

Mareeba & Dimbulah
Financial Services Limited
ABN 53 115 503 930

2007
annual report



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

Contents

| | |
|---|--------------|
| Chairman's report | 2-3 |
| Mareeba Manager's report | 4 |
| Dimbullah Manager's report | 5 |
| Directors' report | 6-9 |
| Auditor's independence declaration | 10 |
| Financial statements | 11-14 |
| Notes to the financial statements | 15-28 |
| Directors' declaration | 29 |
| Independent audit report | 30-31 |
| BSX report | 32-35 |

Chairman's report

For year ending 30 June 2007

Everyone loves a Winner! Displaying initiative and leading the way are most important qualities for the growth of successful communities. Mareeba & Dimbulah communities both have a proven track record when it comes displaying initiative... the result has been a WINNER in the form of Mareeba & Dimbulah **Community Bank**[®] Branches!

Mareeba & Dimbulah **Community Bank**[®] Branches were the first **Community Bank**[®] branches established in Queensland, north of Home Hill. Both are progressing better than the forecasts outlined in our Company's prospectus dated 20 September, 2005. To the end of June 2007, after 19 months of trading, the business at Mareeba **Community Bank**[®] Branch has almost doubled to 90 million dollars, and the fledgling Dimbulah **Community Bank**[®] Branch has reached the 9.5 million dollar mark in just 18 months.

The Board is proud to announce that a 6% dividend will be sent to all shareholders.

We, as the Board of Directors, acknowledge the contribution made by our **Community Bank**[®] management and staff as being a major factor to the growth and success of Mareeba & Dimbulah **Community Bank**[®] branches. It has been a pleasure to work with Mareeba Branch Manager Prue Baker, and Dimbulah Branch Manager Linda Tuckey. They are both focused and dedicated, displaying enhanced team leadership skills. Prue and Linda set the high ethical standards and the staff follow their example.

Due to this exceptional business banking growth, the Board has made the decision to upgrade our Mareeba **Community Bank**[®] Branch with a major refurbishment. The Board considers this is a good business decision as this will enhance the professional image of **Community Bank**[®] and bolster our partnership with Bendigo Bank Ltd. Several months ago, Bendigo Bank Ltd appointed former Mareeba **Community Bank**[®] Branch Manager Rhonda Bodkin, to the position of Business Banking Manager for the Tablelands. This was another first - the fact that Mareeba & Dimbulah **Community Bank**[®] Branches have their own Business Banking Manager situated in Mareeba. The prodigious banking growth for BBL in FNQ has seen a split in the region from Townsville north. This split will comprise of Cairns City/Kuranda and the remaining FNQ region. Former FNQ Regional BBL Manager Patrick Freney now manages all **Community Bank**[®] branches in our Far North Queensland region. Pat, as Regional Manager, will work out of the new regional office along side the Mareeba **Community Bank**[®] Branch. This another first for Mareeba & Dimbulah, as no other **Community Bank**[®] branches in the country has an office for a BBL Regional Manager on site. The Board of Mareeba & Dimbulah Financial Services Ltd has decided it appropriate to fit-out this regional office in recognition of Pat's Regional Manager's status, and we take this opportunity to once again congratulate Pat on his appointment.

To this point Mareeba & Dimbulah **Community Bank**[®] branches have returned funds to our respective communities in the form of sponsorship of various community organizations such as:

Mareeba State High School - Peter Roggenkamp Drive Safe; Mareeba Rodeo Association; Top End Western Horse Club, Mareeba Chamber of Commerce- Business Awards/Book Launch; Mareeba Boxing Team; Mareeba Shire Council - The Great Wheelbarrow Race; Relay for Life Charity Golf Day - Mareeba Golf Club;

Chairman's report continued

Mareeba Bowls Day; Walkamin Country Music Club; Mutchilba Primary School P & C; Dimbulah Lions Club; Dimbulah Amazing Food Festival; Dimbulah Bowls Club.

Our most important sponsorship decision was an amount of \$50,000.00 towards the establishment of a much needed renal dialysis unit at the Mareeba Hospital. This was in partnership with the Mareeba Shire Council and various individuals, and even though in total, funds exceeding \$160,000 were raised, this project did not come to fruition due to lack of approval from the Queensland government and Queensland Health.

I would like to acknowledge the generous contribution made to Mareeba & Dimbulah **Community Bank**[®] branches from each of the 10 Directors of the Board. Special thanks to our hard working Company Secretary and our Company Treasurer. Regional BBL Manager Pat Freney has made an outstanding contribution as a Director of the Board. Pat's extensive banking knowledge and first-rate communication skills ensures that he is always available to assist in whatever capacity required. Our team of Directors work very effectively together and I thank them all most sincerely for their support and enthusiasm. They carry out the role of **Community Bank**[®] Directors as volunteers, and in a manner which truly demonstrates their dedication to their respective communities and their commitment to the ongoing success of Mareeba & Dimbulah **Community Bank**[®] branches.

I will be stepping down as a **Community Bank**[®] Director and Chairman of the Board at this AGM. My decision is based on the knowledge that no one is indispensable and the realization that someone new should take up the leadership role in the best interest of our Board's future direction. The past four years have been an exciting and rewarding period in my life with the achievement of a glorious goal, of not only seeing Mareeba & Dimbulah **Community Bank**[®] branches established, but grow and flourish.

I feel strongly that our Board must be injected regularly with "new blood" to ensure that the focus of driving new business for **Community Bank**[®], and the momentum that we have started, continues on. I consider it timely to step aside and allow someone new the privilege of driving **Community Bank**[®] forward with fresh ideas and enthusiasm. I sincerely thank all Directors of the Board, Managers and staff for the excellent working relationships we have maintained, as well as those many special Bendigo Bank people whom I have met and development friendships with over the past four years... It's been a magnificent journey!

Deepest appreciation goes to you - the Shareholders - for your support and belief in your Mareeba & Dimbulah **Community Bank**[®] branches. I urge you all to continue your support for your **Community Bank**[®] branches through your banking business and encourage others to follow suit. Our business relationships, fostered out of mutual respect, trust and the delivery of an excellent standard of banking services with the added bonus of funds being returned to our communities, will ensure Mareeba & Dimbulah **Community Bank**[®] branches become highly credible and important links in this region's future growth and prosperity... we're all winners!



Gaye Taylor
Chairman

Mareeba Manager's report

For year ending 30 June 2007

Since the opening of our **Community Bank**[®] branch in December 2005, we have seen significant growth and development of the business. We now have over \$90 million in both lending and deposit funds on the books, generating an enormous benefit in income in the future to be put back into our community.

In recognition of the growth of the branch and the tremendous support received from the community, the branch will undergo a major refurbishment in the month of September. The new branch will have two new offices for interviewing and privacy when dealing with customer requirements.

Bendigo Bank announced that Regional Manager Pat Freney will be based in Mareeba from August 2007. The new branch will accommodate Pat's office and Bendigo's Business Banker Rhonda Bodkin. This is fantastic news, with our community being the base for Far North Queensland's Regional Manager.

Throughout the year we have provided sponsorships for different events including Mareeba Rodeo, Walkamin Music Festival, and the Great Wheelbarrow race to name a few. Our **Community Bank**[®] Company also donated \$50,000 for a renal dialysis machine for the local hospital and although the funds will no longer be used for this purpose, alternative projects for funding have been identified.

We thank you for your support and we look forward to continuing to provide our unique style of banking to you.



Prue Baker

Branch Manager - Mareeba

Dimbulah Manager's report

For year ending 30 June 2007

As at the end of the financial year 2006-2007 we have seen Dimbulah **Community Bank**[®] Branch continue to grow. We have made budget and met the figures forecast as per the prospectus with a growth of \$4,378 million.

We now have over \$9.8 million in both lending and deposit funds on the books as at 31 July, 2007. This business is in the form of over 880 accounts, with \$6.2 million in deposits and \$3.6 million in lending. The staff are completing around 850 transactions within the branch per month. Our ATM, which was installed ahead of schedule in November 2006, is completing 1,800 transactions and enquiries a month.

Throughout the year Dimbulah **Community Bank**[®] Branch has supported and sponsored local community events including the Dimbulah Lions Festival, Mutchilba Mango Mardi Gras, Dimbulah Bowls Club and Dimbulah Pony Club just to name a few. We have also contributing \$25,000 towards the renal dialysis machine project for the Mareeba District Hospital.

I would like to invite those shareholders that have not as yet made the change to the Dimbulah **Community Bank**[®] Branch to do so in the coming months. The staff and I would be delighted to talk to you.

For those shareholders who are already customers, thank you for your support.



Linda Tuckey
Branch Manager - Dimbulah

Directors' report

For year ending 30 June 2007

Your Directors present this report on the Company for the financial year ended 30 June 2007.

Directors

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

Name: **Gaye F Taylor**

Position: Chairman

Qualifications: Business Owner

Special responsibilities: Governance Committee

Name: **Gilbert J Teitzel**

Position: Secretary

Qualifications: Certified Practising Accountant

Special responsibilities: Governance Committee and Audit Committee

Name: **Evan D McGrath**

Position: Treasurer

Qualifications: Grazier

Special responsibilities: Audit Committee

Name: **Wilfrid R Blundell**

Position: Director

Qualifications: Property Developer/ Farmer

Special responsibilities: Business Development Committee and Public Relations Committee

Name: **Gianfranco Delacovo**

Position: Director

Qualifications: Business Owner

Special responsibilities: Business Development Committee and Public Relations Committee

Name: **Philip G Quayle**

Position: Director

Qualifications: Business Owner

Special responsibilities: Business Development Committee, Public Relations Committee and Human Resources Committee

Name: **Graeme E Ford**

Position: Director

Qualifications: Automotive Dealer

Special responsibilities: Governance Committee and Human Resources Committee

Directors' report continued

Name: **Rolf Seeberger**
Position: Director
Qualifications: Store Proprietor
Special responsibilities: Business Development Committee and Public Relations Committee

Name: **Clive W Staines**
Position: Director
Qualifications: Real Estate Agent
Special responsibilities: Business Development Committee and Public Relations Committee

Name: **Cheryl E Tonkin**
Position: Director
Qualifications: Civil Celebrant/ Auctioneer
Special responsibilities: Business Development Committee and Public Relations Committee

Name: **Patrick J Freney**
Position: Director
Qualifications: Regional Manager - Bendigo Bank Limited
Special responsibilities: Audit Committee

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

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 | 11 | 11 |
| Gilbert J Teitzel | 11 | 11 |
| Evan D McGrath | 11 | 8 |
| Wilfrid R Blundell | 11 | 11 |
| Gianfranco Delacovo | 11 | 8 |
| Philip G Quayle | 11 | 9 |
| Graeme E Ford | 11 | 8 |
| Rolf Seeberger | 11 | 11 |
| Clive W Staines | 11 | 7 |
| Cheryl E Tonkin | 11 | 9 |
| Patrick J Freney | 11 | 9 |

Directors' report continued

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 2007.

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.

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 profit from ordinary activities of the Company after income tax was \$71,377 for the year ended 30 June 2007.

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.

Directors' report continued

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.

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.

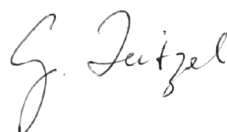
Auditors independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 10.

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



Gaye F Taylor
Director



Gilbert J Teitzel
Director

Dated this fourteenth day of September 2007.

Auditor's independence declaration

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2007 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 fourteenth day of September 2007.

WHK Greenwoods (Cairns)

WHK Greenwoods (Cairns)

A R Bottomer

**A R Bottomer
Partner**

Financial statements

Income statement

For year ending 30 June 2007

| | Note | 2007 \$ | 2006 \$ |
|---|------|---------------|------------------|
| Revenues from ordinary activities | 2 | 982,641 | 458,138 |
| Administration and general costs | | (149,063) | (74,095) |
| ATM expenses | | (22,615) | (10,356) |
| Depreciation and amortisation expenses | | (55,043) | (30,913) |
| IT leasing and running costs | | (42,574) | (21,299) |
| Management fees | | (120,165) | (240,330) |
| Prospectus fees | | - | (23,332) |
| Occupancy costs | | (72,885) | (45,054) |
| Secondment expenses | | (420,373) | (226,543) |
| Profit/(loss) from ordinary activities before income tax | | 99,923 | (213,784) |
| Income tax credit /(expense) | 4 | (28,546) | 65,622 |
| Net profit/(loss) attributable to members of the Company | | 71,377 | (148,162) |
| Earnings per share | | 7.11 | (14.75) |
| Diluted earnings per share | | 7.11 | (14.75) |

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

As at 30 June 2007

| | Note | 2007 \$ | 2006 \$ |
|---|------|------------------|----------------|
| Current assets | | | |
| Cash assets | 5 | 528,189 | 383,575 |
| Receivables | 6 | 103,260 | 78,030 |
| Other assets | 7 | 5,061 | 4,956 |
| Total current assets | | 636,510 | 466,561 |
| Non-current assets | | | |
| Deferred tax assets | 8 | 37,076 | 65,622 |
| Property, plant and equipment | 9 | 210,063 | 214,135 |
| Intangible assets | 10 | 129,833 | 167,833 |
| Total non-current assets | | 376,972 | 447,590 |
| Total assets | | 1,013,482 | 914,151 |
| Current liabilities | | | |
| Payables | 11 | 85,756 | 57,802 |
| Total current liabilities | | 85,756 | 57,802 |
| Total liabilities | | 85,756 | 57,802 |
| Net assets | | 927,726 | 856,349 |
| Equity | | | |
| Contributed equity | 12 | 1,004,511 | 1,004,511 |
| Retained profits / (accumulated losses) | 13 | (76,785) | (148,162) |
| Total equity | | 927,726 | 856,349 |

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2007

| | 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 |
| Balance at 1 July 2006 | 1,004,511 | (148,162) | 856,349 |
| Profit/(loss) attributable to members of the Company | - | 71,377 | 71,377 |
| Share issued during the year | - | - | - |
| Balance at 30 June 2007 | 1,004,511 | (76,785) | 927,726 |

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2007

| | Note | 2007 \$ | 2006 \$ |
|--|--------------|-----------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 949,674 | 387,139 |
| Interest received | | 11,841 | 63 |
| Payments to suppliers and seconded employees | | (803,930) | (595,257) |
| Net cash provided by (used in) operating activities | 16(b) | 157,585 | (208,055) |
| Cash flow from investing activities | | | |
| Payments for property, plant and equipment | | (12,971) | (222,881) |
| Payments for franchise agreement | | - | (190,000) |
| Net cash provided by (used in) investing activities | | (12,971) | (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 | | 144,614 | 383,575 |
| Cash at the beginning of the financial year | | 383,575 | - |
| Cash at the end of the financial year | 16(a) | 528,189 | 383,575 |

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2007

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Interpretations, 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 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

The accounting policies set out below have been consistently applied to all years presented.

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.

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.

Notes to financial statements continued

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

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.

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

Notes to financial statements continued

Note 1. Statement of significant accounting policies (continued)

(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.

(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.

Notes to financial statements continued

Note 1. Statement of significant accounting policies (continued)

(h) Goods and service tax (GST) (continued)

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.

(i) Comparative figures

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

| | 2007 | 2006 |
|---|----------------|----------------|
| | \$ | \$ |
| Note 2. Revenue from ordinary activities | | |
| Gross margin | 560,063 | 265,829 |
| Upfront product commission | 19,812 | 9,861 |
| Trailer product commission | 225,658 | 96,485 |
| Fee income | 119,631 | 57,989 |
| Market development fund | 45,636 | 27,911 |
| Interest received | 11,841 | 63 |
| | 982,641 | 458,138 |

Note 3. Auditor's remuneration

Remuneration of the Auditor of the Company for:

| | | |
|--|--------------|--------------|
| - Auditing or reviewing the financial report | 7,000 | 4,750 |
| - Other services | - | - |
| | 7,000 | 4,750 |

Notes to financial statements continued

| | 2007 | 2006 |
|--|------|------|
| | \$ | \$ |

Note 4. Income tax expense

No income tax is payable by the Company as it has carried forward tax losses from previous trading periods for income tax purposes.

(a) The components of tax expense comprise:

| | | |
|-----------------------|---------------|-----------------|
| Deferred tax (note 8) | 28,577 | (57,952) |
| Prepayments | (31) | (1,487) |
| | 28,546 | (65,622) |

(b) Reconciliation of income tax expense

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

| | | |
|---|---------------|-----------------|
| Profit/(loss) from ordinary activities before income tax at 30% | 99,923 | (213,784) |
| Prima facie income tax at 30% | 29,977 | (64,135) |
| Less tax effect of : | | |
| - Deductible prospectus costs amortised | (1,400) | - |
| - Prepaid insurance | (31) | (1,487) |
| Income tax expense/(revenue) | 28,546 | (65,622) |

(c) Tax losses

| | | |
|---|----------------|----------------|
| Balance at the beginning of the year | 193,173 | - |
| Recoupment of prior year loss not previously brought into account | 20,610 | |
| Tax loss incurred/(utilised) in the financial year | (95,257) | 193,173 |
| | 118,526 | 193,173 |

At balance date, the Company had tax losses of \$118,526 (2006: \$193,173) which are available to offset future years' taxable income.

The future income tax benefit of these tax losses is \$35,558 (2006: \$57,952). This benefit has been recognised as an asset in the Balance Sheet as its realisation is highly probable. The benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realized;
- the Company continues to comply with the conditions for deductibility imposed by the law; and
- no change in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses.

Notes to financial statements continued

| | 2007 | 2006 |
|----------------------------|----------------|----------------|
| | \$ | \$ |
| Note 5. Cash assets | | |
| Cash on hand | 813 | 996 |
| Cash at bank | 254,566 | 262,579 |
| Term deposit | 272,810 | 120,000 |
| | 528,189 | 383,575 |

Note 6. Receivables

Current

| | | |
|---------------|----------------|---------------|
| Trade debtors | 103,260 | 78,030 |
| | 103,260 | 78,030 |

Note 7. Other assets

Current

| | | |
|-------------|--------------|--------------|
| Prepayments | 5,061 | 4,956 |
| | 5,061 | 4,956 |

Note 8. Deferred tax assets

Non-current

Future income tax benefit comprises of:

| | | |
|---------------------|---------------|---------------|
| Deferred tax losses | 35,558 | 57,952 |
| Prepayments | 1,518 | 1,487 |
| | 37,076 | 65,622 |

Reconciliations

(a) Gross movements

The overall movement in the deferred tax account is as follows:

| | | |
|-------------------------------------|---------------|---------------|
| Opening balance | 65,622 | - |
| Credit/(charge) to income statement | (28,546) | 65,622 |
| Charge to equity | - | - |
| Closing balance | 38,563 | 65,622 |

Notes to financial statements continued

| | 2007 | 2006 |
|--|------|------|
| | \$ | \$ |

Note 8. Deferred tax assets (continued)

(b) Deferred tax assets

The movement in deferred tax assets for each temporary difference during the year is as follows:

Deferred tax losses

| | | |
|---|---------------|---------------|
| Opening balance | 57,952 | - |
| Recoupment of prior year loss not previously brought into account | 6,183 | |
| Credit/(charge) to the income statement | (28,577) | 57,952 |
| Closing balance | 35,558 | 57,952 |

Prepayments

| | | |
|----------------------------------|--------------|--------------|
| Opening balance | 1,487 | - |
| Credited to the income statement | 31 | 1,487 |
| Closing balance | 1,518 | 1,487 |

Note 9. Property, plant and equipment

Leasehold improvements:

| | | |
|---------------------------------|----------------|----------------|
| - At cost | 223,507 | 210,536 |
| - Less accumulated depreciation | (19,694) | (6,386) |
| | 203,813 | 204,150 |

Plant and equipment

| | | |
|--|----------------|----------------|
| - At cost | 12,345 | 12,345 |
| - Less accumulated depreciation | (6,095) | (2,360) |
| | 6,250 | 9,985 |
| Total property, plant and equipment | 210,063 | 214,135 |

Notes to financial statements continued

| | 2007 | 2006 |
|--|------|------|
| | \$ | \$ |

Note 10. Intangible assets

Franchise fee:

| | | |
|---------------------------------|----------------|----------------|
| - At cost | 190,000 | 190,000 |
| - Less accumulated amortisation | (60,167) | (22,167) |
| | 129,833 | 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).

| | 2007 | 2006 |
|--|------|------|
| | \$ | \$ |

Note 11. Payables

Unsecured:

| | | |
|--------------------------------|---------------|---------------|
| - Trade creditors and accruals | 80,989 | 54,420 |
| - GST payable | 4,767 | 3,382 |
| | 85,756 | 57,802 |

Note 12. Contributed capital

| | | |
|--------------------------------------|------------------|------------------|
| 1,004,511 fully paid ordinary shares | 1,004,511 | 1,004,511 |
| | 1,004,511 | 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 financial statements continued

| | 2007 | 2006 |
|--|-----------------|------------------|
| | \$ | \$ |
| Note 13. Accumulated losses | | |
| Balance at the beginning of the financial year | (148,162) | - |
| Profit/(loss) attributable to members of the Company | 71,377 | (148,162) |
| Balance at the end of the financial year | (76,785) | (148,162) |

Note 14. 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 |

Executive

No person met the definition of executive of the Company during the financial year ended 30 June 2007.

(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 2007.

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

Notes to financial statements continued

Note 14. Directors' and executive's remuneration (continued)

(d) Shareholdings

| | Balance at 1 July 2006 | Received as remuneration | Options exercised | Net change/ Others* | Balance at 30 June 2007 |
|---------------------|---------------------------------------|-------------------------------------|------------------------------|--------------------------------|--|
| 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 | - | - | - | - | - |
| 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 15. Related party transactions

Millar and Teitzel Certified Practising Accountants received \$5,005 for accounting fees.

No other related parties entered into a transaction with the Company during the financial year ended 30 June 2007 other than those disclosed in Note 14.

Notes to financial statements continued

| | 2007 \$ | 2006 \$ |
|--|----------------|------------------|
| Note 16. Notes to the cash flow statement | | |
| (a) Reconciliation of cash assets | | |
| For the purpose of the cash flow statement, 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 on hand | 813 | 996 |
| Cash at bank | 254,566 | 262,579 |
| Term Deposit | 272,810 | 120,000 |
| | 528,189 | 383,575 |
| (b) Reconciliation of net cash provided by operating activities to profit / (loss) from ordinary activities | | |
| Profit / (loss) from ordinary activities before income tax | 99,923 | (213,784) |
| Non-cash flows in profit/(loss) from ordinary activities | | |
| Depreciation and amortisation | 55,043 | 30,913 |
| Movement in assets and liabilities | | |
| (Increase)/decrease in assets | | |
| Receivables | (25,230) | (78,030) |
| Other assets | (105) | (4,956) |
| Increase/(decrease) in Liabilities | | |
| Payables | 25,569 | 57,802 |
| Current tax liabilities | 1,385 | - |
| Net cash provided by / (used) in operating activities | 157,585 | (208,055) |

Notes to financial statements continued

| | 2007 \$ | 2006 \$ |
|---|----------------|----------------|
| Note 17. Leasing commitments | | |
| Non-cancelable operating lease commitment contracted for but not capitalised in the financial statements: | | |
| Payable | | |
| - Not longer than 1 year | 47,240 | 16,034 |
| - Longer than 1 year but not longer than 5 years | 182,489 | 166,495 |
| | 229,729 | 182,529 |

Note 18. Financial instruments

(a) Interest rate risk

| 2007 | Rates | Variable | Fixed | | Non-interest | Total |
|------------------------------|-------|----------------|----------------|--------------|----------------|----------------|
| | | | 1 year | 1 to 5 years | | |
| Financial assets | | | | | | |
| Cash | 6.39% | 254,566 | 272,810 | - | 813 | 528,189 |
| Receivable | - | - | - | - | 103,260 | 103,260 |
| | | 254,566 | 272,810 | - | 104,073 | 631,449 |
| Financial liabilities | | | | | | |
| Payables | - | - | - | - | 80,989 | 80,989 |
| | | - | - | - | 80,989 | 80,989 |
| Net financial assets | - | 254,566 | 272,810 | - | 23,084 | 550,460 |
| 2006 | Rates | Variable | Fixed | | Non-interest | Total |
| | | | 1 year | 1 to 5 years | | |
| Financial assets | | | | | | |
| Cash | 5.35% | 262,578 | 120,000 | - | 997 | 383,575 |
| Receivable | - | - | - | - | 78,030 | 78,030 |
| | | 262,578 | 120,000 | - | 79,027 | 461,605 |
| Financial liabilities | | | | | | |
| Payables | - | - | - | - | 54,420 | 54,420 |
| | | - | - | - | 54,420 | 54,420 |
| Net financial assets | | 262,578 | 120,000 | - | 24,607 | 407,185 |

Notes to financial statements continued

Note 18. Financial instruments (continued)

(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 19. 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.

Note 20. 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.

Notes to financial statements continued

| | 2007 | 2006 |
|---|----------------|----------------|
| | \$ | \$ |
| Note 21. Contingent liabilities | | |
| The Company is liable to pay Management Advisory Fees to Bendigo Bank Limited as set out in the Franchise Agreement. The Management Advisory Fee is payable over a five year period for ongoing assistance provided by Bendigo Bank Limited. The Management Advisory Fee is expensed when incurred. | | |
| Payable | | |
| - Not longer than 1 year | 120,165 | 120,165 |
| - Longer than 1 year but not longer than 5 years | 120,165 | 240,330 |
| | 240,330 | 360,495 |

Note 22. 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

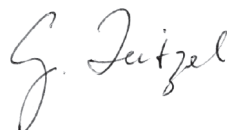
The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 9 to 23, 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 2007 and of its performance for the year ended on that date;
2. the Chief Executive Officer and the Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. 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 fourteenth day of September 2007.

Independent audit report

Report on the financial report

We have audited the accompanying financial report of Mareeba & Dimbulah Financial Services Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory note and the Director's declaration.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The Directors also are responsible for the preparation of the remuneration disclosures contained in the Directors' report in accordance with the Corporations Regulations 2001.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the Director's report comply with Accounting Standards AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the Director's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent audit report continued

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Mareeba & Dimbulah Financial Services Limited is in accordance with 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 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- (c) the remuneration disclosures that are contained that are contained in the Directors' Report comply with Accounting Standards AASB 124.

Dated this fourteenth day of September 2007.



WHK Greenwood (Cairns)



A R Bottomer

Partner

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 31 August 2007, which is within 6 weeks of this report being sent to shareholders.

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

Corporate governance statement

The Board of a Company has a significant role in achieving the Company's mission and goals. The Board has the onus to act in the best interests of the Company's shareholders. The Board is accountable to its shareholders and also to stakeholders in the community in which it supports. Sound overview by a strong and balanced Board is vital in addressing a Company's strategic direction. By such governance the Board can fulfil its moral and legal responsibilities and also allow management to carry out its role within defined parameters without the day to day intervention of the Board.

The areas this Board has identified that are relevant for a governance framework to enable it to make effective decisions are:

- To provide strategic leadership, to proactively move the Company's banking business forward and address emerging issues.
- To adhere to good corporate ethics with a sense of duty to act in good faith and in the best interests of the Company; this assures stakeholders that the Board is fulfilling its responsibilities with due diligence and accountability.
- To identify and understand:
 - the key duties and responsibilities of an organisation's Directors and Officers
 - the role of committees
 - the role of external audit
 - risk assessment from the perspective of the Board and individual Board members.
- To provide performance reports to stakeholders on a timely basis.
- To be aware of good corporate governance issues.
- To make known to stakeholders the Company's governance process and to report on the Board's adherence to its corporate governance policies.

To maximise its effectiveness, the Board has:

- Implemented sub-committees, from which groups of individuals make decisions and recommendations for the Board to approve; these sub committees include:
 - a Governance Committee;
 - a Branch Development, Sponsorship & Marketing Committee;
 - an Audit Committee; and
 - a Human Resources Committee.

BSX report continued

The use of these subcommittees will enable the workload to be balanced amongst the entire Board in areas where individuals have and bring particular skills to that sub-committee;

- promoted an environment in which personal and Board risk is understood, articulated and managed from a basis of sound governance policy and a risk management framework;
- investment in individual Director and Board education and training;
- encouraged a diversity of opinions and views as a means towards effective decision making by the Board;
- adhered to a clear distinction between the Board and Branch Managers' roles;
- recognised the views of our franchise agreement partner, Bendigo Bank Limited, in Board discussions and to utilise its experience.

In all things the Board shall be transparent in its dealings and have strong corporate governance focus. The Board will adopt corporate governance policies and procedures that will guide Mareeba & Dimbulah Financial Services Limited into the future.

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 | 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.

BSX report continued

The following table shows the 10 largest shareholders.

| Shareholder | Number of shares | Percentage of capital |
|--|-------------------------|------------------------------|
| Mr Rex Cummings & Mrs Lorraine M Cummings | 20,000 | 2.0 |
| Mr Michael Cotter & Mrs Helen Cotter <Super Fund A/C> | 20,000 | 2.0 |
| Mr Graeme Ford & Mr Andrew Ford & Mrs Susanne Ford <Super Fund A/C> | 20,000 | 2.0 |
| John Hartley Hawes & Cheryl Pearl Hawes | 20,000 | 2.0 |
| Warren Hohn & Donna Hohn <Hohn Family Super Fund A/C> | 20,000 | 2.0 |
| Mr Michael Greener Kitchell & Mrs Lois Marie Maisel | 20,000 | 2.0 |
| Mareeba Shire Job Training Association Inc | 20,000 | 2.0 |
| T G T Pty Ltd | 20,000 | 2.0 |
| Mrs Pam Lorraine Cater <Private Pension Fund A/C> | 15,000 | 1.5 |
| A & F Cristaldi Pty Ltd & Beruf P/L & Meshway P/L & Mr Kevin Day & Mrs Ellen Day | 12,000 | 1.2 |
| | 187,000 | 18.6 |

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

BSX report continued

Security register

The security register (share register) is kept at:

Essential Registry Team
Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3067

Other information

Please refer to the Directors report, within the annual report, for details of the Company Secretary.

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.



Mareeba **Community Bank**[®] Branch
94 Byrnes Street, Mareeba, QLD 4880
Phone: (07) 4092 2099 Fax: (07) 4092 5000

Dimbulah **Community Bank**[®] Branch
31-33 Raleigh St, Dimbulah, QLD 4872
Phone: (07) 4093 5266 Fax: (07) 4093 5433

Franchisee: Mareeba & Dimbulah Financial Services Limited
94 Byrnes Street, Mareeba, QLD 4880
ABN 53 115 503 930

www.bendigobank.com.au
Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237879 (BMPAR7034) (09/07)