

Murrumbidgee Financial Services Limited ABN 12 118 357 467

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Murrumboola Financial Services Ltd ABN 12 118 357 467
Directors' Report

Your Directors submit their report of the company for the financial year ended 30 June 2006.

Directors

The names and details of the company's directors who held office during or since the end of the financial year are:

Brenden Robert McKay
Chairman
Businessman

Susan McCarthy
Treasurer
Farm Office Manager

Tony Campbell
Director
Agriculture Business

Catherine Sanderson
Company Secretary
Retired

James Cusack
Director
Stock & Station Agent

Andrew Kennett
Director
Agriculture Commodities Trader

Dr Yusufali Khalfan
Director
Medical Practitioner

Barbara Sargent
Director
Retired School Teacher

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

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

Principal activities

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

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

Operating Results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was(\$705.80) (2006: (\$413.25)).

Dividends: No recommendation has been made for the payment of a dividend

Significant changes in the state of affairs

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

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely Developments

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

Directors' Benefits

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

Indemnification and Insurance of Directors and Officers

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

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

Directors Meetings

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

Number of Meetings Held: 21

Number of Meetings Attended:

Brenden Robert McKay	21
Susan McCarthy	21
Tony Campbell	14
Catherine Sanderson	20
James Cusack	18
Andrew Kennett	14
Dr Yusufali Khalfan	13
Barbara Sargent	19

Company Secretary

Catherine Sanderson has been the company secretary of Murrumboola Financial Services Ltd for one year.

Murrumboola Financial Services Ltd ABN 12 118 357 467
Directors' Report

Corporate Governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Susan McCarthy, Catherine Sanderson, Brenden McKay,
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Signed in accordance with a resolution of the Board of Directors at Harden on 26 April 2007.



Catherine Sanderson, Director



Barbara Sargent, Director

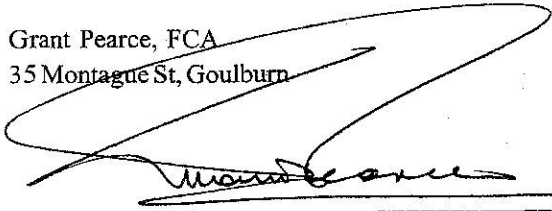
Murrumboola Financial Services Limited ABN 12 118 357 467
Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
To THE DIRECTORS OF: Murrumboola Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 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

Grant Pearce, FCA
35 Montague St, Goulburn



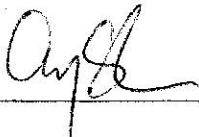
Dated: 26-4-07

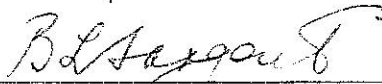
Murrumboola Financial Services Limited ABN 12 118 357 467
Directors' Declaration

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 31 December 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.





Dated: 26.04.07

Murrumboola Financial Services Limited ABN 12 118 357 467

Income Statement - by Nature

For the period 1 July 2006 to 31 December 2006

	Note	2007 \$	2006 \$
Classification of Expenses by Nature			
Revenues from ordinary activities		5,628.92	2.45
Borrowing costs expense		(161.59)	(2.40)
Other expenses from ordinary activities		(6,475.53)	(590.30)
Profit (loss) from ordinary activities before income tax		(1,008.20)	(590.25)
Income tax revenue relating to ordinary activities	2	302.40	177.00
Net profit (loss) attributable to members of the company		(705.80)	(413.25)

The accompanying notes form part of these financial statements.

Murrumbidgee Financial Services Limited ABN 12 118 357 467

Balance Sheet As At 31 December 2006

	Note	2007 \$	2006 \$
Current Assets			
Cash assets	3	517,975.94	323,574.75
Receivables	4	5,630.22	
Current tax assets	5	13,711.35	63.11
Other	6	120,069.61	229.72
Total Current Assets		657,387.12	323,867.58
Non-Current Assets			
Other	6	27,231.83	
Total Non-Current Assets		27,231.83	
Total Assets		684,618.95	323,867.58
Current Liabilities			
Payables	7	54.00	
Interest-bearing liabilities			324,449.83
Current tax liabilities	8	(524.00)	(177.00)
Total Current Liabilities		(470.00)	324,272.83
Total Liabilities		(470.00)	324,272.83
Net Assets		685,088.95	(405.25)
Equity			
Contributed equity	9	686,208.00	8.00
Retained profits / (Accumulated losses)		(1,119.05)	(413.25)
Total Equity		685,088.95	(405.25)

The accompanying notes form part of these financial statements.

Murrumbidgee Financial Services Limited ABN 12 118 357 467

Statement of Cash Flows

For the period 1 July 2006 to 31 December 2006

	2007	2006
	\$	\$
Cash Flow From Operating Activities		
Receipts from customers	(5,630.22)	
Payments to Suppliers and employees	(139,909.66)	(883.13)
Interest received	5,628.92	2.45
Interest and other costs of finance	(161.59)	(2.40)
Income tax paid	(44.60)	
Net cash provided by (used in) operating activities (note 2)	<u>(140,117.15)</u>	<u>(883.08)</u>
Cash Flow From Investing Activities		
Payment for:		
Payments for property, plant and equipment	<u>(27,231.83)</u>	
Net cash provided by (used in) investing activities	<u>(27,231.83)</u>	
Cash Flow From Financing Activities		
Proceeds of issue of shares	686,200.00	8.00
Proceeds of borrowings		323,600.00
Repayment of borrowings	<u>(323,600.00)</u>	
Net cash provided by (used in) financing activities	<u>362,600.00</u>	<u>323,608.00</u>
Net increase (decrease) in cash held	195,251.02	322,724.92
Cash at the beginning of the year	<u>322,724.92</u>	
Cash at the end of the year (note 1)	<u>517,975.94</u>	<u>322,724.92</u>

The accompanying notes form part of these financial statements.

Murrumboola Financial Services Limited ABN 12 118 357 467

Statement of Cash Flows

For the period 1 July 2006 to 31 December 2006

2007

2006

Note 1. Reconciliation Of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Bendigo Cheque Account	41,688.51	(849.83)
Trust Account-Share Applications	1,279.43	323,566.75
Term Deposit	475,000.00	
Cash on hand	8.00	8.00
	<u>517,975.94</u>	<u>322,724.92</u>

Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Operating Profit After Income Tax

Operating profit after income tax	(705.80)	(413.25)
Increase/(decrease) in provision for income tax	(347.00)	(177.00)
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(5,630.22)	
(Increase) decrease in prepayments	(119,839.89)	(229.72)
Increase (decrease) in trade creditors and accruals	54.00	
Increase (decrease) in sundry provisions	(13,648.24)	(63.11)
Net cash provided by (used in) operating activities	<u>(140,117.15)</u>	<u>(883.08)</u>

The accompanying notes form part of these financial statements.

Murrumboola Financial Services Limited ABN 12 118 357 467

Notes to the Financial Statements

For the period 1 July 2006 to 31 December 2006

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 Murrumboola Financial Services Limited as an individual entity. Murrumboola Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report of Murrumboola Financial Services Limited and the controlled entity and Murrumboola Financial Services Limited as an individual parent entity 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.

(A) Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs.

(B) Accounting Policies

Income tax

The change for current income tax expenses is based on the profit 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 date.

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.

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.

Murrumboola Financial Services Limited ABN 12 118 357 467

Notes to the Financial Statements

For the period 1 July 2006 to 31 December 2006

Financial Instruments

a) Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

b) Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in fair value of these assets are included in the income statement in the period in which they arise.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are stated at amortised cost using the effective interest rate method.

d) Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments are stated at amortised cost using the effective interest rate method.

e) Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

f) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

g) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

h) Impairment

At each reporting date, the directors assess whether there is objective evidence that financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Murrumboola Financial Services Limited ABN 12 118 357 467

Notes to the Financial Statements

For the period 1 July 2006 to 31 December 2006

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.

Provisions

Provision are recognised when Murrumboola Financial Services Limited has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

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.

Revenue

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred

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.

Murrumboola Financial Services Limited ABN 12 118 357 467

Notes to the Financial Statements

For the period 1 July 2006 to 31 December 2006

2007

2006

Note 2: Income Tax

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

Loss per accounts	(1,008.20)	(590.25)
Tax effect of loss:	-302.40	-177.00
Income tax expense attributable to profit from ordinary activities	(302.40)	(177.00)

Note 3: Cash assets

Bank accounts:

- Bendigo Cheque Account	41,688.51	(849.83)
- Trust Account-Share Applications	1,279.43	323,566.75

Other cash items:

- Term Deposit	475,000.00	
- Cash on hand	8.00	8.00
	517,975.94	323,574.75

Reconciliation of Cash:

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

- Cash	517,975.94	323,574.75
- Bank overdrafts		(849.83)
	517,975.94	322,724.92

Murrumboola Financial Services Limited ABN 12 118 357 467
Notes to the Financial Statements
For the period 1 July 2006 to 31 December 2006

	2007	2006
Note 4: Receivables		
Current		
Trade debtors	5,630.22	
	5,630.22	
 Note 5: Tax Assets		
Current		
GST payable control account	13,711.35	63.11
	13,711.35	63.11
 Note 6: Other Assets		
Current		
Prepayments	120,069.61	229.72
	120,069.61	229.72
 Non Current		
Preliminary expenses	27,231.83	
Less: accumulated amortisation		
	27,231.83	
 Note 7: Payables		
Unsecured:		
- Trade creditors	54.00	
	54.00	

Murrumbidgee Financial Services Limited ABN 12 118 357 467

Notes to the Financial Statements

For the period 1 July 2006 to 31 December 2006

2007

2006

Note 8: Tax Liabilities

Current

Taxation	(44.60)	
Deferred Tax (Future Tax Benefit)	(479.40)	(177.00)
	<u>(524.00)</u>	<u>(177.00)</u>

Note 9: Contributed Capital

Ordinary shares at \$1.00 each fully paid	<u>686,208.00</u>	<u>8.00</u>
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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.

Note 10: Remuneration & Retirement Benefits

Directors' Remuneration

No director was paid remuneration or retirement benefits for the period.

Murrumbidgee Financial Services Limited ABN 12 118 357 467
Detailed Income Statement
For the period 1 July 2006 to 31 December 2006

	2007	2006
	\$	\$
Income		
Interest- Bendigo Bank Ltd	5,628.92	2.45
Total income	5,628.92	2.45
Expenses		
Advertising and promotion	2,653.24	354.76
Bank Fees And Charges	20.55	41.30
Insurance- General	160.11	87.88
Interest - Overdraft	161.59	2.40
Legal fees	1,326.60	
Postage	1,446.80	106.36
Printing & stationery	295.38	
Travel, accom & conference	572.85	
Total expenses	6,637.12	592.70
Profit (Loss) from Ordinary Activities before income tax	(1,008.20)	(590.25)

The accompanying notes form part of these financial statements.

Murrumboola Financial Services Limited ABN 12 118 357 467
Independent Auditor Report

Scope

We have audited the financial report, being the Statement by Directors, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of Murrumboola Financial Services Limited for the 6 month period ended 31 December 2006. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

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

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

Independence

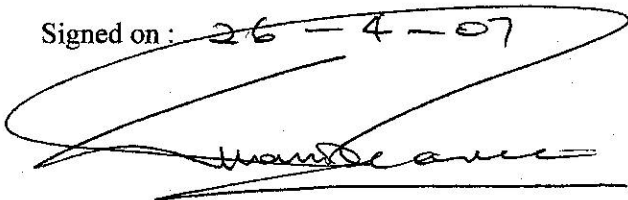
In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration has not changed as at the date of providing our audit opinion.

Audit opinion

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

1. the Corporations Act 2001, including:
 - (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the 6 months ended on that date; and
 - (b) complying with Accounting Standards and the Corporations Regulations; and
2. other mandatory professional reporting requirements.

Signed on : 26-4-07



Grant Pearce, FCA
Grant L Pearce
35 Montague St, Goulburn