

Redlands
Community Financial Services Limited
Financial Statements
as at
31 December 2006

Redlands Community Financial Services Limited
ABN 52 116 190 875
Directors' Report

Your Directors submit the financial report of the company for the half-year ended 31 December 2006.

Directors

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

Peter James Dowling

Terrence Glen Ford

Glenda Alys Little

Stathis (Steve) E. Efstathis (*Resigned: 2nd March 2007*)

Clive Judah Phillips

Roderick Alan McLeod Bickell

Robert Purnell Smith

Greg Alan Cook (*Resigned 21st December 2006*)

Janet Ann Daville Bennett (*Appointed 21st December 2006*)

Nicolas Day (*Appointed: 18th January 2007*)

Gary Francis White (*Appointed: 15th February 2007*)

Principal activities

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

Significant changes in the state of affairs

The entity has opened an Agency on Macleay Island on 16 September 2006. During the end of half year reporting period the entity incurred minor expenses on the opening of the agency which has been incorporated into the financial statements.

Review and results of operations

Operations have continued to perform in line with expectations. The loss of the company for the financial period was: \$65,868.

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

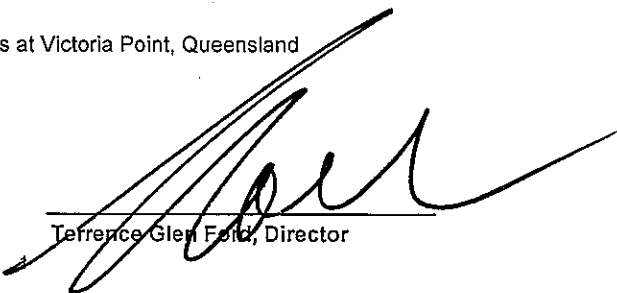
Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Directors at Victoria Point, Queensland on 9th March 2007.



Peter James Dowling, Chairman



Terrence Glen Ford, Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Redlands Community Financial Services Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial period ended 31 December 2006 there have been:

- ✓ no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review and
- ✓ no contraventions of any applicable code of professional conduct in relation to the review.



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated: 9 March 2007

Redlands Community Financial Services Limited
ABN 52 116 190 875
Income Statement
for the half-year ended 31 December 2006

	2006 \$
Revenue from ordinary activities	75,209
Other Revenue	6,831
Salaries and employee benefit expense	(101,658)
Occupancy and associated costs	(17,268)
Advertising and promotion expenses	(3,406)
Systems costs	(10,975)
Depreciation and amortisation expense	(8,506)
General administration expenses	(35,408)
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Loss before income tax credit	(95,180)
Income tax credit	29,312
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Loss for the period	(65,868)
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Loss attributable to members of the entity	(65,868)
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Earnings per Share	
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Earnings per share for the period were:	(9.70)

The accompanying notes form part of these financial statements.

Redlands Community Financial Services Limited
ABN 52 116 190 875
Balance Sheet
as at 31 December 2006

	31-Dec 2006 \$	30-Jun 2006 \$
ASSETS		
Current Assets		
Cash assets	153,891	217,316
Trade and other receivables	5,391	10,227
Other financial assets	5,813	-
Total Current Assets	<u>165,095</u>	<u>227,543</u>
Non-Current Assets		
Property, plant and equipment	122,225	121,894
Deferred tax asset	109,721	80,409
Intangible assets	8,000	9,000
Total Non-Current Assets	<u>239,946</u>	<u>211,303</u>
Total Assets	<u>404,897</u>	<u>438,846</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	9,825	17,659
Total Current Liabilities	<u>9,825</u>	<u>17,659</u>
Total Liabilities	<u>9,825</u>	<u>17,659</u>
Net Assets	<u>395,072</u>	<u>421,187</u>
Equity		
Issued capital	642,560	602,806
Retained earnings	(247,487)	(181,619)
Total Equity	<u>395,073</u>	<u>421,187</u>

The accompanying notes form part of these financial statements.

Redlands Community Financial Services Limited
 ABN 52 116 190 875
 Statement of Changes in Equity
 for the half-year ended 31 December 2006

	2006 \$
Total equity at the beginning of the period	421,187
Loss for the period	(65,869)
Net income/expense recognised directly in equity	-
Dividends provided for or paid	-
Shares issued during period	41,500
Equity raising costs during the period	(1,746)
Total equity at the end of the period	<u>395,072</u>

The accompanying notes form part of these financial statements.

Redlands Community Financial Services Limited
ABN 52 116 190 875
Cash Flow Statement
for the half-year ended 31 December 2006

	2006 \$
Cash Flows From Operating Activities	
Receipts from customers	75,209
Payments to suppliers and employees	(176,872)
Interest paid	(72)
Interest received	6,248
Net cash used in operating activities	<u>(95,487)</u>
Cash Flows From Investing Activities	
Payments for property, plant and equipment	(7,692)
Net cash used in investing activities	<u>(7,692)</u>
Cash Flows From Financing Activities	
Proceeds from issues of equity securities	39,754
Net cash provided by financing activities	<u>39,754</u>
Net decrease in cash held	(63,425)
Cash at the beginning of the financial year	217,316
Cash at the end of the half-year	<u><u>153,891</u></u>

The accompanying notes form part of these financial statements.

Redlands Community Financial Services Limited
ABN 52 116 190 875
Notes to the financial statements
for the half-year ended 31 December 2006

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

Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

Basis of accounting

The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report and any public pronouncements made by the company during the period.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2006. All accounting policies are consistent with those applied in the 30 June 2006 financial statements except as set out below.

Comparative figures

Comparatives have not been provided as the company had not commenced operations during the period ending 31 December 2006.

2. Events subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

3. Contingent Assets and Liabilities

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

4. Segment Reporting

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

Redlands Community Financial Services Limited

ABN 52 116 190 875

Directors' Declaration

In the opinion of the Directors of Redlands Community Financial Services Limited ("the Company") :

1. The financial statements and notes thereto are in accordance with the Corporations Act 2001 including :
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Terence Glen Ford, Director

Dated this 9th day of March 2007

Independent Review Report to the Members of Redlands Community Financial Services Limited

Scope

We have reviewed the accompanying financial report of Redlands Community Financial Services Limited comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes 1 – 4 to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2006.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Redlands Community Financial Services Limited is not in accordance with Corporations Act 2001, including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2006 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.



David Hutchings Partner
BENDIGO 9 March 2007