

2007
annualreport

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Chairman's report

For year ended 30 June 2007

Another exciting year has elapsed for our **Community Bank**[®] Company and it gives me much pleasure to report on our progress to date.

Our overall business book grew from \$10 million to \$23 million. We have performed well in new lending business but have not been able to achieve the level of deposits originally forecast. This, however, has not had a significant effect on profitability, as income generated from lending business tends to outweigh income generated from deposits.

Based on the average income earned on our business volumes, we are very close to attaining a break even trading position. This should be achieved in the 2008 financial year as originally forecast, based on current business growth rates.

The staff and Board have participated in numerous community events during the year and provided much needed sponsorship to local community groups including:

- Emu Park Junior Golf Club
- Sids 'n' Kids
- Meals on Wheels in conjunction with Capricornia Cruising Yacht Club
- Emu Park's Festival of the Winds
- Emu Park Life Saving Club Surf Girl entrant
- Relay for life with Queensland Cancer Fund

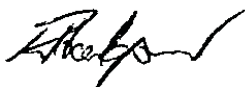
We have had some staff changes during the year, with Denise Weisse taking over the Manager's position from Brian Auld, who has moved into a different role with Bendigo Bank.

We welcomed Suzie Hill to fill the Senior Customer Service position created by Denise's promotion and Sue May and Kathy McPhail into Customer Service roles.

We are currently reviewing our medium to longer-term goal of supporting our community with a major community project. Shortly, we will be seeking community input to identify a suitable project for us to undertake.

The Board acknowledges the wonderful performance of all of the branch staff who continue to provide a very professional and friendly service to all of their customers as well as giving much of their own time to support local community events.

We all look forward to another exciting year for Emu Park **Community Bank**[®] Branch and thank the shareholders and customers for their continued support.



Bob Hodgson
Chairman

Manager's report

For year ended 30 June 2007

I am pleased to report to the Board and Shareholders on another exciting and successful years trading at Emu Park **Community Bank**[®] Branch.

As the branch team approach the **Community Bank**[®] branch's second birthday we look back on the past year and are proud of the solid growth in all facets of our business.

It has been a challenging year for us all and I would like to take this opportunity in thanking all of my staff who have worked hard in the last 12 months.

As you may be aware, there have been some changes to the branch team and I welcome all of our new staff who have settled into their roles and taken on board the uniqueness of a **Community Bank**[®] branch. We are continually engaging with the community at every opportunity, with staff supporting and assisting with community events.

The priority of all staff is to provide excellence in customer service. This is not only having a friendly approach, but our aim is to assist the financial development of all our customers by listening to them and understanding their individual needs and goals.

Part of this process is education and our branch staff have a combined knowledge of over 60 years within the banking industry. We also offer the services of our Business Banking Manager, Financial Planner and Agribusiness Manager. With the recent appointment of a Business Banking Manager for the Rockhampton and Capricorn Coast areas we are already noticing the benefits to our customers with the availability of their own personal Business Banker.

This is also an opportunity for the team to thank all of the wonderful people in our community who have come on board and are supporting our **Community Bank**[®] branch with their banking business. This enables us in our endeavours to grow a successful and sustainable business.

After a recent trip to Bendigo for the **Community Bank**[®] National Conference, we are all inspired by the many projects, sponsorships and funding amounts given back to communities where their branches have been in operation for five to six years. Funds in excess of \$100,000 and upwards are being put back into the local communities supporting varied projects. Communities are enhanced in many ways with improved services for the youth, elderly, sporting groups, charity groups, environmental projects, safety and rescue groups, and overall an increased sense of community with people volunteering for the benefit of all.

We welcome any member of our community to visit the branch at any time to discuss your financial needs and how we can all work together with community projects. We also invite all community groups to discuss with us their sponsorship needs and how the branch team can assist. As our branch business continues to grow, so too will the level of sponsorship and funding available to local community groups and organisations.

Community Bank[®] is so much more than just banking. Come and discover all of the services and benefits that this wonderful team can offer.



Denise Weisse

Branch Manager

Directors' report

For year ended 30 June 2007

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

Directors

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

Robert George HODGSON

Chairman

Age: 48

Finance Manager

Has managed his family owned business for over 9 years, has 20 years banking experience and has been a Justice of the Peace for 18 years.

No other current listed Company Directorships nor any in the last 3 years.

Ex-officio member of all committees.

Interests in shares - 2,501 beneficially and 25,000 non-beneficially.

Heather CLELLAND

Secretary (Appointed 7 August 2006)

Age: 53

Financial Co-ordinator

Held senior administrative roles with major event management, tourism and hospitality organisations.

Currently responsible for managing the finances of a large privately owned CQ Company with major interests in beef cattle, steel importation, wholesale liquor supply and retail outlets, hotels and motels.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Marketing & Sponsorship Committees.

Interests in shares - Joint interest in 7,500.

Lance Steven CUMMINS

Treasurer

Age: 29

Manager/Director Family Business

Is the Manager and financial Manager of a family owned business with keen interest in investment management of equities and property. Has a Bachelor of Business (Accounting).

No other current listed Company Directorships nor any in the last 3 years. Member of the Finance & Audit Committee.

Interests in shares - 1 beneficially and 30,000 non-beneficially.

Graham Richard CUMMINS

Director

Age: 52

Self Employed Builder/Director

Is a self-employed Company Director and Builder with a Building Diploma and Medium Rise Builder's Licence.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Finance & Audit and Premises Committees.

Interests in shares - 1 beneficially and 30,000 non-beneficially.

Directors' report continued

Ian Peter CHAMBERS

Director (Appointed 10 October 2006)

Age: 39

Train Driver/Trustee

Business experience as a Grazier and Motelier

No other current listed Company Directorships nor any in the last 3 years.

Member of the Marketing & Sponsorship Committee

Interests in shares - 3000

Murray Charles MCLAY

Director

Age: 46

Small Business Owner

Has extensive experience in small business ownership, catering and training. Skilled in event organisation.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Premises Committee.

Interest in shares - 1 Directors Initial Subscriber Share.

Lynette Ann SWANSON

Director (Resigned 6 March 2007)

Age: 59

Finance Officer

Queensland Public service for 12 years in various financial areas. Has good organisational and people skills.

No other current listed Company Directorships nor any in the last 3 years.

Member of the HR Committee.

Interests in shares - Joint interest in 5,002.

Anthony Thomas WHITE

Director (Resigned 25 July 2006)

Age: 35

Stockbroker

Stockbroking experience with management and web design skills. Is a Bachelor of Business.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Marketing & Sponsorship and Governance Committees.

Interests in shares - 2,501.

Gregory Cecil THOMASSON

Director

Age: 54

Real Estate Marketing and Sales

Has recent Real Estate experience and prior mining experience with qualifications in each.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Premises Committee.

Interests in shares - 5001.

Jeffrey Hugh PORTER

Secretary (Resigned 6 March 2007)

Age: 65

Retired

Long Computer Industry experience and private Company management. Director of own Company.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Finance & Audit, HR, and Governance Committees.

Interests in shares - Joint interest in 5,002.

Adrian Graham NEWBY

Director (Resigned 21 January 2007)

Age: 30

Chef/Trainer

Experienced small business operator with hospitality background as a Executive/Head Chef, is a Level IV trainer.

No other current listed Company Directorships nor any in the last 3 years.

Member of the Marketing & Sponsorship Committee.

Interests in shares - 801.

Directors' report continued

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

No Directors have material interests in contracts or proposed contracts with the Company, except for Lance Cummins who runs Endeavour Inn which has provided catering services to the Company.

Company Secretary

The Company Secretary is Heather Clelland. Heather was appointed to the position of Secretary on 26 September 2006. She has no formal qualifications in this field but has gained considerable experience while in the position.

Principal activities

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

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

Operating results

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

Year ended	Year ended
30 June 2007	30 June 2006
\$	\$
(180,396)	(180,457)

Remuneration report

a) Remuneration of Directors

All Directors of the Company serve on a voluntary basis, therefore no remuneration guidelines have been prepared.

b) Remuneration of Senior Management

The Company aims to provide market competitive compensation by offering a package of fixed pay and benefits. As such, the Company is guided by Bendigo Bank in determining remuneration payable.

c) Performance Conditions

Whilst the Company has in place a policy for pay increments and bonus payments dependent on performance, these elements have not been applied during the reporting period.

d) Payments to Senior Management

Payments made to Branch Manager Denise Weisse during the reporting period was in the range \$50,000 to \$55,000

No other staff members are classified as Senior Management.

Directors' report continued

Dividends

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Except for the negotiation of a \$100,000 loan to replace the existing overdraft there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 18 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and insurance of Directors and officers

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

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

Directors' report continued

Directors meetings

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

	No. Board meetings eligible to attend	No. attended
Robert George HODGSON	12	9
Lance Steven CUMMINS	12	9
Heather CLELLAND (Appointed 7 August 2006)	12	10
Gregory Cecil THOMASSON	12	8
Graham Richard CUMMINS	12	6
Ian Peter CHAMBERS (Appointed 10 October 2006)	8	7
Murray Charles MCLAY	12	-
Lynette Ann SWANSON (Resigned 6 March 2007)	8	8
Jeffrey Hugh PORTER (Resigned 6 March 2007)	8	8
Adrian Graham NEWBY (Resigned 21 January 2007)	6	1
Anthony Thomas WHITE (Resigned 25 July 2006)	-	-

Non audit services

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

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

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

all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;

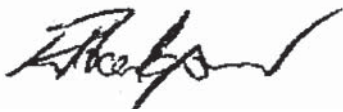
none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Directors' report continued

Auditors' independence declaration

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

Signed in accordance with a resolution of the Board of Directors at Emu Park, Queensland on 28 September 2007.



Robert George Hodgson, Chairman



Lance Steven Cummins, Treasurer

Auditor's independence declaration



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ABN 51 061 795 337

Auditor's Independence Declaration

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

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

A handwritten signature in black ink, appearing to read 'D Hutchings', is positioned above the printed name of the auditor.

David Hutchings
Auditor
Andrew Frewin & Stewart

Bendigo
28 September 2007

Financial statements

Income statement

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	3	196,845	55,904
Salaries and employee benefits expense		206,371	115,607
Advertising and promotion expenses		6,676	2,320
Occupancy and associated costs		43,804	31,533
Systems costs		22,589	14,973
Depreciation and amortisation expense	4	27,438	20,463
General administration expenses		70,364	123,371
Loss before income tax credit		(180,396)	(252,363)
Income tax credit	5	-	71,906
Loss for the period		(180,396)	(180,457)
Loss attributable to members of the entity		(180,396)	(180,457)
Earnings per share (cents per share)		c	c
- Basic for loss for the year	20	(26.86)	(26.87)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash assets	6	402	125,976
Trade and other receivables	7	31,983	25,789
Total current assets		32,385	151,765
Non-current assets			
Property, plant and equipment	8	187,145	199,074
Intangible assets	9	39,000	51,000
Deferred tax assets	10	71,906	71,906
Total non-current assets		298,051	321,980
Total assets		330,436	473,745
Current liabilities			
Trade and other payables	11	10,034	8,995
Borrowings	12	34,072	-
Provisions	13	8,969	6,993
Total current liabilities		53,075	15,988
Total liabilities		53,075	15,988
Net assets		277,361	457,757
Equity			
Contributed equity	14	638,214	638,214
Accumulated losses	15	(360,852)	(180,457)
Total equity		277,361	457,757

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Total equity at the beginning of the financial year		457,757	-
Net income/expense recognised directly in equity		-	-
Net loss for the year		(180,396)	(180,457)
Total recognised income & expenses for the year		277,361	(180,457)
Shares issued during period		-	671,710
Costs of issuing shares		-	(33,496)
Dividends provided for or paid		-	-
Total equity at the end of the financial year		277,361	457,757

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

For year ended 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from customers		183,496	23,092
Payments to suppliers and employees		(340,360)	(271,463)
Interest received		1,156	7,023
Interest paid		(427)	(353)
Net cash outflow from operating activities	16	(156,135)	(241,701)
Cash flows from investing activities			
Payment for intangible assets		-	(60,000)
Payments for property plant and equipment		(3,509)	(210,537)
Net cash outflow from investing activities		(3,509)	(270,537)
Cash flows from financing activities			
Proceeds from issue of shares		-	671,710
Payment of share issue costs		-	(33,496)
Net cash outflow from financing activities		-	638,214
Net decrease in cash held		(159,644)	125,976
Cash at the beginning of the financial year		125,976	-
Cash at the end of the financial year	6(a)	(33,669)	125,976

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note 1: Summary of significant accounting policies

Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and services tax

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

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

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

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

Income tax

Current tax

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

Notes to the financial statements continued

Note 1: Statement of significant accounting policies continued

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Employee entitlements

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

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

Intangibles

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

Notes to the financial statements continued

Note 1: Statement of significant accounting policies continued

Cash

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

Comparative figures

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

Property, plant and equipment

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

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

The following estimated useful lives are used in the calculation of depreciation:

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

Critical accounting estimates and judgements

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

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

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

Payment terms

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

Notes to the financial statements continued

Note 1: Statement of significant accounting policies continued

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

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

Earnings per share

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

Note 2: Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

Notes to the financial statements continued

Note 2: Financial risk management continued

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

	2007 \$	2006 \$
Note 3: Revenue from ordinary activities		
Operating activities:		
- services commissions	195,948	48,881
Total revenue from operating activities	195,948	48,881
Non-operating activities:		
- interest received	898	7,023
Total revenue from non-operating activities	898	7,023
Total revenues from ordinary activities	196,845	55,904

Notes to the financial statements continued

	2007	2006
	\$	\$

Note 4: Expenses

Depreciation of non-current assets:

- plant and equipment	9,146	6,757
- leasehold improvements	6,292	4,706

Amortisation of non-current assets:

- franchise agreement	12,000	9,000
	27,438	20,463

Finance costs:

- interest paid	427	353
Bad debts	125	-

Note 5: Income tax expense

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

Operating loss	(180,396)	(252,363)
Prima facie tax on loss from ordinary activities at 30%	(54,119)	(75,709)
Add tax effect of:		
- non-deductible expenses	3,795	3,803
- timing difference expenses	485	-
- blackhole expenses	(2,010)	-
Income tax credit not brought to account	51,848	
Income tax expense on operating loss	-	(71,906)
Income tax losses:		
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain.		
Future income tax benefit carried forward is:	(123,755)	(71,713)

Notes to the financial statements continued

	2007	2006
	\$	\$

Note 6: Cash assets

Cash at bank and on hand	402	125,976
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The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a). Reconciliation of cash

Cash at bank and on hand	402	125,976
Bank overdraft	(34,072)	-
	(33,669)	125,976

Note 7: Trade and other receivables

Trade receivables	12,651	457
Prepayments	19,332	25,332
	31,983	25,789

Note 8: Property, plant and equipment

Plant and equipment

At cost	57,765	54,256
Less accumulated depreciation	(15,903)	(6,757)
	41,862	47,499

Leasehold improvements

At cost	156,281	156,281
Less accumulated depreciation	(10,998)	(4,706)
	145,283	151,575
Total written down amount	187,145	199,074

Notes to the financial statements continued

	2007 \$	2006 \$
Note 8: Property, plant and equipment continued		
Movements in carrying amounts:		
<i>Plant and equipment</i>		
Carrying amount at beginning	47,499	-
Additions	3,509	54,256
Less: depreciation expense	(9,146)	(6,757)
Carrying amount at end	41,862	47,499
<i>Leasehold improvements</i>		
Carrying amount at beginning	151,575	-
Additions	-	156,281
Less: depreciation expense	(6,292)	(4,706)
Carrying amount at end	145,283	151,575
Total written down amount	187,145	199,074

Note 9: Intangible assests

Franchise fee

At cost	60,000	60,000
Less: accumulated amortisation	(21,000)	(9,000)
	39,000	51,000

Note 10: Deferred tax

Deferred tax asset

Tax losses - revenue	123,755	71,906
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Note 11: Trade and other payables

Trade creditors	4,200	5,917
Other creditors & accruals	5,834	3,078
	10,034	8,995

Notes to the financial statements continued

	2007 \$	2006 \$
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Note 12: Borrowings

Bank overdraft	(34,072)	-
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The above bank overdraft facility is to be interest free until 5 December 2007. After the 5 December 2007 the overdraft is to revert to the Bendigo Bank Limited's Business Solutions Non-Residential Security Interest Rate (currently 10.15% varying from time to time).

The formal overdraft limit is to be loaded progressively as follows:

- \$50,000.00 until 01/09/2007; then
- \$75,000.00 until 01/12/2007; then
- \$100,000.00 subject to Annual Review

Subsequent to the end of the financial year the Company has negotiated a loan for \$100,000 to be used to pay out the existing overdraft and supplied additional working capital when needed.

Note 13: Provisions

Employee provisions	13,465	6,993
Number of employees at year end	5	5

Note 14: Contributed equity

671,710 Ordinary shares fully paid of \$1 each (2006: 671,710)	671,710	671,710
Less: equity raising expenses	(33,496)	(33,496)
	638,214	638,214

Note 15: Accumulated losses

Balance at the beginning of the financial year	(180,457)	-
Net loss from ordinary activities after income tax	(180,396)	(180,457)
Balance at the end of the financial year	(360,852)	(180,457)

Notes to the financial statements continued

	2007 \$	2007 \$
Note 16: Statement of cash flows		
Reconciliation of loss from ordinary activities after tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(180,396)	(180,457)
Non cash items:		
- depreciation	15,438	11,463
- amortisation	12,000	9,000
Changes in assets and liabilities:		
- increase in receivables	(6,194)	(25,789)
- increase in other assets	(51,848)	(71,906)
- increase in payables	1,041	8,995
- increase in provisions	6,472	6,993
Net cashflows used in operating activities	(203,487)	(241,701)

Note 17: Auditors' remuneration

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

- audit & review services	4,465	3,500
- non audit services	150	2,800
	4,615	6,300

Notes to the financial statements continued

Note 18: Director and related party disclosures

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

Robert George HODGSON

Lance Steven CUMMINS

Heather CLELLAND (Appointed 7 August 2006)

Gregory Cecil THOMASSON

Graham Richard CUMMINS

Ian Peter CHAMBERS (Appointed 10 October 2006)

Murray Charles MCLAY

Lynette Ann SWANSON (Resigned 6 March 2007)

Jeffrey Hugh PORTER (Resigned 6 March 2007)

Adrian Graham NEWBY (Resigned 21 January 2007)

Anthony Thomas WHITE (Resigned 25 July 2006)

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

Except for Lance CUMMINS no Director or related entity has entered into a material contract with the Company.

Lance CUMMINS runs Endeavour Inn which has provided catering services to the Company. During the financial year the total benefit Endeavour Inn received was \$434.90.

Directors shareholdings	2007	2006
Robert George HODGSON	2,501	2,501
Lance Steven CUMMINS	1	1
Heather CLELLAND (Appointed 7 August 2006)	7,500	7,500
Gregory Cecil THOMASSON	5,001	5,001
Graham Richard CUMMINS	1	1
Ian Peter CHAMBERS (Appointed 10 October 2006)	3,000	3,000
Murray Charles MCLAY	1	1
Lynette Ann SWANSON (Resigned 6 March 2007)	2,501	2,501
Jeffrey Hugh PORTER (Resigned 6 March 2007)	2,501	2,501
Adrian Graham NEWBY (Resigned 21 January 2007)	801	801
Anthony Thomas WHITE (Resigned 25 July 2006)	2,501	2,501

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

Notes to the financial statements continued

Note 19: Earnings per share

	2007	2006
	c	c
(a) Profit attributable to the ordinary equity holders of the Company	(180,396)	(180,457)
	Number	Number
(b) Weighted average number of shares used as the denominator	671,710	671,710

Note 20: Events occurring after the balance sheet date

The Company has subsequently negotiated a \$100,000 loan to replace the existing overdraft and provide working capital when needed. Except for the negotiation of the loan there have been no events after the end of the financial year that would materially affect the financial statements.

Note 20: Contingent liabilities

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

Note 21: Segment reporting

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

Note 22: Registered office/Principal place of business

The registered office and principal place of business is:

<u>Registered office</u>	<u>Principal place of business</u>
25 Pattison Street Emu Park, QLD 4710	25 Pattison Street Emu Park, QLD 4710

Notes to the financial statements continued

Note 23: Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

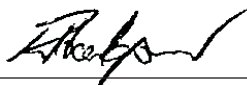
Fixed interest rate maturing in												
Financial instrument	Floating interest rate		1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 %	2006 \$
Financial assets												
Cash assets	-	125,976	-	-	-	-	-	-	402	-	-	4.5
Receivables	-	-	-	-	-	-	-	-	31,983	25,789	N/A	N/A
Financial liabilities												
Interest bearing liabilities	34,072	-	-	-	-	-	-	-	-	-	10.15	N/A
Payables	-	-	-	-	-	-	-	-	10,035	8,995	N/A	N/A

Director's declaration


In accordance with a resolution of the Directors of Emu Park & District Financial Services Limited, we state that: In the opinion of the Directors:

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

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



Robert George Hodgson, Chairman



Lance Steven Cummins, Treasurer

Signed on 28 September 2007.

BSX report

Share information

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

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

	Number of Shares Held	Number of Shareholders
	1 to 1,000	149
	1,001 to 5,000	87
	5,001 to 10,000	10
	10,001 to 100,000	6
	100,001 and over	Nil
	Total Shareholders	252

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

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

There are 7 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

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

The following table shows the 10 largest shareholders.

Shareholder	Number of Shares	Percentage of Capital
David & Wendy Rollston <Hexham Pastoral Co A/C>	60,000	8.93%
TT Cummins & Son Pty Ltd <Cummins Family A/C>	30,000	4.47%
Caselgo Pty Ltd	25,000	3.72%
Robert & Pamela Hodgson <Golobadana P/L Super Fund A/C>	25,000	3.72%
Doyle Nominees Pty Ltd <Doyle Super Fund A/C>	20,000	2.98%
Sharonne Gillian & William Ernest Lang	20,000	2.98%
Trevor Gordon Boswood	10,000	1.49%
Capricorn Green Pty Ltd	10,000	1.49%
Pamela Howle	10,000	1.49%
Laurie & Helen Johansen <Johansen Family A/C>	10,000	1.49%
	220,000	32.75%

BSX report continued

Registered office and principal administrative office

The registered office of the Company is located at:

25 Pattison Street
Emu Park, QLD 4710
Phone: 07 4939 6441

The principal administrative office of the Company is located at:

25 Pattison Street
Emu Park, QLD 4710
Phone: 07 4939 6441

Security register

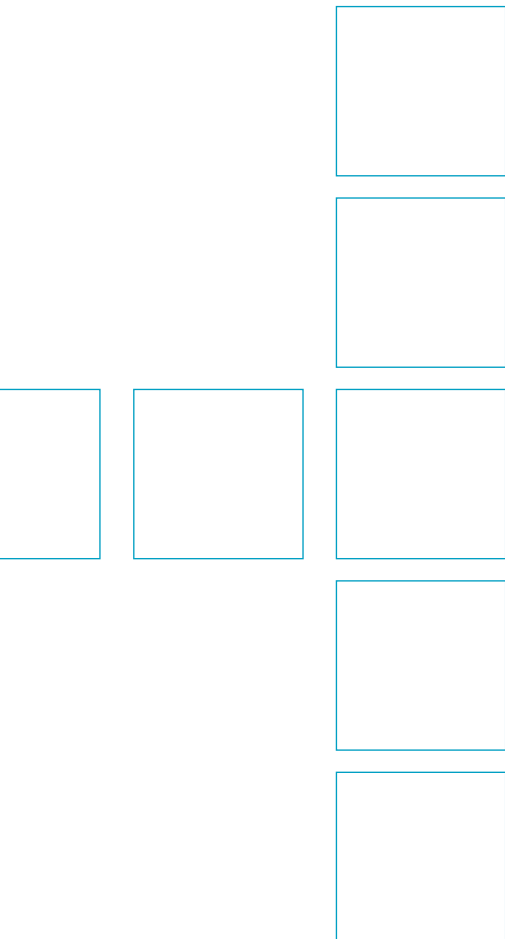
The security register (share register) is kept at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001

Other information

Please refer to the Directors Report, within the annual report, for details of the Company Secretary and main corporate governance practices of the entity.

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



Emu Park **Community Bank**[®] Branch
25 Pattison Street, Emu Park, QLD 4710
Phone: (07) 4939 6441 Fax: (07) 4639 6040

Franchisee: Emu Park & District Financial Services Limited
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ABN 41 113 396 768

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Bendigo Bank Limited, The Bendigo Centre, Bendigo, VIC. 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR7017) (09/07)