

**ROCKINGHAM COMMUNITY
FINANCIAL SERVICES LIMITED
ABN 69 102 349 655**

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

C O N T E N T S

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

Director

Dated this day of 2006

ROCKINGHAM 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 the directors who held office during or since the end of the half-year are:

Lennard John Sheedy
Bradley Charles Dean
Graeme Coleman
Roland John Logue
Robert Lewtas
Gaybrielle May Edis
David Vernon Oliver
Michael Terrance Moriarty
Robert Brown
Kevin Dorotich (appointed 25th October 2005)

Review of Operations

The principal activity and focus of the Company's operations during the period was the operation of the Rockingham Bank Branch of Bendigo Bank, pursuant to a franchise agreement.

The loss from ordinary activities after income tax was \$ 1,011 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 directors

Director

Dated this day of 2006

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Auditor's Independence Declaration
to the Directors of Rockingham Community Financial Services Limited

In relation to our review of the interim financial report of Rockingham 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: 15 March 2006

D WALL
Partner

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
ROCKINGHAM 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 and cash flow statements, accompanying notes to the financial statements, and the directors' declaration for Rockingham 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 Bendigo Stock Exchange and 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 company'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 Rockingham 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: 15 March 2006

D WALL
Partner

ROCKINGHAM 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

ROCKINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

INCOME STATEMENT

For the half-year ended 31 December 2005

	Note	31 December 2005 \$	31 December 2004 \$
Revenue from ordinary activities		247,941	176,249
Employee benefits expense		(136,411)	(97,092)
Depreciation expense		(23,170)	(23,215)
Borrowing costs		(32)	(314)
Other expenses from ordinary activities	3	(89,339)	(88,337)
Loss from ordinary activities before income tax		(1,011)	(32,709)
Income tax expense relating to ordinary activities		-	-
Loss from ordinary activities after income tax expense attributable to members		(1,011)	(32,709)
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		(1,011)	(32,709)
Basic loss per share (cents)		0.1	4.7
Diluted loss per share (cents)		0.1	4.7

The accompanying notes form part of these financial statements

ROCKINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

BALANCE SHEET

As at 31 December 2005

	31 December 2005 \$	30 June 2005 \$
CURRENT ASSETS		
Cash and cash equivalents	241,804	219,140
Trade and other receivables	39,074	32,977
Other	10,696	11,825
TOTAL CURRENT ASSETS	<u>291,574</u>	<u>263,942</u>
NON CURRENT ASSETS		
Property, plant and equipment	83,024	100,193
Intangible assets	29,000	35,000
Other	3,000	6,000
TOTAL NON CURRENT ASSETS	<u>115,024</u>	<u>141,193</u>
TOTAL ASSETS	<u>406,598</u>	<u>405,135</u>
CURRENT LIABILITIES		
Trade and other payables	25,161	29,745
Short term provisions	14,455	7,397
TOTAL CURRENT LIABILITIES	<u>39,616</u>	<u>37,142</u>
TOTAL LIABILITIES	<u>39,616</u>	<u>37,142</u>
NET ASSETS	<u>366,982</u>	<u>367,993</u>
CONTRIBUTED EQUITY		
Contributed equity	703,020	703,020
Retained losses	(336,038)	(335,027)
TOTAL EQUITY	<u>366,982</u>	<u>367,993</u>

The accompanying notes form part of these financial statements

ROCKINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2005

	Share Capital (Ordinary shares) \$	Retained losses \$	Total \$
Balance at 1 July 2004	703,020	(308,359)	394,661
Profit attributable to the members of the Company	<u>-</u>	<u>(32,709)</u>	<u>(32,709)</u>
Balance at 31 December 2004	<u>703,020</u>	<u>(341,068)</u>	<u>361,952</u>
Balance at 1 July 2005	703,020	(335,027)	367,993
Loss attributable to the members of the Company	<u>-</u>	<u>(1,011)</u>	<u>(1,011)</u>
Balance at 31 December 2005	<u>703,020</u>	<u>(336,038)</u>	<u>366,982</u>

ROCKINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT

For the half-year ended 31 December 2005

	31 December 2005	31 December 2004
Cash flows from operating activities		
Receipts from customers	234,458	162,012
Interest received	7,386	4,372
Payments to suppliers and employees	(219,148)	(179,329)
Borrowing costs paid	(32)	(314)
	<hr/>	<hr/>
Net cash provided by / (used in) operating activities	22,664	(13,259)
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of plant and equipment	-	358
	<hr/>	<hr/>
Net cash provided by investing activities	-	358
	<hr/>	<hr/>
Net increase / (decrease) in cash held	22,664	(12,901)
Cash held at the beginning of the financial period	219,140	210,289
	<hr/>	<hr/>
Cash held at the end of the financial period	241,804	197,388
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The accompanying notes form part of these financial statements

ROCKINGHAM 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.

ROCKINGHAM 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 2005.

(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.

ROCKINGHAM 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.

ROCKINGHAM 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		210,289	-	210,289
Trade and other receivables		17,649	-	17,649
Other		9,529	-	9,529
TOTAL CURRENT ASSETS		<u>237,467</u>	<u>-</u>	<u>237,467</u>
NON CURRENT ASSETS				
Property, plant and equipment		130,870	-	130,870
Intangibles	2 (a)	47,000	-	47,000
Other		12,000	-	12,000
TOTAL NON CURRENT ASSETS		<u>189,870</u>	<u>-</u>	<u>189,870</u>
TOTAL ASSETS		<u>427,337</u>	<u>-</u>	<u>427,337</u>
CURRENT LIABILITIES				
Trade and other payables		26,438	-	26,438
Short term provisions		6,238	-	6,238
TOTAL CURRENT LIABILITIES		<u>32,676</u>	<u>-</u>	<u>32,676</u>
TOTAL LIABILITIES		<u>32,676</u>	<u>-</u>	<u>32,676</u>
NET ASSETS		<u>394,661</u>	<u>-</u>	<u>394,661</u>
CONTRIBUTED EQUITY				
Contributed equity		703,020	-	703,020
Retained losses		(308,359)	-	(308,359)
TOTAL EQUITY		<u>394,661</u>	<u>-</u>	<u>394,661</u>

ROCKINGHAM 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		197,388	-	197,388
Trade and other receivables		27,514	-	27,514
Other		10,754	-	10,754
TOTAL CURRENT ASSETS		235,656	-	235,656
NON CURRENT ASSETS				
Property, plant and equipment		113,854	-	113,854
Intangibles	2 (a)	41,000	-	41,000
Other		9,000	-	9,000
TOTAL NON CURRENT ASSETS		163,854	-	163,854
TOTAL ASSETS		399,510	-	399,510
CURRENT LIABILITIES				
Trade and other payables		27,105	-	27,105
Short term provisions		10,453	-	10,453
TOTAL CURRENT LIABILITIES		37,558	-	37,558
TOTAL LIABILITIES		37,558	-	37,558
NET ASSETS		361,952	-	361,952
CONTRIBUTED EQUITY				
Contributed equity		703,020	-	703,020
Retained losses		(341,068)	-	(341,068)
TOTAL EQUITY		361,952	-	361,952

ROCKINGHAM 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		219,140	-	219,140
Trade and other receivables		32,977	-	32,977
Other		11,825	-	11,825
TOTAL CURRENT ASSETS		263,942	-	263,942
NON CURRENT ASSETS				
Property, plant and equipment		100,193	-	100,193
Intangibles	2 (a)	35,000	-	35,000
Other		6,000	-	6,000
TOTAL NON CURRENT ASSETS		141,193	-	141,193
TOTAL ASSETS		405,135	-	405,135
CURRENT LIABILITIES				
Trade and other payables		29,745	-	29,745
Short term provisions		7,397	-	7,397
TOTAL CURRENT LIABILITIES		37,142	-	37,142
TOTAL LIABILITIES		37,142	-	37,142
NET ASSETS		367,993	-	367,993
CONTRIBUTED EQUITY				
Contributed equity		703,020	-	703,020
Retained losses		(335,027)	-	(335,027)
TOTAL EQUITY		367,993	-	367,993

ROCKINGHAM 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 half year 31 December 2004	Note	Previous GAAP \$	Effect of transition to Australian equivalents to IFRS \$	Australian equivalents to IFRS \$
Revenue from ordinary activities		176,249	-	176,249
Employee benefits expense		(97,092)	-	(97,092)
Depreciation and amortisation expenses	2 (a)	(23,215)	-	(23,215)
Borrowing costs		(314)	-	(314)
Other expenses from ordinary activities	2 (a)	(88,337)	-	(88,337)
Profit from ordinary activities before income tax expense		<u>(32,709)</u>	<u>-</u>	<u>(32,709)</u>
Income tax expense relating to ordinary activities		<u>-</u>	<u>-</u>	<u>-</u>
Net profit from ordinary activities after income tax expense		<u>(32,709)</u>	<u>-</u>	<u>(32,709)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>(32,709)</u>	<u>-</u>	<u>(32,709)</u>

ROCKINGHAM 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		388,281	-	388,281
Employee benefits expense		(195,406)	-	(195,406)
Depreciation and amortisation expenses	2 (a)	(46,241)	-	(46,241)
Borrowing costs		(319)	-	(319)
Other expenses from ordinary activities	2 (a)	(172,983)	-	(172,983)
Profit from ordinary activities before income tax expense		<u>(26,668)</u>	<u>-</u>	<u>(26,668)</u>
Income tax expense relating to ordinary activities		<u>-</u>	<u>-</u>	<u>-</u>
Net profit from ordinary activities after income tax expense		<u>(26,668)</u>	<u>-</u>	<u>(26,668)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>(26,668)</u>	<u>-</u>	<u>(26,668)</u>

ROCKINGHAM 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 formation costs capitalised has been written off as follows.

	\$
Retained losses at 1 July 2004 under previous GAAP	(308,359)
Formation costs written off under AASB 138	<u>0</u>
IFRS equivalent of retained losses at 1 July 2004	<u>(308,359)</u>
Profit for the half year ended 31 December 2004	(32,709)
Write back of amortisation expense of formation costs	0
Formation costs capitalised in the half year ended 31 December 2004 written off under IFRS	<u>0</u>
IFRS equivalent of retained losses at 31 December 2004	<u>(341,068)</u>
Profit for the half year ended 30 June 2005	6,041
Write back of amortisation expense of formation costs	0
Formation costs capitalised in the half year ended 30 June 2005 written off under IFRS	<u>0</u>
IFRS equivalent of retained losses at 30 June 2005	<u>(335,027)</u>

ROCKINGHAM 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	62,992	67,486
Rental for premises	13,829	12,899
IT equipment lease and running costs	<u>12,518</u>	<u>7,952</u>
	<u>89,339</u>	<u>88,337</u>

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 Rockingham in Western Australia.