceed the Distribution Limit. The Distribution Limit is the greater of:

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

average interest rate on 90 day bank bills over that 12 month period (as determined by Bendigo Bank) plus 5%.

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

To date, the company has paid dividends as follows:

Nil.

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

Trading in Shares

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

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

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

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

Further, the market price of the Shares will fluctuate due to various factors, including general movements in the Australian equity market (which, in turn, is influenced by the international equity markets), investor perceptions, local and worldwide economic conditions, movements in interest rates and specific factors affecting the performance and financial position of the Company and its business.

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

ownership in the Constitution and the fact that a change of control of the Company may trigger a termination of the Franchise Agreement.

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

Termination of Franchise

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

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

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

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

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

5.3 Business Risks

Sole Purpose Company

The Company is essentially a sole purpose company.

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

Level of Banking Business

Although all transactions conducted through the Branch are conducted with Bendigo Bank, the effect of the gross margin sharing arrangement (as described

in Section 3.4) is that the Company bears the risk of generating sufficient income from the banking business to derive a profit.

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

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

As part of the Community Bank[®] concept, the Pinjarra Community Bank[®] Branch was established, in part, given the level of banking facilities then available. It should be recognised that the Company faces competition from other financial service providers (including, possibly, other branches and franchises of Bendigo Bank) whether located in Pinjarra 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 Pinjarra.

Branch Operations

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

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

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

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

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

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

Approvals

As described in Section 3.7 above, many of the Company's business decisions (including the products and services made available, the annual budgets and the

credit business generated through the branch) are subject to the approval of Bendigo Bank.

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

Bendigo Bank Claims

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

5.5 Other Factors

Regulatory Environment

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

Economic Conditions

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

Government Policies and Legislation

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

6. Franchise Agreement

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

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

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

Grant of Rights

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

Term

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

Branch Operations

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

Payments/Receipts

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

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

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

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

Indemnity

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

Bendigo Bank indemnifies the Company against all third party claims that may be brought against the Company to the extent that such claims result from a misleading or deceptive statement in, or a misleading or deceptive omission from,

the products or services specified by Bendigo Bank to be offered to customers, certain actions by employees of Bendigo Bank or any related promotional materials or manuals supplied by Bendigo Bank. Other potential liability on Bendigo Bank is, to the extent permitted, excluded.

Termination

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

- the Company breaches the Franchise Agreement;
- the Company engages in fraudulent or dangerous conduct, becomes insolvent or fails to pay its debts on time;
- the Company is convicted of a “serious offence” (as defined under the Franchising Code) or, without limiting the foregoing, the Company or any member of Staff, is convicted of an offence where, in the reasonable opinion of Bendigo Bank, that conviction materially and adversely affects Bendigo Bank and/or the name, goodwill or good reputation of the franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises;
- the Company carries on the franchise in a manner that harms or adversely affects, or may harm or adversely affect materially, the good name, goodwill or good reputation of Bendigo Bank, Bendigo Bank’s business, the franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises, including if the Company (or its staff) engage in misleading or deceptive conduct;
- the Company takes (or omits) to take an action that, under the Franchising Code, permits Bendigo Bank to immediately terminate the Franchise Agreement (eg the Company abandons the branch, carries it on in a way that endangers public health or safety or agrees to terminate the Franchise Agreement);
- the Company operates the business from a location not previously approved by Bendigo Bank;
- there is, without Bendigo Bank’s prior written consent, a change in the underlying ownership or control of the Company, the franchise, or the Company’s interest in the Franchise Agreement or a Branch location (this can be deemed to occur for certain changes to the Directors of the Company or if the Company’s control/ownership limit is breached - see Section 7.3 below);
- the Manager of a Community Bank[®] Branch becomes unable to perform his or her duties for an extended period, without suitable replacement;
- a Community Bank[®] Branch is not profitable; or
- there is an amendment to, renewal of, or alteration of the effect of, a rule or clause of the Company’s constituent documents, without the approval of Bendigo Bank.

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

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

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

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

7. Additional Information

7.1 Constitution

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

7.2 Rights Attaching to Shares

The Shares are fully paid ordinary shares.

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

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting. On a show of hands or a poll, each person present as a member, attorney, corporate representative or by proxy, has one vote, regardless of the number of Shares held.

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

(b) Dividends

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

(c) Transfer

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

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

(d) Winding up

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

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

Notwithstanding the above, if the Company is wound up, the liquidator has the discretion to divide among all or any of the shareholders in specie or in kind any part of the Company's assets. The division may be carried out as the liquidator thinks fit, subject to the right of any shareholder prejudiced by the division to dissent. Any dissenting shareholder has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the transfer of the Company's assets by a liquidator in a voluntary winding up (see, in particular, Chapter 5 of the Corporations Act, especially section 507).

7.3 Prohibited Shareholding Interest

A 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

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

Name of Director	Number of Shares	Subscriber Shares	Nature of Interest
M C Kentish	2,050	1	Legal and Beneficial
M R Bermingham	1,050	1	Legal and Beneficial
B W Coates	1,450	1	Legal and Beneficial
N L Edwards	200	-	Legal and Beneficial
E A Hiddlestone	300	-	Legal and Beneficial
J B McDonnell	1,050	-	Legal and Beneficial
N H Nancarrow	3,450	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

Director, Nola L Edwards is employed by Bendigo Bank Ltd in the capacity as a Community Development Manager.

Other benefits

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

7.6 Disclosure of Interests

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

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

Nil

7.7 BSX Waivers

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

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

(a) Company's Constitution

The Company intends to seek confirmation that, for the purposes of BSX Listing Rule 1.2(b), the Company's Constitution is consistent with the BSX Listing Rules (as modified by the waivers and confirmations referred to in this Section). 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) **Bendigo Bank** has given and has not, before the issue of this Information Memorandum withdrawn its written consent to be named in this Information Memorandum in the form and context in which it is named. It has not authorised or caused the issue of this Information Memorandum.

8. Definitions

APRA	Australian Prudential and Regulatory Authority.
Bendigo Bank	Bendigo Bank Limited (ABN 11 068 049 178).
Bendigo Group	Bendigo Bank and its related bodies corporate.
Bendigo Stock Exchange or BSX	BSX Limited (ACN 087 708 898).
BSX Listing Rules	Listing rules of the BSX.
Company	Pinjarra Community Financial Services Limited ACN 097 389 547
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 10 December 2001, between Bendigo Bank and the Company (and the Directors) under which the Company was granted the rights to manage and operate the Community Bank [®] Branch of Bendigo Bank, subject to the terms and conditions of the agreement.
Franchise	Has the meaning given in Section 3.5.
Franchising Code	Franchising Code of Conduct.
Prospectus	The prospectus dated 14 August 2001, issued by the Company.
Shares	Ordinary shares in the Company

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

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

Malcolm Charles Kentish (Chairman)

Monica Rae Bermingham

Barry William Coates

Nola Louise Edwards

Ernest Albert Hiddlestone

Jeffery Bernard McDonnell

Noel Henry Nancarrow

DIRECTORY

Directors

Malcolm Charles Kentish (Chairman)

Monica Rae Bermingham

Barry William Coates

Nola Louise Edwards

Ernest Albert Hiddlestone

Jeffery Bernard McDonnell

Noel Henry Nancarrow

Company Secretary

Julie Gay Brown

Registered Office

7C George Street,
Pinjarra, WA 6208

**PINJARRA COMMUNITY
FINANCIAL SERVICES LIMITED
ABN 31 097 389 547**

**Financial Report for the
year ended 30 June 2005**

C O N T E N T S

Directors' Report
Auditor's Independence Declaration
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Directors' Declaration
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Notes to the Financial Statements

Director's report 30 June 2005

Your Directors present their report together with the financial report of the Company for the year ended 30 June 2005.

Directors

The names and qualifications of Directors in office at any time during or since the end of the year are:

Noel Henry Nancarrow

Date of Birth: 1 March 1949

Occupation: Shire President

Background information: Shire Councillor 16 years. Shire President 11 years. Justice of Peace.

Barry William Coates

Date of Birth: 7 July 1949

Occupation: Works at Alcoa Huntly

Background information: Worked for Alcoa Australia for 29 years as a mine worker. Lived locally and farmed for 36 years in partnership with brother in West Pinjarra.

Malcolm Charles Kentish

Date of Birth: 15 January 1958

Occupation: Business Proprietor

Background information: Owned and operated business in Pinjarra since 1990.

Margaret Ruth Ingpen

Date of Birth: 17 May 1948

Occupation: Nurse

Background information: Nursing 10 years in WA. Secretary of the Keysbrook Community Group. Rural background in livestock.

Monica Rae Bermingham

Date of Birth: 16 April 1952

Occupation: Small Business Owner

Background information: Currently working on contract at Fairbridge. Extensive clerical, managerial, office background also farming, mining industry, human resources, community organisations.

Director's report continued

Jeffery Bernard McDonnell

Date of Birth: 28 June 1949

Nola Louise Edwards

Date of Birth: 11 April 1965

Occupation: Branch Manager

Ernest Albert Hiddlestone (appointed 14 December 2004)

Date of Birth: 14 January 1937

Joyce Isobel Thompson (appointed 18 April 2005)

Date of Birth: 17 March 1929

Jane Ellen Whitehorn (resigned 24 August 2004)

Meetings of Directors

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
Noel Henry Nancarrow	12	8
Barry William Coates	12	5
Malcolm Charles Kentish	12	12
Margaret Ruth Ingpen	12	8
Monica Bermingham	12	11
Jeffrey Bernard McDonnell	12	11
Nola Louise Edwards	12	12
Ernest Albert Hiddlestone	7	7
Joyce Isobel Thompson	3	3
Jane Ellen Whitehorn	2	-

Director's report continued

Principal activity and review of operations

The principal activity and focus of the Company's operations during the period was the operations of, Pinjarra Community Bank[®] Branch of Bendigo Bank, pursuant to a franchise agreement.

Operating results

The amount of the loss from ordinary activities of the Company after income tax was \$7,593 for the year ended 30 June 2005. (2004: loss of \$46,400)

Dividends

No recommendation has been made for the payment of dividend.

Significant changes in 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 period under review, not otherwise disclosed in these financial statements.

Events subsequent to the end of the financial year

No matters or circumstances have arisen since the end of the financial period, that 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 subsequent financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Indemnifying officer or auditor

Indemnities have been given, during and since the end of the financial period, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. A Directors' and Officers' liability insurance policy for \$5,000,000 cover has been taken out for an annual premium cost of \$5,142.

Director's report continued

Share options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a Law of the Commonwealth or of a State or Territory.

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

Our auditor, RSM Bird Cameron Partners, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001. The independence declaration is included within the financial statements.

Signed in accordance with a resolution of Directors



Director

Dated this day, 23rd September, of 2005

Financial statements 30 June 2005

	Note	2005 \$	2004 \$
Revenue from ordinary activities	2	449,730	317,443
Employee benefits expense		(244,678)	(196,499)
Depreciation and amortisation expenses		(33,130)	(33,010)
Borrowing costs expense		(6,661)	(6,361)
Other expenses from ordinary activities	3	(172,854)	(27,973)
Loss from ordinary activities before income tax expense		(7,593)	(46,400)
Income tax expense relating to ordinary activities	4	-	-
Loss from ordinary activities after income tax expense attributable to members		(7,593)	(46,400)
Total revenue expenses and valuation adjustments attributable to members and recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with owners as owners		(7,593)	(46,400)

Financial statements

30 June 2005

Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	16(a)	260	260
Receivables	5	34,425	29,693
Other	6	7,788	7,934
TOTAL CURRENT ASSETS		42,473	37,887
NON CURRENT ASSETS			
Property, plant and equipment	7	33,272	56,402
Intangible assets	8	14,167	24,167
Other	6	-	6,000
TOTAL NON CURRENT ASSETS		47,439	86,569
TOTAL ASSETS		89,912	124,456
CURRENT LIABILITIES			
Payables	9	27,567	15,589
Interest bearing liabilities	10	69,818	112,034
Provisions	11	12,574	9,287
TOTAL CURRENT LIABILITIES		109,959	136,910
TOTAL LIABILITIES		109,959	136,910
NET (LIABILITIES)		(20,047)	(12,454)
CONTRIBUTED EQUITY			
Contributed equity	12	385,805	385,805
Accumulated losses	13	(405,852)	(398,259)
TOTAL EQUITY		(20,047)	(12,454)

Cash flow statement 30 June 2005

	Note	2005 \$	2004 \$
Cash flows from operating activities			
Receipts from customers		444,998	302,408
Payments to suppliers and employees		(396,121)	(314,221)
Borrowing costs		(6,661)	(6,360)
Interest received		-	287
Net cash provided by / (used in) operating activities	16(b)	42,216	17,886
Cash flows from investing activities			
Payments for plant and equipment		-	(1,200)
Net cash used in investing activities		-	(1,200)
Net increase/(decrease) in cash held		42,216	(19,086)
Cash held at the beginning of the financial year		(111,774)	(92,688)
Cash held at the end of the financial year	16(a)	(69,558)	(111,774)

Notes to the financial statements

For the year ended 30 June 2005

Note 1: Statement of accounting policies

a) Basis of preparation

The financial report has been prepared on a going concern basis after consideration by the Directors of the following matters:

- (i) The Company is budgeting to return a profit for the year ended 30 June 2005; and
- (ii) The Bendigo Bank has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for a period of twelve months from the date of this report.

In consideration of the above matters, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report.

The financial report is also a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been 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 accounting policies have been consistently applied, unless otherwise stated.

Pinjarra Community Financial Services Limited is an unlisted public Company, incorporated and domiciled in Australia.

b) 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 operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

Notes to the financial statements continued

Note 1: Statement of accounting policies continued

b) Income tax (Cont.)

The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

c) Property, plant and equipment

Property, plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation or amortisation.

The carrying amount of property, plant and equipment is reviewed annually by Directors 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 which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised 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 assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20%

d) intangible assets

The franchise fee paid by the Company pursuant to a Franchise Agreement with the Bendigo Bank (Note 8) is being amortised over the initial five (5) year period of the agreement, being the period of expected economic benefits of the franchise fee.

e) Statement of cash flows

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 any outstanding bank overdraft.

Notes to the financial statements continued

Note 1: Statement of accounting policies continued

f) Revenue

Revenue from the provision of banking services is recognised upon the delivery of the services to customers.

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

g) Employee benefits

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 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 the employee superannuation funds and are charged as expenses when incurred.

h) Goods and Services 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 Tax 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. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

i) Comparative figures

Where required by Accounting Standards, comparative figures are adjusted to conform with changes in presentation in the current financial year.

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 2: Revenue

Operating activities

Franchise margin income	449,412	317,011
Interest received	-	287
Other	318	145
	449,730	317,443

Note 3: Other expenses from ordinary activities

Rental expenses	27,363	16,396
IT leasing and running costs	25,100	27,987
Other operating expenses	120,391	83,590
	172,854	127,973

AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company

– Audit services	1,250	3,000
– Other services	4,250	2,500

Notes to the financial statements continued

Note 4: Income tax expense

No income tax is payable by the Company as it incurred losses for the period for income tax purposes.

	2005	2004
	\$	\$

a) Reconciliation of income tax expense

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

Prima facie tax benefit on the loss from ordinary activities before income tax at 30%	(2,278)	(13,920)
Tax effect of :		
– Permanent differences	3,000	3,000
– Timing differences not recognised	(3,291)	
– Tax losses not brought to account	2,569	10,920
Income tax expense	-	-

b) Tax losses

Balance at the beginning of the year	334,711	298,753
Tax losses not recognized in prior year	17,854	
Tax losses incurred in the financial year	8,563	35,958
	361,128	334,711

At balance date, the Company had tax losses of \$361,128 (2004: \$334,711) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$108,338 (2004: \$100,413). This benefit has not been recognised as an asset in the statement of financial position as its realisation is not virtually certain. The benefits will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 5: Receivables

Trade debtors	34,425	29,693
---------------	--------	--------

Note 6: Other

Current		
Prepayments	7,788	7,934
Non current		
Prepayments	-	6,000

Note 7: Property, plant and equipment

Furniture and fittings		
Cost	115,655	115,655
Accumulated depreciation	(82,383)	(59,253)
	33,272	56,402

Movement in carrying amount

Balance at the beginning of the period	56,402	78,212
Additions	-	1,200
Depreciation expense	(23,130)	(23,010)
Carrying amount at the end of the period	33,272	56,402

Notes to the financial statements continued

	2005 \$	2004 \$
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Note 8: Intangible assets

Franchise fee at cost	50,000	50,000
Accumulated amortisation	(35,833)	(25,833)
	14,167	24,167

Pursuant to a five year franchise agreement with the Bendigo Bank, the Company operates a branch of the Bendigo Bank at Pinjarra, trading as “Pinjarra Community Bank® Branch – Bendigo Bank”, providing a core range of banking products and services. The Company entered into the franchise agreement at a cost of \$50,000 that is being amortised on the basis disclosed in Note 1(d).

Note 9: Payables

Trade creditors and accruals	12,061	3,347
GST payable	15,506	12,242
	7,567	15,589

Note 10: Interest bearing liabilities

Bank overdraft	69,818	112,034
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Security

The bank overdraft is secured by a floating charge over the Company's assets.

Note 11: Provisions

Provision for employee entitlements	12,574	9,287
Number of employees at year end	5	7

Notes to the financial statements continued

	2005 \$	2004 \$
--	------------	------------

Note 12: Contributed equity

393,160 (2003: 393,160) ordinary shares fully paid	393,160	393,160
Cost of raising equity	(7,355)	(7,355)
	385,805	385,805

Note 13: Accumulated losses

Balance at the beginning of the financial year	398,259	351,859
Loss attributable to members of the Company	7,593	46,400
Balance at the end of the financial year	405,852	398,259

Note 14: Directors' and executives' remuneration

a) The names and positions of Directors and Executive in office at any time during the financial year are:

Specified Directors:

Noel Henry Nancarrow	Chairman
Barry William Coates	Non-Executive Director
Malcolm Charles Kentish	Non-Executive Director
Margaret Ruth Ingpen	Non-Executive Director
Monica Rae Bermingham	Non-Executive Director
Jane Ellen Whitehorn	Non-Executive Director
Jeffrey Bernard McDonnell	Non-Executive Director
Nola Edwards	Bank Manager / Director
Ernest Albert Hiddlestone	Non-Executive Director
Joyce Isobel Thompson	Non-Executive Director

Specified Executive:

No person met the definition of specified executive of the Company during the financial years ended 30 June 2004 and 30 June 2005.

Notes to the financial statements continued

Note 14: Directors' and executives' remuneration continued

b) Remuneration of Directors

No income was paid or was payable or otherwise made available, to the specified Directors of the Company during the years ended 30 June 2004 and 30 June 2005, with the exception amount which was paid or was payable to Nola Edwards in her capacity as the Bank Manager.

	Primary		Post employment			Equity	Other	Total
	Salary, fees & commissions	Super-annuation	Cash bonus	Non-cash benefits	Super-annuation			
Nola Edwards	75,041	6,673	-	-	-	-	-	81,714

c) Options

No options over issued shares or interests in the Company were granted to specified Directors or Executive during or since the end of the financial period and there were no options outstanding at the date of this report

The specified Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

d) Shareholdings

	Balance 1 July 2004	Received as remuneration	Options exercised	Net change Others *	Balance 30 June 2005
Specified Directors					
Noel Henry Nancarrow	3,451	-	-	-	3,451
Barry William Coates	1,451	-	-	-	1,451
Malcolm Kentish	2,051	-	-	-	2,051
Margaret Ruth Ingpen	13,101	-	-	-	13,101
Monica Bermingham	1,051	-	-	-	1,051
Jeffrey Bernard McDonnell	1,050	-	-	-	1,050
Nola Edwards	200	-	-	-	200
Ernest Albert Hiddlestone	300	-	-	-	300
Joyce Isobel Thompson	-	-	-	-	-
TOTAL	22,655				22,655

* Net change other refers to shares purchased or sold during the financial year

e) Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

Notes to the financial statements continued

Note 14: Directors' and executives' remuneration continued

f) Remuneration practices (Cont.)

It is current policy of the Company that Board members are not remunerated for the services performed, with the exception of the Bank Manager.

The remuneration structure for the Bank Manager is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company.

Note 15: Related party transactions

The related parties have not entered into a transaction with the Company during the financial years ended 30 June 2004 and 30 June 2005, other than those disclosed in Note 14.

	2005	2004
	\$	\$

Note 16: Notes to the statement of cash flows

a) Reconciliation of cash assets

For the purpose 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 financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	260	260
Bank overdraft	(69,818)	(112,034)
	(69,558)	(111,774)

b) Reconciliation of net cash provided by operating activities to loss from ordinary activities

Loss from ordinary activities	7,593)	46,400)
Depreciation and amortisation	33,130	33,010
Movement in assets and liabilities		
Receivables	(4,732)	(14,749)
Other assets	6,146	5,878
Payables	11,978	(2,067)
Provisions	3,287	(3,600)
Net cash provided by/(used in) operating activities	42,216	(17,886)

Notes to the financial statements continued

Note 17: Leasing commitment

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable

– Not longer than 1 year	13,248	13,248
– Longer than 1 year but not longer than 5 years	4,416	17,664
	17,664	30,912

Note 18: Financial instruments

a) Interest rate risk

2005	Rates	Variable	1 year	Fixed 1 to 5 years	Non-interest	Total
Financial Assets						
Cash		-	-	-	260	260
Receivables		-	-	-	34,425	34,425
		-	-	-	34,685	34,685
Financial Liabilities						
Payables		-	-	-	(27,567)	(27,567)
Interest bearing liabilities	9.40%	(69,818)	-	-	-	(69,818)
Provisions		-	-	-	(12,574)	(12,574)
		(69,818)	-	-	(40,141)	(109,959)
Net financial (liabilities)		(69,818)	-	-	(5,456)	(75,274)

Notes to the financial statements continued

Note 18: Financial instruments continued

a) Interest rate risk (Cont.)

2005	Rates	Variable	Fixed 1 year	Fixed 1 to 5 years	Non-interest	Total
Financial Assets						
Cash		-	-	-	260	260
Receivables		-	-	-	29,693	29,693
		-	-	-	29,953	29,953
Financial Liabilities						
Payables		-	-	-	(15,589)	(15,589)
Interest bearing liabilities	8.15%	(112,034)	-	-	-	(112,034)
Provisions		-	-	-	(9,287)	(9,287)
		(112,034)	-	-	(24,876)	(136,910)
Net financial liabilities		(112,034)	-	-	5,077	(106,957)

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 statement of financial position and notes to the financial statements.

c) Net fair values

The net fair value of financial assets and liabilities of the Company approximates their carrying amount.

The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

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 the financial statements.

Notes to the financial statements continued

Note 19: Segment reporting

The Company operates in the financial services sector as a branch of the Bendigo Bank at Pinjarra in Western Australia.

Note 20: Events subsequent to the reporting date

No matters or circumstances have arisen since the end of the financial period that 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 subsequent financial years.

Note 21: Contingent liabilities

There were no contingent liabilities at the reporting date.

Note 22: Impact of adopting Australian equivalents to IFRS

The Company is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (GAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. During the year, the Directors of the Company conducted impact assessments to identify key areas that would be impacted by the transition to AIFRS

The Directors have identified that the key differences in the Company's accounting policies which will arise from the adoption of IFRS to be:

Taxation

Currently, the Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australia equivalent to IAS 12, the Company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather the effects of the timing and permanent differences between taxable income and accounting profit.

Intangible Assets

Under the Australian equivalent to IAS 38 "Intangible Assets", formation costs and franchise fees must be expensed. This will result in a change in the Company's current accounting policy which allows for the capitalisation of formation costs and franchise fees. Under the new policy, all formation costs and franchise fees will be written off as incurred. On transition, all currently recognised formation costs and franchise fees will be adjusted against opening accumulated profits/losses as they will not meet the recognition requirements under IFRS.

Notes to the financial statements continued

Note 22: Impact of adopting Australian equivalents to ifrs continued

At the present time, the Company's management is still completing its transition to AIFRS and will be fully compliant by 30 June 2006. No material differences in the Company's accounting policies or balances on conversion to AIFRS are expected.

The actual effects of transition to AIFRS however may differ due to:

- (a) ongoing work being undertaken by the Directors of the Company;
- (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and
- (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Note 23: Company details

The principal place of business of the Company is:

40 Salter Street
Pinjarra, WA 6208

The registered office of the Company is:

7C George Street
Pinjarra, WA 6208

Director's declaration 30 June 2005

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 10 to 26, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the Company.
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.



Director

Dated this day, 23rd September, of 2005

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
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INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the Directors' declaration for Pinjarra Community Financial Services Limited (the Company) for the year ended 30 June 2005.

The Directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position and of their performance as represented by the results of their operations and cash flows.

RSM Bird Cameron Partners

Chartered Accountants

We formed our audit opinion on the basis of these procedures, which included:-

- ◆ examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- ◆ assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

Independence

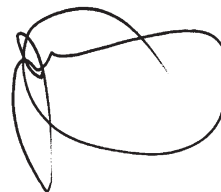
We are independent of the Company and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion, the financial report of Pinjarra Community Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Pinjarra Community Financial Services Limited at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants



JAMES KOMNINOS
Partner

Perth, WA
Dated: 29 September 2005

'Liability is limited by the Accountants'
Scheme pursuant to the NSW
Professional Standards Act 1994'

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.

RSM Bird Cameron Partners

Chartered Accountants

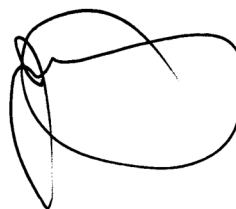
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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED

In relation to our audit of the financial report of Pinjarra Community Financial Services Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



JAMES KOMNINOS
Partner

Perth, WA
Dated: 29 September 2005

**PINJARRA COMMUNITY
FINANCIAL SERVICES LIMITED
ABN 31 097 389 547**

**Financial Report for the
half-year ended 31 December 2005**

C O N T E N T S

Directors' Report
Auditor's Independence Declaration
Independent Review Report
Directors' Declaration
Income Statement
Balance Sheet
Statement of Changes in Equity
Cash Flow Statement
Notes to the Financial Statements

This is annexure A of 19 pages referred to in Form 7051: Notification of half-yearly reports

Director

Dated this day of 2006

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

The directors of the Company submit the financial report for the half-year ended 31 December 2005.

Directors

The names of persons holding the position of Director of the Company during the period and up to the date of this report, are: -

Monica Rae Bermingham
Barry William Coates
Margaret Ruth Ingpen
Noel Henry Nancarrow
Malcolm Charles Kentish
Jeffery Bernard McDonnell
Nola Louise Edwards
Ernest Albert Hiddlestone

Directors were in office for this entire period, unless otherwise stated.

Review of Operations

The focus of the Company's operations during the period was the operations of the Pinjarra Community Bank Branch of Bendigo Bank, pursuant to a franchise agreement.

The profit from ordinary activities after income tax was \$32,106 for the half-year ended 31 December 2005.

Adoption of Australian Equivalents to IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in Note 2 of this report.

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from RSM Bird Cameron Partners, the Company's auditors. The declaration is included at page 2 of the financial report.

Signed in accordance with a resolution of the directors.

Director

Dated this day of 2006

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www.rsmi.com.au

Auditor's Independence Declaration

to the Directors of Pinjarra Community Financial Services Limited

In relation to our review of the interim financial report of Pinjarra Community Financial Services Limited for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated:

D WALL
Partner

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED**

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Pinjarra Community Financial Services Limited (the Company), for the half-year ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 “Interim Financial Reporting” and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated:

D WALL
Partner

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1) The financial statements and notes set out on pages 6 to 19 are in accordance with the Corporations Act 2001, including:
 - (a) comply with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
 - (b) give a true and fair view of the Company's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations and cash flows for the half-year ended 31 December 2005.
- 2) At the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

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

Director

Dated this day of 2006

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
INCOME STATEMENT
For the half-ended 31 December 2005

	NOTE	31 December 2005 \$	31 December 2004 \$
Revenue from ordinary activities		272,261	214,527
Employee benefits expense		(124,362)	(117,371)
Depreciation and amortisation expenses		(17,192)	(16,565)
Borrowing costs		(1,332)	(3,178)
Other expenses from operating activities	3	<u>(83,756)</u>	<u>(91,688)</u>
Profit/(loss) from ordinary activities before income tax expense		45,619	(14,275)
Income tax expense relating to ordinary activities		<u>(13,513)</u>	<u>-</u>
Net profit/(loss) from ordinary activities after income tax expense		<u>32,106</u>	<u>(14,275)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>32,106</u>	<u>(14,275)</u>

The accompanying notes form part of these financial statements

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED

BALANCE SHEET

As at 31 December 2005

	NOTE	31 December 2005 \$	30 June 2005 \$
CURRENT ASSETS			
Cash and cash equivalents		260	260
Trade and other receivables		44,564	34,425
Other		6,173	7,788
TOTAL CURRENT ASSETS		<u>50,997</u>	<u>42,473</u>
NON CURRENT ASSETS			
Property, plant and equipment		39,302	33,272
Deferred tax assets		97,611	111,124
Intangibles		9,167	14,167
TOTAL NON CURRENT ASSETS		<u>146,080</u>	<u>158,563</u>
TOTAL ASSETS		<u>197,077</u>	<u>201,036</u>
CURRENT LIABILITIES			
Trade and other payables		40,186	27,567
Short term borrowings		10,573	69,818
Short term provisions		11,066	12,574
TOTAL CURRENT LIABILITIES		<u>61,825</u>	<u>109,959</u>
NON CURRENT LIABILITIES			
Long term borrowings		12,069	-
TOTAL NON CURRENT LIABILITIES		<u>12,069</u>	<u>-</u>
TOTAL LIABILITIES		<u>73,894</u>	<u>109,959</u>
NET ASSETS		<u>123,183</u>	<u>91,077</u>
EQUITY			
Contributed equity		385,805	385,805
Retained losses		(262,622)	(294,728)
TOTAL EQUITY		<u>123,183</u>	<u>91,077</u>

The accompanying notes form part of these financial statements

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
STATEMENT OF CHANGE IN EQUITY
For the half-year ended 31 December 2005

	Share Capital (Ordinary shares) \$	Retained losses \$	Total \$
Balance at 1 July 2004	385,805	(398,259)	(12,454)
Loss attributable to the members of the Company	<u>-</u>	<u>(14,275)</u>	<u>(14,275)</u>
Balance at 31 December 2004	<u>385,805</u>	<u>(412,534)</u>	<u>(26,729)</u>
Balance at 1 July 2005	385,805	(294,728)	91,077
Profit attributable to the members of the Company	<u>-</u>	<u>32,106</u>	<u>32,106</u>
Balance at 31 December 2005	<u>385,805</u>	<u>262,622</u>	<u>123,183</u>

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT

For the half-year ended 31 December 2005

	31 December 2005 \$	31 December 2004 \$
NOTE		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	262,122	211,280
Payments to suppliers and employees	(195,392)	(186,872)
Borrowing costs paid	(1,332)	(3,178)
Net cash provided by operating activities	<u>65,398</u>	<u>21,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(18,222)	-
Net cash (used in) investing activities	<u>(18,222)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	20,045	-
Repayment of loan	(1,527)	-
Net cash provided by investing activities	<u>18,518</u>	<u>-</u>
Net increase in cash held	65,694	21,230
Cash at beginning of the financial period	<u>(69,558)</u>	<u>(111,774)</u>
Cash at the end of the financial period	<u>(3,864)</u>	<u>(90,544)</u>

The accompanying notes form part of these financial statements

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Preparation

The half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 June 2005 financial report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

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

(b) Income tax

The charge for current income tax expenses is based on the profit 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. 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 taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

1. STATEMENT OF ACCOUNTING POLICIES (Cont.)

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors 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 which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised 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 assets are:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Plant and equipment	20%

(d) Intangible assets

Under AASB 138: Intangible Assets, formation costs must be expensed. Under the new policy, all formation costs will be written off as incurred. All formations costs have been adjusted against opening retained earnings as at 1 July 2004.

(e) Cash Flow Statement

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

(f) Employee benefits

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

Contributions are made by the Company to the employee superannuation funds and are charged as expenses when incurred.

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

1. STATEMENT OF ACCOUNTING POLICIES (Cont.)

(g) Revenue

Revenue from the provision of banking services is recognised upon the delivery of the services to customers.

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

(h) Impairment of assets

At each reporting date, the Company reviews 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 asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(i) Goods and Services 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 Tax 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. Receivables and payables in the statement of financial position are shown inclusive of GST.

(j) Comparative figures

Where required by Accounting Standards, comparative figures are adjusted to conform with changes in presentation in the current financial year.

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Previous GAAP at 1 July 2004 \$	Adjustments on introduction of Australian equivalents to IFRS \$	Australian equivalents to IFRS at 1 July 2004 \$
Reconciliation of Equity at 1 July 2004	Note		
CURRENT ASSETS			
Cash and cash equivalents	260	-	260
Trade and other receivables	29,693	-	29,693
Other	7,934	-	7,934
TOTAL CURRENT ASSETS	<u>37,887</u>	<u>-</u>	<u>37,887</u>
NON CURRENT ASSETS			
Property, plant and equipment	56,402	-	56,402
Intangibles	24,167	-	24,167
Other	6,000	-	6,000
TOTAL NON CURRENT ASSETS	<u>86,569</u>	<u>-</u>	<u>86,569</u>
TOTAL ASSETS	<u>124,456</u>	<u>-</u>	<u>124,456</u>
CURRENT LIABILITIES			
Trade and other payables	15,589	-	15,589
Short term borrowings	112,034	-	112,034
Short term provisions	9,287	-	9,287
TOTAL CURRENT LIABILITIES	<u>136,910</u>	<u>-</u>	<u>136,910</u>
TOTAL LIABILITIES	<u>136,910</u>	<u>-</u>	<u>136,910</u>
NET ASSETS	<u>(12,454)</u>	<u>-</u>	<u>(12,454)</u>
CONTRIBUTED EQUITY			
Contributed equity	385,805	-	385,805
Retained losses	(398,259)	-	(398,259)
TOTAL EQUITY	<u>(12,454)</u>	<u>-</u>	<u>(12,454)</u>

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont.)

		Previous GAAP at 31 December 2004 \$	Adjustments on introduction of Australian equivalents to IFRS \$	Australian equivalents to IFRS at 31 December 2004 \$
Reconciliation of Equity at 31 December 2004	Note			
CURRENT ASSETS				
Cash and cash equivalents		260	-	260
Trade and other receivables		32,940	-	32,940
Other		9,848	-	9,848
TOTAL CURRENT ASSETS		<u>43,048</u>	<u>-</u>	<u>43,048</u>
NON CURRENT ASSETS				
Property, plant and equipment		44,837	-	44,837
Intangibles	2 (a)	19,167	-	19,167
Other		3,000	-	3,000
TOTAL NON CURRENT ASSETS		<u>67,004</u>	<u>-</u>	<u>67,004</u>
TOTAL ASSETS		<u>110,052</u>	<u>-</u>	<u>110,052</u>
CURRENT LIABILITIES				
Trade and other payables		36,821	-	36,821
Short term borrowings		90,804	-	90,804
Short term provisions		9,156	-	9,156
TOTAL CURRENT LIABILITIES		<u>136,781</u>	<u>-</u>	<u>136,781</u>
TOTAL LIABILITIES		<u>136,781</u>	<u>-</u>	<u>136,781</u>
NET ASSETS		<u>(26,729)</u>	<u>-</u>	<u>(26,729)</u>
CONTRIBUTED EQUITY				
Contributed equity		385,805	-	385,805
Retained losses		(412,534)	-	(412,534)
TOTAL EQUITY		<u>(26,729)</u>	<u>-</u>	<u>(26,729)</u>

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont.)

		Previous GAAP at 30 June 2005 \$	Adjustments on introduction of Australian equivalents to IFRS \$	Australian equivalents to IFRS at 30 June 2005 \$
Reconciliation of Equity at 30 June 2005	Note			
CURRENT ASSETS				
Cash and cash equivalents		260	-	260
Trade and other receivables		34,425	-	34,425
Other		7,788	-	7,788
TOTAL CURRENT ASSETS		<u>42,473</u>	<u>-</u>	<u>42,473</u>
NON CURRENT ASSETS				
Property, plant and equipment		33,272	-	33,272
Deferred tax assets		-	111,124	111,124
Intangibles	2 (a)	14,167	-	14,167
TOTAL NON CURRENT ASSETS		<u>47,439</u>	<u>111,124</u>	<u>158,563</u>
TOTAL ASSETS		<u>89,912</u>	<u>111,124</u>	<u>201,036</u>
CURRENT LIABILITIES				
Trade and other payables		27,567	-	27,567
Short term borrowings		69,818	-	69,818
Short term provisions		12,574	-	12,574
TOTAL CURRENT LIABILITIES		<u>109,959</u>	<u>-</u>	<u>109,959</u>
TOTAL LIABILITIES		<u>109,959</u>	<u>-</u>	<u>109,959</u>
NET ASSETS		<u>(20,047)</u>	<u>111,124</u>	<u>91,077</u>
CONTRIBUTED EQUITY				
Contributed equity		385,805	-	385,805
Retained losses		(405,852)	111,124	(294,728)
TOTAL EQUITY		<u>(20,047)</u>	<u>111,124</u>	<u>91,077</u>

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont.)

		Previous GAAP \$	Effect of transition to Australian equivalents to IFRS \$	Australian equivalents to IFRS \$
Reconciliation of Profit or Loss for the half year 31 December 2004	Note			
Revenue from ordinary activities		214,527	-	214,527
Employee benefits expense		(117,371)	-	(117,371)
Depreciation and amortisation expenses	2 (a)	(16,565)	-	(16,565)
Borrowing costs		(3,178)	-	(3,178)
Other expenses from ordinary activities	2 (a)	(91,688)	-	(91,688)
Loss from ordinary activities before income tax expense		(14,275)	-	(14,275)
Income tax expense relating to ordinary activities		-	-	-
Net loss from ordinary activities after income tax expense		(14,275)	-	(14,275)
Total changes in equity other than those resulting from transactions with owners as owners		(14,275)	-	(14,275)

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont.)

Reconciliation of Profit or Loss for the full year 30 June 2005	Note	Previous GAAP \$	Effect of transition to Australian equivalents to IFRS \$	Australian equivalents to IFRS \$
Revenue from ordinary activities		449,730	-	449,730
Employee benefits expense		(244,678)	-	(244,678)
Depreciation and amortisation expenses	2 (a)	(33,130)	-	(33,130)
Borrowing costs		(6,661)	-	(6,661)
Other expenses from ordinary activities	2 (a)	(172,854)	-	(172,854)
Loss from ordinary activities before income tax expense		(7,593)	-	(7,593)
Income tax expense/benefit relating to ordinary activities		-	111,124	111,124
Net profit/(loss) from ordinary activities after income tax expense		(7,593)	-	103,531
Total changes in equity other than those resulting from transactions with owners as owners		(7,593)	-	103,531

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

2. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont.)

Notes to reconciliations of equity and profit and loss at 1 July 2004, 31 December 2004 and 30 June 2005

- (a) Under AASB 138 formation costs must be expensed. Under the new policy, all formation costs will be written off as incurred. All formation costs amortised under previous GAAP has been reversed and all formation costs capitalised have been written off as follows.

	\$
Retained losses at 1 July 2004 under previous GAAP	(398,259)
Formation costs written off under AASB 138	<u>-</u>
IFRS equivalent of retained losses at 1 July 2004	<u>(398,259)</u>
Profit for the half year ended 31 December 2004	(14,275)
Write back of amortisation expense of formation costs	-
Formation costs capitalised in the half year ended 31 December 2004 written off under IFRS	<u>-</u>
IFRS equivalent of retained losses at 31 December 2004	<u>(412,534)</u>
Profit for the half year ended 30 June 2005	6,682
Write back of amortisation expense of formation costs and franchise fees	-
Formation costs capitalised in the half year ended 30 June 2005 written off under IFRS	<u>-</u>
IFRS equivalent of retained losses at 30 June 2005 prior to recognition of timing and permanent differences	<u>(405,852)</u>
Less taxable temporary differences	<u>111,124</u>
IFRS equivalent of retained losses at 30 June 2005	<u>294,728</u>

PINJARRA COMMUNITY FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

3. **PROFIT FROM ORDINARY ACTIVITIES**

The following revenue and expense items are relevant in explaining the financial performance for the interim period.

	31 December 2005	31 December 2004
	\$	\$
Administration	70,903	79,282
IT equipment lease and running costs	12,853	12,406
	<hr/>	<hr/>
	83,756	91,688
	<hr/>	<hr/>

4. **EVENTS SUBSEQUENT TO REPORTING DATE**

Since 31 December 2005, no event has arisen that would be likely to materially affect the operations of the Company or its state of affairs.

5. **CONTINGENT LIABILITIES**

There were no contingent liabilities at the reporting date.

6. **SEGMENT INFORMATION**

The Company operates in the financial services sector as a branch of the Bendigo Bank at Pinjarra in Western Australia.