

**Rye & District Community
Financial Services Limited**
ABN 67 095 766 895

**Financial Statements
For the Six Months Period Ended
31 December 2006**

Rye & District Community Financial Services Limited
ABN 67 096 766 895
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 John Van Duren

Eileen Naylor

Patricia Tonks

Shane Christopher McCarthy

Trevor William Lloyd

Giuseppe Oscar Glavici

Janet Iris Hall

Brian Earles

Barry Leonard Irving

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.

Review and results of operations

Operations have continued to perform in line with expectations. The net profit/(loss) of the company for the financial period was: \$99,689 (2005: \$111,160).

Matters subsequent to the end of the reporting period

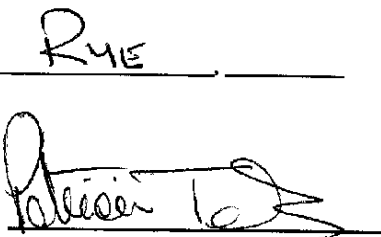
There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.
The company is currently working with Bendigo Bank Limited and the Dromana Community to open a second Community Bank site at Dromana.

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
on 16-2-07 February 2007.


Peter J Van Duren, Chairman


Patricia Tonks, Director



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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Rye & District 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: 16 February 2007



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Independent Review Report to the Members of Rye & District Community Financial Services Limited

Scope

We have reviewed the accompanying financial report of Rye & District Community Financial Services Limited comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes 1 – 5 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 Rye & District 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 16 February 2007

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Income Statement
for the half-year ended 31 December 2006

	31-Dec 2006 \$	31-Dec 2005 \$
Revenue from ordinary activities	724,487	589,263
Salaries and employee benefit expense	(245,104)	(161,511)
Occupancy and associated costs	(23,769)	(19,583)
Advertising and promotion expenses	(13,868)	(22,952)
Systems costs	(29,007)	(30,383)
Depreciation and amortisation expense	(15,114)	(29,556)
General administration expenses	(228,093)	(170,444)
Profit before income tax expense/credit	169,532	154,834
Income tax expense/credit	(69,843)	(43,674)
Profit for the period	99,689	111,160
Profit attributable to members of the entity	99,689	111,160
Earnings per Share		
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Earnings per share for the period were:	18.80	20.96

The accompanying notes form part of these financial statements.

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Balance Sheet
as at 31 December 2006

	31-Dec 2006 \$	30-Jun 2006 \$
ASSETS		
Current Assets		
Cash assets	365,607	286,884
Trade and other receivables	125,094	183,230
Other financial assets	1,673	1,863
Total Current Assets	<u>492,374</u>	<u>471,977</u>
Non-Current Assets		
Property, plant and equipment	909,203	891,392
Deferred tax asset	-	-
Intangible assets	44,960	50,000
Total Non-Current Assets	<u>954,163</u>	<u>941,392</u>
Total Assets	<u>1,446,537</u>	<u>1,413,369</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	148,349	129,144
Borrowings	90,191	93,078
Provisions	36,319	29,675
Total Current Liabilities	<u>274,859</u>	<u>251,897</u>
Non-Current Liabilities		
Borrowings	444,668	463,234
Provisions	17,654	14,330
Total Non-Current Liabilities	<u>462,322</u>	<u>477,564</u>
Total Liabilities	<u>737,181</u>	<u>729,461</u>
Net Assets/(Liabilities)	<u>709,356</u>	<u>683,908</u>
Equity		
Issued capital	504,166	504,166
Retained earnings	205,190	179,742
Total Equity	<u>709,356</u>	<u>683,908</u>

The accompanying notes form part of these financial statements.

Rye & District Community Financial Services Limited
ABN 67 095 766 895
Statement of Changes in Equity
for the half-year ended 31 December 2006

	31-Dec 2006 \$	31-Dec 2005 \$
Total equity at the beginning of the period	179,742	236,475
Net profit for the period	169,532	154,834
Net income/expense recognised directly in equity	(69,843)	(43,674)
Dividends provided for or paid	(74,241)	(84,847)
Shares issued during period	-	-
Total equity at the end of the period	<u><u>205,190</u></u>	<u><u>262,788</u></u>

The accompanying notes form part of these financial statements.

Rye & District Community Financial Services Limited
ABN 67 095 788 895
Cash Flow Statement
for the half-year ended 31 December 2006

	31-Dec 2006 \$	31-Dec 2005 \$
Cash Flows From Operating Activities		
Receipts from customers	579,768	564,307
Payments to suppliers and employees	(351,696)	(459,653)
Interest paid	(20,074)	(797)
Interest received	9,277	16,114
Income taxes Paid	(17,860)	-
Net cash provided by operating activities	<u>199,415</u>	<u>119,971</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(27,885)	(5,221)
Net cash used in investing activities	<u>(27,885)</u>	<u>(5,221)</u>
Cash Flows From Financing Activities		
Repayment of borrowings	(18,566)	(2,653)
Dividends paid	(74,241)	(84,847)
Net cash used in financing activities	<u>(92,807)</u>	<u>(87,500)</u>
Net increase in cash held	78,723	27,250
Cash at the beginning of the financial year	286,884	603,403
Cash at the end of the half-year	<u>365,607</u>	<u>630,653</u>

The accompanying notes form part of these financial statements.

Rye & District Community Financial Services Limited
ABN 67 096 766 895
Notes to the financial statements
for the half-year ended 31 December 2006

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

Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. 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.

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.

The company is currently working with Bendigo Bank Limited and the Dromana Community to open a second Community Bank site at Dromana.

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 Rye, Victoria.

5. Dividends Paid

Period ended 31 December 2006

	2006 Cents	2006 \$	2005 Cents	2005 \$
Interim dividend declared	<u>0.14</u>	<u>74,241</u>	<u>0.16</u>	<u>84,847</u>

Dividends paid in the year.

- interim for the year

- as recommended in the prior year report

The Directors resolved that a 14 cents fully franked dividend be paid to ordinary shareholders from the previous year profits. The dividend was paid on the 14th November 2006 based on the shareholdings as at 31st October 2006.