



2007 annual report

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Chairman's report

For year ended 30 June 2007

It is my pleasure to report on the progress of Redlands Community Financial Services Limited during the year ended 30 June 2007.

The Board has experienced some changes during the past year with the appointment of myself as a new Chairman, and for the first time a Vice Chairman was also appointed.

The Board now consists of the following Directors:

Chairman – Nick Day	Secretary – Glenda Little
Vice Chairman – Garry White	Treasurer – Terry Ford
Director – Clive Phillips	Director – Rob Smith
Director – Janet Bennett	

Retired Directors during the year were Steve Efstathis, Greg Cook, Peter Dowling and Rod Bickell.

The Board has been progressively building its skills and part of our role is to attend many Bendigo Bank conferences and meetings both nationally and locally. This can be time consuming at times due to the fact that Directors positions are voluntary and many Directors run their own businesses within the community.

Our **Community Bank**[®] branch has been performing strongly in the last few months with funds under management now in excess of \$22.5 million. The hurdle of \$20 million has now been put behind us and we are now able to focus on continued growth. The merger with Adelaide Bank is continuing and we are yet to see any changes that this merger will bring to our branch if any at all.

The Board is presently pursuing the growth of the branch, by focusing on customer service and the provision of a greater number of banking products and services to the community of Victoria Point and the surrounding Redlands area.

The Boards vision has and always will be, to provide our local community with an alternative to the major banking and financial institutions. The benefit of which is to keep funds within our community and support organisations within this community. The results of this style of operation will hopefully very soon, provide a return to you our shareholders.

Our Staff have been approaching many local businesses and also targeting many small and large non-profit organisations within the area. Our focus has been on supplying products and services to these local businesses and community organisations.

We recently held a meeting with our existing shareholders, requesting them to become increasing familiar with our staff, and the products and services provided at our branch. Our thanks go out to those shareholders that were able to attend that meeting and support the branch with new business. I understand from feedback that quite a few shareholders have become advocates of our **Community Bank**[®] philosophy and have spread the word to others.

We have recently appointed David Skeels as our new Branch Manager. David is experienced in all facets of finance and banking. He is available to call at your business or home at a time that is convenient to you.

Chairman's report continued

Looking forward, over the next 12 months your Board plans to continue to improve the branch by broadening the range of services on offer and increase our funds under management. This should enable the Company to provide shareholders with a dividend and allow our branch to deliver our promises of support to the community.

The Board encourages all shareholders to attend the Annual General Meeting. We would appreciate your thoughts on the branch and welcome any feedback and suggestions you may have. Board members will always act in the best interests of all stakeholders, including you as our shareholders, our customers and the local community with a strong focus on growing the business and giving back to the community.

On a final note, the Board would like to thank all shareholders and staff in their efforts throughout the year. Special mention goes to Lorraine Genet and Helen Eyre for their extraordinary efforts in the last few months as I am sure that without their help, the branch would have not performed as well as it has.



Nick Day

Chairman

Manager's report

Victoria Point **Community Bank®** Branch is currently celebrating a successful second year in operation since the commemoration of our first birthday on 15th December 2006. Many members of the community joined us on that special day to toast the continuing success of our branch into the future.

We are proud to announce that our branch continues to grow in business and customer base and we have reached one of our first milestones - \$20 million in banking business. We believe that this is a significant achievement for our team and our young branch.

The steady rise of new accounts opened during the last year shows that the business community is developing a greater understanding of the benefits of having a **Community Bank®** branch within their midst. We believe that with active integration with local businesses we are slowly but surely changing business owner's perceptions about business banking with a **Community Bank®** branch.

We have experienced changes within our staffing team which has created challenges, however we have managed to successfully continue the growth in both business and performance levels and maintain these at a high level. We welcome three new staff members, David Skeels as Branch Manager, Grace Gillespie and Holly Lucas as part-time Customer Service Officers, all bringing with them a diversity of experience and quality customer service to the team.

Our commitment to the community has been of a high standard, with consistent involvement in volunteering at Cottages (a home away from home for Alzheimer's / Dementia patients). Our staff was also actively involved at the Ekka this year to assist the Prince Charles Hospital Foundation in raising much-needed funds.

We would like to give thanks to the dedication of Robert and Judy Smith, who operate our Macleay Island agency, which has contributed to the significant growth of our branch and offering a diverse range of banking facilities to all island residents.

We are looking forward to an exciting new year of continued growth and stimulating challenges within the community and the branch. We invite you to come and meet the dynamic new team at Victoria Point **Community Bank®** Branch.



Lorraine Genet

Acting Branch Manager

Directors' report

For year ended 30 June 2007

Your Directors submit the financial report of the Company for the financial year ended 30 June 2007.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

Nicholas Peter Day

Chairman (Appointed: 18th January 2007)

Age: 43

Financial Planner

Committee member for a number of local sporting groups

Interest in shares: Nil

Glenda Alys Little

Secretary

Age: 50

Secretary

Secretary for State Member of Parliament.

Company Secretary; Member, Marketing & Sponsorship.

Interests in shares: 1,001

Robert Purnell Smith

Director

Age: 65

Owner/Manager own Business/Company

Member, Property & Business Development.

Interests in shares: 1,001

Janet Ann Daville Bennett

Director (Appointed: 18th January 2007)

Age: 51

Real Estate business owner

Interest in shares: 5,000

Terrence Glen Ford

Treasurer

Age: 54

Accountant/Registered Company Auditor

Australian Institute of Company Directors, FCPA, GAICD, FTIA, MCSA.

Over 30 years accounting experience, partner in local accounting business for 22 years.

Treasurer; Chair, Audit; Member, Due Diligence.

Interests in shares: 1,001

Clive Judah Phillips

Director

Age: 71

Retiree

Ex-Managing Director of Motor Vehicle Companies

Future Development of Branches Officer; Member, Property & Business Development.

Interests in shares: 5,001

Garry Francis White

Director (Appointed: 15th February 2007)

Age: 47

Air Traffic Service Officer with Airservices Australia

18 years as a volunteer committee member

Interest in shares: 10,000

Greg Alan Cook

Director (Resigned: 22nd December 2006)

Age: 45

Casual Bus Driver/Groundsman at local school

Member, Marketing & Sponsorship..

Interests in shares: 501

Directors' report continued

Stathis (Steve) E. Efstathis

Director (Resigned: 15th March 2007)

Age: 66

Pharmacist

In private enterprise for 34 years.

Member, Human Resource.

Interests in shares: 28,601

Peter Dowling

Chairman (Resigned: 8th June 2007)

Age: 46

Deputy Mayor - Redlands Shire Council

Background in sales & marketing with oil companies.

Chairman; Member, Governance , Human Resource
& Due Diligence.

Interests in shares: 1,001

Roderick Alan McLeod Bickell

Director (Resigned: 10th August 2007)

Age: 61

Solicitor

Fifteen years own practice in Redlands

Member, Governance & Audit.

Interests in shares: 1

Directors were in office for this entire year unless otherwise stated.

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

Company Secretary

The Company Secretary is Glenda Alys Little. Glenda has been Secretary since the establishment of the steering committee in April 2004 and officially was appointed the Company Secretary on 12 September 2005. She works for the local State Member of Parliament taking on diverse roles including case management, finance management, event management, including working and liaising with various government department agencies and the local community.

Principal activities

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

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

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was:

Year ended	Year ended
30 June 2007	30 June 2006
\$	\$
(125,906)	(181,619)

Directors' report continued

Remuneration report

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

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.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

The Company will continue its policy of facilitating banking services to the community.

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of Directors and officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Manager of the Company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Directors' report continued

Directors meetings

The number of Directors meetings attended by each of the Directors of the Company during the year were:

	No. Board meetings eligible to attend	No. attended
Nicholas Peter Day	6	5
Terrence Glen Ford	12	10
Glenda Alys Little	12	10
Roderick Alan McLeod Bickell	12	10
Clive Judah Phillips	12	11
Robert Purnell Smith	12	10
Janet Ann Daville Bennett	6	5
Garry Francis White	5	5
Greg Alan Cook	6	6
Stathis (Steve) E. Efsthatis	9	6
Peter James Dowling	12	9

Non audit services

The Company may decide to employ the Auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Directors' report continued

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10

Signed in accordance with a resolution of the Board of Directors at Victoria Point, Queensland on 20th September 2007.



Nicholas Peter Day, Chairman



Terrence Glen Ford, Director

Auditor's independence declaration



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Auditor's Independence Declaration

As lead auditor for the audit of the financial statements of Redlands Community Financial Services the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

David Hutchings
Auditor
Andrew Frewin & Stewart

Bendigo
20 September 2007

Financial statements

Income statement

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	3	180,570	46,283
Other revenue		9,324	5,311
Salaries and employee benefits expense		(203,930)	(236,907)
Advertising and promotion expenses		(6,036)	(2,101)
Occupancy and associated costs		(37,015)	(10,403)
Systems costs		(21,896)	(18,561)
Depreciation and amortisation expense	4	(16,992)	(8,431)
General administration expenses		(83,732)	(37,219)
Profit/(loss) before income tax expense/credit		(179,707)	(262,028)
Income tax expense/credit	5	53,801	80,409
Profit/(loss) for the period		(125,906)	(181,619)
Profit/(loss) attributable to members of the entity		(125,906)	(181,619)
Earnings per share (cents per share)		c	c
- basic for profit for the year	19	(18.53)	(28.48)
- dividends paid per share		-	-

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash assets	6	98,221	217,316
Trade and other receivables	7	5,980	10,227
Total current assets		104,201	227,543
Non-current assets			
Property, plant and equipment	8	114,593	121,894
Intangible assets	9	7,000	9,000
Deferred tax assets	10	134,210	80,409
Total non-current assets		255,803	211,303
Total assets		360,004	438,846
Current liabilities			
Trade and other payables	11	21,444	17,659
Provisions	12	3,525	-
Total current liabilities		24,969	17,659
Total liabilities		24,969	17,659
Net assets		335,035	421,187
Equity			
Contributed equity	13	642,560	602,806
Retained profits/(accumulated losses)	14	(307,525)	(181,619)
Total equity		335,035	421,187

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Total equity at the beginning of the financial year		421,187	-
Net income/expense recognised directly in equity		-	-
Net profit/(loss) for the year		(125,906)	(181,619)
Total recognised income & expenses for the year		295,281	(181,619)
Shares issued during period		41,500	637,810
Costs of issuing shares		(1,746)	(35,004)
Dividends provided for or paid		-	-
Total equity at the end of the financial year		335,035	421,187

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from customers		177,388	38,425
Payments to suppliers and employees		(337,786)	(289,730)
Interest received		9,323	5,311
Income taxes paid		(82)	(171)
Net cash (outflow) from operating activities	15	(151,157)	(246,165)
Cash flows from investing activities			
Payment for intangible assets		-	(10,000)
Payments for property, plant and equipment		(7,692)	(129,325)
Net cash used in investing activities		(7,692)	(139,325)
Cash flows from financing activities			
Proceeds from issue of shares		41,500	637,810
Payment of share issue costs		(1,746)	(35,004)
Net cash inflow from financing activities		39,754	602,806
Net increase/(decrease) in cash held		(119,095)	217,316
Cash at the beginning of the financial year		217,316	-
Cash at the end of the financial year	6(a)	98,221	217,316
		98,221	217,316

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note 1: Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Notes to the financial statements continued

Note 1: Statement of significant accounting policies continued

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Employee entitlements

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Notes to the financial statements continued

Note 1: Statement of significant accounting policies continued

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Notes to the financial statements continued

Note 1: Statement of significant accounting policies continued

Borrowings

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

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed equity

Ordinary shares are recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Note 2: Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo Bank Limited.

Notes to the financial statements continued

Note 2: Financial risk management continued

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

	2007 \$	2006 \$
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Note 3: Revenue from ordinary activities

Operating activities:

- services commissions	180,570	46,139
other revenue	-	144
Total revenue from operating activities	180,570	46,283

Non-operating activities:

- interest received	9,324	5,311
Total revenue from non-operating activities	9,324	5,311
Total revenues from ordinary activities	189,894	51,594

Note 4: Expenses

Depreciation of non-current assets:

- plant and equipment	14,262	7,069
- leasehold improvements	730	362

Amortisation of non-current assets:

- franchise agreement	2,000	1,000
	16,992	8,431

Finance costs:

- interest paid	82	171
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Notes to the financial statements continued

	2007	2006
	\$	\$

Note 5: Income tax expense

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

Operating loss	(179,707)	(262,028)
Prima facie tax on loss from ordinary activities at 30%	(53,912)	(78,609)

Add tax effect of:

- timing difference expenses	111	(1,800)
Income tax expense on operating profit/(loss)	(53,801)	(80,409)
Deferred tax asset carried forward	130,910	(80,409)

Note 6: Cash assets

Cash at bank and on hand	10,497	14,273
Term deposits	87,724	203,043
	98,221	217,316

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

6(a). Reconciliation of cash

Cash at bank and on hand	10,497	14,273
Term deposit	87,724	203,043
	98,221	217,316

Note 7: Trade and other receivables

Trade receivables	4,425	6,788
Prepayments	1,555	3,439
	5,980	10,227

Notes to the financial statements continued

	2007 \$	2006 \$
Note 8: Property, plant and equipment		
Plant and equipment at Victoria Point		
At cost	32,452	32,452
Less accumulated depreciation	(5,023)	(1,744)
	27,429	30,708
Plant and equipment at Macleay Island		
At cost	7,692	-
Less accumulated depreciation	(239)	-
	7,453	-
Furniture & fittings		
At cost	54,279	54,279
Less accumulated depreciation	(8,067)	(2,673)
	46,212	51,606
Computer software		
At cost	13,377	13,377
Less accumulated depreciation	(8,003)	(2,652)
	5,374	10,725
Leasehold improvements		
At cost	29,217	29,217
Less accumulated depreciation	(1,092)	(362)
	28,125	28,855
Total written down amount	114,593	121,894
Movements in carrying amounts:		
Plant and equipment at Victoria Point		
Carrying amount at beginning	30,708	-
Additions	-	32,452
Disposals	-	-
Less: depreciation expense	(3,279)	(1,744)
Carrying amount at end	27,429	30,708

Notes to the financial statements continued

	2007 \$	2006 \$
Note 8: Property, plant and equipment continued		
Plant and equipment at Macleay Island		
Carrying amount at beginning	-	-
Additions	7,692	-
Disposals	-	-
Less: depreciation expense	(239)	-
Carrying amount at end	7,453	-
Furniture & fittings		
Carrying amount at beginning	51,606	-
Additions	-	54,279
Disposals	-	-
Less: depreciation expense	(5,394)	(2,673)
Carrying amount at end	46,212	51,606
Computer software		
Carrying amount at beginning	10,725	-
Additions	-	13,377
Disposals	-	-
Less: depreciation expense	(5,351)	(2,652)
Carrying amount at end	5,374	10,725
Leasehold improvements		
Carrying amount at beginning	28,855	-
Additions	-	29,217
Disposals	-	-
Less: depreciation expense	(730)	(362)
Carrying amount at end	28,125	28,855
Total written down amount	114,593	121,894

Notes to the financial statements continued

	2007 \$	2006 \$
--	------------	------------

Note 9: Intangible assests

Franchise fee

At cost	10,000	10,000
Less: accumulated amortisation	(3,000)	(1,000)
	7,000	9,000

Note 10: Deferred tax

Deferred tax asset

Tax losses - revenue	134,210	80,409
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Note 11: Trade and other payables

Trade creditors	18,444	15,259
Other creditors & accruals	3,000	2,400
	21,444	17,659

Note 12: Provisions

Employee provisions	3,525	-
Number of employees at year end	2	0

Note 13: Contributed equity

679,310 Ordinary shares fully paid of \$1 each (2006: 637,810)	679,310	637,810
Less: equity raising expenses	(36,750)	(35,004)
	642,560	602,806

Note 14: Retained earnings/accumulated losses

Balance at the beginning of the financial year	(181,619)	-
Net loss from ordinary activities after income tax	(118,206)	(181,619)
Balance at the end of the financial year	(299,825)	(181,619)

Notes to the financial statements continued

	2007 \$	2007 \$
Note 15: Statement of cash flows		
Reconciliation of loss from ordinary activities after tax to net cash used in operating activities		
Profit/(Loss) from ordinary activities after income tax	(125,906)	(181,619)
Non cash items:		
- depreciation	14,992	7,431
- amortisation	2,000	1,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(3,263)	(10,227)
- (increase)/decrease in other assets	(41,039)	(80,409)
- increase/(decrease) in payables	(1,466)	17,659
-increase/(decrease) in provisions	3,525	-
Net cashflows provided by operating activities	(151,157)	(246,165)

Note 16: Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	4,000	2,400
- non audit services	1,280	3,330
	5,280	5,730

Notes to the financial statements continued

Note 17: Director and related party disclosures

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

Nicholas Peter Day (Appointed 18th January 2007)

Terrence Glen Ford

Glenda Alys Little

Clive Judah Phillips

Robert Purnell Smith

Janet Ann Daville Bennett (Appointed 18th January 2007)

Garry Francis White (Appointed 15th February 2007)

Greg Alan Cook (Resigned 22nd December 2007)

Stathis (Steve) E. Efstathis (Resigned 15th March 2007)

Peter James Dowling (Resigned 8th June 2007)

Roderick Alan McLeod Bickell (Resigned 10th August 2007)

No other Director or related entity has entered into a material contract with the Company.

No Director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings	2007	2006
Nicholas Peter Day (Appointed 18th January 2007)	-	-
Terrence Glen Ford	1,001	1,001
Glenda Alys Little	1,001	1,001
Clive Judah Phillips	5,001	5,001
Robert Purnell Smith	1,001	1,001
Janet Ann Daville Bennett (Appointed 18th January 2007)	5,000	-
Garry Francis White (Appointed 15th February 2007)	10,000	-
Greg Alan Cook (Resigned 22nd December 2007)	501	501
Stathis (Steve) E. Efstathis (Resigned 15th March 2007)	28,601	28,601
Peter James Dowling (Resigned 8th June 2007)	1,001	1,001
Roderick Alan McLeod Bickell (Resigned 10th August 2007)	1	1

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

Notes to the financial statements continued

Note 18: Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

Note 19: Earnings per share

	2007	2006
	c	c
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(118,206)	(181,619)
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	679,310	637,810

Note 20: Events occurring after the balance sheet date

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 21: Contingent liabilities

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

Note 22: Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Victoria Point and surrounding communities of Queensland.

Note 23: Registered office/Principal place of business

The registered office and principal place of business is:

<u>Registered office</u>	<u>Principal place of business</u>
141 Queen Street	127 Colburn Avenue
Cleveland, QLD 4163	Victoria Point, QLD 4163

Notes to the financial statements continued

Note 24: Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

Fixed interest rate maturing in												
Financial instrument	Floating interest rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 %	2006 \$
Financial assets												
Cash assets	10,291	12,404	-	-	-	-	-	-	-	-	0.05	0.05
Trust Account	6	1,869	-	-	-	-	-	-	-	-	N/A	1.75
Deposits on call	87,724	203,043	-	-	-	-	-	-	-	-	4.94	4.50
Receivables	-	-	-	-	-	-	-	-	5,980	10,227	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-	13,971	17,659	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Redlands Community Financial Services Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (I) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the financial year ended on that date; and
 - (II) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Nicholas Peter Day, Chairman



Terrence Glen Ford, Director

Signed on 20 September 2007.

Auditor's independent report



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ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Redlands Community Financial Services

We have audited the accompanying financial report of Redlands Community Financial Services which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the financial report of Redlands Community Financial Services is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Redlands Community Financial Services as of 30 June 2007, and of its financial performance and its cash flows for the year then ended and Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 20th day of September 2007

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 28 September 2007, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

	Number of Shares Held	Number of Shareholders
	1 to 1,000	194
	1,001 to 5,000	87
	5,001 to 10,000	11
	10,001 to 100,000	5
	100,001 and over	nil
	Total shareholders	297

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 28 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of Shares	Percentage of Capital
Mr Arthur Errey	50000	xx
Constantine Efstathis	25000	xx
Stathis Efstathis	20500	xx
Monika Hunt	20000	xx
Keenash Pty Ltd	20000	xx
Mark Johnson	10000	xx
Beaver Group Holdings Pty Ltd	10000	xx
Keith Berwick	10000	xx
Catherine Bishop	10000	xx
Edith Campbell	10000	xx
	185,500	-

BSX report continued

Registered office and principal administrative office

The registered office of the Company is located at:

141 Queen Street
Cleveland, QLD 4163
Phone: 07 3286 1322

The principal administrative office of the Company is located at:

141 Queen Street
Cleveland, QLD 4163
Phone: 07 3286 1322

Security register

The security register (share register) is kept at:

452 Johnston Street
Abbotsford, VIC 3067
Ph: 03) 9415 4000

Company Secretary

Glenda Little has been the Company Secretary of Redlands Community Financial Services Ltd for 3 years secretarial qualifications for local State Member of Parliament..

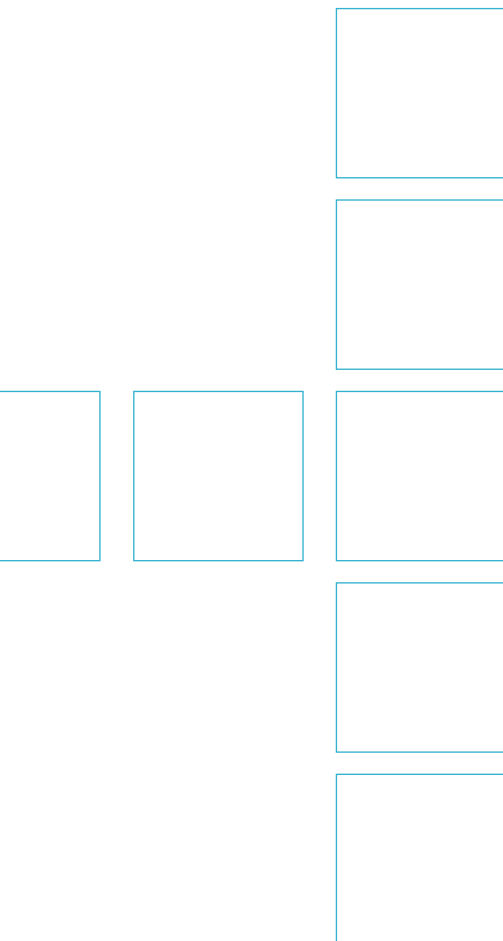
Corporate governance

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

- a) The establishment of an audit committee. Members of the audit committee are Terry Ford & Nick Day
- b) Director approval of operating budgets and monitoring of progress against these budgets;
- c) Ongoing Director training; and
- d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3A

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.



Victoria Point **Community Bank**[®] Branch
127 Colburn Avenue, Victoria Point QLD 4163
Phone: (07) 3820 9355 Fax: (07) 3820 9322

Franchisee: Redlands Community Financial Services Limited
141 Queen Street, Cleveland QLD 4163
ABN 52 116 190 875

www.bendigobank.com.au
Bendigo Bank Limited, The Bendigo Centre, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237879 (KKQAR7012) (09/07)