

Contents

Chairman's report	2-3
Manager's report	4
Directors' report	5-8
Financial statements	9-11
Notes to the financial statements	12-23
Directors' declaration	24
Independent audit report	25
Auditor's independence declaration	26
BSX report	27-30

Chairman's report

For year ending 30 June 2005

It gives me great pleasure to present this inaugural report on behalf of the Board of Directors of your Community Bank® Company.

It was on Wednesday 29 June 2005, that the doors of the Home Hill Community Bank® Branch opened to provide our community with opportunity to access state of the art banking business services and a permanence, supporting on-going benefits to our town and district.

This was a proud moment of celebration and achievement for members of the Company and our partners Bendigo Bank Limited. Of equal importance, this celebration has been made possible by your support both in the spirit of cooperative progress through the planning and feasibility process and financially by your commitment to take up shares, enabling this venture to commence within the planned timeframe.

From a Directors point of view, there is no doubt that the opening of this bank represents the certainty of a significant role in the destiny of our local economy. It becomes obvious then, that the bank's success will ultimately be determined by its business support from the community.

Our Company share offer remains open under the prospectus, and I urge you to maintain the momentum by encouragement of others who are interested in taking up shares as well as, or using the banking services offered. On advice, Company shares will be listed on the Bendigo Stock Exchange (BSX) on 1 September 2005.

We are now in the established position of operating a banking business with secure accommodation to conduct that business from within the Home Hill central business district as well as having trained staff in place. However, with merely two days trading within this reporting period, financial performance comment is limited.

The Corporations Act permits newly formed Companies to hold their first AGM within their first 18 months from registration. Your Directors have chosen to exercise that option in order to create a longer time span for measuring the branch's progress and presenting it face-to-face to Shareholders in a supplementary statement. No election of Directors will be required at that initial Annual General Meeting, however in accordance with Company constitution one third of Directors must retire at each subsequent Annual General Meeting. At these times retiring Directors may choose to seek re-election or alternatively nominations will be considered to fill the vacated positions.

Chairman's report continued

The branch's future looks bright and promising, with our staff eagerly looking forward with confidence to achievement of our business plan. The Board acknowledges their dedication and is greatly appreciative of their commitment to diligence, care and attention in the establishment of this new enterprise.

Your Directors look forward to reporting more extensively at our first Annual General Meeting of shareholders to be held in December 2005.

A handwritten signature in black ink, appearing to read 'Bill Lewis', with a long horizontal stroke extending to the right.

Bill Lewis

Chairman

Manager's report 30 June 2005

I have much pleasure in reporting that the township of Home Hill now has a new full service Bank in town, after the loss of the Westpac, National and Commonwealth Banks. That full service Bank is the Home Hill Community Bank® Branch of Bendigo Bank.

At 1:00pm on the 29th of June 2005 the doors, to our recently renovated branch, opened for trading for the first time, after a considerable amount of work by the Board and all who went before them. Our first customer was 5 week old Jayda Olsen daughter of Kellie Bojack. May our success be her success, there will be a lot of people watching and supporting us both to grow. All reports we had from customers and non-customers, in those two days of trading, were positive. Now the hard work begins.

To all the Shareholders who have supported us by opening accounts, I thank you. As you can attest to our friendly, efficient and personal service, I ask that you spread the word.

Isn't it a pleasure to be able to talk face to face with the person who makes the decision? Isn't it nice to be able to pick up the telephone and talk with your local staff, rather than go through those automated directing machines? I hear you say, "That's the way it used to be and that's the way it should be". I say, "That's the Bendigo Way".

I would like to encourage more of our Shareholders to bank with Home Hill Community Bank® Branch. After all, it is your Company, why wouldn't you want to support it? The business will only grow as more people transfer their banking business. As an owner of the Company, you have a vested interest in the success of your Community Bank®. I urge you to help grow the business by calling into the branch and begin banking "The Bendigo Way". As a result, we are all going to benefit.

Please keep in mind that we are a Community Bank® Company and that the greater portion of our profits goes back into projects to benefit our community. Just by banking with us our community will benefit.

The bank's staff, lead by myself as Manager, comprises Karen McKaig as Customer Service Supervisor, Chris Grimbaldeston, Debbie Marano and Maria Gemellaro as Customer Service Officers. These ladies have completed a record amount of training to ensure that we were in a position to open as scheduled. Their dedication, support and assistance has been much appreciated. As is, "The Bendigo Way" they are always there, ready, willing and able to attend to our customers' needs, with superior customer service. I would like to take this opportunity to thank them publicly for their efforts to ensure our customers are well looked after.



Ken Shears
Branch Manager

Directors' report 30 June 2005

Your Directors submit the financial report of the Company for the financial year ended 30 June 2005.

Directors

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

Tiffany Louise Basse

Director

Age: 32

Occupation: Company Secretary

Appointed: 24/03/2005

Special responsibilities: Deputy Company Secretary

Colin Richard Casswell

Director

Age: 44

Occupation: Administration Officer

Appointed: 24/03/2005

Special responsibilities: Business Develop. C'tee

Nancy Robyn Haller

Director

Age: 60

Occupation: Company Director

Appointed: 24/03/2005

Special responsibilities: Governance Committee

Joan Macedon Heatley

Director

Age: 76

Occupation: Grazier

Appointed: 24/03/2005

Special responsibilities: Company Secretary

David Reginald Jackson

Director

Age: 56

Occupation: Senior Journalist

Appointed: 24/03/2005

Special responsibilities: Public Relations Co-ordinator

Loizos Andreas Loizou

Director

Age: 68

Occupation: Cane Farmer

Appointed: 24/03/2005

Special responsibilities: Audit Committee

William Charles Lewis

Director

Age: 58

Occupation: Water Authority Manager

Appointed: 24/03/2005

Special responsibilities: Chairman

Wayne Kenneth Steel

Director

Age: 39

Occupation: Pharmacist

Appointed: 24/03/2005

Special responsibilities: Assistant Treasurer

Kathryn Leigh Vecchio

Director

Age: 37

Occupation: Small Business Owner

Appointed: 24/03/2005

Special responsibilities: Treasurer

Robert Darren West

Director

Age: 43

Occupation: Dealership Principal

Appointed: 24/03/2005

Special responsibilities: Marketing Committee

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

Directors' report 30 June 2005 continued

Company Secretary

The Company secretary is Joan Heatley. Joan was appointed to the position of Secretary on the 24/03/2005.

Qualifications: Bachelor of Arts, University of Queensland

Experience: Community Representative - North & West Qld. Primary Health Care Ass'n Inc.

Immediate Past President - Burdekin Community Association Inc.

Partner/Director - Byrne Valley Cattle Co.

Principal activities

The principal activities of the Company during the course of the financial year were in providing Community Bank® service under management rights to operate a franchised branch of Bendigo Bank Limited.

There have 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 \$(11,817).

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

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

Significant events after the balance date

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 providing 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

Directors' report 30 June 2005 continued

a Director is a member or an entity in which a Director has a substantial financial interest. 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 Managers of the Company except where the liability arises out of conduct involving the lack of good faith. The premium paid in respect to this policy is \$2,860.

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 Meetings

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

	Number of board meetings	
	eligible to attend	Number attended
Tiffany Basse	7	5
Colin Casswell	7	4
Robyn Haller	7	7
Joan Heatley	7	7
David Jackson	7	6
Loizos Loizou	7	6
William Lowis	7	7
Wayne Steel	7	7
Leigh Vecchio	7	6
Darren West	7	6

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.

Directors' report 30 June 2005 continued

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, 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:

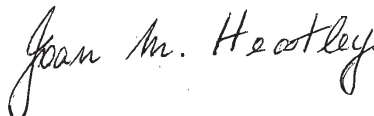
- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or 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.

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 26.

Signed in accordance with a resolution of the Board of Directors at Home Hill on 28 September 2005.



Bill Lewis
Chairman



Joan Heatley
Director

Financial statements

Statement of financial performance

For year ending 30 June 2005

	Note	2005 \$	2004 \$
Revenues from ordinary activities	2	1,930	
General administration expenses			
Salaries and employee benefits expense			
Advertising and promotion expenses			
Other expenses from ordinary activities		(18,288)	
Depreciation and amortisation expense	3		
Borrowing cost expense	3	(4)	
Profit/(loss) from ordinary activities before income tax expense/credit		(16,363)	-
Income tax expense/credit relating to ordinary activities	4	4,546	
Profit/(loss) from ordinary activities after income tax expense/credit		(11,817)	-
Total changes in equity other than those resulting from transactions with owners as owners		(11,817)	-

Financial statements continued

Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	5	525,460	
Receivables	6	1,326	
Current tax asset	9	4,546	
TOTAL CURRENT ASSETS		531,331	-
NON-CURRENT ASSETS			
Property, plant and equipment	7		
Intangibles	8		
Deferred tax assets	9		
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		531,331	-
CURRENT LIABILITIES			
Payables	10	7,227	
Interest bearing liabilities	11	9,979	
Other	3	525,450	
Provisions	12	482	
TOTAL CURRENT LIABILITIES		543,138	-
TOTAL LIABILITIES		543,138	-
NET ASSETS		(11,807)	-
EQUITY			
Contributed equity	14	10	
Retained profits/(accumulated losses)	14	(11,817)	
TOTAL EQUITY		(11,807)	-

Financial statements continued

Statement of cash flows

For the year ending 30 June 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	
Payments to suppliers and employees		(9,975)	
Interest received		-	
Interest paid		(4)	
Net cash provided by/(used in) operating activities	16(a)	(9,979)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for intangible assets		-	
Purchase of property plant and equipment		-	
Net cash provided by/(used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		525,460	
Proceeds of borrowings		448	
Payment of share issue costs		-	
Dividends paid		-	
Net cash provided by financing activities		525,908	-
Net increase/(decrease) in cash held			
Cash at the beginning of the financial year			-
Cash at the end of the financial year	16(a)	515,929	-

Notes to the financial statements

For year ending 30 June 2005

Note 1: Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Income tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

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

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

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 economic entity will derive sufficient future assessable income to enable the benefit to be realised.

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 from 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 statement of financial position. 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 operating cash flows.

Notes to the financial statements continued

Note 1: Summary of significant accounting policies continued

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.

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.

Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or Directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation rate (%)
Plant and equipment	2.5 - 25
Furniture and fittings	2.5 - 25

Notes to the financial statements continued

Note 1: Summary of significant accounting policies continued

Comparative figures

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

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST).

Payment terms

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

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.

Interest bearing liabilities

All loans are 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 capital

Issued and paid up capital is 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.

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 2: Revenue from ordinary activities

OPERATING ACTIVITIES:

- services commissions	60	-
- other revenue	1,870	-
Total revenue from operating activities	1,930	-

NON-OPERATING ACTIVITIES:

- interest received	-	-
- rental revenue	-	-
Total revenue from non-operating activities	-	-
Total revenues from ordinary activities	1,930	-

Note 3: Expenses

DEPRECIATION OF NON-CURRENT ASSETS:

- plant and equipment	-	-
- leasehold improvements	-	-

AMORTISATION OF NON-CURRENT ASSETS:

- intangibles	-	-
	-	-

BORROWING EXPENSES:

- interest paid	4	-
Bad debts	-	-

Notes to the financial statements continued

	2005	2004
	\$	\$

4. Income tax expense

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

Operating profit/(loss)	(16,363)	-
Prima facie tax on profit/(loss) from ordinary activities at 30%	(4,909)	-
ADD TAX EFFECT OF:		
- non-deductible expenses	363	-
Income tax expense on operating profit/(loss)	(4,546)	-

Note 5: Cash assets

Cash at Bank	525,460	-
	525,460	-

Note 6: Receivables

Trade receivables	66	-
Prepayments	-	-
Other	1,260	-
	1,326	-

Notes to the financial statements continued

	2005 \$	2004 \$
Note 7: Property, plant and equipment		
OFFICE FURNITURE AND EQUIPMENT		
At cost	-	-
Less accumulated depreciation	-	-
	-	-
LEASEHOLD IMPROVEMENTS		
At cost	-	-
Less accumulated depreciation	-	-
	-	-
Total written down amount	-	-
MOVEMENTS IN CARRYING AMOUNTS:		
OFFICE FURNITURE AND EQUIPMENT		
Carrying amount at beginning	-	-
Additions	-	-
Disposals	-	-
Less: depreciation expense	-	-
Carrying amount at end	-	-
LEASEHOLD IMPROVEMENTS		
Carrying amount at beginning	-	-
Additions	-	-
Disposals	-	-
Less: depreciation expense	-	-
Carrying amount at end	-	-

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 8: Intangible assets

FRANCHISE FEE

At cost	-	-
Less: accumulated amortisation	-	-
	-	-

Note 9: Defferred tax benefit

Future income tax benefit	-	
Tax losses - revenue	4,546	-

Note 9: Payables

Trade creditors	2,885	-
Other creditors & accruals	4,342	-
	7,227	-

Note 11: Current interest bearing liabilities

Bank overdraft	9,531	-
Short term loan	448	-
	9,979	-

Note 12: Provisions

Employee provisions	482	-
Number of employees at year end	5	-

Note 13: Other

Share application monies received	525,450	-
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Notes to the financial statements continued

	2005 \$	2004 \$
Note 14: Contributed equity		
10 Ordinary shares fully paid of \$1 each	10	-
Less preliminary expenses	-	-
	10	-

Note 15: Retained earnings/accumulated losses

Balance at the beginning of the financial year	-	-
Net profit/(loss) from ordinary activities after income tax	(11,817)	-
Dividends paid	-	-
Balance at the end of the financial year	(11,817)	-

Note 16: Statement of cashflows

(a) Reconciliation of cash

Cash at bank	525,460	-
Bank overdraft	(9,531)	-
	515,929	-

(b) Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(Loss) from ordinary activities after income tax	(11,817)	-
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NON CASH ITEMS:

- depreciation

- amortisation

- provisions

CHANGES IN ASSETS AND LIABILITIES:

- (increase)/decrease in receivables	(1,326)	-
- (increase)/decrease in current tax assets	(4,546)	-
- increase/(decrease) in payables	7,228	-
- increase/(decrease) in provisions	482	-
Net cashflows provided by/(used in) operating activities	(9,979)	-

Notes to the financial statements continued

	2005	2004
	\$	\$

Note 17: Auditors' remuneration

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

- audit & review services	1,800	-
- other services in relation to the Company	-	-
	1,800	-

Note 18: Director and related party disclosures

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

Tiffany Louise Basse

Colin Richard Casswell

Nancy Robyn Haller

Joan Macedon Heatley

David Reginald Jackson

Loizos Andreas Loizou

William Charles Lowis

Wayne Kenneth Steel

Kathryn Leigh Vecchio

Robert Darren West

No 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.

Notes to the financial statements continued

Note 18: Director and Related party disclosures continued

Directors shareholdings	2005	2004
Tiffany Louise Basse	1	-
Colin Richard Casswell	1	-
Nancy Robyn Haller	1	-
Joan Macedon Heatley	1	-
David Reginald Jackson	1	-
Loizos Andreas Loizou	1	-
William Charles Lewis	1	-
Wayne Kenneth Steel	1	-
Kathryn Leigh Vecchio	1	-
Robert Darren West	1	-

Each Director was issued with one (1) share on the incorporation of the Company. Each share held is valued at \$1 and is fully paid.

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¢

Note 20: Earnings per share

Earnings per share for the financial year were:

-

-

Note 21: International Financial Reporting Standards - impact of adopting Australian equivalents to IFRS

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company has established a project team to manage the transition to AIFRS, including training of staff and internal control changes necessary to gather all the required financial information. The transition is currently on schedule.

In the Company's opinion, no material impacts are expected in relation to the financial report for the year ended 30 June 2005. There are no impacts to be disclosed.

Impact on the statements of financial performance Nil

Impact on the statements of financial position Nil

Notes to the financial statements continued

Note 21: International Financial Reporting Standards - impact of adopting Australian equivalents to IFRS continued

21 (a) Income tax

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005, there would have been no impact on the value of deferred tax assets or liabilities.

Note 22: Subsequent events

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

Note 23: Contingent liabilities

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

Note 24: 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 Burdekin District, Queensland.

Note 25: Registered office/principal place of business

The registered office and principal place of business is: 93 Eighth Avenue, Home Hill, QLD 4806.

Notes to the financial statements continued

Note 26: 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	
	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$	2005 %	2004 %
FINANCIAL ASSETS												
Cash assets	525,460	-	-	-	-	-	-	-	-	-	1.75	-
Receivables	1,326	-	-	-	-	-	-	-	-	-	-	N/A
FINANCIAL LIABILITIES												
Interest bearing liabilities	9,979	-	-	-	-	-	-	-	-	-	9.40	-
Payables	7,227	-	-	-	-	-	-	-	-	-	-	N/A

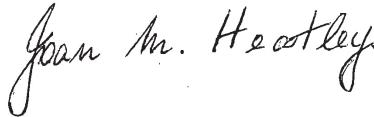
Directors' declaration

In the Directors opinion:

- (1) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards the Corporations Regulations 2001; and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2005 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Bill Lewis
Chairman



Joan Heatley
Director

Signed on 28 of September 2005.

Independent audit report



INDEPENDENT AUDIT REPORT

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Bendigo VIC 3550
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ABN 51 061 795 337

To the members of South Burdekin Community Financial Services Limited

Scope

We have audited the financial report of South Burdekin Community Financial Services Limited for the financial year ended 30 June 2005 including the Directors' Declaration. The company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and performance as presented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

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

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

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

Dated 30 September 2005

Auditor's independence declaration



South Burdekin Community Financial Services Limited
ABN 86 113 530 902
Auditor's Declaration

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ABN 51 061 795 337

15th September 2005

Auditor's Independence Declaration

As lead auditor for the audit of South Burdekin Community Financial Services Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of South Burdekin Community Financial Services Limited.

A handwritten signature in black ink, appearing to read 'David Hutchings', is written over a light blue horizontal line.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo VIC 3550

BSX report

Additional information required by the Bendigo Stock Exchange and not shown elsewhere in this report is as follows. The information is current as at 30 September 2005.

(a) Distribution of equity securities

The numbers of Shareholders, by size of holding, are:-

	Number of holders	Number of shares
1 - 1,000	186	139555
1,001 - 5,000	109	379504
5,001 - 10,000	6	56000
10,001 - 100,000	3	50001
100,0001 and over	-	-
Total	304	625060

There are currently four holders of parcels less than the minimum 500. Their holdings total 203 shares.

(b) Ten largest shareholders

The names of the ten largest Shareholders of quoted shares are:

	Listed ordinary shares	
	Number of shares	Number of ordinary shares
1. Homestead (Qld) Pty Ltd	20000	20000
2. Mr Keith Mann	20000	20000
3. Mrs Joan Heatley	10001	10001
4. Mr Thomas Callow	10000	10000
5. Mr Francis Heatley	10000	10000
6. Mr Raymond Falco	10000	10000
7. Mr Alf. Musumeci	10000	10000
8. Mr Leslie Sibson	10000	10000
9. Mr Graham Anderson	6000	6000
10. Mr Ronald Atterton	5000	5000

BSX report continued

(c) Voting rights

Each Shareholder has one vote

(d) Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the Shareholders to whom they are accountable.

The Board recognizes the importance of a strong local governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our Company into the future. We believe that building a policy framework will assist to clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- . the Board should comprise at least five Directors and a maximum of 10
- . the Board shall meet at least monthly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are:

Name	Position
William Charles Lewis	Chairman
Joan Macedon Heatley	Secretary
Kathryn Leigh Vecchio	Treasurer
Tiffany Louise Basse	Director
Colin Richard Casswell	Director
Nancy Robyn Haller	Director
David Reginald Jackson	Director
Loizos Andreas Loizou	Director
Robert Darren West	Director
Wayne Kenneth Steel	Director
(Resigned 11 September 2005)	

BSX report continued

Board responsibilities

As a Board acts on behalf of and is accountable to the Shareholders, the Board seeks to identify the expectations of the Shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge those responsibilities in a number of ways.

The Board is responsible for ensuring that Management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- Board approval of a business plan, which encompasses the entity's vision, mission and values statements, designed to meet stakeholders' needs and manage business risk;
- The business plan is a dynamic document and the Board is actively involved in developing and improving initiatives and strategies designed to ensure the continued growth and success of the entity;
- Implementation of operating plans and budgets by management and Board monitoring of progress against budget - this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- Procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

To expedite development of policies and strategies Directors work in small committees focused on issues such as Marketing, Governance, Human Resources, Business Development and an ongoing internal Audit.

Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairman.

The Board of Directors aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- The annual report which is distributed to all Shareholders;
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

(e) Name of Company Secretary:

Joan Macedon Heatley

BSX report continued

(f) Address and telephone number of registered office:

Home Hill & District Community Bank® Branch of Bendigo Bank

93 Eighth Avenue, Home Hill, QLD 4806

Phone (07) 4782 2249

Fax (07) 4782 2688

(g) Address and telephone number of office at which securities register is kept:

Bendigo Bank Limited, Share Registry Office, Fountain Court, Bendigo, VIC 3552

(h) Trading history

The trading history for the year ended 30 June 2005 for south Burdekin Community Financial Services Limited comprised two days, 29-30 June 2005. It is available on the BSX website at www.bsx.com.au

