

PROSPECTUS

Proposed Blackbutt Sub Branch of Bendigo Bank



IMPORTANT NOTICE

This Prospectus is dated 01 October 2009. A copy of this Prospectus has been lodged with the Australian Securities and Investments Commission (ASIC). Application will be made within seven days for listing of the Company and quotation of the Shares on the Bendigo Stock Exchange (BSX). Neither ASIC nor the BSX take any responsibility for the content of this Prospectus. The fact that the BSX may admit the Company to the BSX official list and quote the Shares is not to be taken in any way as an indication of the merits of the Company or of the Offer.

This Prospectus is an important document. Before deciding to invest in the shares offered under this Prospectus, you should read the Prospectus in its entirety (especially the risk factors) and carefully consider your own personal circumstances (including financial and tax issues). You should also obtain the advice of your solicitor, accountant or other financial adviser.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus and any information or representation not contained in the Prospectus may not be relied upon as having been authorised in relation to the Offer. No assurance is given that any forecast or prospective information made in this Prospectus will be achieved.

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Letter from the Chairman of South Burnett Community Enterprises Limited

Dear Investor

We welcome you and thank you for your interest in the Yarraman Community Bank® Branch of Bendigo Bank and the proposed Blackbutt Sub Branch of Bendigo Bank.

We are pleased to offer you the opportunity to invest in a project which we believe will deliver significant social and economic benefits to our region, as well as the prospect of positive returns to its shareholders.

Keeping in line with these dual financial aims, the amount of profits that can be distributed to shareholders is limited and likewise, there are limitations and restrictions on shareholdings, which are outlined in detail in this Prospectus.

Four years ago, the Company established and has continued to prudently manage the Yarraman Community Bank® branch of Bendigo Bank, one of the top performing Community Bank® branches in Australia.

This Prospectus outlines your opportunity to assist in raising funds for the establishment and operation by the Company of a new Sub Branch to be located in Blackbutt. The Sub Branch is to be established as part of the Bendigo Bank Community Bank® project, the terms of which are outlined in this document.

Following the successful raising of capital pursuant to this Prospectus both the Community Bank® branch and the Sub Branch will be part of the one Company. If the Sub Branch later converts to a Community Bank® branch, both Community Bank® branches will be part of the Bendigo Bank Community Bank® project, the terms of which are also outlined in this Prospectus.

I encourage you to read this Prospectus closely and seek professional advice, so that you may base your investment decision on a clear understanding of the nature and prospects of the business.

The Company is already listed on the Bendigo Stock Exchange, which facilitates a secondary market for the trade of shares (subject to the rules regarding share ownership described in this Prospectus).

The Board's decision to proceed with this capital raising for a new Sub Branch in Blackbutt was based on a survey in which local people and businesses in Blackbutt indicated the banking business they would bring to a locally-owned sub branch. This indicative support formed the basis of a business plan which, if achieved, shows the enterprise has solid prospects of generating positive returns for investors.

We are further heartened by the experiences of many of the other Community Bank® branches and Sub Branches of Bendigo Bank which have been enthusiastically embraced by their communities.

The successful history of the Yarraman Community Bank® branch and the enthusiasm shown by the local Blackbutt people is further proof that once operational, a significant number of groups, clubs, schools and local organisations will benefit by this unique community enterprise.

The Yarraman Community Bank® Branch of Bendigo Bank and the Blackbutt Sub Branch of Bendigo Bank afford our communities the chance not only to secure branch banking services with a focus on excellent customer service, but also an opportunity to improve our long-term prospects by retaining greater control over the district's capital resources.

I've been fortunate to have been involved with the Company from day one and have had the pleasure of seeing first hand how we have positively impacted on the Yarraman community through our various sponsorships, donations and grants programs. I have also seen our shareholders gain a solid return on their investment in line with the forecast in the original prospectus.

This has been achieved by hard work and commitment by the Company's Board and branch staff and a positive attitude knowing the shareholders and community are the beneficiaries of our endeavours.

I encourage you to read through this Prospectus carefully and if you are satisfied that we (you included) can make a difference in the Blackbutt community through your investment in our Company and the Blackbutt Sub Branch of Bendigo Bank, I commend the investment to you.

Yours sincerely,
David Wayne Emms



Chairman, South Burnett Community Enterprises Limited

Letter from Bendigo and Adelaide Bank Limited

Dear Investor

“Blackbutt Sub Branch of Bendigo Bank”. The prospect of seeing that sign fills me with pride and I hope it does the same for you.

By owning shares in South Burnett Community Enterprises Limited, you will help secure banking services for your community and also share in the prospect of income which can be used to generate further development in your region.

Why has Bendigo Bank developed this concept? Because we are a community based bank ourselves and by helping to create successful communities we will share in your success.

Bendigo Bank will work with you to maximise the potential of your new Sub Branch at Blackbutt, just as it has worked with South Burnett Community Enterprises Limited in relation to the existing Community Bank® Branch at Yarraman. However, as for any business, the success of your community company is ultimately based on the support it receives from its customers – which in this case is the Yarraman and Blackbutt communities.

Members of your community have already indicated their intention to support the sub branch with their banking business. Now is your chance to support it through investing in South Burnett Community Enterprises Limited. This Prospectus provides you with information you need to make an informed choice.

Your commitment will help make a difference to your community.

I look forward to meeting you at the opening of the Blackbutt Sub Branch of Bendigo Bank.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Russell Jenkins', written in a cursive style.

Russell Jenkins
Chief General Manager – Customer & Community
Bendigo and Adelaide Bank Limited

1. Purpose and Details of the Offer

1.1 Purpose of the Offer

The purpose of the Offer is to raise funds for the capital expenditure and working capital requirements in respect of a Sub Branch of Bendigo Bank to be established in Blackbutt and the costs to convert the Sub Branch in to a Community Bank® branch (see section 3.3). After meeting the costs of the Offer, all funds raised under the Offer (including any oversubscriptions) will be used for the purposes of meeting these requirements and the Company's future growth. Details of the establishment costs and estimated initial annual operating costs are set out in Section 4.5 of this Prospectus.

In 2005 the Company entered into the Yarraman Franchise Agreement with Bendigo Bank to manage, and provide services to the Yarraman Community Bank® Branch as a "franchise" of Bendigo Bank. The Company raised the funds required for the establishment and initial ongoing operations of the Yarraman Community Bank® Branch via an offer of shares (at an issue price of \$1.00 per share) to the Yarraman community. The Company's Prospectus for that offer of shares was dated 16 May 2005. If this offer under this Prospectus is successful, the Company will manage, and provide services to, the Yarraman Community Bank® Branch and a newly formed Sub Branch in Blackbutt. Each branch will operate as a "franchise" of Bendigo Bank. The franchise arrangements relating to the Yarraman Community Bank® Branch and the Blackbutt Sub Branch are contained in two separate franchise agreements between the Company and Bendigo Bank (the Franchise Agreements).

The franchise arrangements and the business of the Company are described in detail in this Prospectus, especially Sections 3 and 6.

Please Note: This is not an offer to subscribe for shares in Bendigo Bank - it is an offer to subscribe for shares in South Burnett Community Enterprises Limited (the Company), which is listed on the Bendigo Stock Exchange (BSX). It is not intended that shares in the Company will be listed on the Australian Stock Exchange.

1.2 Description of the Offer

The Company is offering for subscription 260,000 ordinary shares in the Company (Shares) at an issue price of \$1.00 per Share, payable in full on application.

Applications for Shares should be for a minimum of 500 Shares, or a greater number of Shares in multiples of 100, up to a maximum of 10,000 Shares. However, the Directors reserve the right to accept applications for fewer than 500 Shares or (subject to the maximum permitted shareholding - see Sections 1.3 and 7.3 below) greater than 10,000 Shares. The Directors reserve the right to accept oversubscriptions of up to 500,000 Shares. Proceeds from oversubscriptions will be used to provide additional working capital for the Company.

The amount of dividends and other distributions to shareholders that the Company may pay or make in any 12 month period is limited by the terms of the Franchise Agreements with Bendigo Bank. You should refer to Section 5.2 of this Prospectus for a description of this limit.

Applicants should be aware of the voting and ownership restrictions that apply to the Company, including the Directors' right not to accept applications in breach of these restrictions (see Section 1.4 below).

1.3 Capital Structure

Assuming the Offer is fully subscribed (and assuming no oversubscriptions are accepted) the capital structure of the Company following completion of the Issue will be as follows:

Ordinary Shares

Shares currently on issue	425,010
Shares issued pursuant to bonus issue	141,667
Shares issued pursuant to this Prospectus	260,000
TOTAL	826,677

If the maximum permitted amount of oversubscriptions is accepted, the capital structure of the Company following completion of the Issue will be as follows:

Ordinary Shares

Shares currently on issue	425,010
Shares issued pursuant to bonus issue	141,667
Shares issued pursuant to this Prospectus	500,000
TOTAL	1,066,677

Note: Capital structure includes the issue of bonus shares to existing shareholders at the ratio of one for three allotted on 30 September 2009.

1.4 Voting and Ownership Restrictions

It should be noted that, pursuant to the constitution of the Company, each shareholder is entitled to only one vote, regardless of the number of Shares held. The constitution also contains a restriction on shareholdings. A shareholder will not be able to control or own 10% or more of the Company.

The Directors will submit to shareholders, at the next general meeting of the Company, a proposal to introduce into the constitution a requirement that the Directors must refuse to register a transfer of Shares if, to their knowledge, it would be to a person who does not have, in the opinion of the Directors, a close connection with the Blackbutt or Yarraman communities. The Directors will not accept any application if it appears the Applicant would be in breach of these proposed restrictions.

The proposed amendments to the constitution also include a requirement that the Directors must refuse to register a transfer of Shares if, to their knowledge, the result would be to reduce the number of shareholders below a “Base Number” (see Section 7.3 below).

The voting rights attaching to Shares and the ownership restrictions are discussed further in Sections 7.2(a) and 7.3 below. You should note that where a person is or would be in breach of the existing and proposed restrictions, not only must the Directors refuse to register a transfer but the voting and dividend rights attaching to the relevant Shares are suspended and the Directors have the power to require a divestment of the relevant Shares (see Section 7.3 below).

1.5 Minimum Subscription

The Company must receive applications (and payment) for at least 260,000 Shares in order for the offer to proceed. Shares will not be issued unless this condition is satisfied. If this minimum subscription is not reached by the date (the Four Month Date) which is four months from the date of this Prospectus, no Shares will be allotted and all application monies received will be returned to the Applicants (without interest) as soon as practicable after the Four Month Date. Please refer to section 1.6 and “New Franchise Arrangements” in Section 3.2 below for further information on the minimum subscription requirement. This offer is not underwritten.

Please also note that no Shares will be allotted or issued if the Shares do not receive permission for

official quotation within three months, unless ASIC grants an exemption (see Section 1.11 below).

1.6 Allocation

Application monies will be held on trust by the Company in a separate bank account which has been established by the Company for the purposes of the Offer. This money will be held on trust by the Company until the Shares are issued or the money is returned, as required by the Corporations Act, to the Applicants.

The Company may allocate the full number of Shares applied for by an Applicant or may allocate any lesser number or decline any application. Where no allocation is made or where the number of Shares allocated is less than the number applied for, the surplus application money will be returned to the Applicant without interest as soon as practicable.

1.7 Quotation of Shares on the Bendigo Stock Exchange

The Company is listed, and its Shares are quoted, on the Bendigo Stock Exchange (BSX). Application will be made within seven days of the date of this Prospectus for quotation of the Shares offered under this Prospectus on the BSX. Please see Section 5 of this Prospectus for a discussion of the risk factors relevant to the Company's listing on the BSX and quotation of the Shares.

1.8 How to Invest

An application for Shares can only be made on the Application Form in this Prospectus (or on a copy made from that Application Form, but only if the copy was made by the Applicant). The Application Form (or the copy) must be completed in accordance with the instructions set out in “Application Details and Instructions” commencing towards the end of this Prospectus. The terms and conditions in the Application Form form part of this Prospectus.

1.9 Important Dates

An indicative timetable for the Offer is set out below.

Event	Date
Offer opens	19 October 2009
Offer closes	19 November 2009
Shares pursuant to this Prospectus expected to be allotted:	30 November 2009
Shares expected to be quoted on BSX:	4 December 2009
Certificates expected to be dispatched:	18 December 2009

These dates are indicative only and are subject to change. The Company has the right, in its absolute discretion, to close the Offer early or to extend the closing date, without notice. If the closing date for the Offer is extended, the subsequent dates may also be extended accordingly.

1.10 Expiry Date of this Prospectus

No Shares will be issued on the basis of this Prospectus after the Expiry Date. The Expiry Date is the date 13 months after the date of this Prospectus.

1.11 Accepting Applications

The Company will not accept an application for, or issue any, Shares offered under this Prospectus until the Exposure Period has ended. The Exposure Period is the period of seven days after lodgement of this Prospectus with ASIC or if ASIC, in accordance with the Corporations Act, extends that period, such longer period. At present, ASIC is not permitted to extend the Exposure Period to more than (in total) fourteen days after the lodgement of this Prospectus.

Accordingly, the Company will not process any applications received until after the Exposure Period and no preference will be conferred on applications received in the Exposure Period.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. It is possible that this examination may result in the identification of deficiencies. Any application received in these circumstances may need to be dealt with in accordance with Section 724 of the Corporations Act (this section may require, in certain circumstances, the return of application money and/or the distribution of a supplementary or replacement prospectus together with the right of an Applicant to withdraw their application).

1.12 Forward Looking Statements

The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors of the Company, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. The forecast financial information contained in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 5 of this Prospectus.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company or the repayment of capital or the payment of a return on the Shares.

1.13 Investors should seek Financial Advice

Individual investors should seek their own financial advice.

The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of individual investors. In considering the prospects of the Company, it is important that individual investors consider the risk factors that could affect the financial performance of the Company. As a prospective investor, you should carefully consider these factors in light of your particular investment objectives, financial situation and investment needs (including financial and taxation issues) and seek professional advice from your stockbroker, accountant or other professional advisor before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are detailed in Section 5.

1.14 Questions

If you have any questions in relation to the Offer please contact Ross Begent on 07 4696 7900.

2. Directors

Details of the Directors of the Company are as follows:

Name David Wayne Emms

Date of Birth 07/10/1944

Occupation Manufacturer

Background Information

The inaugural Chairman of the Yarraman Community Bank® Steering Committee, Wayne has previously operated his own building construction business. More recently, Wayne relocated to Yarraman with his wife Marie to develop their well known rocking horse manufacturing business 'Timbits Stable'. As the Chairman of South Burnett Community Enterprises, Wayne is actively involved in the development and promotion of the Yarraman district.

Resides Yarraman

Name Francis Edward Smith

Date of Birth 15/01/1940

Occupation Retiree

Background Information

Frank has enjoyed a diverse career commencing in the trading of meat, wool, wheat and currency before moving into specialist funds management roles. Now semi-retired at Blackbutt, Frank endeavours to find more time to enjoy developing the local Community Bank, renovating his home, operating a small farm and long distance sailing, often aboard classic yachts. Frank has been a strong advocate for the establishment of a Community Bank® in Blackbutt.

Resides Blackbutt

Name James Alan Beveridge

Date of Birth 18/05/1975

Occupation Accountant

Background Information

Jim began his working life in Inverell NSW before moving to Toowoomba in 1999 to gain his Chartered Accountant qualification. His main focus has been small and medium businesses, superannuation and retirement planning. In 2004 he purchased an accountancy business in partnership with Mark Carey. With over 16 years experience in public accounting, Jim brings strong financial management skills to the Board.

Resides Toowoomba

Name Ross Christopher Begent

Date of Birth 15/02/1953

Occupation Economic Development Officer

Background Information

Ross had held a number of positions including Manager of an engineering business and State Sales Manager for a multi-national industrial supply manufacturer. Ross has been responsible for the development and delivery of small business support programs for the Tasmanian Government and the provision of business policy and advice at Ministerial level. Ross is currently employed in an economic development role with Toowoomba Regional Council.

Resides Lockyer Valley

Name Noel Leslie Strohfeld

Date of Birth 19/03/1941

Occupation Importer

Background Information

Having served as a local government Councillor for over 27 years and as Mayor of Rosalie Shire for 15 years, Noel is currently a Councillor of Toowoomba Regional Council. From his home and business premises in Quinalow, Noel operates a number of family businesses including a tractor dealership, import of new tractors and sale of agricultural products. A long time advocate for local Community Banking, Noel is well known for his strong promotion of our region.

Resides Quinalow

Name Terence Edward Dhann

Date of Birth 18/07/1944

Occupation Retiree

Background Information

Terry was raised and has worked on large sheep and cattle properties. As a qualified butcher, Terry has held Meat Hall Management positions for a major national grocery retailer. He has also served in senior roles with the Queensland Police Force. After moving to Yarraman in 1995, Terry operated the local butchery until his retirement. More recently, Terry served as a Councillor with Rosalie Shire Council until the time of its amalgamation into Toowoomba Regional Council.

Resides Yarraman

Name Brenton Lester McLennan

Date of Birth 20/09/1950

Occupation Electrical Contractor

Background Information

Following twenty years service in the Royal Australian Navy, Brent moved to Blackbutt in 1987 to raise his family and operate a school bus business. Since 2004 Brent has been a partner in Breaker Electrical, a specialist electrical company which operates at Tarong Power Station. Brent is well known for his strong community involvement having served as a Nanango Shire Councillor for two terms, and with a number of sporting organisations in Blackbutt.

Resides Blackbutt

Name Jeffrey Bruce Connor

Date of Birth 19/04/1957

Occupation Medical Practice Manager

Background Information

A Country boy at heart, Jeff was a teacher and Principal of schools for around twenty years, working in locations from Thargomindah to Murray Island in the Torres Strait. Jeff has been in Blackbutt since 2006 where his wife is the local Doctor. As Practice Manager for Timbertown Medical Centre, Jeff is looking forward to the challenges and rewards of living and working within a community which has embraced the Bendigo Community Banking experience.

Resides Blackbutt

Name David Francis Robison

Date of Birth 06/05/1949

Occupation Retiree

Background Information

With a strong background in the finance industry, specialising in all aspects of motor vehicle finance and servicing motor dealers throughout Queensland, Dave has now retired to Blackbutt where he and his wife Judy have purchased a small property. Since settling in Blackbutt, Dave has become actively involved with Blackbutt community organisations. A regular player at the Blackbutt Golf Club, Dave is passionate about the establishment of his local Community Bank®.

Resides Blackbutt

3. Bendigo Bank Franchise

3.1 Bendigo Bank

Bendigo Bank had its origins on the Bendigo goldfield in 1858 when the settlement comprised thousands of makeshift tents and humpies clustered along the gold bearing gullies. Disturbed by the temporary and unsightly nature of these dwellings, a group of prominent citizens banded together to foster a sense of civic pride by providing finance for miners wishing to own their own homes. Thus was born the Bendigo Land and Building Society, which immediately began financing humble miners' cottages, some of which remain in the city today.

Within 30 years, Bendigo had established itself as one of the most gracious Victorian era cities in the world, its grand public buildings a monument to the vast riches produced by the deep reef miners.

As Bendigo prospered, so did its building society, which rapidly established a reputation for prudent financial management and ethical dealing. While other societies came and went, the Bendigo Land and Building Society grew steadily, declaring a profit in each year of its operation, even through the crises of the 1890s and 1930s Depressions.

Bendigo Bank converted to a bank on 1 July, 1995, at which time it was Australia's oldest and Victoria's largest building society.

The past 20 years have seen Bendigo Bank grow quickly and in the process merge with a number of other firms and building societies: the Bendigo and Eaglehawk Star (1978), Sandhurst (1983), Sunraysia (1985), Capital (1992) and Compass (1992), trustee company Sandhurst Trustees (1991), mortgage securitisation firm National Mortgage Market Corporation (1995), Monte Paschi Australia Limited (1997) and Victorian Securities Corporation Limited (1997), Queensland based First Australian Building Society (2000) and cashflow finance company Oxford Funding (2005). Sandhurst Trustees, National Mortgage Market Corporation, Monte Paschi (now Cass Comm Limited), Victorian Securities Corporation Limited and Oxford Funding are wholly-owned subsidiaries of Bendigo Bank, as is the financial planning arm Bendigo Financial Planning. Bendigo Bank also operates a joint venture, with Elders Limited, called Elders Rural Bank. This joint venture

is aimed at bringing banking services to farmers throughout Australia.

In November 2007, Bendigo Bank Limited merged with Adelaide Bank Limited. Under the terms of the merger, Adelaide Bank Limited became a wholly-owned subsidiary of Bendigo Bank Limited and shareholders in Adelaide Bank became shareholders in Bendigo Bank.

The shareholders approved a name change from "Bendigo Bank Limited" to "Bendigo and Adelaide Bank Limited", effective 31 March 2008. The bulk of the assets and undertaking of Adelaide Bank Limited was transferred to Bendigo Bank on 1 December 2008.

The Bendigo and Adelaide Group now operates (itself and through franchises) approximately 429 branches. As at 30 June 2009, Bendigo and Adelaide Group had an asset base of \$47.1 billion. It has more than 1.4 million retail customers and declared an after-tax profit before significant items of \$173.2 million for the 12 months ending June 2009.

3.2 Community Bank® Project

Bendigo Bank developed its Community Bank® project in response to the continuing closure of bank branches across Australia, and the subsequent effects on disenfranchised communities.

A Community Bank® is a means by which communities with the will and enthusiasm can enhance their future prospects by securing a conduit to the finance system.

The aims of the Community Bank® project are threefold:

- to secure branch banking services for participating communities;
- to help these communities better manage locally generated capital, and so provide them with a better return on their capital; and
- to enable participating communities to share in revenues generated from their Community Bank® enterprise.

Community Bank® draws on the greatest strength communities possess – their parochialism.

Through the potential to share in branch revenues, communities have the opportunity to generate profits which can be returned to support and develop the community via dividends to participating shareholders and through projects identified and agreed to by the community.

The Community Bank® project does this by providing communities with the opportunity to

manage a community owned branch of Bendigo Bank. It supposes that ownership of this management right provides local residents and businesses with a powerful incentive to conduct their financial affairs through their own local bank branch, thereby maximising revenue potential for the local enterprise.

Each branch operates as a franchise of Bendigo Bank, using the name “Bendigo Bank”, logo and system of operations of Bendigo Bank. The franchisees are appointed as ‘authorised representatives’ of Bendigo Bank for the purposes of the Corporations Act and manage the Community Bank® Branches on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank® Branches are effectively conducted between the customers and Bendigo Bank.

To date, Bendigo Bank has granted franchises to operate around 241 Community Bank® Branches, located in places such as Acacia Ridge, Babinda, Caloundra, Emu Park, Gin Gin, Home Hill, Logan (Beenleigh, Browns Plains, Loganholme, Marsden and Springwood) Mareeba, Mission Beach, Paradise Point, Tugun, Varsity Lakes and Yarraman. Bendigo Bank has also granted a small number of commercial franchises.

The Company’s franchise operation will initially be a Sub Branch of Bendigo Bank, and not a Community Bank® Branch of Bendigo Bank. The Company will have the ability to convert the Blackbutt Sub Branch into a Community Bank® Branch of Bendigo Bank if the Company and Bendigo Bank agree on conversion, or if the business conducted by the Sub Branch reaches any one or more of the following levels (as determined by Bendigo Bank):

- The total value of loan and deposit accounts attributed to the Sub Branch operation exceeds \$20,000,000;
- The number of accounts attributed to the Sub Branch operation exceeds 1,000;
- The number of transactions per month carried out through the Sub Branch operation exceeds 2,000.

If, however, the business attributed to the Sub Branch does not meet any of these targets or the Company or Bendigo Bank does not agree on conversion within two years of the date of the Blackbutt Franchise Agreement, the Blackbutt Franchise Agreement will terminate. Conversion to a Community Bank® Branch of Bendigo Bank is discussed further in Section 3.3, and the consequences of termination of the Franchise Agreements are discussed further in Section 5.2.

Regulation of Franchising

The relationship between Bendigo Bank and the Company as franchisor and franchisee is governed by the Franchising Code of Conduct (Franchising Code). The Franchising Code is a mandatory industry code of conduct for the purposes of Section 51ACA of the Trade Practices Act 1974 (Cth) (TPA). Section 51AD of the TPA makes a contravention of the Franchising Code a contravention of Part IVB of the TPA.

The Franchising Code requires a franchisor to provide a prospective franchisee with a disclosure document, to enable the prospective franchisee to make a reasonably informed decision about entering into the franchise. The Franchising Code prescribes the information that must be included in the disclosure document. A Disclosure Document was provided to the Company in connection with the existing franchise arrangements for the Yarraman Community Bank® Branch and a further Disclosure Document has been provided by Bendigo Bank to the Company in connection with the proposed franchise arrangements for the Blackbutt Sub Branch.

The Franchising Code requires that, prior to entering into a franchise agreement with the Company (see below), Bendigo Bank must have obtained from the Company a statement that the Company has received, read and had a reasonable opportunity to understand the disclosure document and the Franchising Code and statements as to whether the Company has obtained independent legal, accounting and business advice. The relevant statements have been provided to Bendigo Bank by the Company.

Existing Arrangements

In 2005 the Company entered into the Yarraman Franchise Agreement with Bendigo Bank pursuant to which the Company acquired rights to manage the Yarraman Community Bank® Branch of Bendigo Bank. The funds required for the Company to acquire these rights and provide initial working capital were raised by way of an offer of shares in the Company, under a prospectus. The subscription price was \$1.00 per share and the sum of \$425,000 was raised under that offer. The Company currently has approximately 232 shareholders. The Yarraman Community Bank® Branch of Bendigo Bank has been operating since 2005. Information regarding the financial performance of the Company is set out in Section 4.

The Company has now decided to enter into arrangements with Bendigo Bank under which the Company will acquire rights to manage and operate a Sub Branch of Bendigo Bank, to be established

in Blackbutt (this is discussed further below). To facilitate these new arrangements, the Company has entered into the Blackbutt Franchise Agreement with Bendigo Bank pursuant to which, subject to the satisfaction of a number of conditions, the Company will have the right to manage and provide services to a new Sub Branch of Bendigo Bank to be established in Blackbutt. As at the date of this Prospectus, the only condition that has not been satisfied is the condition relating to the raising of the minimum subscription amount (see below).

The effect of these arrangements will be that the existing management rights in relation to the Yarraman Community Bank® Branch will continue under the Yarraman Franchise Agreement, and the new management rights in relation to the Blackbutt Sub Branch will be provided for in the Blackbutt Franchise Agreement. For a customer of the Yarraman Community Bank® Branch, this change in arrangements should not have any material effect.

If the conditions in the Blackbutt Franchise Agreement are not satisfied (or waived), the Blackbutt Franchise Agreement will not take effect.

New Franchise Arrangements

In addition to the arrangements described above in relation to the Yarraman Community Bank® Branch, under the Blackbutt Franchise Agreement the Company will acquire the right to manage and provide services to a Sub Branch of Bendigo Bank to be located in Blackbutt.

A condition to the Blackbutt Franchise Agreement being granted is that the Company raises the subscription amount of \$260,000 pursuant to the Issue. If this remaining condition in the Blackbutt Franchise Agreement is not satisfied, the Company will not have the right to manage and operate the Blackbutt Sub Branch. The Company's right to manage and operate the Yarraman Community Bank® Branch will continue to be governed by the terms of the Yarraman Franchise Agreement.

The key features of the franchise arrangements are described below, and in Section 6 of this Prospectus.

3.3 Duration of Franchise

Sub Branch operation

Under the Blackbutt Franchise Agreement Bendigo Bank has granted the Company the franchise rights described in this Prospectus to operate a Sub Branch of Bendigo Bank for two years.

Community Bank® Branch

A Conversion Event is defined in Annexure A to the Blackbutt Franchise Agreement as either Bendigo Bank and the Company agreeing that the Sub Branch may be converted to a Community Bank® Branch, or the business conducted by the Sub Branch reaching any one or more of the following levels (as determined by Bendigo Bank):

- The total value of loan and deposit accounts attributed to the Sub Branch operation exceeds \$20,000,000;
- The number of accounts attributed to the Sub Branch operation exceeds 1,000;
- The number of transactions per month carried out through the Sub Branch operation exceeds 2,000.

If a Conversion Event occurs within two years after the date of the Blackbutt Franchise Agreement (or such longer period as Bendigo Bank and the Company may otherwise agree in writing) then the Sub Branch will convert to a Community Bank® Branch of Bendigo Bank (Conversion), provided that the following conditions (the Conversion Conditions) are satisfied (or waived by Bendigo Bank) within six months (or such longer period as Bendigo Bank and the Company may otherwise agree in writing) after the Conversion Event occurs:

- the Company nominates a natural person (who has been approved by Bendigo Bank) who will be appointed as the manager of the franchise operation;
- the Company secures the rights (to the satisfaction of Bendigo Bank) to the possession and use of the proposed Community Bank® Branch location for a period of time that the franchise may potentially be operated, including renewals (discussed further below), for the purpose of carrying out the franchise operation for that period;
- the Company raises, in accordance with the law, by way of an issue of shares in itself or by some other method approved by Bendigo Bank, the amount of \$260,000.
- without limiting anything else in the Blackbutt Franchise Agreement:
- the location from which the franchise is being (or will be) conducted is refurbished (including changes in layout, colour scheme and signage) in accordance with Bendigo Bank's reasonable instructions, the cost of such refurbishment to be borne by the Company; and
- the Company makes such other changes to its operations and business as required by Bendigo

Bank (including by increasing or changing its members of staff and installing additional or different equipment and fittings) in order to operate as a Community Bank® Branch, in accordance with Bendigo Bank's reasonable instructions; and

- the Company pays the Initial Fees, Training Costs and Start-Up Costs required by Clause 3.2(a) of the Blackbutt Franchise Agreement.

If the Sub Branch is converted to a Community Bank® Branch, Bendigo Bank has granted the Company the franchise rights described in this Prospectus to operate the Community Bank® Branch of Bendigo Bank for five years.

Pursuant to the Blackbutt Franchise Agreement, the Company may seek to extend the term of the franchise for (in total) two additional five year terms. A request to extend the term of the Blackbutt Franchise Agreement must be made between 3 and 6 months prior to the end of the then existing term. Bendigo Bank must agree to extend the term provided that the Company:

- is not in breach of the Blackbutt Franchise Agreement;
- secures continued rights to possession and use of each location from which the franchise is being conducted for the renewal period, and refurbishes each such location to the then current standards of Bendigo Bank franchises;
- provides the relevant statement required under the Franchising Code; and
- pays the Renewal Fees under the Blackbutt Franchise Agreement and Bendigo Bank's costs of renewing the Blackbutt Franchise Agreement.

These conditions must be satisfied at the end of the initial term and, if the franchise is extended for the first five year period, at the end of that first renewal period.

Assignment of Franchise Agreement

Bendigo Bank has the ability to assign or novate its rights and obligations (or any part of them) under the Franchise Agreements at any time. However, Bendigo Bank must not assign its obligations (without the consent of the Company) unless the proposed assignee is either a related body corporate of Bendigo Bank, a person whose business includes the provision of financial services (and it is reasonable to expect that the person will be able to comply with its obligations under the relevant Franchise Agreement) or a person who has entered into arrangements with Bendigo Bank and/or any of the foregoing, so as to enable that person to comply with its obligations

under the Franchise Agreement. In any event, any assignee would have to continue to perform Bendigo Bank's obligations under the relevant Franchise Agreement.

The Company may only dispose (in any way) of, or otherwise effect or permit a change of control or ownership of, the franchise, the Company or the Company's interest in the franchise operation, the Franchise Agreements or the Sub Branch or Community Bank® Branch location with the prior written consent of Bendigo Bank and with the payment of a transfer fee to Bendigo Bank.

Bendigo Bank also has a pre-emptive right over the sale, transfer or disposal of the Company's interest in the franchise operation or the Sub Branch or Community Bank® Branch location.

The consequences of the termination of the Franchise Agreements are discussed in Section 5.2 below.

3.4 Activities of Company

Branches

The Yarraman Community Bank® Branch at 23 Toomey Street, Yarraman, Queensland commenced operation in 2005. The Company has managed that branch since that time under the Yarraman Franchise Agreement. The rental costs for the Yarraman site have been included for the purposes of the Forecasts. The Yarraman Community Bank® Branch is open from 9.00am to 5.00pm on Monday to Friday, excluding public holidays.

In addition, the Company intends to establish a Sub Branch of Bendigo Bank in Blackbutt. A lease has been negotiated for a site at 63 Coulson Street, Blackbutt for 5 years and estimated rental costs have been included for the purposes of the Forecasts. It is proposed that the Sub Branch will open from 9.00am to 5.00pm on 3 days per week excluding public holidays.

As discussed in Section 3.3, the Company may be able to convert the Sub Branch to a Community Bank® Branch of Bendigo Bank. It is possible, with Bendigo Bank's consent, to operate the proposed Community Bank® branch from a site in addition to, or in substitution of, the current proposed Sub Branch site. However, the Directors have no intention to do so at this stage.

Branch Managers and Employees

The Company currently employs a Branch Manager and a number of Customer Service officers to staff the Yarraman Community Bank® Branch. It is envisaged that a number of Customer Service

Officers will be engaged by the Company to manage and staff the proposed Blackbutt Sub Branch. All staff members must be first approved by Bendigo Bank. It is possible that rather than be directly employed by the Company, staff will be seconded from the Bendigo and Adelaide Bank Group to the Company. If the Sub Branch is converted to a Community Bank® Branch of Bendigo Bank, it is possible that the Company will need to engage additional staff.

Financial Products and Services

The Company will provide a range of financial products and services determined by Bendigo Bank from time to time. The products and services will include (but are not necessarily limited to) the following:

- deposit business, for example, “Ultimate” accounts, term deposits, “Money Extra” accounts, “Classic” accounts, investment accounts and specialised rural accounts;
- personal bank products and services, for example, credit and debit cards, insurance and financial planning;
- loans and lending products, for example, home loans, investment loans, home equity loans, leasing, commercial loans, farm loans and personal loans;
- investment products, such as superannuation, Sandhurst Select products and common fund and tax-based savings products; and
- cash and cheque facilities, delivered through electronic means and ATM services.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the Company facilitating the provision of those products. As deposits are with Bendigo Bank, they have the benefit of the Commonwealth Government’s deposit guarantee facility. The guarantee applies for three years from November 2008. It applies automatically to deposits of \$1 million or less with an ADI (Authorised Deposit Taking Institution). An ADI must apply for the facility in respect of deposits over \$1 million. The deposit can be at call or with maturity of up to 60 months. Bendigo Bank successfully applied for the guarantee in respect of deposits over \$1 million in November 2008.

All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to

Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The products and services available to be offered through the Yarraman Community Bank® Branch and the Blackbutt Sub Branch will not necessarily be the same as those offered by other Bendigo Bank branches or franchises. However, the Company will endeavour to ensure that the products and services offered will be appropriate for the requirements of its customers.

Other Products and Services

In addition, the Company can offer or promote other products and services under agreements with members of the Bendigo and Adelaide Bank Group if Bendigo Bank has given its prior consent. In particular, the Directors envisage that the Company may enter into a referral agreement with a member of the Bendigo and Adelaide Bank Group under which the Company will, in return for a commission, offer and promote to our community non banking products and services offered by that group member. These products and services may, for example, include telecommunications services.

3.5 Benefits of Franchise Arrangements

Name, Logo and Systems

As part of the franchise arrangements, Bendigo Bank grants the Company the right to use its name, logo and system of operations and other relevant intellectual property rights (including, following conversion of the Blackbutt Sub Branch to a Community Bank® Branch, the trademark “Community Bank®”) for the purpose of managing the Yarraman Community Bank® Branch and the Blackbutt Sub Branch of Bendigo Bank. To the extent that it is able, Bendigo Bank will also give the Company reasonable access to all information and technology created or obtained by Bendigo Bank in connection with other franchises.

The Company will have the benefit of all general advertising and promotions undertaken by Bendigo Bank, in addition to the local promotional activities undertaken by the Company itself (in accordance with the controls set out in the Franchise Agreements).

Assistance and Advice

Under the Blackbutt Franchise Agreement Bendigo Bank will provide significant assistance in establishing and maintaining the Blackbutt Sub Branch franchise operation including:

- advice and assistance in relation to the design, layout and fitout of the Sub Branch;

- training for Sub Branch staff in banking, management systems and interface protocol; and
- assistance in the launch of the Sub Branch (assistance has already been given by Bendigo Bank in relation to the launch of the Yarraman Community Bank® Branch).

Bendigo Bank will continue to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

Should the Sub Branch be converted to a Community Bank® Branch, Bendigo Bank may provide further assistance in the launch of the Community Bank® Branch.

Non-exclusive Franchise

The franchises granted under the Franchise Agreements are non-exclusive franchises. That is, any member of the Bendigo and Adelaide Bank Group is able to carry on any business (including the granting of franchises) anywhere. Further, Bendigo Bank (for example, through branches), any related body corporate of Bendigo Bank and any Bendigo Bank franchise are entitled to be located anywhere and to market to, or deal with, persons located anywhere.

Similarly, although the franchise operation can only be carried out from a location approved by Bendigo Bank, the Company is entitled to market to, or deal with, persons located anywhere.

3.6 Restrictions on Operations

Sole Purpose Company

The Blackbutt Franchise Agreement provides that, subject to the ability to provide certain other products and services (see below), the Company must not carry on any business other than managing and operating the Blackbutt Sub Branch of Bendigo Bank, and it must not own or use any assets, or incur any liabilities, other than those required by the franchise operations. The Yarraman Franchise Agreement contains similar provisions in relation to the Yarraman Community Bank® Branch of Bendigo Bank.

The Company may offer or promote other products and services pursuant to an arrangement with a

member of the Bendigo and Adelaide Bank Group if Bendigo Bank has given its approval.

Competition Restrictions

The Company is also subject to covenants that restrict its activities both during the term of the franchise, and for a further three years after the franchise has terminated.

Pursuant to these covenants (as contained in the Franchise Agreements), the Company must not:

- have any interest in an entity carrying on business that is substantially the same as that conducted by Bendigo Bank through its franchises, or is in competition in relation to that business or in relation to any other business carried on by the Bendigo and Adelaide Bank Group;
- seek to attract any customers or employees from Bendigo Bank or any of its franchisees; or
- otherwise interfere with the business being conducted by Bendigo Bank.

Similar restrictions apply to the Directors of the Company.

Bendigo Bank Involvement

Bendigo Bank will retain a tight control over the day to day operations of the Company, which includes the provision by the Company to Bendigo Bank of regular and detailed reports. Bendigo Bank also has the right to inspect or audit the Company's franchise records.

In particular, as noted above, the products and services to be supplied through the Company will be determined by Bendigo Bank. As described in Section 3.4 above, all credit transactions must be approved by Bendigo Bank.

Further, the Company must only use Bendigo Bank's intellectual property (including its trademarks) licensed to the Company under the Franchise Agreements in accordance with the guidelines provided by Bendigo Bank.

The Company has also been appointed as an 'authorised representative' of Bendigo Bank pursuant to a separate authorised representative appointment (see Section 7.4 below).

3.7 Community Interest

A significant amount of work and public consultation has been undertaken in relation to the feasibility of establishing the Blackbutt Sub Branch of Bendigo Bank.

A group of interested community members was briefed by Bendigo Bank on 16th September 2008

in relation to the proposal to establish the Blackbutt Sub Branch and a committee formed to evaluate the proposal.

A preliminary public meeting was held to discuss the Community Bank® concept and the steps required to establish a Sub Branch of Bendigo Bank at Blackbutt. As a result, the Board engaged an independent consultant, AFS & Associates, to conduct a feasibility study in relation to the proposal.

The results of the feasibility study were presented to the Board, and the following day, after consideration, the Board unanimously agreed at its meeting on 2nd of June 2009 to proceed towards the establishment of the Blackbutt Sub Branch.

The results of the feasibility study are discussed in Section 4 of this Prospectus.

A similar process of consultation was undertaken in relation to the Yarraman Community Bank® Branch prior to its establishment.

3.8 The Company's Board of Directors

The management and control of the business and affairs of the Company is the responsibility of the Company's Board of Directors. There are various rules in the constitution of the Company to ensure that shareholders regularly have the opportunity to vote on the Directors. In particular, under the constitution, one third of the Directors (other than an 'exempt' Managing Director – if any) will be required to retire at each annual general meeting (other than the Company's first annual general meeting), and a Director who has held office for in excess of a continuous period of three years or three annual general meetings (whichever is longer) since last elected must retire. However, Directors who so retire are eligible for re-election. In addition, persons who are appointed as Directors by the Board must retire at the next annual general meeting, but are eligible for re-election, and an employee who is a Director must retire as a Director if they cease to be an employee, but is also eligible for re election.

3.9 Share Price

Shares in the Company have been listed on the BSX since 2005 but no shares have been traded.

Updated share price information can be obtained from the BSX.

4. Financial information

4.1 Feasibility Study

A feasibility study was conducted in the Blackbutt area by AFS & Associates (the Blackbutt Feasibility Study) to assist the Company to decide whether to proceed with establishing a Sub Branch of Bendigo Bank in Blackbutt.

The Blackbutt Feasibility Study involved distributing surveys to 1,300 households and businesses.

Surveys were distributed in respect of personal and business banking. A copy of the pro forma survey is set out in Annexure A to this Prospectus. The response rate to the surveys was as follows:

Feasibility Study Factors	Results
Surveys Distributed	1,300
Surveys Returned	242
% Of Surveys Returned	18.62%
Respondents' Total Banking Business	\$20,957,500
Respondents' Banking Business Available In First Year	\$8,692,500

Prior to the establishment of the Yarraman Community Bank® Branch in 2005, a similar feasibility study was undertaken in the Yarraman area. The Yarraman Feasibility Study involved:

- distributing surveys to households and businesses located in Yarraman and surrounds;
- conducting interviews with a selection of local businesses and community members; and
- reviewing the available economic information regarding the area.

The surveys distributed in the Yarraman Feasibility Study were not substantially different to the surveys set out in Annexure A to this Prospectus.

4.2 Forecasts

Overview of the Process of Preparing the Forecasts

The banking business indicated by respondents to the survey has been analysed and collated by the consultant who conducted the Blackbutt Feasibility Study. Based on this information, and on the history of operations of the Yarraman Community Bank® Branch, the Company (together with assistance from Bendigo Bank based on its experience with its own branches and other franchises), has prepared Forecasts of the interest earnings from the lending

products and the interest cost of the deposits, together with Forecasts of other revenue streams.

The assumptions made in relation to this financial modelling conducted by the Company and Bendigo Bank are those set out below and in Sections 4.3 and 4.4.

The annual operating costs (refer to Section 4.5) were estimated by the Company on the basis of the annual operating costs incurred by the Yarraman Community Bank® Branch. The estimated annual operating costs of the Sub Branch were included to arrive at the estimated operating profit or loss before any allowance for depreciation, tax or dividends.

The Company's accountant was then provided with these figures and, as part of the accountant's role in relation to the preparation and review of the Forecasts, the accountant calculated the depreciation and taxation expenses.

The process of preparation of the Forecasts is discussed in detail below.

(a) Yarraman Stand Alone Forecast (see Table 1 below)

This is a Forecast for the Company as a whole, assuming that the Blackbutt Sub Branch is not opened and assuming that the existing Yarraman Community Bank® Branch continues to achieve the level and type of business growth historically achieved.

(b) Blackbutt Business Volume Forecast (see Table 2 below)

The banking business indicated by respondents to the Blackbutt Feasibility Study has been analysed and collated by the consultant who conducted the Feasibility Study and this Forecast is based on the Feasibility Study results and the experience of the Yarraman Community Bank® branch in its first year of operation. The Directors and Bendigo Bank consider that the Yarraman Community Bank® branch is comparable to the proposed Blackbutt Sub Branch because of its geographical proximity and very similar demographics. The Directors and Bendigo Bank consider the basis for this Forecast is reasonable and that the Forecast is conservative.

(c) Company Forecast (see Table 3 below)

This is a Forecast for the Company as a whole, assuming that it will continue to manage the Yarraman Community Bank® Branch and opened the Blackbutt Sub Branch on 1 July 2009. The forecasts for the year ended 30 June 2010 and 2011 assume the Yarraman Community Bank® Branch achieves the level and type of business

growth as it experienced in the year ended 30 June 2009.

(d) 80% of Company Forecast (see Table 4 below)

This is a Forecast for the Company as a whole assuming that the Company will continue to manage the Yarraman Community Bank® Branch and the Blackbutt Sub Branch from 1 July 2009 and assuming that, in the year ended 30 June 2010 and 2011, the Blackbutt Sub Branch achieves 80% of the volume of business growth assumed for the “Company Forecast” (refer to Section 4.1(a) above).

Assumptions

Whilst the Directors have given due care and attention to adopting the Forecasts in this Prospectus, they can give no guarantee that Forecast results will be achieved, since there are many factors that may impact on the ability of the Company to achieve such Forecasts that are beyond their influence and control. Some of these factors are discussed in Section 5 below.

Community members are under no obligation to act in accordance with their responses and there is no guarantee that these results will be achieved.

The other assumptions made in relation to the survey responses and on which these Forecasts are based are set out in Sections 4.4 and 4.5 below.

The impact of the GST is discussed in Section 4.6.

(i) Yarraman Stand Alone Forecast

Table 1 shows that the Company could, if it achieves the assumed level of business for this forecast, generate a profit before tax of \$180,750 in the Year ended 30 June 2010 and \$221,291 in the Year ended 30 June 2011.

Table 1: Yarraman Stand Alone Forecast

	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
Revenue from ordinary activities ¹	419,529	498,981	713,749	770,281
Salaries and employee benefit expense ²	(206,402)	(243,500)	(304,700)	(313,841)
Occupancy and associated costs	(15,049)	(21,328)	(24,500)	(25,235)
Finance Costs	(34,879)	(43,246)	(42,400)	(44,172)
System costs	(24,415)	(24,178)	(26,099)	(21,630)
Depreciation and amortisation expense ³	(16,171)	(16,673)	(16,600)	(16,600)
General administration expenses	(71,577)	(98,346)	(118,700)	(127,512)
Borrowing cost expenses	-	(68)	-	-
Profit before income tax expense	51,036	51,642	180,750	221,291
Income tax expense ⁴	(11,324)	(17,446)	(57,825)	(69,987)
Profit for the period	39,712	34,196	122,925	151,304
Profit attributable to members of the entity	39,712	34,196	122,925	151,304
Earnings per Share				
Earnings per share for the period (cents):	9.34	8.05	23.15 ***	26.70***
- dividends paid or provided for (cents per share)	-	6.0	-	-

* Budgeted for the 12 months ended 30 June 2010.

** Budget for the 12 months ended 30 June 2011.

*** After a 1 for 3 bonus issue on 30 September 2009.

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 Non Current Assets will be depreciated over their useful economic life as follows:-

	Rate	Method	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
Depreciation of non current assets						
Leasehold Building Improvements	40 years	Straight Line	2,856	2,992	3,000	3,000
Owned Plant & Equipment	2.5 - 13 years	Straight Line	1,315	1,681	1,600	1,600
Amortisation of non current assets						
Franchise Fee	Initial term of the franchise	Straight Line (over 5 years)	12,000	12,000	12,000	12,000
Total			\$16,171	\$16,673	\$16,600	\$16,600

* Budgeted for the 12 months ended 30 June 2010.

** Budget for the 12 months ended 30 June 2011.

4. Income tax expense

	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows				
Operating Profit before tax	51,036	51,642	180,750	221,291
Income tax expense calculated at 30% of operating profit	15,311	15,493	54,225	66,387
Add tax effect of:				
- non-deductible expenses	3,600	3,600	3,600	3,600
- timing difference expenses	(190)	1,452	-	-
- blackhole expenses	(1,423)	(1,647)	-	-
Current tax	17,298	18,898	57,825	69,987
Timing differences	(5,974)	(1,452)	-	-
Income tax expense on operating profit	11,324	17,446	57,825	69,987
<i>The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.</i>				

(ii) Blackbutt Business Volume Forecast

Table 2 shows new business identified in the Blackbutt Feasibility Study adjusted (as described above) and based on the trading performance of the Yarraman Community Bank® branch and excludes any existing business that may be transferred from the Yarraman Community Bank® branch

Table 2: Blackbutt Business Volume Forecast

	Forecast 30 June 2010 \$ (unaudited)	Forecast 30 June 2011 \$ (unaudited)
Deposits	2,750,000	7,050,000
Lending	4,950,000	8,450,000
Total Business	7,700,000	13,200,000

(iii) Company Forecast

Table 3 shows that if the Company managed the Community Bank® Branch and the Blackbutt Sub Branch from 1 July 2009, it could, if it achieves the assumed level of business for this forecast, generate a profit before tax of \$9,282 in the Year ending 30 June 2010 and \$100,798 in the Year ending 30 June 2011.

Table 3: Company Forecast

	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
Revenue from ordinary activities ¹	419,529	498,981	772,382	893,438
Salaries and employee benefit expense ²	(206,402)	(243,500)	(424,481)	(426,852)
Occupancy and associated costs	(15,049)	(21,328)	(28,187)	(45,080)
Finance Costs	(34,879)	(43,246)	(60,034)	(61,832)
System costs	(24,415)	(24,178)	(38,403)	(46,728)
Depreciation and amortisation expense ³	(16,171)	(16,673)	(40,913)	(52,976)
General administration expenses	(71,577)	(98,346)	(171,082)	(159,172)
Borrowing cost expenses	-	(68)	-	-
Profit before income tax expense	51,036	51,642	9,282	100,798
Income tax expense ⁴	(11,324)	(17,446)	(6,985)	(38,039)
Profit for the period	39,712	34,196	2,297	62,759
Profit attributable to members of the entity	39,712	34,196	2,297	62,759
Earnings per Share				
Earnings per share for the period (cents):	9.34	8.05	0.35*** 0.29***	7.59*** 5.88****
- dividends paid or provided for (cents per share)	-	6.0	-	-

* Budgeted for the 12 months ended 30 June 2010.

** Budget for the 12 months ended 30 June 2011.

*** 260,000 new shares issued, and after a 1 for 3 bonus issue on 30 September 2009.

****assumes 500,000 new shares issued, and after a 1 for 3 bonus share issue on 30 September 2009.

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 Non Current Assets will be depreciated over their useful economic life as follows:-

	Rate	Method	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
Depreciation of non current assets						
Leasehold Building Improvements	5 years	Straight Line	2,856	2,992	13,465	13,500
Owned Plant & Equipment	5 - 10 years	Straight Line	1,315	1,681	9,448	9,476
Amortisation of non current assets						
Franchise fees and establishment costs	Term of the franchise	Straight Line (over 5 years)	12,000	12,000	18,000	30,000
Total			\$16,171	\$16,673	\$40,913	\$52,976

* Budgeted for the 12 months ended 30 June 2010.

** Budget for the 12 months ended 30 June 2011, assumes the Blackbutt Sub Branch converts to full branch on 1 July 2010.

4. Income tax expense

	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows				
Operating Profit before tax	51,036	51,642	9,282	100,798
Income tax expense calculated at 30% of operating profit	15,311	15,493	2,785	30,239
Add tax effect of:				
- non-deductible expenses	3,600	3,600	5,400	9,000
- timing difference expenses	(190)	1,452	-	-
- blackhole expenses	(1,423)	(1,647)	(1,200)	(1,200)
Current tax	17,298	18,898	6,985	38,039
Timing differences	(5,974)	(1,452)	-	-
Income tax expense on operating profit	11,324	17,446	6,985	38,039

The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.

(iv) Company Forecast

Table 4 shows that the Company could, if it achieves the assumed level of business for this forecast, generate a loss before tax of \$3,241 in the Year ended 30 June 2010 but a profit before tax of \$91,220 in the Year ended 30 June 2011. This table assumes that the Company will manage the Yarraman Community Bank® Branch and the Blackbutt Sub Branch from 1 July 2009.

Table 4: Company Forecast

	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
Revenue from ordinary activities ¹	419,529	498,981	759,859	883,860
Salaries and employee benefit expense ²	(206,402)	(243,500)	(424,481)	(426,852)
Occupancy and associated costs	(15,049)	(21,328)	(28,187)	(45,080)
Finance Costs	(34,879)	(43,246)	(60,034)	(61,832)
System costs	(24,415)	(24,178)	(38,403)	(46,728)
Depreciation and amortisation expense ³	(16,171)	(16,673)	(40,913)	(52,976)
General administration expenses	(71,577)	(98,346)	(171,082)	(159,172)
Borrowing cost expenses	-	(68)	-	-
Profit before income tax expense	51,036	51,642	(3,241)	91,220
Income tax expense ⁴	(11,324)	(17,446)	(3,228)	(35,166)
Profit for the period	39,712	34,196	(6,469)	56,054
Profit attributable to members of the entity	39,712	34,196	(6,469)	56,054
Earnings per Share				
Earnings per share for the period (cents):	9.34	8.05	(0.98)*** (0.83)****	6.78*** 5.26****
- dividends paid or provided for (cents per share)	-	6.0	-	-

* Budgeted for the 12 months ended 30 June 2010.

** Budget for the 12 months ended 30 June 2011.

*** 260,000 new shares issued, and after a 1 for 3 bonus issue on 30 September 2009.

**** assumes 500,000 new shares issued, and after a 1 for 3 bonus share issue on 30 September 2009.

Notes:

1 See assumptions in Section 4.4 below.

2 See assumptions in Section 4.5 below.

3 Non Current Assets will be depreciated over their useful economic life as follows:-

	Rate	Method	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
Depreciation of non current assets						
Leasehold Building Improvements	40 years	Straight Line	2,856	2,992	13,465	13,500
Owned Plant & Equipment	2.5 - 13 years	Straight Line	1,315	1,681	9,448	9,476
Amortisation of non current assets						
Franchise Fees and establishment costs	Initial term of the franchise	Straight Line (over 5 years)	12,000	12,000	18,000	30,000
Total			\$16,171	\$16,673	\$40,913	\$52,976

* Budgeted for the 12 months ended 30 June 2010.

** Budget for the 12 months ended 30 June 2011, assumes that the Blackbutt Sub Branch converts to a full branch on 1 July 2010

4. Income tax expense

	Actual Audited 30 June 2008 \$	Actual Audited 30 June 2009 \$	Forecast 30 June 2010 (unaudited) \$*	Forecast 30 June 2011 (unaudited) \$**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows				
Operating Profit before tax	51,036	51,642	(3,241)	91,220
Income tax expense calculated at 30% of operating profit	15,311	15,493	(972)	27,366
Add tax effect of:				
- non-deductible expenses	3,600	3,600	5,400	9,000
- timing difference expenses	(190)	1,452	-	-
- blackhole expenses	(1,423)	(1,647)	(1,200)	(1,200)
Current tax	17,298	18,898	3,228	35,166
Timing differences	(5,974)	(1,452)	-	-
Income tax expense on operating profit	11,324	17,446	3,228	35,166
<i>The income tax expense may vary depending upon allowable tax deductions applicable to the Company under current income tax legislation.</i>				

4.3 Sensitivity

The Forecasts will be affected by the following factors:

- the extent to which the business generated by the Yarraman Community Bank® Branch varies from the business generated by that branch in the past, including the impact of the Blackbutt Sub Branch;
- the extent to which the business generated by the Blackbutt Sub Branch varies from the survey responses including:
 - the value of the accounts;
 - different business mixes;
 - the timing of writing the business; and
 - account retention;
- the assumption that the Blackbutt Sub Branch commences trading on 1 July 2009 and converts to a full branch on 1 July 2010;
- interest rate variations (though see Section 4.4 below); and
- operating costs containment.

4.4 Revenue

Revenue Calculation

The estimated revenue for each year is the amount that is estimated to be earned by the Company under the Franchise Agreements on the basis of the assumed levels of business forecast for that year (see below).

The Franchise Agreements provide for three types of revenue that may be earned by the Company.

First, the Company is entitled to 50% of the monthly gross margin earned by Bendigo Bank on products and services provided through the Company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the Company effectively incurs, and must bear, 50% of that loss.

The second source of revenue for the Company is commission paid by Bendigo Bank on the other products and services provided through the Company (ie ‘commission business’).

The initial list of products and services to be provided by the Company is set out in Section 3.4. The Franchise Agreements provide that a commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by

Elders Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days), and that all other products and services are taken into account in determining the gross margin. The amount of commission payable can be varied in accordance with the Franchise Agreements (which, in some cases, permit commissions to be varied at the discretion of Bendigo Bank). However, for the purposes of the Forecasts, it has been assumed that the rates of commission payable to the Company will not vary during the Forecast period.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as ‘bank fees and charges’) charged to customers to which the Company may be entitled. This proportion (if any) is determined by Bendigo Bank, may vary between products and services and may be amended by Bendigo Bank from time to time. For the purposes of these Forecasts, it has been assumed that the proportions will not vary during the forecast period.

As it is too uncertain to determine whether any revenue (and, if so, how much) will be generated by the Company in promoting or offering “non banking” products or services during the Forecast period (see Section 3.4), no such revenue has been included in any forecast.

Description of Business

The following types of business are currently generated by the Yarraman Community Bank® Branch and were also covered by the Blackbutt Feasibility Study:

- Deposits
“Deposits raised” comprises personal and business savings accounts, cheque accounts and term deposits. Of these products, savings and cheque accounts and term deposits of less than 90 days are included in the calculation of the monthly gross margin. Term deposits of more than 90 days earn a commission.
- Loans
“Loans generated” comprises personal and business overdrafts, personal loans, home loans, business leasing and hire purchase and other business loan facilities. Of these products and services, overdrafts, personal loans and flexible home loans are margin business and fixed home loans, leasing, hire purchase and other business loan facilities are commission business.
- Other
“Other business” consists of superannuation products, which are commission based products.

Level of Business - Yarraman

In preparing the Forecasts, the following assumptions were made in relation to the level and type of business to be generated by the Yarraman Community Bank® Branch.

In preparing the forecast in table 1 for the years ended 30 June 2010 and 30 June 2011, it has been assumed that the level of growth the Yarraman Community Bank® Branch has historically experienced will continue. It has also been assumed that the negative impact of the global financial crisis on actual growth in the year ended 30 June 2009 is not experienced in subsequent years.

Level of Business – Blackbutt

As described in detail in Section 4.2, the business volume for Year 1 of the Blackbutt (table 2) Forecast is based upon the Blackbutt Feasibility Study results and results of the Yarraman Community Bank® branch in its first year of operation.

Thereafter, in table 2 the figures assume a consistent straight line growth in business in the second year of operation. The growth rates have been set having regard to Bendigo Bank's experience of the growth achieved across the Community Bank® Branch network and consideration of the Company's particular circumstances (ie, the volume of business indicated by the Blackbutt Feasibility Study results, the performance of the Yarraman Community Bank® branch and the size of the Blackbutt community).

The 80% of Company Forecast (Table 4) assumes that the Blackbutt Sub Branch only achieves 80% of the volume of business assumed in table 3.

Survey Responses

The following additional assumptions were made in relation to the survey responses:

- no allowance is made for financial seasonality
- survey responses indicating current account balances were considered to be equal to the average annual account balances;
- averages are used for the ranges indicated on the survey form (ie \$0-\$5,000 is taken to be \$2,500);
- specific amounts have been used where indicated in the response;
- the maturity profile of term deposits has been regarded as ¼ less than 90 days and ¾ greater than 90 days;
- home loans have been regarded as ¾ variable and ¼ fixed interest loans;
- in Year 1 in all Forecasts based on the Blackbutt Feasibility Study results (tables 3 and 4), it has been assumed that deposits will be transferred

to the Blackbutt Sub Branch equally each month. However, as loans can be slower to convert, this is not assumed for loans – rather, the total loans for Year 1 are divided by 12 and it is assumed that, based on this per month amount, only 50% will be written in each of months 1-4, 100% will be written in each of months 5-8, but 150% will be written in each of months 9-12; and

- no allowance has been made for revenue generated from products or services other than the deposit and loan business specified in the survey and revenue generated from “foreign” ATM fees.

Interest Rates

Interest rates (set out below) within broad product groups have been adopted across all Forecasts.

Product	Rate
Personal Transaction Account	0.92
Business Cheque Account	0.44
Term Deposits ≤ 90 days	2.04
Home Loans	5.55
Home Equity Loans	8.66
Credit Cards	8.04
Overdrafts (Business)	9.09
Personal Loans	12.67

The rates in the above table represent a weighted average of the interest earned on products within each product group listed. They are included in the Prospectus solely for the purpose of providing information concerning the rates of interest used in preparing the Forecasts and do not purport to represent a market interest rate that customers of any Community Bank® branch or sub branch should expect to be offered. The interest rates were determined as at June 2009 and reflect the rates of the Yarraman Community Bank® current at the time the Forecasts were prepared. Although some of these rates would now be likely to have changed given movements in market interest rates in the intervening period, the margins that the Company could expect to receive on these products and services have not changed in any material respect. As indicated below, it is changes in the interest rate margin that would be expected to affect the profitability of the Company.

In determining the profitability of a Community Bank® Branch or sub branch (as with any other bank branch), one factor is the interest rate margin. The interest rate margin can be described as the difference between the interest rate earned on lending products as compared to the interest rate paid out on deposits and investments. If interest

rates change over the period of the Forecasts in this Prospectus, the profitability of the branch may not be affected, if the interest rate margin remains unchanged.

However, as the interest rate margin changes, so does the profitability of the branch. It is estimated that, an increase/decrease of 0.1% in the interest rate margin would increase/decrease the Company's gross revenue by \$9,572 based on the company's lending profile as at 30 June 2009.

ATM Fees

The Forecasts in this Prospectus contain an estimate of the amount of fees generated from non Bendigo Bank customers using the Company's existing ATM at Yarraman and ATM Blackbutt.

4.5 Establishment and Operating Costs

The following costs of the Company were taken into account in preparing the Forecasts:

- the initial investment required to establish the Blackbutt Sub Branch and commence operations as a Sub Branch;
- the estimated annual operating costs of the Blackbutt Sub Branch;
- the initial investment required to convert the Blackbutt Sub Branch into a Community Bank® Branch and commence operations as a Community Bank® Branch;
- the estimated annual operating costs of the Blackbutt Community Bank® Branch; and
- the estimated annual operating costs of the Yarraman Community Bank® Branch.

Sub Branch Establishment Costs

The costs to establish the Sub Branch and commence operations include:

- the Sub Branch Training Costs payable under the Blackbutt Franchise Agreement;
- the Sub Branch Start-Up Costs (including site modifications and IT establishment) payable under the Blackbutt Franchise Agreement
- legal costs (including the costs of undertaking this Issue);
- the costs of quotation of the Shares issued pursuant to this Prospectus on the BSX;
- the costs of the opening launch of the Blackbutt Sub Branch;
- the Blackbutt Feasibility Study; and
- working capital.

Sub Branch Annual Operating Costs

The operating costs of the Blackbutt Sub Branch for the first two years are incorporated in the Forecasts in Section 4.2.

These costs include:

- labour and related costs (eg staff and uniforms)
- occupancy and outgoings;
- marketing;
- bad debts and other credit expenses;
- IT equipment, running costs and support costs;
- insurance;
- phone and fax;
- postage and stationery;
- cash logistics;
- security monitoring and maintenance;
- travel and accommodation;
- repairs and maintenance;
- automatic teller machine (ATM);
- accountancy and secretarial; and
- annual audit fees.

Community Bank® Branch Conversion Costs

The costs to convert the Sub Branch into a Community Bank® Branch and commence operation as a Community Bank® Branch include:

- Initial Fees payable under the Blackbutt Franchise Agreement;
- the Start-Up Costs (including site modification and IT establishment) payable under the Blackbutt Franchise Agreement;
- legal costs (including the costs of raising funds to meet conversion costs);
- the costs of the opening launch of the Blackbutt Community Bank® Branch; and
- working capital.

Yarraman Community Bank® Branch Annual Operating Costs

These costs include:

- labour (Branch Manager and Customer Service Officers) and related costs (eg uniforms);
- occupancy and outgoings;
- marketing;
- bad debts and other credit expenses;
- IT equipment, running costs and support costs;
- insurance;
- phone and fax;
- postage and stationery;
- cash logistics;
- security monitoring and maintenance;

- travel and accommodation;
- repairs and maintenance;
- automatic teller machine (ATM);
- accountancy and secretarial; and
- annual audit fees.

4.6 Goods and Services Tax

The Goods and Services Tax (GST) legislation took effect from 1 July 2000. The impact of the GST on providers of financial services is quite different from its impact on other businesses. Most businesses are able to claim back all GST paid on business inputs. This is not the case for providers of 'financial supplies'. Providers of 'financial supplies' are input taxed. This means that they can not charge GST on these 'financial supplies' and can not claim back all the GST paid on their inputs.

The regulations distinguish between a financial supply "provider" who makes a financial supply and a "facilitator" who facilitates a financial supply made by another entity. Generally, supplies by a "financial supply facilitator" are not financial supplies and would therefore be subject to GST.

The Directors of the Company have been advised by the Company's accountant that the Company is a "financial supply facilitator" and it is therefore able to reclaim GST it incurs on its business inputs but is also required to account for GST on its revenues.

For the purposes of the Forecasts in this Prospectus, it has been assumed that the services which the Company provides to Bendigo Bank are subject to GST, and the tax paid on purchases of inputs to the business will be able to be reclaimed in full. The revenues stated in the Forecasts are net of GST and the costs are net of input tax credits.

4.7 Pro-Forma Balance Sheet

Set out below is an unaudited Pro-Forma Balance Sheet of the Company showing the actual position prior to the date of the issue and alternative unaudited balance sheets showing the effect of the Issue.

	Actual as at 30 June 2009 \$	Actual Audited Pro-Forma 30 June 2009 ^{1&3} \$	Unaudited Pro-Forma 30 June 2009 ^{2&3} \$
Current Assets			
Cash assets	148,163	408,163	648,163
Trade and other receivables	58,024	58,024	58,024
Total Current Assets	206,187	466,187	706,187
Non-Current Assets			
Property, plant and equipment	47,753	47,753	47,753
Intangible assets	82,274	82,274	82,274
Deferred tax assets	21,336	21,336	21,336
Total Non-Current Assets	151,363	151,363	151,363
Total Assets	357,550	617,550	857,550
Current Liabilities			
Trade and other payables	35,475	55,475	55,475
Provisions	20,635	20,635	20,635
Total Current Liabilities	56,110	76,110	76,110
Non-Current Liabilities			
Provisions	8,082	8,082	8,082
Total Non-Current Liabilities	8,082	8,082	8,082
Total Liabilities	64,192	84,192	84,192
Net Assets	293,358	533,358	773,358
Equity			
Issued capital	396,292	636,292	876,292
Accumulated losses	(102,934)	(102,934)	(102,934)
Total Equity	293,358	533,358	773,358

Notes

1. Assumes the Offer is fully subscribed and no oversubscriptions are accepted, and all Shares have been allotted.
2. Assumes the Offer is fully subscribed and the maximum amount of oversubscriptions is accepted, and all Shares have been allotted.
3. This balance sheet shows the position before any amount has been paid to Bendigo Bank under the Blackbutt Franchise Agreement.

4.8 International Financial Reporting Standards

The Company must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

All financial information disclosed in this Prospectus has been prepared in accordance with IFRS.

5. Risk Factors

5.1 Introduction

Potential investors should consider the risks of investing in the Company carefully before making an investment decision. Your investment is not guaranteed by Bendigo Bank.

Particular investment risks arise due to the specific purpose for which the Company has been established, that is, to manage a Community Bank® Branch of Bendigo Bank at Yarraman and a Sub Branch of Bendigo Bank at Blackbutt (that may convert to a Community Bank® Branch) pursuant to Franchise Agreements with Bendigo Bank.

There is a risk that the Company will not be able to convert the Blackbutt Sub Branch into a Community Bank® Branch within the two year period allowed by Annexure A to the Blackbutt Franchise Agreement. Conversion is discussed further in Section 6. If the Company will not be able to convert the Blackbutt Sub Branch into a Community Bank® Branch within this two year period, the Blackbutt Franchise Agreement will terminate (unless the Company and Bendigo Bank agree otherwise in writing).

An investment in the Company is also affected by the business risks to which the Company will be subject, which may affect the success of the Company and, accordingly, its ability to pay dividends and its ongoing operation.

The following sections highlight some of the key risks associated with an investment in the Company. There may also be other risks.

5.2 Investment Risk

Dividends

Once the Company achieves profitability, its Directors intend that such profits will, as a general rule, be applied at the discretion of the Directors in one or more of the following ways:

- in payment of dividends to shareholders (subject to the limit described below);
- towards community or charitable projects as determined by the Directors from time to time; or
- as working capital.

The timing and payment of dividends is dependent on many factors which affect future profits and the financial position of the Company. Dividends will

be determined by the Directors according to actual results, financial position, capital requirements, operating costs and economic conditions at the time. There will also be an assessment by the Directors of the needs of any worthwhile community or charitable projects. Further, in recognition of the aims of the Company to deliver social and economic benefits to the community (in addition to, if possible, a return to shareholders), the Company has agreed that in any 12 month period, the aggregate of the profits or funds of the Company distributed to shareholders (whether by way of dividends, bonus shares or otherwise) must not, except in the case of a winding up, exceed the Distribution Limit. The Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital over that 12 month period (as determined by Bendigo Bank in consultation with the Company). The Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period (as determined by Bendigo Bank) plus 5%.

For the purposes of calculating the Distribution Limit, “profit” shall be determined by reference to all applicable accounting standards pursuant to the Corporations Act and will be calculated before:

- any tax, including GST;
- eligible contributions to Bendigo Bank’s Community Enterprise™ Foundation (or any of its sub-funds or successor(s)); and
- community contributions or donations made by the Company that would have been eligible contributions to Bendigo Bank’s Community Enterprise™ Foundation (or any of its sub-funds or successor(s)).

Of course, the actual amounts distributed to shareholders may be less than the Distribution Limit.

The Company has supported the community in many ways. There has been in excess of \$30,000.00 injected into various communities in our area, in the way of sponsorships, grants and donations.

The Company has paid a dividend previously and intends to continue to pay dividends as per the Forecasts set out in Section 4 of this Prospectus. There is, however, no certainty of dividends being paid.

Trading in Shares

The Company provides members of the community with the opportunity to contribute to maintaining the Yarraman Community Bank® Branch of Bendigo Bank and establishing and maintaining the Blackbutt Sub Branch of Bendigo Bank. The community nature of the Company is reflected in the provisions of its constitution relating to voting rights and limits on shareholding interests (see Sections 7.1 to 7.3 below).

Because of the community based nature of the Company, it is not envisaged that there will be significant trade in shares in the Company. Accordingly, there may be limited opportunities for members to recoup their investment in the Company by disposing of their Shares.

In particular, while the Company is listed and its Shares are quoted on the Bendigo Stock Exchange (BSX) (and the Directors intend to apply for quotation on BSX of the Shares issued pursuant to this Prospectus), listing and quotation is at the discretion of the BSX. Section 1.7 above discusses the consequences of an application for quotation not proceeding. Further, as listing and quotation impose additional obligations and costs on the Company, it is possible that in the future, the Directors will form the view that listing and quotation is no longer in the best interests of the Company.

Even if the Company remains listed on BSX, it is not anticipated that an active market for trading of the Shares will develop. For example, the restrictions on shareholding interests may limit those persons who are able to purchase Shares in the Company. If the market for the Shares is not liquid, it is possible that the market price of the Shares may not reflect the true underlying value of the Company.

Further, the market price of the Shares will fluctuate due to various factors, including general movements in the Australian equity market (which, in turn, is influenced by the international equity markets), investor perceptions, local and worldwide economic conditions, movements in interest rates and specific factors affecting the performance and financial position of the Company and its business.

In addition, in the case of some companies listed on a stock market, it is possible that their share price may include a “control premium” to reflect the fact that a person may wish to acquire sufficient shares in the Company to gain control of the Company and, to do so, the acquirer would need to pay a premium above the underlying share price. It is unlikely that such a premium will be present in the case of the Shares (or will be paid by an acquirer), given the restrictions on share ownership in the Constitution and the fact that a change of control

of the Company may trigger a termination of the Franchise Agreements.

In summary therefore, it is possible that the market price of the Shares may be lower than the issue price under the Offer or otherwise may not reflect the true underlying value of the Company or its performance. While this risk applies to all investments in any securities on any stock market, it applies particularly so here given the community nature of the Company (for example, the restriction on dividend payments), the limitations on share ownership, the restrictions on the business activities of the Company and the likelihood of an illiquid market.

Termination of Franchise

The Blackbutt Franchise Agreement will terminate (unless the Company and Bendigo Bank agree otherwise in writing) if a Conversion Event does not occur within two years after the date of the Blackbutt Franchise Agreement (or such longer period as Bendigo Bank and the Company may otherwise agree in writing) or the Conversion Conditions are not satisfied (or waived by Bendigo Bank) within six months (or such longer period as Bendigo Bank and the Company may otherwise agree in writing) after the Conversion Event occurs. The Conversion Events and Conversion Conditions are discussed further in Section 3.3.

If the Blackbutt Sub Branch is converted into a Community Bank® Branch, the Blackbutt Franchise Agreement provides for a maximum possible term of 15 years from the commencement of the Community Bank® Branch operation (see Section 3.3 above), after which the continued operation of the Community Bank® Branch will be subject to further negotiations with Bendigo Bank.

Bendigo Bank also has broad rights to terminate the Blackbutt Franchise Agreement (see Section 6 below), in particular, if the franchise operation is not profitable. The Company is not entitled to any payment upon termination of the Blackbutt Franchise Agreement, though it would be entitled to the net proceeds of the sale or transfer of the franchise operation if, at its discretion, Bendigo Bank proceeded with such a sale or transfer after termination (see Section 6 below). The same terms apply to the Yarraman Community Bank® Branch under the Yarraman Franchise Agreement.

There are no restrictions on where Bendigo Bank (or any of its related bodies corporate or other Bendigo Bank franchisees) may carry on business or be located (either before, during or after the term of the Franchise Agreements – see Section 3.5 above).

On the expiration or earlier termination of the Franchise Agreements, the Company is prohibited

from carrying on a substantially similar business for three years.

There are also restrictions on the ability of the Company to dispose of its rights in the franchises, the Franchise Agreements, the franchise operations or the branch locations (see Section 3.3 above).

5.3 Business Risks

Sole Purpose Company

The Company is essentially a sole purpose company.

Subject to the ability to offer and promote other products and services under agreements with Bendigo and Adelaide Bank Group members that have been approved by Bendigo Bank, the Company's only business will be managing a Community Bank® Branch of Bendigo Bank and a Sub Branch of Bendigo Bank (which may convert to a Community Bank® Branch).

Revenue and Level of Banking Business

Although all transactions conducted through the franchise operations will actually be conducted with Bendigo Bank, the effect of the gross margin sharing arrangement (as described in Section 4.4) is that the Company bears the risk of generating sufficient income from the banking business to derive a profit.

It is important to recognise that the Forecasts presented in Section 4.2 are based (in part) on survey responses, and there is no obligation on respondents to transfer the business indicated in the survey. Accordingly, there is no guarantee that the level of business set out in Section 4 will be achieved. In particular, there is no guarantee that the level of business required for the Company to be entitled to convert the Blackbutt Sub Branch to a Community Bank® Branch will be achieved.

In addition, part of the revenue earned by the Company is based on commission and fee income on certain products and services, and the commission and fees payable to the Company can be varied (in some cases, at the discretion of Bendigo Bank).

The ability of the Company to generate new business is subject to factors beyond the control of the Company.

The level of banking business conducted through the Yarraman Community Bank® Branch and the Blackbutt Sub Branch will be affected by general economic conditions, in particular, the effect of interest rate movements on the interest rates offered by Bendigo Bank.

As part of the Community Bank® concept, the Yarraman Community Bank® Branch was established and the Blackbutt Sub Branch is being established,

in part, given the current level of banking facilities available in the Yarraman and Blackbutt communities. It should be recognised that the Company will face competition from other financial service providers (including, possibly, other branches and franchises of Bendigo Bank) whether located in Yarraman, Blackbutt or in nearby communities or from other providers that are able to deliver such services remotely (for example, through the internet or over the phone). It is also possible that, in the future, other financial service outlets could seek to open in Yarraman or Blackbutt, particularly if the Company's franchise operations are successful.

The Directors believe that the possibility of two branches of Bendigo Bank in close proximity offers additional convenience and service opportunities to local people, and may increase the rate of conversion of new customers to either branch. It is however possible that this additional business may be offset if respondents to the Blackbutt Feasibility Study choose to base their banking at Yarraman instead of converting their business to Blackbutt as indicated. The Directors are unable to quantify the value of such business that may be affected.

Branch Operations

Like any small business, the branch managers and employees will have a key role in the success of each of the Yarraman Community Bank® Branch and the Blackbutt Sub Branch. The managers and employees will be responsible for promoting each of the branches, and providing a level of service and support that will engender ongoing relationships with customers. The ability of the managers to communicate effectively with representatives of Bendigo Bank, and represent the interests of the branches, will also be critical to the smooth operation of the franchise operations.

Security Risks (eg armed robbery)

Although all cash deposits made through the Yarraman Community Bank® Branch and the Blackbutt Sub Branch will be transferred to Bendigo Bank, the Company will bear the risk of implementing procedures for handling and transferring such deposits. For example, the risk of robbery is inherent in the nature of the Company's business of managing a Community Bank® Branch and Sub Branch of Bendigo Bank.

Under the Franchise Agreements, the Company is responsible for ensuring that at all times it has in place, to the satisfaction of Bendigo Bank, appropriate security and cash logistics controls. This may require the Company to acquire security services and cash logistics services from Bendigo Bank, to make modifications to the fitout of its

branch premises or incur other security-related expenses that are not anticipated at the date of this Prospectus.

Two Branches

The Company will manage and operate a Community Bank® Branch and a Sub Branch of Bendigo Bank (or two Community Bank® branches if the Sub Branch is converted to a Community Bank® Branch). Thus, shareholders of the Company will share the risks, and rewards, of both branches. For example, it is possible that losses from one branch could offset the profits from the other branch. Similarly, should the Company incur any liabilities in respect of one branch, all assets of the Company (including assets relating to the other branch) would be available to meet those liabilities.

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

The Yarraman Community Bank® Branch operates and the Blackbutt Sub Branch will operate under the Bendigo Bank name, and (subject to any products and services approved by Bendigo Bank that may be provided under agreements with Bendigo and Adelaide Bank Group members), will only provide Bendigo Bank products and services.

Accordingly, the success of the Company is, to a significant degree, dependent on the standing and success of Bendigo Bank.

The products and services provided through the Company, and the income that Bendigo Bank (and, accordingly, the Company) is able to earn on those products and services, will be subject to the competitive pressures facing Bendigo Bank generally and the impact of economic conditions and other factors on the business of Bendigo Bank.

Approvals

As described in Section 3.6 above, many of the Company's business decisions (including the products and services made available by the Company, the annual budgets and the credit business generated through the branches) are subject to the approval of Bendigo Bank.

It is clear that the Company and Bendigo Bank have a common interest in the success of the Company. However, as noted above, communication between the Company and Bendigo Bank will be critical to ensuring that Bendigo Bank understands the particular requirements of the Company's franchise operations and that decisions in respect of the operations are made accordingly.

Bendigo Bank Claims

Pursuant to a broad indemnity in the Franchise Agreements, the Company is responsible for certain

claims made against Bendigo Bank in connection with the operation of the franchise operations (see Section 6).

5.5 Other Factors

Regulatory Environment

Although the Company will not carry on banking business, by managing a Community Bank® Branch and a Sub Branch of Bendigo Bank (or two Community Bank® Branches if the Sub Branch is converted to a Community Bank® Branch) it will effectively be subject to the regulatory environment in which Bendigo Bank operates. In particular, decisions of APRA that affect Bendigo Bank may also have an impact on the business conducted by the Company.

In addition, as part of the franchise arrangements, the Company must be appointed as an 'authorised representative' of Bendigo Bank for the purposes of carrying out the franchise operations (see Section 7.4 below).

Economic Conditions

As noted above, the Company's business will be affected by changes in economic conditions both directly and indirectly through the effect such changes may have on Bendigo Bank. Relevant factors include market growth, inflation, movements in interest rates and exchange rates and the level of loan defaults.

Recently global financial markets have been adversely impacted by the deterioration in the sub-prime mortgage market in the United States and consequential impacts on the stability of the international financial system. The current dislocation in global financial markets presents challenges for all financial institutions, including Bendigo Bank, that rely on access to international capital markets to fund their operations.

The duration and extensity of dislocation in global financial markets is still largely unknown and continuation of these conditions could adversely affect Bendigo Bank's ongoing financial performance or financial condition and potentially could affect the Company's business as the operator of a Community Bank® branch and Sub Branch of Bendigo Bank.

Government Policies and Legislation

The Company's business may be affected by changes to government policies, including those relating to prudential supervision, taxation and regulation of financial services industries. Again, such changes may affect the Company directly or indirectly as a result of their impact on Bendigo Bank.

6. Franchise Agreement

The Franchise Agreements establish the relationship between the Company and Bendigo Bank, and set out the parameters within which the Company must operate. The Blackbutt Franchise Agreement defines the business that will be conducted by the Company in relation to the proposed Blackbutt Sub Branch (and following conversion of the Sub Branch to a Community Bank® Branch, the Blackbutt Community Bank® Branch), and the Yarraman Franchise Agreement defines the business that will be conducted by the Company in relation to the Yarraman Community Bank® Branch. These agreements are therefore critical to an assessment of the Company.

The provisions of the Franchise Agreements have been described in detail in Sections 3 and 5 of this Prospectus.

The following is a further brief summary of the key provisions of the Franchise Agreements.

Grant of Rights

Under the Franchise Agreements, Bendigo Bank grants the Company the right to use Bendigo Bank's system of operations and certain intellectual property rights to manage and operate the Yarraman Community Bank® Branch and the Blackbutt Sub Branch of Bendigo Bank (and following conversion of the Sub Branch to a Community Bank® Branch, the Blackbutt Community Bank® Branch of Bendigo Bank).

It is a condition to the Blackbutt Franchise Agreement that the Company raises \$260,000 pursuant to the Issue.

Term

The initial term of the Yarraman Franchise Agreement is the balance of its current five year term (expiring 29 August 2010). Provided certain conditions are met at the end of each term, Bendigo Bank must agree to extend the term of the Yarraman Franchise Agreement for two further five year terms (see Section 3.3).

Under the Blackbutt Franchise Agreement Bendigo Bank grants the Company the right to conduct the Blackbutt Sub Branch for a period of two years from the commencement of the Sub Branch operation. If the Blackbutt Sub Branch is converted to a Community Bank® Branch, the initial term of the

Blackbutt Franchise Agreement is five years from the commencement of the Community Bank® Branch operation. Provided certain conditions are met at the end of each term, Bendigo Bank will agree to extend the term for two further five year terms (see Section 3.3).

Franchise Operations

There are strict controls on the Company in relation to the franchise operations. In particular, the Company must only offer the products and services specified by Bendigo Bank, it must comply with Bendigo Bank's promotions, it (and its staff) must comply with the operating manuals supplied by Bendigo Bank, it must seek the prior approval of Bendigo Bank to its promotional activities and material, public communications, signs and stationery, and there are tight controls over the use of Bendigo Bank's intellectual property.

Payments/Receipts

Under the Blackbutt Franchise Agreement, the Company is required to pay Bendigo Bank the Sub Branch Training Costs and Sub Branch Start-up Costs. If the Blackbutt Sub Branch is converted to a Community Bank® Branch, the Company is required to pay Bendigo Bank the Initial Fees, the Training Costs and Start-Up Costs.

Under both Franchise Agreements, for each additional five year period the Company must pay Renewal Fees, the reasonable costs of training provided by Bendigo Bank to the Company's employees and the expenses of Bendigo Bank associated with renewing the franchise (including legal fees). In addition, the Company is responsible for all ongoing costs in relation to each branch and each branch location (including, for example, all staff costs, rent, outgoings and insurance).

The revenue the Company is entitled to receive is described in Section 4.4 above.

You should refer also to Section 5.2 of this Prospectus for a description of the limit, contained in the Franchise Agreements, on distributions by the Company to its shareholders.

Indemnity

The Company provides a broad indemnity in favour of Bendigo Bank under the Franchise Agreements. In particular, the Company indemnifies Bendigo Bank against all losses Bendigo Bank may suffer and all third party claims that may be brought against Bendigo Bank in connection with the conduct of the franchise or the franchise operations (ie the management and operation of the Yarraman Community Bank® Branch and the Blackbutt Sub

Branch, and following conversion of the Sub Branch to a Community Bank® Branch, the Blackbutt Community Bank® Branch), a breach of the Franchise Agreements (including the manuals) by a person other than Bendigo Bank, the offering of any products and services (whether banking or non banking) by the Company, the carrying on of any business by the Company (whether or not permitted by Bendigo Bank), the activities of the Company or its employees at or near each of the franchise operation premises and any unauthorised act, default, dishonesty, negligent act or omission or fraudulent conduct of the Company or any of its officers, employees or agents.

Bendigo Bank indemnifies the Company against all third party claims that may be brought against the Company to the extent that such claims result from a misleading or deceptive statement in, or a misleading or deceptive omission from, the products or services specified by Bendigo Bank to be offered to customers, certain actions by employees of Bendigo Bank or any related promotional materials or manuals supplied by Bendigo Bank. Other potential liability on Bendigo Bank is, to the extent permitted, excluded.

Termination

Bendigo Bank may terminate the Franchise Agreements in various circumstances, including if:

- the Blackbutt Sub Branch is not converted to a Community Bank® Branch within two years after the date of the Blackbutt Franchise Agreement (Blackbutt Franchise Agreement only);
- the Company breaches the Franchise Agreements;
- the Company engages in fraudulent or dangerous conduct, becomes insolvent or fails to pay its debts on time;
- the Company is convicted of a “serious offence” (as defined under the Franchising Code) or, without limiting the foregoing, the Company, any of its directors or employees is, or has been, convicted of an offence where, in the reasonable opinion of Bendigo Bank, that conviction materially and adversely affects Bendigo Bank and/or the name, goodwill or good reputation of a franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises, unless, in the case of a Director or member of staff, that person ceases to be involved or concerned in the management or operation of the Company and the franchises within the time period (being not less than 7 days) specified by Bendigo Bank;
- the Company carries on a franchise in a manner that, or takes (or fails to take) any action that, harms or adversely affects, or may harm or adversely affect materially, the good name, goodwill or good reputation of Bendigo Bank, Bendigo Bank’s business, the franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises, including if the Company (or its staff) engage in misleading or deceptive conduct or conduct that is unlawful or may cause Bendigo Bank to breach any law or regulation or if the reputation of a Director or of a member of staff could adversely affect the good reputation or goodwill of Bendigo Bank, unless, in this latter case, that Director or member of staff (as the case may be) ceases to be involved or concerned in the management or operation of the Company and the franchise within the time period (being not less than 7 days) specified by Bendigo Bank;
- the Company takes (or omits) to take an action that, under the Franchising Code, permits Bendigo Bank to immediately terminate the Franchise Agreements (eg the Company abandons a branch, carries it on in a way that endangers public health or safety or agrees to terminate the Franchise Agreements);
- there is, without Bendigo Bank’s prior written consent, a change in the underlying ownership or control of the Company, the franchise or the Company’s interest in the Franchise Agreement or either of the branch locations (this can be deemed to occur for certain changes to the Directors of the Company or if the Company’s control/ownership limit is breached - see Section 7.3 below); or
- there is an amendment to, renewal of, or alteration of the effect of, a rule or clause of the Company’s constituent documents, without the approval of Bendigo Bank.

The Company may terminate either Franchise Agreement if Bendigo Bank materially breaches the Franchise Agreement.

The procedures for termination (either by Bendigo Bank or by the Company) are set out in the Franchise Agreements.

In certain circumstances, where there has been a breach of a Franchise Agreement by the Company, the right to carry on that franchise is suspended until the breach is rectified or the Franchise Agreement is terminated.

Upon termination of a Franchise Agreement, there is no obligation on Bendigo Bank to sell or transfer the franchise operation. However, if such a sale or transfer did proceed, the Company would be entitled to the proceeds received (less the costs of the sale or transfer and certain debts owed by the Company, if any).

7. Additional Information

7.1 Constitution

The rights attaching to Shares (Section 7.2) and the prohibition on shareholding interest (Section 7.3) set out in the Company's constitution are summarised below.

7.2 Rights Attaching to Shares

The Shares will be issued as fully paid ordinary shares issued at \$1.00 each.

Set out below is a summary of the principal rights attaching to the Shares.

(a) Voting Rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of Shares held.

The purpose of the limitation on voting rights is to reflect the nature of the Company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the franchise operation have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreements with Bendigo Bank contain a limit on the level of profits or funds that may be distributed to shareholders. You should refer to Section 5.2 of this Prospectus for a description of this limit. There is also a restriction on the payment of dividends to certain shareholders if they breach the 10% share ownership limit (see Section 7.3 below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares. For example, the Directors may refuse to register a transfer that

would result in a shareholder holding a prohibited shareholding interest (see Section 7.3 below).

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's Constitution, and the Corporations Act and the rules applicable to transfers on the BSX.

The Directors acknowledge that, if the Shares are quoted on the BSX, it is likely that brokers may require a statutory declaration from the transferee confirming that the transfer will not breach any of the shareholding ownership restrictions that apply (see Section 7.3 below).

(d) Winding Up

If the Company is wound up, then subject to any special or preferential rights attaching to any class of shares, shareholders will be entitled to participate in any surplus assets of the Company in proportion to the capital paid up on their shares when the winding up begins.

If the assets available for distribution amongst shareholders are insufficient to repay the whole of the paid up capital, then those assets will be distributed in proportion to the capital paid up on shares when the winding up begins.

Notwithstanding the above, if the Company is wound up, the liquidator has the discretion to divide among all or any of the shareholders in specie or in kind any part of the Company's assets. The division of the Company's assets may be carried out as the liquidator thinks fit, subject to the right of any shareholder prejudiced by the division to dissent. Any dissenting shareholder has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the transfer of the Company's assets by a liquidator in a voluntary winding up (see, in particular, Chapter 5 of the Corporations Act, especially Section 507).

7.3 Prohibited Shareholding Interest

The Company's Constitution prohibits a person from having a "prohibited shareholding interest". The ways in which a prohibited shareholding interest may arise are set out in the Company's Constitution and are summarised below.

10% shareholding limit

A member is prohibited from controlling or owning 10% or more of the shares in the Company (a "prohibited shareholding interest").

Similarly to the voting rights, the purpose of this shareholding limit is to reflect the community

based nature of the Company, by ensuring that the Board can prevent ownership of the Company being concentrated in the hands of a small number of community members.

In summary, a person will be deemed to own the shares in the Company in which the person has a relevant interest and the shares in which the person's associates have a relevant interest. (The terms 'relevant interest' and 'associate' have the meanings as in the Corporations Act, subject to some modifications as set out in the Company's Constitution). Also, a person is deemed to control the votes that they and their associates can cast or control the casting of on a resolution to elect a director of the Company.

The effect of these definitions is that, for example, if the aggregate of the shares owned (legally or beneficially) by a person plus the shares owned (legally or beneficially) by members of the person's immediate family, equal or exceed 10% of the shares in the Company, the person has a prohibited shareholding interest. Similarly, if the votes a person can control the casting of on a resolution to elect a director, plus the votes that members of the person's immediate family can control the casting of on such a resolution, equal or exceed 10% of the votes that could be cast by all shareholders on such a resolution, that person has a prohibited shareholding interest. A person's "immediate family" includes a person's spouse, defacto spouse, parent, son, daughter, brother or sister or a spouse or defacto spouse of any of the preceding persons.

The Directors will submit to shareholders, at the next general meeting of the Company, a proposal to introduce into the Constitution a provision in keeping with the community spirit and intent of the Company that will deem a person to also have a prohibited shareholding interest if, in the opinion of the Directors, they do not have a close connection to the Blackbutt or Yarraman communities. For example, individuals who are residents of the Blackbutt or Yarraman communities and their close family members, would ordinarily be considered to have such a close connection. Similarly, a company whose registered office is in the Blackbutt or Yarraman communities and that is owned and controlled by such individuals would ordinarily be considered to have such a close connection. However, these are illustrative examples only. Ultimately, if the provision is adopted, the Directors will need to assess in each case whether there is a close community connection.

The Directors will also submit to shareholders, at the next general meeting of the Company, a proposal

to introduce into the Constitution a provision that will deem a person to have a prohibited shareholding interest if after the transfer of shares to that person, the number of shareholders in the Company would be less than the Base Number of shareholders. If this provision is adopted, the Base number is 90% of the number of shareholders in the Company immediately after the issue of Shares under this Prospectus. The purpose of the Base Number restriction is to seek to ensure that the Company has broad based local ownership. As the Company is listed on the BSX, this Base Number restriction must be approved by the BSX. To date, the BSX has indicated that it will not grant such approval. Consequently, the Base Number provisions will not apply while the Company is listed on the BSX.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a relevant interest in excess of 10% of the Company, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

7.4 Authorised Representative Appointment

As noted previously, as part of the franchise arrangements, the Company has been appointed as an 'authorised representative' of Bendigo Bank so that the Company can provide financial services on behalf of Bendigo Bank.

Under the appointment, Bendigo Bank authorises the Company to provide financial services advice in

relation to, and deal in, various classes of financial products on behalf of Bendigo Bank. It is a condition of Bendigo Bank granting the authorisation that, amongst other things, the Company does everything necessary to ensure that Bendigo Bank complies with the law. If Bendigo Bank believes on reasonable grounds that the Company or its staff may have or are about to contravene the law or cause Bendigo Bank to contravene the law, Bendigo Bank has the power to modify or revoke the authorisation (in which case Bendigo Bank may also have the ability to terminate the Franchise Agreements).

7.5 Taxation Implications

The following is intended only as a general summary and does not purport to be a complete statement of all tax consequences that may be relevant to the issue of ordinary shares in the Company. The taxation implications of investing in the Company may vary depending on the individual circumstances of investors. The information provided is a brief explanation of the potential taxation implications for Australian resident investors.

All investors should consult their adviser about the taxation implications of investing in the Company relevant to their own particular circumstances.

An acquisition of ordinary shares by a resident of Australia will be an acquisition for capital gains tax (CGT) purposes.

A resident of Australia may be assessed in respect of a net capital gain for CGT purposes on disposal of their ordinary Shares.

Generally, a net capital gain is determined by reference to the excess (if any) of the consideration received for the Shares over the cost base of the Shares. The amount of the excess will constitute the amount of capital gain unless the investor is entitled to a CGT discount, which is only available to individuals, superannuation funds and, in certain situations, trust investors. The CGT discount is calculated as follows. In the case of an investor who holds their Shares for at least 12 months after the date of acquisition of the Shares, the capital gain will be reduced by 50% (where the investor is an individual) or 33⅓ (where the investor is a superannuation fund) in the hands of the investor. In the case of trust investors, the calculation of the CGT discount is complex, and specific advice should be obtained.

Any capital loss (namely the excess of the cost base of the Shares over the consideration received for those Shares) with respect to the Shares can generally be offset against capital gains realised

by the investor in the same year or in later years. However, if there are net capital gains to which the investor is entitled to a CGT discount, any capital losses must be offset against the net capital gains realised by the investor before the CGT discount is applied to the net capital gains.

Certain investors, for example those who carry on business of share trading, may be liable to tax in respect of any profit on the disposal of Shares as ordinary income.

Investors who are resident individual shareholders (or a resident superannuation fund) and who receive dividends from the Company must include in their assessable income the amount of the dividend together with any franking credits attached to the dividend. Income tax is calculated on this total amount and investors will generally be entitled to claim a rebate equal to any franking credits attaching to the dividend. Any excess rebate over and above the total tax payable can be refunded to investors.

A resident corporate shareholder that is:

- a public company for tax purposes – is entitled to a rebate of tax only to the extent of the franked portion (if any) of any dividends received; and
- a private company for tax purposes - is entitled to a rebate only to the extent of the franked portion (if any) of any dividends received.

Companies are generally entitled to credit their franking account for the franked amount of any dividend.

7.6 Directors' Interests

Other than as set out below, no Director has, or has held at any time during the last two years, any interest in property acquired or proposed to be acquired by the Company in connection with the offer of the Shares, or in the offer of the Shares

Shares

The Directors of the Company and their interests in the share capital of the Company are set out below. The number of Shares will be adjusted following the allotment of the Bonus Share Issue.

Name of Director	Number of Shares	Nature of Interest
David Wayne Emms	1001	Legal and Beneficial
James Alan Beveridge	-	Legal and Beneficial
Jeffrey Bruce Connor	500	Legal and Beneficial
Terence Edward Dhann	501	Legal and Beneficial
Brenton Lester McLennan	8,500	Legal and Beneficial
David Francis Robison	500	Legal and Beneficial
Francis Edward Smith	1000	Legal and Beneficial
Noel Leslie Strohfeld	1501	Legal and Beneficial
Ross Christopher Begent	3001	Legal and Beneficial

No Director holds shares in any related body corporate of the Company.

Indemnity

Under the Company's Constitution, the Company:

- indemnifies its current and former officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers; and
- is permitted to pay premiums for insurance policies insuring its Directors and officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers.

Other Interests

Nil

Other benefits

No amounts have been paid or agreed to be paid (and no benefits have been given or agreed to be given) to a Director (or a proposed Director) to induce them to become, or to qualify as, a Director of the Company.

7.7 Disclosure of Interests

Other than as set out below, no person (referred to as a Relevant Person) named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, no promoter of the Company and no stockbroker or underwriter to the Issue of Shares has, or has held at any time during the last two years, any interest in the promotion of the Company, in property acquired or proposed to be acquired by the Company in connection with its promotion or in connection with the Offer of the Shares, or in the Offer of the Shares.

The amounts paid, or agreed to be paid, and the nature and value of any benefits given or agreed to be given, to a Relevant Person or such a promoter, stockbroker or underwriter, for services provided in connection with the promotion of the Company or in connection with the Offer of the Shares are as follows:

Rennick & Gaynor Solicitors has provided legal services to the Company in connection with the Offer and for those services will be paid a fee of \$6,500.

AFS & Associates Pty Ltd has undertaken the Blackbutt Feasibility Study, prepared a report in connection with the Offer, and has provided accountancy services to the Company in connection with the offer and for those services will be paid a fee of \$4,000.

7.8 BSX Waivers

The Company obtained a number of waivers and confirmations from the BSX at the time of admission to the official list of the BSX. These waivers and confirmations are as follows.

(a) Company's Constitution

On 24 January 2006 the Company obtained a waiver from the requirement in Listing Rule 11.14 that its Constitution must contain certain provisions relating to restricted securities. This waiver was granted on the condition that there is no substantial change to the nature of the Company's business.

(b) Voting Rights

On 24 January 2006 the Company obtained a waiver from the requirement in BSX Listing Rule 4.3(b) that, on a poll, each shareholder must have one vote for each fully paid share held. As noted

above (see Section 7.2(a)), each shareholder in the Company will have only one vote, regardless of the number of shares held. This waiver was granted on the condition that there is no substantial change to the nature of the Company's business.

(c) Tests for Listing

On 24 January 2006 the Company obtained a waiver from BSX Listing Rule 1.2(h) and 1.2(i). In order to list, among other things, a company must satisfy the "spread test" (ie it must have a certain specified number of shareholders each holding at least a certain specified value of shares) and it must satisfy either the "profits test" (ie among other things, it must have earned a certain level of profits over the past three years) or the "assets test" (ie it must have assets of a certain value). The waiver from Listing Rule 1.2(h) was granted on the condition that there is no substantial change to the nature of the Company's business.

(d) Registration of share transfers

On 24 January 2006 the Company obtained a waiver from BSX Listing Rule 6.3 in order to permit the Directors of the Company to prevent a share transfer at their discretion. This waiver was granted on the condition that there is no substantial change to the nature of the Company's business, and that if the Directors exercise such discretion written notice of the refusal must be provided to the lodging party together with reasons for the refusal within 5 business days of the date on which the transfer was lodged.

As indicated in Section 7.3, at the next general meeting of the Company the Directors will submit to shareholders a proposal to change the Constitution (to introduce close connection and Base Number provisions). If these changes are approved, it will be necessary to apply to the BSX for additional waivers.

7.9 Consents and Disclaimer

None of the parties referred to below have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any statements in, any omissions from, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

(a) Rennick & Gaynor Solicitors has given and has not, before lodgement of this Prospectus, withdrawn

its written consent to be named as solicitors to the Company in the form and context in which they are named.

(b) AFS & Associates Pty Ltd has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named and to the inclusion, in Sections 4.1, 4.2, 4.3 and 4.4 of this Prospectus, of the factual information obtained in the Blackbutt Feasibility Study and the details of its involvement in the preparation of the Forecasts.

(c) Bendigo Bank has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named and to the inclusion, in Sections 4.2, 4.3, 4.4 and 4.5 of this Prospectus, of the details of Bendigo Bank's involvement in preparation of the Forecasts.

(d) BSX – NSX Limited, the operator of the Bendigo Stock Exchange, has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

7.10 Privacy Collection Statement

If you apply for Shares, you will provide personal information to the Company and the Company's share registrar. The Company and its share registrar collect, hold and use your personal information in order to:

- assess your application;
- service your needs as an investor; and
- provide facilities and services which you may request.

Some of the information that will be collected is required pursuant to tax and company legislation. If you do not provide the information requested, your share application may not be able to be processed efficiently, or at all.

The Company and the Company's share registrar may disclose your personal information for purposes related to your investment to Bendigo Bank, to the BSX and to related bodies corporate, agents and service providers of the Company and of Bendigo Bank or as otherwise authorised under the Privacy Act 1988 (Cth).

If you become a shareholder, your information may be used for purposes related to your investment and may also be used or disclosed from time to time to inform you about products or services that the Company or Bendigo Bank thinks may be of interest to you. You agree that the contact details you provide to the Company (including any personal or

home phone number) can be used by the Company and any member of the Bendigo and Adelaide Bank Group for these purposes. If you do not want your personal information to be used for these purposes, you should contact the Company and Bendigo Bank, on the contact details below.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or Bendigo Bank. You can request access to your personal information held by the Company by contacting the Company's Company Secretary at the Company's registered office (see page 43). You can request access to your personal information held by Bendigo Bank by contacting Bendigo Bank as follows:

Bendigo and Adelaide Bank Limited

Registered Head Office:

Bendigo Centre,
Bendigo, Victoria, 3550

Postal Address:

PO Box 480,
Bendigo, Victoria, 3552

Telephone: 1300 366 666 (local call)

You can obtain a copy of the privacy policy of the Company by contacting its Company Secretary. A copy of the privacy policy of Bendigo Bank is available at www.bendigobank.com.au

8. Definitions

Applicant – A person that applies for Shares pursuant to this Prospectus.

APRA – Australian Prudential and Regulatory Authority.

ASIC – Australian Securities and Investments Commission.

Bendigo and Adelaide Bank Group – Bendigo Bank and its related bodies corporate.

Bendigo Bank – Bendigo and Adelaide Bank Limited (ABN 11 068 049 178).

Bendigo Stock Exchange or BSX – Bendigo Stock Exchange Ltd (ACN 087 708 898) or, as the context requires, the Bendigo Stock Exchange.

Blackbutt Community Bank® Branch – the proposed Community Bank® Branch of Bendigo Bank to be located at 63 Coulson Street, Blackbutt, Queensland 4306.

Blackbutt Sub Branch – the proposed Sub Branch of Bendigo Bank to be located at 63 Coulson Street Blackbutt, Queensland 4306.

Blackbutt Franchise Agreement – the Franchise Agreement entered into by Bendigo Bank, the Company and the Directors of the Company in September 2009 pursuant to which the Company acquired the rights to manage and operate the Blackbutt Sub Branch of Bendigo Bank (and upon conversion, the Blackbutt Community Bank® Branch of Bendigo Bank).

BSX Listing Rules – Listing Rules of the BSX.

Company – South Burnett Community Enterprises Limited (ACN 113 889 768)

Corporations Act – Corporations Act 2001 (Cth).

Director – A director of the Company.

Disclosure Document – The disclosure document provided to the Company by Bendigo Bank under the Franchising Code.

Franchise Agreements – the Yarraman Franchise Agreement and the Blackbutt Franchise Agreement, or any one of them as the context requires.

Franchising Code – Franchising Code of Conduct.

Issue – Issue of Shares pursuant to this Prospectus.

Offer – Offer of Shares pursuant to this Prospectus.

Prospectus – This Prospectus.

Shares – Ordinary shares in the Company issued at \$1.00.

Yarraman Community Bank® Branch – the Community Bank® Branch of Bendigo Bank located at 23 Toomey Street, Yarraman, Queensland 4614.

Yarraman Franchise Agreement – the Franchise Agreement entered into by Bendigo Bank, the Company and the Directors of the Company in June 2005 pursuant to which the Company acquired the rights to manage and operate the Yarraman Community Bank® Branch of Bendigo Bank.

9. Signatures

Each Director of the Company has given, and not withdrawn, their consent to the lodgement of this Prospectus with ASIC.

Signed for and on behalf of the Company:

David Wayne Emms

James Alan Beveridge

Jeffrey Bruce Connor

Terence Edward Dhann

Brenton Lester McLennan

David Francis Robison

Francis Edward Smith

Noel Leslie Strohfeld

Ross Christopher Begent

10. Directory

Directors

David Wayne Emms
James Alan Beveridge
Jeffrey Bruce Connor
Terence Edward Dhann
Brenton Lester McLennan
David Francis Robison
Francis Edward Smith
Noel Leslie Strohfeld
Ross Christopher Begent

Company Secretary

Ross Christopher Begent

Registered Office

23 Toomey Street
YARRAMAN QLD 4614

Solicitors

Rennick & Gaynor Solicitors
431 Riversdale Road,
HAWTHORN EAST VIC 3124

Accountants

AFS & Associates Pty Ltd
61-65 Bull Street
BENDIGO VIC 3550

**Annexure A
Feasibility Study
Pro Forma Survey**



Blackbutt Community Bank® Project

Personal Banking Survey



Please return by: Friday, November 28, 2008

A Bank of Our Own!

A Proposal Worthy of Your Support

Dear Community Member,

You may be aware that a Steering Committee has been working to secure a community owned Community Bank® branch in Blackbutt. The proposed branch will provide a full range of products and services. It is important that everyone in our community takes part and we urge you to complete this short confidential survey as soon as possible.

A Community Bank® is unlike other banks in that we, the people, have the opportunity to generate funds from our local bank, which can be reinvested within our local community. Community Bank® branches of Bendigo Bank are already operating in over 220 communities throughout Australia.

Briefly it works like this:

- Revenue will be shared between Bendigo Bank and our Community Bank® branch.
- The Community Bank® pays all branch operating costs while Bendigo Bank pays for support services.
- The profits we generate will be available for distribution as grants to community projects, to shareholders as dividends and reinvestment in banking services.

Projects funded by existing Community Banks® include youth foundations, community buses, local facilities, scholarships and sponsorships of organisations and clubs.

A decision on whether to proceed will be based on the level of support in this survey from you and your fellow residents.

In order to proceed with the project it is necessary for the community to establish that the Community Bank® branch will be financially viable. For this reason, your accurate and speedy response to this survey is important.

All the information you provide remains **confidential**. Please take the time to fill in the survey as we need a response from a cross section of the community (including voluntary organisations). In framing your response, consider your possible future needs as well as your current requirements.

Two survey forms are enclosed. One is for personal use, the other is for business use. If you are a business proprietor, please complete the personal survey for your personal banking and the business survey for your business banking. Community organisations are asked to fill in the business survey.

We urge you to return this survey now. Five minutes of your time could make the difference for Blackbutt to get a Community Bank®.

Wayne Emms
Chairman, Blackbutt Community Bank®
Steering Committee

Please feel free to contact any of the following members of the Steering Committee.

Wayne Emms	4163 8901
Terry Dhann	4163 8053
Frank Smith	4170 0357
Jeff Conner	4163 0023
Peter McDade	0427 194 750
Ross Begent	4696 7900

THE CONTENTS OF THIS SURVEY ARE ANONYMOUS AND CONFIDENTIAL

This survey is anonymous and confidential and will be processed by AFS & Associates Pty Ltd, PO Box 454 Bendigo, Vic 3552. Fax 5443 5304
Neither the steering committee nor any bank representative will be permitted access to these surveys or their contents.
Only aggregated information is disclosed. AFS & Associates are an independent chartered accounting firm appointed by the Steering Committee to conduct the feasibility study.

If you have any questions or concerns relating to any of the questions asked, please do not hesitate to call DAVID HUTCHINGS of AFS on (03) 5443 0344.

PLEASE HELP US BY ENSURING THAT:

- This personal survey is used only for personal banking information.
- Business proprietors and community organisations complete the business survey.
- Your response includes all of the banking products you currently use.
- If you need additional surveys, please collect them from the businesses listed at the end of this form or ring any of the contacts on the front of the survey.
- Each account is only recorded once.
e.g. Joint accounts should be recorded on **one** survey only. Business accounts should only be recorded by one proprietor/officeholder.
- Your survey is completed and returned to us in the enclosed reply paid envelope by **Friday, November 28.**

☒ TICK ONE BOX ONLY ☒ ☒ ☒ TICK AS MANY BOXES AS APPLICABLE

1. (a) Please indicate your current occupation or income source.

- ☒ ☐ Business Proprietor/Self Employed
☐ Employee (Full Time or Part Time)
☐ Home Duties
☐ Retired/Unemployed/Pensioner
☐ Student
☐ Other (please specify)

(b) Where do you live?

- ☒ ☐ Benarkin
☐ Blackbutt
☐ Linville
☐ Other (please specify)

(c) What is your age?

- ☒ ☐ 0-19 ☐ 40-49 ☐ 70-79
☐ 20-29 ☐ 50-59 ☐ 80-89
☐ 30-39 ☐ 60-69 ☐ 90 & Over

2. (a) Which is your **main** financial institution?

- ☒ ☐ ANZ
☐ Bendigo Bank - Yarraman Community Bank®
☐ Bendigo Bank - Other
☐ Commonwealth Bank of Australia
☐ National Australia Bank
☐ St George Bank
☐ Westpac
☐ Other (please specify)

(b) What other financial institutions do you have banking relationships with?

- ☒ ☐ None
☒ ☐ ANZ
☒ ☐ Bendigo Bank - Yarraman Community Bank®
☐ Bendigo Bank - Other
☐ Commonwealth Bank of Australia
☐ National Australia Bank
☐ St George Bank
☐ Westpac
☐ Other (please specify)

3. Why do you use your main financial institution? Please indicate top three reasons.

- 1 ☐ Account fee structure
2 ☐ Banked with them for many years
3 ☐ Competitive interest rates
☐ Convenience/locality
☐ Customer service received
☐ Loyalty/relationship
☐ Products and services offered
☐ Too difficult/expensive to change
☐ Other (please specify)

4. (a) How satisfied are you with the service you currently receive from your main financial institution?

- | | 1 | 2 | 3 | 4 | 5 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Not Satisfied | | | | Very Satisfied |

(b) Please tell us any way in which you feel the service from your main financial institution could be improved.

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5. How do you withdraw cash when you need it?

- ☒ ☐ ATM
☒ ☐ EFTPOS
☒ ☐ Giro-Post
☐ Over the Counter (Bank or Non-Bank)
☐ Other (please specify)

6. What services would you require frequently from your financial institution?

- ☒ ☐ ATM ☐ Credit Card
☒ ☐ Bank Cheque ☐ Direct Debits
☒ ☐ Bpay ☐ EFTPOS
☐ Cash Deposit ☐ Internet Banking
☐ Cash Withdrawal ☐ Personal Cheque Book
☐ Cheque Deposit ☐ Phone Banking
☐ Other (please specify)

7. If you have Personal Savings, Cheque and/or Term Deposit accounts with any institution, please indicate the approximate balance. Please ensure that each account is only marked **once**.

PERSONAL SAVINGS ACCOUNT(S)

- ☒ ☐ DON'T HAVE
☐ \$0 – \$5,000
☐ \$5,001 – \$10,000
☐ \$10,001 – \$20,000
☐ \$20,001 – \$40,000
☐ \$40,001 – \$60,000
☐ \$60,001 – \$80,000
☐ More (please specify)

PERSONAL CHEQUE ACCOUNT(S)

- ☐ DON'T HAVE
☐ \$0 – \$5,000
☐ \$5,001 – \$10,000
☐ \$10,001 – \$20,000
☐ \$20,001 – \$40,000
☐ \$40,001 – \$60,000
☐ \$60,001 – \$80,000
☐ More (please specify)

PERSONAL INVESTMENTS

[Term Deposit(s)/Cash Management Account(s)]

- ☐ DON'T HAVE
☐ \$0 – \$5,000
☐ \$5,001 – \$25,000
☐ \$25,001 – \$50,000
☐ \$50,001 – \$75,000
☐ \$75,001 – \$100,000
☐ \$100,001 – \$125,000
☐ More (please specify)

8. If you have a Credit Card, Personal Loan and/or a Home Loan, please indicate approximate balance.

CREDIT CARD

(NB: Balance, not Limit)

- ☒ ☐ DON'T HAVE
☐ \$0 – \$3,000
☐ \$3,001 – \$5,000
☐ \$5,001 – \$10,000
☐ \$10,001 – \$15,000
☐ \$15,001 – \$20,000
☐ More (please specify)

PERSONAL LOAN/OVERDRAFT

- ☐ DON'T HAVE
☐ \$0 – \$3,000
☐ \$3,001 – \$5,000
☐ \$5,001 – \$10,000
☐ \$10,001 – \$20,000
☐ \$20,001 – \$30,000
☐ \$30,001 – \$40,000
☐ More (please specify)

HOME LOAN / LINE OF CREDIT

- ☐ DON'T HAVE
☐ \$0 – \$50,000
☐ \$50,001 – \$100,000
☐ \$100,001 – \$200,000
☐ \$200,001 – \$300,000
☐ \$300,001 – \$400,000
☐ \$400,001 – \$500,000
☐ More (please specify)

INVESTMENT LOAN / LINE OF CREDIT

- ☐ DON'T HAVE
☐ \$0 – \$50,000
☐ \$50,001 – \$100,000
☐ \$100,001 – \$200,000
☐ \$200,001 – \$300,000
☐ \$300,001 – \$400,000
☐ \$400,001 – \$500,000
☐ More (please specify)

9. If you have managed funds, please indicate the approximate balance.

MANAGED FUNDS

- ☒ ☐ DON'T HAVE
☐ \$0 – \$50,000
☐ \$50,001 – \$100,000
☐ \$100,001 – \$200,000
☐ \$200,001 – \$300,000
☐ More (please specify)

10. If a Community Bank® were to open in Blackbutt:

(a) Would you be prepared to support it by transferring your banking within 12 months?

- ☒ ☐ NO – Go to 13.
☐ YES – ALL of your banking. Go to 11.
☐ YES – PART of your banking. Go to 10(b).

(b) If you answered YES – PART of your banking to question 10(a), what **would** you transfer?

- ☒ ☐ Personal Savings Account(s)
☒ ☐ Personal Cheque Account(s)
☒ ☐ Personal Term Deposit(s)/CMA(s)
☐ Managed Fund(s)
☐ Credit Cards
☐ Personal Overdraft(s) / Personal Loan(s)
☐ Home Loan(s)
☐ Investment Loan(s)

11. If you currently bank with Bendigo Bank:

(a) Would you expect to move your account(s) to the Blackbutt Community Bank® branch?

- ☒ ☐ YES – Go to 11(b).
☐ NO – Go to 12.
☐ NO - Don't bank with Bendigo Bank.
Go to 12.

(b) If you answered YES to Question 11(a) which of your **existing** Bendigo Bank accounts **would** you move to the Blackbutt Community Bank® branch?

- ☒ ☐ Personal Savings Account(s)
☒ ☐ Personal Cheque Account(s)
☒ ☐ Personal Term Deposit(s)/CMA(s)
☐ Personal Credit Card
☐ Overdraft(s) / Personal Loan(s)
☐ Home Loan(s)
☐ Investment Loan(s)

12. (a) In addition to your existing facilities identified in Question 8, what value of new personal borrowings do you expect to need over the next 3 years?

\$

(b) Would you utilise a banking service if it was available on a Saturday morning?

- ☒ ☐ Yes ☐ No

13. Have you completed a pledge form in support of the Blackbutt Community Bank® campaign?

- ☒ ☐ Yes ☐ No

14. We would greatly value your comments on why the Community Bank® would (or would not) meet your banking needs.

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COMPLETION OF THE FOLLOWING IS ENTIRELY OPTIONAL

Please Note: If the details below are completed,
ONLY YOUR CONTACT DETAILS
will be forwarded to the
Blackbutt Community Bank® Steering Committee.

**I WISH TO SHOW MY SUPPORT FOR THE
BLACKBUTT COMMUNITY BANK® PROJECT
AND AGREE TO BEING
CONTACTED AT A LATER DATE**

Name

Address

.....
.....

.....Postcode.....

Telephone

**ADDITIONAL SURVEYS CAN BE OBTAINED FROM
THE FOLLOWING BUSINESSES:**

Timber Town Medical Centre

75 Coulson Street, Blackbutt
Phone: 4163 0023

Blackbutt Newsagency

Coulson Street, Blackbutt
Phone: 4163 0170

Thank you for completing this survey.

PLEASE PLACE IT IN THE REPLY PAID ENVELOPE AND POST IT AS SOON AS POSSIBLE



Blackbutt Community Bank® Project

Business Banking Survey

Note: If your business enterprise consists of a number of partners, please complete only one "Business Survey" per business enterprise.

Please return by: Friday, November 28, 2008

A Bank of Our Own!

A Proposal Worthy of Your Support

☒ TICK ONE BOX ONLY ☒ ☒ ☒ TICK AS MANY BOXES AS APPLICABLE

1. (a) If you currently own/manage a business or organisation, please indicate the type of business.

- ☒ ☐ Accommodation/Hospitality
☐ Agriculture/Aquaculture/Fishing/Forestry
☐ Community Organisation
☐ Construction
☐ Education
☐ Health & Community Services
☐ Manufacturing
☐ Property & Business Services
☐ Retail/Wholesale
☐ Service
☐ Tourism
☐ Transport and Storage
☐ Other (please specify)

(b) Where is your business located?

- ☒ ☐ Benarkin
☐ Blackbutt
☐ Linville
☐ Other (please specify)

2. (a) Which is your main financial institution?

- ☒ ☐ ANZ
☐ Bendigo Bank - Yarraman Community Bank®
☐ Bendigo Bank - Other
☐ Commonwealth Bank of Australia
☐ National Australia Bank
☐ St George Bank
☐ Westpac
☐ Other (please specify)

(b) What other financial institutions do you have banking relationships with?

- ☒ ☐ None
☒ ☐ ANZ
☒ ☐ Bendigo Bank - Yarraman Community Bank®
☐ Bendigo Bank - Other
☐ Commonwealth Bank of Australia
☐ National Australia Bank
☐ St George Bank
☐ Westpac
☐ Other (please specify)

3. On a scale of 1 to 5, how satisfied are you with the service you currently receive from your main Financial Institution?

- ☒ 1 2 3 4 5
Not Satisfied Very Satisfied

4. If you have Business Savings, Cheque Account(s) and/or Term Deposit(s), with any institution please indicate the approximate current balance(s). Please ensure each account is only marked once.

- ☒ **BUSINESS SAVINGS ACCOUNT(S)**
☐ DON'T HAVE ☐ \$20,001 - \$50,000
☐ \$0 - \$10,000 ☐ \$50,001 - \$100,000
☐ \$10,001 - \$20,000 ☐ More (please specify)

- BUSINESS CHEQUE ACCOUNT(S)**
☐ DON'T HAVE ☐ \$20,001 - \$50,000
☐ \$0 - \$10,000 ☐ \$50,001 - \$100,000
☐ \$10,001 - \$20,000 ☐ More (please specify)

- BUSINESS TERM DEPOSIT(S)**
☐ DON'T HAVE ☐ \$20,001 - \$50,000
☐ \$0 - \$10,000 ☐ \$50,001 - \$100,000
☐ \$10,001 - \$20,000 ☐ More (please specify)

THE CONTENTS OF THIS SURVEY ARE ANONYMOUS AND CONFIDENTIAL

This survey is anonymous and confidential and will be processed by AFS & Associates Pty Ltd, PO Box 454 Bendigo, Vic 3552. Fax 5443 5304

5. If you have Business Overdraft, Leasing/Hire Purchase agreement and/or Other Loan Facilities, please indicate the approximate current balance(s). Please ensure each account is only marked once.

☒ **BUSINESS OVERDRAFT** (NB: Balance, not Limit)

☐ DON'T HAVE

☐ \$0 – \$50,000

☐ \$50,001 – \$100,000

☐ \$100,001 – \$150,000

☐ \$150,001 – \$200,000

☐ \$200,001 – \$300,000

☐ More (please specify)

BUSINESS LEASING/HIRE PURCHASE

☐ DON'T HAVE

☐ \$0 – \$30,000

☐ \$30,001 – \$50,000

☐ \$50,001 – \$100,000

☐ \$100,001 – \$200,000

☐ \$200,001 – \$300,000

☐ More (please specify)

OTHER LOAN FACILITIES

☐ DON'T HAVE

☐ \$0 – \$50,000

☐ \$50,001 – \$250,000

☐ \$250,001 – \$500,000

☐ \$500,001 – \$1,000,000

☐ More (please specify)

6. If a Community Bank® were to open in Blackbutt?

- (a) Would you be prepared to support it by transferring your banking within 12 months?

☒ ☐ NO – Go to 9.

☐ YES – ALL of your banking. Go to 7.

☐ YES – PART of your banking. Go to 6(b).

- (b) If you answered YES – PART of your banking to question 6(a), what **would** you transfer?

☒ ☐ Business Savings Account(s)

☒ ☐ Business Cheque Account(s)

☒ ☐ Business Term Deposit(s)

☐ Business Overdraft(s)

☐ Business Lease(s)/Hire Purchase(s)

☐ Other Loan Facilities

7. If you currently bank with Bendigo Bank:

- (a) Would you expect to move your account(s) to the Blackbutt Community Bank® branch?

☒ ☐ YES – Go to 7(b).

☐ NO – Go to 8.

☐ NO – Don't bank with Bendigo Bank. Go to 8.

7. (b) If you answered YES to question 7(a) which of your existing Bendigo Bank accounts **would** you move to the Blackbutt Community Bank® branch?

☒ ☐ Business Savings Account(s)

☒ ☐ Business Cheque Account(s)

☒ ☐ Business Term Deposit(s)

☐ Business Overdraft(s)

☐ Business Lease(s)/Hire Purchase(s)

☐ Other Loan Facilities

8. (a) In addition to your existing facilities identified in Question 5, what value of new business borrowings do you expect to need over the next 3 years? (e.g. loans, overdraft, leasing/hire purchase).

\$

- (b) Would you utilise a banking service if it was available on a Saturday morning?

☒ ☐ Yes ☐ No

9. We would greatly value your comments on why the Community Bank® would (or would not) meet your business banking needs.

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COMPLETION OF THE FOLLOWING IS ENTIRELY OPTIONAL

Please Note: If the details below are completed, **ONLY YOUR CONTACT DETAILS** will be forwarded to the Blackbutt Community Bank® Steering Committee.

**I WISH TO SHOW MY SUPPORT FOR THE
BLACKBUTT COMMUNITY BANK® PROJECT
AND AGREE TO BEING
CONTACTED AT A LATER DATE**

Contact Name

Business Name

Address

.....Postcode.....

Telephone

Thank you for completing this survey.

PLEASE PLACE IT IN THE REPLY PAID ENVELOPE AND POST IT AS SOON AS POSSIBLE

Application Details and Instructions

Please complete all relevant sections of the Application Form (or copy of that form) using **BLOCK LETTERS**.

- A Enter the **NUMBER OF SHARES** you wish to apply for.

Applications must be for the minimum of 500 and thereafter in multiples of 100. The maximum number of Shares that may be applied for is 10,000.

- B Enter the **TOTAL AMOUNT** of application money payable. To calculate the amount multiply the number of Shares applied for by the amount per Share.

- C Enter the **FULL NAME(S)** and **TITLE(S)** of all legal entities that are to be recorded as the registered holder(s). Refer to the **Name Standards** below for guidance on valid registration.

- D Enter the **POSTAL ADDRESS** for all communications from the Company. Only one address can be recorded.

- E Enter telephone numbers and a contact person the Company Secretary can speak to if there are any queries regarding this application.

- F Payment must be made by cheque payable to **SOUTH BURNETT COMMUNITY ENTERPRISES LIMITED** and crossed **Not Negotiable**. Cheques not properly drawn will be rejected. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.

- G Before completing the Application Form the Applicant(s) should read the Prospectus to which the application relates. The Applicant(s) offer(s) to subscribe for Shares in the Company, and agree(s) to be bound by the Constitution of the Company and the terms and conditions set out in this Prospectus. The Applicant(s) agree(s) to take any number of Shares equal to or less than the number of Shares indicated in Box A that may be allotted to the Applicant(s) pursuant to the Prospectus. The Applicant(s) declare(s) that all details and statements made in the Application Form are complete and accurate and consent(s) to the use and disclosure of their personal information in the manner described in the Prospectus. The Application Form does not need to be signed.

- H Enter the Tax File Number(s) (TFNs), Australian Business Number(s) (ABNs) (where you make the investment in the course of carrying on an enterprise) or tax exemption categories (such as aged pension, invalid pension or non-profit organisation) of the Applicant(s). For joint applications, only the TFNs or ABNs of two applicants are required. Provision of your TFN, ABN or tax exemption category is not compulsory and will not affect your application. If your TFN, ABN or tax exemption category is not provided, the Company is required to deduct tax from your dividend entitlement at the maximum personal tax rate plus the Medicare levy, which currently totals 46.5%.

Payment

Payment must be made in **Australian Currency** and cheques must be drawn on an **Australian Bank**. Cheques or bank drafts must be payable to **SOUTH BURNETT COMMUNITY ENTERPRISES LIMITED SHARE OFFER, PO Box 42, Yarraman Qld 4614** and crossed **Not Negotiable**. **Cheques not properly drawn will be rejected**. Cheques will usually be banked on the day of receipt. If cheques are dishonoured the application may be rejected.

Where to send application form

Forward your completed application together with the application money to:

**South Burnett Community Enterprises Limited
Share Offer**

**PO Box 42,
YARRAMAN QLD 4614**

Name Standards

- Only individuals and legal entities may be registered as the holder of securities.
- The full and correct name of each entity must be shown.
- Titles such as Mr, Mrs, Miss and Ms should be included.
- Securities cannot be registered in the name of a trust and no trust can be implied.
- Securities cannot be registered in the name of a minor or deceased person.
- An account designation can be included. If shown, it must be contained within one line and with the "<>" symbols. The last word of the designation must be ACCOUNT or A/C.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company: Use the Company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: Individual(s) as trustee: Use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Trusts: Corporate Trustee: Use the trustee(s) name(s)	Sue Smith Pty Ltd <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: Use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): Use the name of a responsible adult with appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: Use the partners' personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith & Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Club/Unincorporated Bodies/ Business names: Use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Incorporated Associations	ABC Tennis Association Inc	ABC Tennis Association
Superannuation Funds: Use the name of the fund trustee	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Queries

If you have any queries concerning this Offer or any part of this Prospectus, please call Wayne Emms on (07) 4163 8901, Jeff Connor on (07) 4163 0023, Anne Woodrow on (07) 4163 8162 or Ross Begent on (07) 4696 7900.

ACN 113 889 768

DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

Shares in South Burnett Community Enterprises Limited at AU\$1.00 per share

or such lesser number of Shares which may be allocated to me/us by the Directors.

\$.	0	0
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Multiply the number of Shares applied for by \$1.00 (ie 2000 Shares = \$2000.00)

[illegible]

[illegible][illegible][illegible][illegible][illegible]

| (| | |) | | | | | | | |

| (| | |) | | | | | | | | |

| | | | | | | | |

Drawer	Bank	Branch	BSB	Amount

| | | | | | | |

Applicant #1:

Applicant #2:

Applicant #3:

ACN 113 889 768

DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM

Shares in South Burnett Community Enterprises Limited at AU\$1.00 per share

or such lesser number of Shares which may be allocated to me/us by the Directors.

\$.	0	0
----	--	--	--	--	--	---	---	---

Multiply the number of Shares applied for by \$1.00 (ie 2000 Shares = \$2000.00)

Title, Given Name(s) & Surname or Company Name

[illegible]

[illegible][illegible]

Street Number	Street
1	1st Street
2	2nd Street
3	3rd Street
4	4th Street
5	5th Street
6	6th Street
7	7th Street
8	8th Street
9	9th Street
10	10th Street
11	11th Street
12	12th Street
13	13th Street
14	14th Street
15	15th Street
16	16th Street
17	17th Street
18	18th Street
19	19th Street
20	20th Street
21	21st Street
22	22nd Street
23	23rd Street
24	24th Street
25	25th Street
26	26th Street
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85	85th Street
86	86th Street
87	87th Street
88	88th Street
89	89th Street
90	90th Street
91	91st Street
92	92nd Street
93	93rd Street
94	94th Street
95	95th Street
96	96th Street
97	97th Street
98	98th Street
99	99th Street
100	100th Street

[illegible][illegible]

Post Code

[illegible]

| (| | |) | | | | | | | |

_____ (_____) _____

| | | | | | | | | |

Drawer	Bank	Branch	BSB	Amount

Applicant #1:

Applicant #2:

Applicant #3:

