

Mareeba & Dimbulah
Financial Services Limited
ABN 53 115 503 930



2006 annual report

Mareeba **Community Bank**[®] Branch
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Franchisee: Mareeba & Dimbulah Financial Services Limited
94 Byrnes Street, Mareeba, QLD 4880
ABN 53 115 503 930

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ABN 11 068 049 178. AFSL 237879 (KKQ1011) (09/06)

Mareeba & Dimbulah
Community Bank[®] branches of Bendigo Bank

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Chairperson's report

For year ending 30 June 2006

Three years ago, on 22 October 2003, a group of people came together with representatives from Bendigo Bank, to establish a **Community Bank**[®] branch in Dimbulah

28 January 2004 saw the Dimbulah group join forces with a larger Mareeba committee, and with the support of Bendigo Bank, the exciting journey to establish **Community Bank**[®] branches both in Mareeba and Dimbulah began.

Nineteen months of careful planning followed, resulting in our public Company, Mareeba & Dimbulah Financial Services Ltd, being registered with ASIC on the 17 August 2005.

Less than two months later, our prospectus was launched, and just over \$1 million in share capital was raised.

By December 2005, Mareeba **Community Bank**[®] Branch was officially opened and on 6 January 2006, Dimbulah **Community Bank**[®] Branch followed.

A bank in Dimbulah was especially significant for the town, as it welcomed the return of full banking services after 12 years.

The Boards' focus and dedication, coupled with expertise by Bendigo Bank, ensured that you, the community, shared our dream to see **Community Bank**[®] branches in Mareeba and Dimbulah become a reality.

Mareeba and Dimbulah have long been linked by ties such as the tobacco industry and the Mareeba Dimbulah Irrigation Scheme. It was not surprising when Mareeba supported Dimbulah's quest to secure local banking services, and with great pride and strength in partnership, Mareeba people *dug deep* to help the smaller community of Dimbulah once again.

This is the essence of the **Community Bank**[®] model. The ideal that when communities work together, they harness strengths and common goals to take control of their futures in a positive and productive way.

The Community Bank[®] model is an ideal started and fostered by Bendigo Bank. A home grown Australian banking institution that understands the needs of communities to take control of financial strategies to assist them to move forward.

When this is achieved, Bendigo Bank as a banking service provider in partnership with the community also benefits. The high level of Bendigo Bank support to our Board has ensured that this partnership is a win/win situation.

The **Community Bank**[®] network now has 182 branches across Australia. Mareeba & Dimbulah branches were the first **Community Bank**[®] branches north of Home Hill.

Twenty-five to 30 new **Community Bank**[®] branches open each year.

In total, that network has paid out more than \$6 million *has been given in community grants and more than \$4.5 million has been paid in dividends to Shareholders.*

Most **Community Bank**[®] Companies three years or older are in profit, and this will grow over the next few years as **Community Bank**[®] branches continue their rapid expansion.

Our Board is very proud of our accomplishments and of our "never give up" attitude. I wish to take this opportunity to thank all of the Directors of the Board for their support and their enthusiasm. Most notably, for their determination to succeed and their staunch belief in the **Community Bank**[®] Company which has demanded much of their free time away from family and loved ones.

Chairman's report continued

With the exception of the Secretary's position, all Directors are unpaid. As the Secretary's workload is extensive, it was a Board decision to remunerate the Secretary for a portion of the work that is completed.

We are appreciative of the contribution from our Secretary, Gilbert Teitzel. The Directors, all successful business people in their own right, carry out the work required as volunteers because they believe in the **Community Bank**[®] Company, want the best for you, our Shareholders, and have set a positive direction in place for the Company.

Our Board is fortunate to have as one of our Directors, the Bendigo Bank's Far North Queensland Regional Manager Patrick Freney. Pat is always available to ensure that our partnership with Bendigo Bank continues in a united and professional manner.

And he is not alone. Other Directors include Evan Mc Grath (Treasurer), Ron Blundell, Frank De Iacovo, Graeme Ford, Phil Quayle, Rolf Seeberger, Clive Staines and Cheryl Tonkin.

While the Board manages Mareeba & Dimbulah **Community Bank**[®] Company and promotes and drives the business to the bank, all banking services and advice are carried out by our trained staff.

Excellent customer service is one of Bendigo Bank's strong points. An example of this commitment to customer service, is the strategy of bank trading hours being 9am to 5pm Monday to Friday and Saturday mornings 9am to 12noon. Recently, Mareeba's Branch Manager Rhonda Bodkin was promoted to Business Banking Manager for the Tablelands, in recognition of her dedication and commitment to the job.

Rhonda's managerial skills have resulted in Mareeba **Community Bank**[®] Branch holding the title of being one of Queensland's largest branches. Mrs Linda Tuckey is the Branch Manager at Dimbulah and has slotted into her new role and the Dimbulah community very effectively.

The Board takes this opportunity to acknowledge the excellent standard of service and dedication by both of these Branch Managers in conjunction with their hard working staff.

The structure of the **Community Bank**[®] model means that revenue is split between Bendigo Bank and the Board. Of the Board's share, after the running expenses have been deducted, the Company may be in a position to allocate funds back to the Shareholders by way of dividend payments or to the community in sponsorships or grants.

Ultimately, the Board's goal is to sponsor a major community project. The main criteria for this project requires that the project will have long lasting gains for the community well into the future.

To this point, the Board has sponsored community events such as The Great Wheelbarrow Race, Dimbulah Lions Festival and the Mareeba Chamber of Commerce Business Awards.

In closing, I wish to acknowledge the most important players in this exciting venture of our **Community Bank**[®] Company - you, the Shareholders.

Without your vision and belief in the future of your communities, we would not be here.


Without you, Mareeba & Dimbula **Community Bank**[®] Branches would still be an idea , a dream.

You are to be commended for investing in your communities' future - it is indeed bright and optimistic.

I urge you all to continue your support of your Mareeba & Dimbulah **Community Bank**[®] Branches and stress to you the importance on growing your asset by utilising the branches whenever possible.

Together, our plan for a prosperous region through the **Community Bank**[®] Company is an achievable goal.

We look forward to your continued support, and in return, promise you our Board's commitment to success.



Gaye Taylor
Chairman

Manager's report - Mareeba

For year ending 30 June 2006

Branch Manager's Report - Mareeba **Community Bank**[®] Branch.

Here we are at the end of our first six months operating as a **Community Bank**[®] branch.

Growth continues at a steady rate - we are opening an average of 100 new accounts each month with approximately 25% of these new accounts as new customers.

And, I am happy to advise that our some of the larger not for profit organisations in Mareeba have opened accounts with us.

Initiatives are being put in place to expand our brand awareness in the public and a Business Banker has been appointed to the area, so we should see some real positives flow through to both Mareeba and Dimbulah **Community Bank**[®] Branches.

The past six months have seen a few staff changes. Carmel Serravalle and Fiona Lane were employed as our part time staff in January. Unfortunately Fiona decided to leave and is yet to be replaced.

We have employed a Customer Relationship Office – Alana Cranswick, who comes from Bendigo Bank's Kuranda Branch, and started with us in August.

Prue Baker, our Supervisor, has been promoted to Customer Service Manager.

I have been appointed in the Business Banking role and the branch is currently viewing applications for replacement of my position. Until such time as I am replaced, I will act in support.

A big thank you to my staff, who have performed extremely well. Without them, the branch would not be as great as it is. We continue to provide superior customer service in a happy environment, providing a great place for you to do your banking. We look forward to seeing you in the future.

We ask for nothing more than what you are doing at present, that is your banking. Try us, you will be pleasantly surprised.



Rhonda Bodkin
Branch manager

Manager's report - Dimbulah

For year ending 30 June 2006

Dimbulah **Community Bank**[®] Branch of Bendigo Bank has been growing steadily since it opened on 6 January 2006. For the year ended 30 June 2006, our banking business was at \$5.2 million.

My staff and I are working hard to build the business. We continue to seek and identify opportunities to grow our business in both the Dimbulah, Mutchilba and Chillagoe areas and will continue to do so.

I urge all Shareholders to get behind your bank branch and conduct your banking, insurance and financial business with Dimbulah **Community Bank**[®] Branch today. The greater your support, the greater our growth and profitability will be. To those Shareholders who have already become our customers, thank you.

Bendigo Bank's **Community Bank**[®] model is unique. What other banking institution is dedicated to return a percentage of its profits back to the community?

Thank you to my branch team, Tracey, Gioia and Rebecca for the valuable contribution they make to the branch and their continued high level of service and dedication to our customers.

"Successful customers and successful communities create a successful bank".

I would also like to thank our Board Directors for their continued support and dedication to their roles as Directors and I look forward to building Dimbulah **Community Bank**[®] Branch into a profitable one.



Linda Tuckey

Branch Manager – Dimbulah **Community Bank**[®] Branch

Message from Bendigo Bank Group Managing Director

Eleven years since bank conversion (and eight years since introducing **Community Bank**[®]) it has been extremely pleasing to announce a further improvement in our profit performance – and to demonstrate how we are able to focus on enhancing the prospects for all stakeholders and produce solid returns for shareholders.

It has taken considerable commitment and effort by the Bank and its partners, but we have built a credible Australian banking alternative which is now producing improved outcomes for customers, for communities, and for other stakeholders associated with the Bendigo Group.

Our F06 result has shown the market that we have been able to sustainably improve profit performance while also undertaking substantial investments over the past eleven years. We have done so with a consistent strategy – and, while the \$100 million net profit is a milestone for us, the market continues to remind us that this is well under that being produced by the majors. We accept this, but we are making good progress.

Our ROE (*excluding significant item*) was 14.2% – where the majors are currently delivering higher returns. However, we are producing improved results year-on-year, and the prospects for our Group and our partners are even greater than when we started the strategy. Therefore we have not used up our credits, taken customers and communities for granted, or cut our cost base to produce our improved shareholder returns. This gives us greater opportunity to continue our progress.

The **Community Bank**[®] contribution has steadily improved. It is also helping to convince the financial markets that the model has merit, and that communities across Australia are able to respond to the challenge our model ascribes to our local partners. I have maintained my consistent message – that we have great partners and have never doubted the ability of communities to respond to this difficult task.

Community Bank[®] branches have now produced 27% of the Group's business footings and are contributing around 13% of our profit. As individual sites mature, I would expect the profit contribution to move closer to the overall business volumes serviced through the **Community Bank**[®] network.

In the past year Bendigo Bank has paid \$76 million to **Community Bank**[®] sites as their share in revenue, and the majority of this revenue now stays in the local community and its economy.

Many earlier **Community Bank**[®] sites are now generating solid surpluses and making distributions – not only to local Shareholders but to local community projects and support services. We are now also able to leverage the sustainable revenue these communities are generating to multiply the money available for community activities.

Our Community Enterprise Foundation enables gifting to be undertaken tax-effectively, and the work we have been undertaking with the various governments is also enabling us to assist in seeking match-funding to further improve the amount of money available to direct to local projects. It is most pleasing to see this occur, and I expect many new strategic initiatives and projects will be undertaken in the coming decade.

I am extremely proud of all of the communities who have undertaken the difficult task of launching their own **Community Bank**[®] branch. I also fully understand the contribution made by the local leaders who are involved in the Community Banking network for and on behalf of their communities.

It is particularly pleasing that the market is now acknowledging the strength of this model – although they are still expressing some doubt concerning our joint ability to remain united as a strong collaborative force – or whether the model will be as effective if we experience less buoyant economic times. Of course, we believe we will be able to maintain our joint commitment in whatever economic environment emerges.

Message from Bendigo Bank Group Managing Director continued

We are convinced – even if this model is not being used anywhere else in the world – that the benefits for all stakeholders will be substantial and that the relationships developed in this Business & Community Partnership will be enduring.

I am confident we can remain united and committed to improve the prospects of communities – and this in turn will improve the local support for each **Community Bank**[®] site and strengthen the connection we have with customers and communities around Australia. This has to be good for our business – and I think the recent result is proving this.

At the Bendigo we are convinced it is possible to produce Triple Bottom Line outcomes on a sustainable basis – if the outcomes for the broader stakeholder base are a result of the particular strategy and business model rather than something pursued independently.

As our **Community Bank**[®] partners – *and as representatives for your local communities* – you are truly the local champions who are making this happen. I know how difficult it is to create a new business of any kind – let alone a new publicly-owned business shaped like the Community Enterprise that is **Community Bank**[®].

I can confirm that Bendigo Bank, your business partner, is committed to the building of more prosperous local economies. If together we can build a sustainable local enterprise, we will have built a source of reliable local revenue that can be directed to the ongoing improvement of your local marketplace for many years to come.

When we built the **Community Bank**[®] business model we did so with great faith in community and its role in the future marketplace. Today we hold that same view – but also an ever-increasing belief that community has so much to offer in the development of the communities of the future.

We also believe that many of the things that challenge us can be addressed at the local level. I understand there is still much to be done to improve the financial outcomes for communities and for the Bendigo Group and we look forward to working with you on activities to secure our respective futures.

We will continue our efforts to identify and assist you to address many of these challenges and – on behalf of the Board and Management at Bendigo Bank – I thank you for the effort you have expended over the years on behalf of your community. We feel confident your community will profit from this effort for many years to come.

We have always held the belief that banks were originally formed (*back in the 1400s*) to help build a more prosperous village. We are confident our **Community Bank**[®] Business & Community Partnership is working to that same objective and that we will all benefit greatly from this joint commitment.

I wish you well in the future and pledge our ongoing support to help ensure your Community Enterprise develops into a sustainable entity and a lasting contributor to your local market.

Thanks for your efforts in F06 and for your ongoing commitment.

Rob Hunt
Managing Director
Bendigo Bank Group

18 August 2006

Directors' report

For year ending 30 June 2006

Your Directors present this report on the Company for the financial year ended 30 June 2006.

Directors

The names and qualifications of the Directors in office at any time during or since the end of the year are:

Gaye F Taylor

Chairman
Business Owner
Governance Committee

Rolf Seeberger

Director
Store Proprietor
Business Development Committee and Public Relations
Committee

Gilbert J Teitzel

Secretary
Certified Practising Accountant
Governance Committee and Audit Committee

Clive W Staines

Director
Real Estate Agent
Business Development Committee and Public Relations
Committee

Evan D McGrath

Treasurer
Grazier
Audit Committee

Cheryl E Tonkin

Director
Civil Celebrant/ Auctioneer
Business Development Committee and Public Relations
Committee

Wilfrid R Blundell

Director
Property Developer/ Farmer
Business Development Committee and
Public Relations Committee

Patrick J Freney

Director
Regional Manager - Bendigo Bank Limited
Audit Committee

Gianfranco Delacovo

Director
Business Owner
Business Development Committee and
Public Relations Committee

Allison Geisel (resigned 18/08/05)

Director
Accountant
N/A

Philip G Quayle

Director
Business Owner
Business Development Committee, Public
Relations Committee and
Human Resources Committee

Graeme E Ford

Director
Automotive Dealer
Governance Committee and Human Resources Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' report continued

Directors' Meetings

During the financial year, 10 meetings of Directors were held. Attendances by each Director during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gaye F Taylor	10	10
Gilbert J Teitzel	10	10
Evan D McGrath	10	9
Wilfrid R Blundell	10	7
Gianfranco Delacovo	10	7
Philip G Quayle	10	10
Graeme E Ford	10	9
Rolf Seeberger	10	9
Clive W Staines	10	6
Cheryl E Tonkin	10	4
Patrick J Freney	10	5

Remuneration report

Remuneration of Directors

No income was paid or was payable or otherwise made available to the Directors of the Company during the year ended 30 June 2006.

Options

No options over issued shares or interests in the Company were granted to the Directors or Executive during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executives do not own any options over issued shares or interests in the Company at the date of this report.

Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed.

Directors' report continued

Principal Activities

The principal activities of the Company during the course of the year were providing Community Banking services under management rights to operate a franchised branch of Bendigo Bank Limited in Mareeba and Dimbulah, North Queensland.

No significant change in the nature of these activities occurred during the year.

Operating and financial review

The amount of the loss from ordinary activities of the Company after income tax was \$148,162 for the year ended 30 June 2006.

The Company will continue to pursue its main objective of providing a core of banking products and services pursuant to its franchise agreement with the Bendigo Bank.

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years.

Future Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying Officer or Auditor

Indemnities have been given, during and since the end of the financial period, for any persons who are or have been a Director or an Officer, but not an Auditor, of the Company. A Directors' and Officers' liability insurance policy for \$5,000,000 cover has been taken out for an annual premium cost of \$3,145.

Directors' report continued

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditors Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* has been included below.

Signed in accordance with a resolution of the Board of Directors:



Gaye F Taylor, Director



Gilbert J Teitzel, Director

Dated this fourth day of September 2006.

Auditor's Declaration

Auditor's Independence Declaration

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2006 there have been :

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the Audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

Dated this fourth day of September 2006.



HLB Mann Judd Bottomer
Chartered Accountants
Cairns, Qld



A R Bottomer
Partner

Financial statements

Statement of financial performance

For year ending 30 June 2006

	Note	2006 \$
Revenues from ordinary activities		458,138
Depreciation and amortisation expenses		(30,913)
Secondment expenses		(223,756)
Other expenses from ordinary activities		(417,253)
Profit (loss) from ordinary activities before income tax		(213,784)
Income tax credit	4	65,622
Net profit (loss) attributable to members of the Company		(148,162)
<hr/>		
Earnings per share		(14.75)
Diluted earnings per share		(14.75)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position

For year ending 30 June 2006

	Note	2006 \$
Current Assets		
Cash assets	5	383,575
Receivables	6	78,030
Other	7	4,956
Total Current Assets		466,561
Non-Current Assets		
Deferred tax assets	8	65,622
Property, plant and equipment	9	214,135
Intangible assets	10	167,833
Total Non-Current Assets		447,590
Total Assets		914,151
Current Liabilities		
Payables	11	54,420
Current tax liabilities	12	3,382
Total Current Liabilities		57,802
Total Liabilities		57,802
Net Assets		856,349
Equity		
Contributed equity	13	1,004,511
Retained profits / (Accumulated losses)	14	(148,162)
Total Equity		856,349

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

For year ending 30 June 2006

	Share Capital (Ordinary Shares)	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2005	-	-	-
Profit / (loss) attributable to members of the Company	-	(148,162)	(148,162)
Share issued during the year	1,004,511	-	1,004,511
Balance at 30 June 2006	1,004,511	(148,162)	856,349

	Note	2006 \$
Cash Flow From Operating Activities		
Receipts from customers		387,139
Interest received		63
Payments to suppliers and seconded employees		(595,257)
Net cash provided by (used in) operating activities	17(b)	(208,055)
Cash Flow From Investing Activities		
Payments for property, plant and equipment		(222,881)
Payments for franchise agreement		(190,000)
Net cash provided by (used in) investing activities		(412,881)
Cash Flow From Financing Activities		
Proceeds from issue of shares		1,004,511
Net cash provided by (used in) financing activities		1,004,511
Net increase (decrease) in cash held		383,575
Cash at the beginning of the financial year		-
Cash at the end of the financial year	17(a)	383,575

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Mareeba & Dimbulah Financial Services Limited as an individual entity. Mareeba & Dimbulah Financial Services Limited is a Company limited by shares, incorporated and domiciled in Australia.

The financial report of Mareeba & Dimbulah Financial Services Limited comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Mareeba & Dimbulah Financial Services Limited has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from the 28 July 2005.

These accounts are the first financial statements of Mareeba & Dimbulah Financial Services Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied during the year, unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Income tax

The change for current income tax expenses is based on the profit for the year adjusted for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of Benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Mareeba & Dimbulah Financial Services Limited commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Asset	Depreciation Rate %
Plant and equipment	2.5%– 40%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the leaser, are charged as expenses in the periods in which they are incurred.

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

(d) Impairment of Assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

(e) Intangibles

The franchise fee paid by the Company pursuant to a Franchise Agreement with the Bendigo Bank (Note 8) is being amortised over the initial five (5) year period of the agreement, being the period of expected economic benefits of the franchise fee.

Class of Intangible	Amortisation Rate %
Franchise fee	20%

(f) Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

(g) Revenue

Revenue from the provision of banking services is recognised upon the delivery of the services to customers.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the financial statements continued

	2006
	\$
Note 2: Revenue from ordinary activities	
Gross margin	265,829
Upfront product commission	9,861
Trailer product commission	96,485
Fee income	57,989
Market development fund	27,911
Interest received	63
	458,138

Note 3: Other expenses from ordinary activities

IT leasing and running costs	21,299
Management fees	240,330
Prospectus fees	23,332
Rental expenses	23,958
Other operating expenses	108,334
	417,253

Auditor's remuneration

Remuneration of the auditor of the Company for:	
- Auditing or reviewing the financial report	4,750
- Other services	-
	4,750

Notes to the financial statements continued

2006
\$

Note 4: Income tax credit

No income tax is payable by the Company as it has incurred a loss for the 2006 year for income tax purposes.

a) Reconciliation of income tax revenue

The prime facie tax on loss from ordinary activities before income tax is reconciled to the income tax revenue as follows:	
Loss from ordinary activities before income tax at 30%	(213,784)
Prima facie income tax at 30%	64,135
Tax effect of :	
- Timing differences	1,487
Income tax revenue	65,622

b) Tax losses

Balance at the beginning of the year	-
Tax loss incurred / utilised in the financial year	193,173
	193,173

At balance date, the Company had tax losses of \$193,173 which are available to offset future years' taxable income.

Note 5: Cash assets

Deposit - Ergon	200
Petty cash float	494
Staff expenses float	302
Cheque account	262,579
Term deposit	120,000
	383,575

Notes to the financial statements continued

2006
\$

Note 6: Receivables

Current

Trade debtors	78,030
	78,030

Note 7: Other

Current

Prepayments	4,956
	4,956

Note 8: Deferred tax assets

Non-Current

Future income tax benefit	65,622
	65,622

Note 9: Property, plant and equipment

Leasehold improvements:

- At cost	210,534
- Less accumulated depreciation	(6,386)
	204,150

Software licence:

- At cost	12,337
- Less accumulated depreciation	(2,352)
	9,985

Total property, plant and equipment	214,135
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Notes to the financial statements continued

2006
\$

Note 10: Intangible assets

Franchise fee:

- At cost	190,000
- Less accumulated amortisation	(22,167)
	<hr/>
	167,833

Pursuant to a five year franchise agreement with Bendigo Bank, the Company operates a **Community Bank**[®] branch of Bendigo Bank at Mareeba and Dimbulah, trading as “Mareeba **Community Bank**[®] Branch – Bendigo Bank” and “Dimbulah **Community Bank**[®] Branch – Bendigo Bank” providing a core range of banking products and services. The Company entered into the franchise agreement at a cost of \$190,000 that is being amortised on the basis disclosed in Note 1(e).

Note 11: Payables

Unsecured:

- Trade creditors and accruals	54,420
	<hr/>
	54,420

Note 12: Current tax liabilities

GST payable	3,382
	<hr/>
	3,382

Note 13: Contributed capital

1,004,511 fully paid ordinary shares	1,004,511
	<hr/>
	1,004,511

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At Shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the financial statements continued

2006
\$

Note 14: Accumulated losses

Balance at the beginning of the financial year	-
Profit / (loss) attributable to members of the Company	(148,162)
Balance at the end of the financial year	(148,162)

Note 15: Directors' and Executive's remuneration

a) The names and positions of Directors and Executive in office at any time during the financial year are:

Directors

Gaye F Taylor	Chairman
Gilbert J Teitzel	Secretary
Evan D McGrath	Treasurer
Wilfrid R Blundell	Non-Executive Director
Gianfranco Delacovo	Non-Executive Director
Philip G Quayle	Non-Executive Director
Graeme E Ford	Non-Executive Director
Rolf Seeberger	Non-Executive Director
Clive W Staines	Non-Executive Director
Cheryl E Tonkin	Non-Executive Director
Patrick J Freney	Non-Executive Director
Allison Geisel	Non-Executive Director

Executive

No person met the definition of executive of the Company during the financial year ended 30 June 2006.

b) Remuneration of Directors

No income was paid or was payable or otherwise made available, to the Directors of the Company during the year ended 30 June 2006.

c) Options

No options over issued shares or interests in the Company were granted to the Directors or Executive during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Notes to the financial statements continued

d) Shareholdings

	Balance at 1 July 2005	Received as remuneration	Options exercised	Net change Others*	Balance at 30 June 2006
Gaye F Taylor	-	-	-	2,501	2,501
Gilbert J Teitzel	-	-	-	5,091	5,091
Evan D McGrath	-	-	-	501	501
Wilfrid R Blundell	-	-	-	1,001	1,001
Gianfranco Delacovo	-	-	-	1,001	1,001
Philip G Quayle	-	-	-	2,501	2,501
Graeme E Ford	-	-	-	2	2
Rolf Seeberger	-	-	-	5,001	5,001
Clive W Staines	-	-	-	2,001	2,001
Cheryl E Tonkin	-	-	-	2,501	2,501
Patrick J Freney	-	-	-	-	-
Allison Geisel (resigned 18/08/05)	-	-	-	-	-
Total	-	-	-	22,101	22,101

* Net change other refers to shares purchased or sold during the financial year.

e) Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed.

Note 16: Related party transactions

The related parties have not entered into a transaction with the Company during the financial year ended 30 June 2006 other than those disclosed in Note 15.

Notes to the financial statements continued

2006
\$

Note 17: Notes to the statements of cash flows

(a) Reconciliation of cash assets

For the purpose 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. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	383,575
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(b) Reconciliation of net cash provided by operating activities to profit / (loss) from ordinary activities

Profit / (loss) from ordinary activities	(213,784)
Depreciation and amortisation	30,913
<i>Movement in assets and liabilities</i>	
<i>(Increase)/Decrease in Assets</i>	
Receivables	(78,030)
Other assets	(4,956)
<i>Increase/(Decrease) in Liabilities</i>	
Payables	57,802
Net cash provided by / (used) in operating activities	(208,055)

Note 18: Leasing commitments

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable

- Not longer than 1 year	16,034
- Longer than 1 year but not longer than 5 years	166,495
	182,529

Notes to the financial statements continued

Note 19: Financial instruments

(a) Interest rate risk

2006	Rates	Variable	Fixed	Non-interest		Total
				1 year	1 to 5 years	
<i>Financial assets</i>						
Cash	5.35%	262,578	120,000	-	997	383,575
Receivable	-	-	-	-	78,030	78,030
		262,578	120,000	-	79,027	461,605
<i>Financial liabilities</i>						
Payables	-	-	-	-	54,420	54,420
		-	-	-	54,420	54,420
Net financial assets		262,578	120,000	-	24,607	407,185

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair values

The net fair value of financial assets and liabilities of the Company approximates their carrying amount.

The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 20: Segment reporting

The Company operates in the financial services sector as a **Community Bank**[®] branch of the Bendigo Bank at Mareeba and Dimbulah, North Queensland.

Notes to the financial statements continued

Note 21: Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

Note 22: Contingent liabilities

There were no contingent liabilities at the reporting date.

Note 23: Company details

The registered office and principal place of business of the Company is:

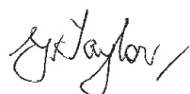
Millar Teitzel	Mareeba Branch	Dimbulah Branch
Office 6, Level 1	Shop 3	31 - 33
81 Byrnes Street	Post Office Centre	Raleigh Street
Mareeba, Qld 4880	94 Byrnes Street	Dimbulah, Qld 4872
	Mareeba, Qld 4880	

Directors' declaration

The Directors of the Company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2006 and of its performance for the year ended on that date;
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Gaye F Taylor, Director



Gilbert J Teitzel, Director

Dated this fourth day of September 2006.

Independent audit report

Scope

The financial report and Directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the Directors' declaration for Mareeba & Dimbulah Financial Services Limited (the Company) for the year ended 30 June 2006.

The Directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:-

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the Directors and management of the Company.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Independent audit report continued

Audit Opinion

In our opinion, the financial report of Mareeba & Dimbulah Financial Services Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Mareeba & Dimbulah Financial Services Limited at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Dated this fourth day of September 2006.



HLB Mann Judd Bottomer
Chartered Accountants
Cairns, Qld



A R Bottomer
Partner

BSX report

Share Information

In accordance with Bendigo Stock Exchange listing rules to Company provides the following information as at 31 August 2006, 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 share held	Number of Shareholders
1 to 1,000	361
1,001 to 5,000	93
5,001 to 10,000	46
10,001 to 100,000	25
100,001 and over	0
Total Shareholders	525

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 12 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.

BSX report continued

Shareholder			Number of Shares	Percentage of Capital
Mr Rex Cummings &	Mrs Lorraine M Cummings		20,000	0.19
Mr Michael Cotter &	Mrs Helen Cotter	<Super Fund A/C>	20,000	0.19
Mr Graeme Ford & Mr Andrew	Ford & Mrs Susanne Ford	<Super Fund A/C>	20,000	0.19
John Hartley Hawes &	Cheryl Pearl Hawes	Box 104	20,000	0.19
Warren Hohn &	Donna Hohn	<Hohn Family Super Fund A/C>	20,000	0.19
Mr Michael Greener Kitchell &	Mrs Lois Marie Maisel	PO Box 1505	20,000	0.19
Mareeba Shire Job Training	Association Inc	39 Byrnes Street	20,000	0.19
T G T Pty Ltd	PO Box 2	DIMBULAH QLD 4872	20,000	0.19
Mrs Pam Lorraine Cater	<Private Pension Fund A/C>	PO Box 1300	15,000	0.14
A & F Cristaldi Pty Ltd &	Beruf P/L & Meshway P/L &	Mr Kevin Day & Mrs Ellen Day	12,000	0.11
			187,000	2

Registered Office and Principal Administrative Office

The registered office of the Company is located at:

Office 6, Level 1
81 Byrnes Street
Mareeba, Qld 4880
Phone: 07 4092 1066

The principal administrative office of the Company is located at:

Shop 3, Post Office Centre Street
94 Byrnes Street
Mareeba, Qld 4880
Phone: 07 4092 2099

Security Register

The security register (share register) is kept at:

Bendigo Bank Ltd
Fountain Court
P O Box 480
Bendigo, VIC 3552
Phone: 03 5433 9339

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.

