

Notice of Annual General Meeting

North Ryde Community Finance Limited

ABN 74 112 673 506

to be held at 10.00 am on Wednesday, 29 November 2006

at Holy Spirit Church Hall
Cox's Road, North Ryde NSW 2113

Ordinary Business

- 1. Receipt of Annual Report**
To receive the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2006.
- 2. Remuneration Report**
To consider, and if thought fit, pass the following resolution as an ordinary resolution: "the Remuneration Report for the Company for the year ended 30 June 2006 be adopted".
- 3. Number of Directors**
To consider and, if thought fit, pass the following resolution pertaining to Clause 51 of the Company's Constitution, as an ordinary resolution;
"the number of directors must not exceed nine (9) unless otherwise determined by general meeting".
- 4. Re-election of Mr J Booth as a Director**
To consider and, if thought fit, pass the following resolution as an ordinary resolution:
"Mr J Booth, who retires from office under Clause 62(1) of the Company's Constitution, be re-elected as a director of the Company".
- 5. Re-election of Mr S Perrin as a Director**
To consider and, if thought fit, pass the following resolution as an ordinary resolution:
"Mr S Perrin, who retires from office under Clause 62(1) of the Company's Constitution, be re-elected as a director of the Company".
- 6. Re-election of Mr R Robinson as a Director**
To consider and, if thought fit, pass the following resolution as an ordinary resolution:
"Mr R Robinson, who retires from office under Clause 62(1) of the Company's Constitution, be re-elected as a director of the Company".

Attending the Meeting

All shareholders may attend the Annual General Meeting.

Joint holders: In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

Corporate shareholder: A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company before the Meeting.

Proxy: If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy.

Voting Rights

Each shareholder is entitled to one vote.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as members as at 5.00 pm on 30 September 2006.

By the order of the Board
Helen Patricia Perrin
Company Secretary
24 October 2006

North Ryde Community Finance Limited
ABN: 74 112 673 506

[Registered Office - Shop 14, 203-213 Cox's Road, North Ryde NSW 2113]

Explanatory Notes

This information has been included to assist you in making an informed decision about the resolutions to be proposed at the meeting.

1. Accounts and Reports

North Ryde Community Finance Limited's financial report and other items referred to in Item 1 will be laid before the meeting in accordance with the Corporations Act. There is no requirement for shareholders to approve those reports. However, the Chairman will allow a reasonable opportunity for members at the meeting to ask questions about, or make comments on the management of the Company. The Chairman will also allow a reasonable opportunity for members at the meeting to ask the auditor or the auditor's representative questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the North Ryde Community Bank Limited in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Written questions to the Company's auditor, about the content of the auditor's report to be considered at the meeting and the conduct of the audit of the annual financial report to be considered at the meeting may be submitted up to five business days before the meeting to:

The Company Secretary
North Ryde Community Finance Limited
Shop 14, 203-213 Cox's Road
North Ryde NSW 2113
Fax No: (02) 9878-3714

The questions will be passed on to the auditor. The auditor is required to prepare a document setting out the questions that are relevant to the above matters and give a copy of the question list to North Ryde Community Finance Limited. At, or before the start of the meeting, copies of the question list will be made available to shareholders attending the Annual General Meeting.

In addition, a reasonable opportunity will be allowed at the meeting for the auditor or their representative to answer the questions that have been submitted.

2. Remuneration Report

The financial statement for the year ended 30 June 2006 contains a Remuneration Report. No director or secretary receives payment for services as a director or committee member.

3. Number of Directors.

The Company's Constitution provides for a maximum of eleven (11) directors unless determined by a general meeting. The directors have given consideration to the size of the Board given the overall scale of the business and recommend that the number of directors should not exceed a total of nine (9).

4. Re-election of Mr J Booth as a Director.

The other directors recommend that shareholders vote in favour of Mr Booth's re-election.

5. Re-election of Mr S Perrin as a Director.

The other directors recommend that shareholders vote in favour of Mr Perrin's re-election.

6. Re-election of Mr R Robinson as a Director.

The other directors recommend that shareholders vote in favour of Mr Robinson's re-election.

Proxy Form

North Ryde Community Finance Limited
ABN: 74 112 673 506

All Correspondence to:
North Ryde Community Finance Ltd
Shop 14, 203-213 Cox's Rd
North Ryde NSW 2113

Mark this box with an 'X' if you have made any changes to your address details.

Appointment of proxy

I/We being a member/s of North Ryde Community Finance Limited and entitled to attend and vote, appoint the person named below or, if no person is named below, the Chairman of the Meeting as my/our proxy to vote in accordance with directions set out below (with a discretion as to any business not referred to below) or, if no directions are given, as my/our proxy sees fit, at the Annual General Meeting of the Company to be held at Holy Spirit Church Hall, Cox's Road, North Ryde NSW 2113 on Wednesday, 29 November 2006 at 10.00 am and at any adjournment of that meeting.

the Chairman
of the meeting
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the meeting.

Voting directions to your proxy - please mark



to indicate your directions.

Ordinary Business

| | For | Against | Abstain* |
|--|--------------------------|--------------------------|--------------------------|
| Item 1. Receipt of financial report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 2. Remuneration report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 3. Number of Directors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 4. Re-election of Mr J Booth as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 5. Re-election of Mr S Perrin as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 6. Re-election of Mr R Robinson as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in working out the required majority on a poll.

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

**Sole Director and
Sole Company Director**

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Chairman's Report

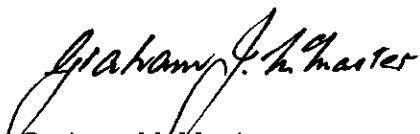
It is a pleasure to report, on behalf of the Board of Directors, on the successful establishment and first year's trading of our Community Bank. As shareholders, we are also aware of the large amount of effort made in the prior year through voluntary efforts of our Steering Committee. An even greater amount of work has been undertaken by your Directors and staff over the past financial year!

Over 1,000 accounts were opened over the period. It is pleasing to note that the company results for the year exceed that which was outlined in the prospectus, with a trading loss of \$165,766 (compared with a forecast trading loss of \$217,183). The deposits raised and loans generated were well in excess of the prospectus forecast. Prudent financial management has meant that costs were well contained. Unfortunately, the expected revenues from Bendigo Bank were significantly less than the prospectus forecast and we have asked Bendigo Bank to review our position. Accordingly, the Directors of North Ryde Community Finance Ltd decided that a dividend should not be paid. Given our first year's performance, we anticipate that we should meet our sales targets for FY2006/07.

It has been no mean feat to establish a start-up community business and have that business operate so successfully in the initial 12 months of trading. It therefore came as no surprise that our North Ryde Community Bank was awarded the most successful of new community banks in the Bendigo network within New South Wales and the ACT.

These achievements can only occur with excellent management of the business, a happy staff and a service-oriented culture who all share in the vision of a community bank. We heartily congratulate our Manager, Lisa Holder, and all her staff for their enthusiasm, commitment and hard work over the past year. Our Treasurer, Mr Russell Robinson and our Company Secretary, Pat Perrin, and all of the Directors have made an enormous voluntary effort on behalf of all shareholders to ensure the success of our Community Bank.

Finally, and most importantly, we thank our North Ryde community for their ongoing support and particularly their patience and understanding during the establishment phase of our Community Bank. With your continued support, we expect an even more successful year during 2006/07.



Graham McMaster
Chairman

Manager's Report

We have completed our first full financial year of trading and what a year it has been for us.

Our aim has been to provide traditional banking in a friendly environment, and this has been achieved through the efforts of our team, Gina Spiliotopoulos, Customer Service Supervisor, Helen Mark, Michelle Stevens and Karen Cranfield. We have received very positive feedback from our customers, confirming that they like the dynamics of the branch.

I believe that our presence is also beginning to be felt in the community by the many activities we have been involved in. Whilst we do not, as yet, have the funds available to make the donations and funding of local projects that we endeavor to offer, we have compensated by freely donating our time and efforts, attending several functions in the North Ryde area, often accompanied by our 'Piggy' mascot and always armed with several hundred balloons for the children.

We have found that our opening hours of 9.00 – 5.00, Monday to Friday and Saturday Mornings, 9.00 – 12.00 are proving to be attractive; and if you couple this with the direct dial number straight into the branch – 9878 5559, our customers are noticing the difference between Bendigo Community Bank and the other organisations. To have the ability to talk to the manager or another staff member, and for them to know who they are dealing with and what they are trying to achieve, is proving to be very refreshing. But what it comes back to is choice, and having the ability to choose how you conduct your banking, whether it be in the branch, over the telephone or via the internet.

So as a Shareholder, if you have not transferred your accounts to us yet, or recommended us to your friends, relatives and business associates, isn't it time that you did?! You can then join the growing number of satisfied customers that have already opened accounts with North Ryde Community Bank. So please call in and see what we have to offer – you'll be pleasantly surprised at the breadth of our banking and non-banking products and services – Not forgetting that the more banking you do at our Community Bank branch, the more your Community will prosper and enjoy the benefits.



Lisa Holder
Branch Manager

Secretary's Report

Listing on the Bendigo Stock Exchange (BSX):

Your Board made a decision last year to proceed with listing on the Bendigo Stock Exchange (BSX). We are delighted that our application to list was approved and we were formally listed on the BSX on 1 September 2005, joining a growing list of community Banks who are becoming listed. Our listing code is "NRC".

Bendigo Stock Exchange (BSX): Information for Shareholders of BSX Listed Community Bank® Companies

Background

❖ *Who is the BSX?*

- History going back to the gold rush.
- Re-established in 2001 and now part of a group incorporating Stock Exchange of Newcastle.
- Licensed by the Australian government and regulated by Australian Securities and Investments Commission.
- Catering specifically to small companies and property funds.

❖ *Who is listed on BSX?*

- Household small company names such as Capilano Honey and Brumby's Bakeries plus other emerging companies.
- Many Bendigo Bank Community Bank® companies.
- Property funds with assets valued at hundreds of millions of dollars.

❖ *Why do companies list on BSX?*

- Transparent market for share trading.
- Higher corporate governance standards.
- Easier access to equity and debt capital.
- More flexible and cheaper than an ASX listing.
- Greater investor confidence.

Shareholder benefits of being listed

- ❖ **Transparent trading, independent of the company.**
- ❖ **Daily market valuation.**
- ❖ **Greater liquidity.**
- ❖ **The Elite**
 - The knowledge that your company is one of only 2,000 listed companies in Australia, **subjecting themselves to higher standards of disclosure and governance.**

- ❖ **Greater investor confidence arising from**
 - Open disclosure
 - Higher profile

How do you trade on BSX?

To trade (buy or sell shares) on BSX, you need to use the services of a BSX Broker. Our brokers have particular interests in emerging companies and rural and regional businesses. Current brokers and their contact details are listed below.

AAA Shares

Telephone: 1800 004 288
Email: health@aaashares.com.au
Contact: Heath Moss

ABN AMRO Morgans

Telephone: 1800 777 946
Email: info@abnamromorgans.com.au
Contacts: Trent Muller / Dominic Hoare

Strategem Financial Group

Telephone: (03) 5445 4777
Email: info@strategem.com.au
Contacts: Kevin Martin / Jim Biles / Des Egan

Trading information including pricing, history, market depth and company announcements are available from the BSX website at www.bsx.com.au



Pat Perrin
Secretary

North Ryde
Community Finance Limited
Financial Statements
as at
30 June 2006

North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Report

Your Directors submit the financial 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:

Graham John McMaster

Chairman

Age: 55

Occupation: CEO

Experience and expertise:

Broad experience in grains and food industries, and research management. CEO of BRI Australia. Fellow of Institute of Company Directors.

Other current [listed company] directorships: Nil

Former [listed company] Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 28,001

Helen Patricia Perrin

Secretary

Age: 70

Occupation: Managing Director

Experience and expertise:

Proprietor of an Aged Care facility. Board member of New Horizons Enterprises, Strong involvement in local community associations including North Ryde Rotary Club.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 42,002

John Francis Booth AM

Director

Age: 74

Occupation: Manager

Experience and expertise:

Varied career in local government, journalism and business in the Ryde Area. Strong involvement in community based organizations including Scouting and Rotary International.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 27,402

Ivan John Petch

Director

Age: 67

Occupation: Mayor of Ryde City Council

Experience and expertise:

Current Mayor (also served two previous terms). Long career in local and State politics. Strong involvement in Lions Club, Red Cross, Legacy. Honorary member North Ryde Rotary and ROMAC patron.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 1,001

Russell Milton Robinson

Treasurer

Age: 54

Occupation: Managing Director

Experience and expertise:

Varied career in commercial management at a national and international level, and current business owner.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Member Remuneration

Committee and Audit Committee

Interests in shares: 32,001

Phillip Warren Perrin ("Steve")

Director

Age: 65

Occupation: Retired Developer

Experience and expertise:

Local resident for over 20 years. Lifetime experience in the building and construction industry. Past President of North Ryde Rotary Club, NSW Chairma of ROMAC and Ryde Citizen of the year 2002.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Member of Facilities

Committee

Interests in shares: 42,002

Ulrike Eichmeyer

Director

Age: 60

Occupation: Manager

Experience and expertise:

Manager of The Weekly Times Newspaper circulating throughout the Ryde area. Strong involvement in local community groups and activities.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 27,402

Julie Joy Powell

Director (Resigned 1/09/2005)

Age: 57

Occupation: Clinical Social Worker

Experience and expertise:

Background in establishing and developing community agencies. Has run own company for 13 years. Served on Boards of Ryde Home Care and New Horizons Enterprises.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 6,001

North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Report

Robert John Talbot

Director

Age: 61

Occupation: Property Consultant

Experience and expertise:

Background in wool broking/agriculture.

Since 2000 has run own property consulting business servicing the commercial and industrial property market.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Member of Facilities Committee

Interests in shares: 21,000

Phillip Matthew Walker

Director

Age: 33

Occupation: Retailer

Experience and expertise:

Proprietor of Butchery in North Ryde.

Active supporter of sporting groups in the North Ryde area.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Member Remuneration Committee and Audit Committee

Interests in shares: 15,001

The company secretary is Mrs Helen Patricia Perrin. Pat was appointed to the position of secretary on 27 January 2005. Pat is the proprietor of an Aged Care facility. She is a Board Member of New Horizons Enterprises, a well known health facility in the Ryde area. She has been involved in a number of community associations, including North Ryde Rotary Club.

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:

| Year ended 30 June 2006 | Year ended 30 June 2005 |
|----------------------------|----------------------------|
| \$ (165,766) | \$ (66,016) |

Remuneration Report

No Director or secretary of the company receives payment for services as a Director or committee member. There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified executives whose remuneration requires disclosure.

Dividends

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

Significant changes in the state of affairs

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

North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Report

Matters subsequent to the end of the financial year

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

Likely Developments

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. 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 Board Meetings <u>eligible to attend</u> | <u>Number attended</u> |
|---|---|-------------------------------|
| Graham John McMaster | 9 | 9 |
| Russell Milton Robinson | 9 | 9 |
| Helen Patricia Perrin | 9 | 9 |
| Phillip Warren Perrin | 9 | 9 |
| John Francis Booth | 9 | 8 |
| Ulrike Eichmeyer | 9 | 7 |
| Ivan John Petch | 9 | 7 |
| Robert John Talbot | 9 | 7 |
| Phillip Matthew Walker | 9 | 7 |
| Julie Joy Powell (<i>Resigned 1 September 2005</i>) | 1 | 1 |

North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Report

Non Audit Services

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

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

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

- a) all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- b) none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors at North Ryde
on 11 September 2006.


Graham John McMaster, Chairman


Russell Milton Robinson, Director

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of North Ryde Community Finance Limited.

As lead auditor for the review of the financial statements of North Ryde Community Finance Limited for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



David Hutchings
Auditor

Andrew Frewin & Stewart

Bendigo VIC 3550

Dated: 12 September 2006

North Ryde Community Finance Limited
ABN 74 112 673 506
Income Statement
for the year ended 30 June 2006

| | <u>Notes</u> | 2006 \$ | 2005 \$ |
|---|--------------|------------------|-----------------|
| Revenues from ordinary activities | 3 | 153,044 | 449 |
| Salaries and employee benefits expense | | (195,928) | (47,736) |
| Occupancy and associated costs | | (66,022) | (2,250) |
| Depreciation and amortisation expense | 4 | (28,316) | (2,223) |
| General administration expenses | | (89,321) | (41,071) |
| Loss from ordinary activities before income tax credit | | (226,543) | (92,832) |
| Income tax credit | 5 | 60,777 | 26,816 |
| Loss from ordinary activities after income tax credit | | (165,766) | (66,016) |
| Loss attributable to members of North Ryde Community Finance Limited | | (165,766) | (66,016) |
| Earnings per share (cents per share) | | | |
| - basic for loss for the year | 19 | (0.16) | (0.08) |

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Balance Sheet
as at 30 June 2006

| | <u>Notes</u> | 2006 \$ | 2005 \$ |
|----------------------------------|--------------|----------------|----------------|
| Current Assets | | | |
| Cash assets | 6 | 454,077 | 410,622 |
| Trade and other receivables | 7 | 1,704 | 41,584 |
| Other assets | 8 | 6,196 | - |
| Total Current Assets | | <u>461,976</u> | <u>452,206</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | 9 | 189,934 | 218,946 |
| Intangibles | 10 | 57,315 | 59,000 |
| Deferred tax assets | 11 | 87,593 | 26,816 |
| Total Non-Current Assets | | <u>334,842</u> | <u>304,762</u> |
| Total Assets | | <u>796,819</u> | <u>756,968</u> |
| Current Liabilities | | | |
| Trade and other payables | 12 | 11,007 | 34,448 |
| Provisions | 13 | 5,555 | 2,447 |
| Total Current Liabilities | | <u>16,562</u> | <u>36,895</u> |
| Total Liabilities | | <u>16,562</u> | <u>36,895</u> |
| Net Assets | | <u>780,257</u> | <u>720,073</u> |
| Equity | | | |
| Contributed equity | 14 | 1,012,038 | 786,089 |
| Accumulated losses | 15 | (231,782) | (66,016) |
| Total Equity | | <u>780,257</u> | <u>720,073</u> |

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Statement of Changes in Equity
for the year ended 30 June 2006

| | 2006 | 2005 |
|---|----------------|----------------|
| | \$ | \$ |
| Total equity at the beginning of the financial year | 720,073 | - |
| Net loss for the year | (165,766) | (66,016) |
| Shares issued during period | 225,949 | 786,089 |
| Total equity at the end of the financial year | <u>780,257</u> | <u>720,073</u> |

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Statement of Cashflows
for the year ended 30 June 2006

| | <u>Notes</u> | 2006 \$ | 2005 \$ |
|---|--------------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash received from customers | | 169,022 | (95,300) |
| Cash paid to suppliers and employees | | (388,115) | - |
| Interest received | | 23,902 | 58 |
| Interest paid | | - | (56) |
| Net outflows from operating activities | 16(b) | <u>(195,191)</u> | <u>(95,298)</u> |
| Cash Flows From Investing Activities | | | |
| Payment for intangible assets | | - | (60,000) |
| Payment for property plant and equipment | | (2,291) | (220,168) |
| Proceeds from property plant and equipment | | 14,988 | - |
| Net cash outflows investing activities | | <u>12,697</u> | <u>(280,168)</u> |
| Cash Flows From Financing Activities | | | |
| Proceeds of share issues | | 225,949 | 832,810 |
| Payment of share issue costs | | - | (46,722) |
| Net cash outflows financing activities | | <u>225,949</u> | <u>786,088</u> |
| Net increase in cash held | | 43,455 | 410,622 |
| Cash at the beginning of the financial year | | 410,622 | - |
| Cash at the end of the financial year | 16(a) | <u>454,077</u> | <u>410,622</u> |

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2006

1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS)

These financial statements are the first North Ryde Community Finance Limited financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The Financial Statements of North Ryde Community Finance Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing North Ryde Community Finance Limited's 2006 financial statements, management amended certain accounting and valuation methods that are applied in the AGAAP financial statements to comply with AIFRS.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRSs on the Company equity and its net income are given in note 20.

Revenue

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

Income tax

Current tax

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

1. Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax

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

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

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

Deferred tax assets and liabilities are offset when they related to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

Goods and services tax

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

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

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

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

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2006

1. Summary of significant accounting policies (continued)

Employee entitlements

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

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

Intangibles

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

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.

Comparative figures

Where required by Accounting Standards comparative figures are adjusted to conform with changes in presentation for the current financial year. However, as this is the first financial reporting year for Acacia Ridge Financial Services Limited, no such comparatives or adjustments to such are disclosed.

Property, plant and equipment

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

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

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

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

North Ryde Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2006

1. Summary of significant accounting policies (continued)

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Payment terms

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

Receivables and Payables

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

Borrowings

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

Provisions

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

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

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2006

1. Summary of significant accounting policies (continued)

Contributed Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

2. Financial Risk Management

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

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

(i) Market Risk

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

(ii) Price Risk

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

(iii) Credit Risk

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

(iv) Liquidity Risk

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

(v) Cash flow and fair value interest rate risk

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

North Ryde Community Finance Limited

ABN 74 112 673 506

Notes to the Financial Statements
for the year ended 30 June 2006

| | 2006 \$ | 2005 \$ |
|--|-----------------|-----------------|
| 3. Revenue from ordinary activities | | |
| Operating activities: | | |
| - margin income | 66,440 | 222 |
| - commissions | 30,133 | 96 |
| - other revenue | 32,570 | 72 |
| Total revenue from operating activities | <u>129,142</u> | <u>390</u> |
| Non-operating activities: | | |
| - interest received | 23,902 | 58 |
| Total revenue from non-operating activities | <u>23,902</u> | <u>58</u> |
| Total revenues from ordinary activities | <u>153,044</u> | <u>448</u> |
| 4. Expenses | | |
| Depreciation of non-current assets: | | |
| - plant and equipment | 4,714 | - |
| Amortisation of non-current assets: | | |
| - franchise agreement | 12,000 | 1,000 |
| - leasehold improvements | 6,038 | 1,223 |
| | <u>22,752</u> | <u>2,223</u> |
| 5. Income tax expense | | |
| The prima facie tax on the loss from ordinary activities before income tax is reconciled to the income tax expense as follows: | | |
| Operating Loss | (226,543) | (92,832) |
| Prima facie tax on profit/(loss) from ordinary activities at 30% | (67,963) | (27,850) |
| Add tax effect of: | | |
| - non-deductible expenses | 7,186 | 1,034 |
| Income tax credit on operating loss | <u>(60,777)</u> | <u>(26,816)</u> |
| Deferred tax asset carried forward | <u>(87,593)</u> | <u>(26,816)</u> |
| 6. Cash assets | | |
| Cash at bank and on hand | 46,408 | 410,622 |
| Term Deposits | 407,669 | - |
| | <u>454,077</u> | <u>410,622</u> |

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2006

| | 2006 | 2005 |
|--|----------------|----------------|
| | \$ | \$ |
| 7. Trade and other receivables | | |
| Trade receivables | 843 | 391 |
| Other receivables | 860 | 41,193 |
| | <u>1,704</u> | <u>41,584</u> |
| 8. Other assets | | |
| Prepaid Insurance | <u>6,196</u> | <u>-</u> |
| 9. Property, plant and equipment | | |
| <i>Plant and equipment</i> | | |
| At cost | 60,255 | - |
| Less accumulated depreciation | (4,714) | - |
| | <u>55,541</u> | <u>-</u> |
| <i>Leasehold improvements</i> | | |
| At cost | 141,654 | 220,169 |
| Less accumulated ammortisation | (7,261) | (1,223) |
| | <u>134,393</u> | <u>218,946</u> |
| Total written down amount | <u>189,934</u> | <u>218,946</u> |
| Movements in carrying amounts: | | |
| <i>Plant and equipment</i> | | |
| Carrying amount at beginning | - | - |
| Additions | 60,255 | - |
| Less: depreciation expense | (4,714) | - |
| Carrying amount at end | <u>55,541</u> | <u>-</u> |
| <i>Leasehold improvements</i> | | |
| Carrying amount at beginning | 218,946 | - |
| Additions | 2,291 | 220,169 |
| Asset reclassification on fit out finalisation | (60,255) | - |
| Refund on fit out finalisation | (14,988) | - |
| Less: ammortisation expense | (11,601) | (1,223) |
| Carrying amount at end | <u>134,393</u> | <u>218,946</u> |
| Total written down amount | <u>189,934</u> | <u>218,946</u> |

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2006

| | 2006 | 2005 |
|--|------------------|-----------------|
| | \$ | \$ |
| 10. Intangible assets | | |
| <i>Franchise Fee</i> | | |
| At cost | 60,000 | 60,000 |
| Less: accumulated amortisation | (13,000) | (1,000) |
| | <u>47,000</u> | <u>59,000</u> |
| <i>Computer Licence</i> | | |
| At cost | 10,315 | - |
| Less: accumulated amortisation | - | - |
| | <u>10,315</u> | <u>-</u> |
| Total written down amount | <u>57,315</u> | <u>59,000</u> |
| 11. Deferred Tax | | |
| Deferred Tax Asset | <u>87,593</u> | <u>26,816</u> |
| 12. Trade and other payables | | |
| Trade Creditors | 10,315 | 33,178 |
| Other Payables | 692 | 1,270 |
| | <u>11,007</u> | <u>34,448</u> |
| 13. Provisions | | |
| Provision for audit | 2,300 | 1,800 |
| Employee provisions | 3,255 | 647 |
| | <u>5,555</u> | <u>2,447</u> |
| Number of employees at year end | <u>3</u> | <u>2</u> |
| 14. Contributed equity | | |
| 1,058,759 Ordinary shares fully paid of \$1 each (2005: 832,810) | 1,058,759 | 832,810 |
| Less: equity raising expenses | (46,721) | (46,721) |
| | <u>1,012,038</u> | <u>786,089</u> |
| 15. Accumulated Losses | | |
| Balance at the beginning of the financial year | (66,016) | - |
| Net loss from ordinary activities after income tax | (165,766) | (66,016) |
| Balance at the end of the financial year | <u>(231,782)</u> | <u>(66,016)</u> |

North Ryde Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2006

| | 2006 | 2005 |
|---|------------------|-----------------|
| | \$ | \$ |
| 16. Statement of cashflows | | |
| (a) Reconciliation of cash | | |
| Cash at bank and on hand | 46,408 | 410,622 |
| Term deposit | 407,669 | - |
| | <u>454,077</u> | <u>410,622</u> |
| (b) Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities | | |
| Loss from ordinary activities after income tax | (165,766) | (66,016) |
| Non cash items: | | |
| - depreciation | 4,714 | - |
| - amortisation | 23,602 | 2,223 |
| Changes in assets and liabilities: | | |
| - decrease in receivables | 39,881 | (41,583) |
| - (increase) in other assets | (66,973) | (26,815) |
| - (decrease) in payables | (30,648) | 36,893 |
| Net cashflows used in operating activities | <u>(195,191)</u> | <u>(95,298)</u> |
| 17. Auditors' remuneration | | |
| Amounts received or due and receivable by the auditor of the company for: | | |
| - audit & review services | 3,250 | 1,800 |
| - other services in relation to the company | 1,056 | 3,389 |
| | <u>4,306</u> | <u>5,189</u> |

18. Director and Related party disclosures

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

Graham John McMaster
Russell Milton Robinson
Helen Patricia Perrin
Phillip Warren Perrin
John Francis Booth AM
Ulrike Eichmeyer
Ivan John Petch
Robert John Talbot
Phillip Matthew Walker
Julie Joy Powell (*Resigned 1 September 2005*)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

North Ryde Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2006

| Directors shareholdings | <u>2006</u> | <u>2005</u> |
|---|--------------------|--------------------|
| Graham John McMaster | 20,001 | 20,001 |
| Russell Milton Robinson | 27,001 | 27,001 |
| Helen Patricia Perrin | 5,001 | 5,001 |
| Phillip Warren Perrin | 5,001 | 5,001 |
| John Francis Booth AM | 26,401 | 1,401 |
| Ulrike Eichmeyer | 1,001 | 1,001 |
| Ivan John Petch | 1,001 | 1,001 |
| Robert John Talbot | 21,000 | 10,001 |
| Phillip Matthew Walker | 15,001 | 15,001 |
| Julie Joy Powell (<i>Resigned 1 September 2005</i>) | 6,001 | 6,001 |

Mr John Booth purchased an additional 25,000 shares and Mr Bob Talbot purchased a further 10,999 shares during the financial year. There was no other movement in directors shareholdings during the year. Each share held is valued at \$1 and is fully paid.

19. Earnings per Share

| | | |
|---|--------------------|--------------------|
| Losses per share for the financial year were: | $\frac{c}{(0.16)}$ | $\frac{c}{(0.08)}$ |
|---|--------------------|--------------------|

20. Reconciliation and equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under AIFRS

Entities complying with AIFRS for the first time are required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS would be made, retrospectively, against opening retained earnings as at 1 July 2004.

In the Company's opinion, there have been no material impacts in relation to the financial report for the year ended 30 June 2006. There are no impacts to be disclosed.

Impact on the income statement

Nil

Impact on the balance sheet

Nil

21. Subsequent events

There have been no events after the end of the financial year that would materially affect the financial statements.

22. Contingent liabilities

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

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2006

23. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being North Ryde and district, New South Wales.

24. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office

Shop 14
203-213 Cox's Road
North Ryde NSW 2113

Principal place of business

Shop 14
203-213 Cox's Road
North Ryde NSW 2113

25. Financial Instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

| Financial instrument | Floating interest rate | | Fixed interest rate maturing in | | | | | | Non interest bearing | | Weighted average effective interest rate | | |
|------------------------------|------------------------|---------|---------------------------------|-------------------|---|--------------|---|---------|----------------------|--------|--|------|------|
| | 2006 \$ | 2005 \$ | 1 year or less | Over 1 to 5 years | | Over 5 years | | 2006 \$ | 2005 \$ | 2006 % | 2005 % | | |
| Financial assets | | | | | | | | | | | | | |
| Cash assets | 46,408 | 410,622 | - | - | - | - | - | - | - | - | - | 0.05 | 2.50 |
| Term deposits | - | - | 407,669 | - | - | - | - | - | - | - | - | 5.40 | - |
| Receivables | - | - | - | - | - | - | - | - | - | 1,704 | 41,584 | N/A | N/A |
| Financial liabilities | | | | | | | | | | | | | |
| Payables | - | - | - | - | - | - | - | - | - | 692 | 34,448 | N/A | N/A |

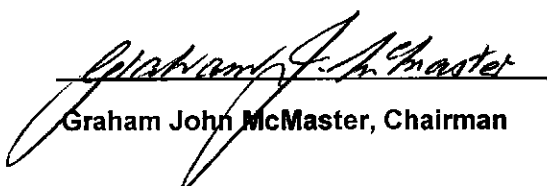
North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Declaration

In accordance with a resolution of the directors of North Ryde Community Finance Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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


Graham John McMaster, Chairman


Russell Milton Robinson, Director

Signed on the // th of September 2006.

INDEPENDENT AUDIT REPORT

To the members of North Ryde Community Finance Limited

Scope

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes and the directors' declaration for North Ryde Community Finance Limited for the financial year ended 30 June 2006.

The company has disclosed information about the compensation of key management personnel ("compensation disclosures"), as required by Accounting Standard AASB 124 Related Party Disclosures ("AASB 124") under the heading "remuneration report" in the directors' report as permitted by the ASIC class order 06/50. These compensation disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial 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. The directors are also responsible for the compensation disclosures contained in the directors' report.

Audit approach

We have conducted an independent audit of the financial report and compensation disclosures in order to express an opinion on them 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 and the compensation disclosures comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, 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 form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 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, its changes in equity and their cash flows and whether the compensation disclosures comply with AASB 124.

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 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.

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

Audit Opinion

In our opinion:

1. the financial report of North Ryde Community Finance Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations; and
2. the compensation disclosures that are contained in the directors' report under the heading "remuneration report" comply with Accounting Standard AASB 124 *Related Party Disclosures*.


DAVID HUTCHINGS

ANDREW FREWIN & STEWART

61-65 Bull Street, Bendigo, VIC 3550

Dated this 12th day of September 2006

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 September 2006.

A. Corporate Governance Statement

The Board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

The Board recognizes the importance of a strong corporate governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our Company into the future. We believe that building policy framework will assist clarify the future direction of our local Company provide accountability and transparency and ensure there are guiding principles in place for future decision making.

The Board has set up an Audit Committee, a Remuneration Committee and a Facilities Committee, and is in the process of putting policies and procedures in place to cover major management issues such as asset management, business expansion, share trading and financial management.

B. Substantial Shareholders — Ten Largest Shareholders

| | Ordinary Shares | |
|--|-----------------|---------------|
| | Number | % |
| 1. St Joachims Pty Ltd (St Joachims P/L Super Fund) | 30,000 | 2.83% |
| 2. Mr. John Mansfield Connery & Mrs. Helen Marie Connery | 30,000 | 2.83% |
| 3. Mr. Russell Milton Robinson | 27,001 | 2.55% |
| 4. Mr. John Francis Booth | 26,401 | 2.49% |
| 5. Mr. Sol Cohen | 22,000 | 2.08% |
| 6. Mr. Robert John Talbot | 21,000 | 1.98% |
| 7. Mr. Graham John McMaster | 20,001 | 1.89% |
| 8. Mr. Ern Billett (Billett Superannuation Fund) | 20,000 | 1.89% |
| 9. Mr. GI & VJ Hilzinger Pty Ltd | 20,000 | 1.89% |
| 10. Caspers Cloud Ventures Pty Ltd | 20,000 | 1.89% |
| 11. Mrs. Jacqueline Alway | 20,000 | 1.89% |
| 12. Mr. Stuart Llewellyn Lloyd | 20,000 | 1.89% |
| | 276,403 | 26.10% |

C. Voting Rights

Each shareholder has one vote.

BSX Report (continued)

D. Distribution of Shareholders

The number of shareholders, by size of holding, is:

| | Number of Holders | Ordinary Shares Number of Shares |
|-----------------|--------------------------|---|
| 1-1,000 | 165 | 130,150 |
| 1,001- 5,000 | 135 | 438,402 |
| 5,001- 10,000 | 17 | 140,003 |
| 10,001- 100,000 | 18 | 350,204 |
| Total | 335 | 1,058,759 |

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

E. Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors will be reviewed annually by the chairperson. Directors whose performance is unsatisfactory will be asked to retire.

The Board and Directors aim to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

F. Address and telephone number of the office at which securities register is kept:

Bendigo Bank Limited
Share Registry Office
Fountain Court
BENDIGO 3552

Telephone: 03 5433 9339

G. Company Secretary & Registered office

Helen Perrin (Pat)
Company Secretary

Shop 13
203-213 Cox's Road
North Ryde NSW 2113

Telephone: 02 9878 5559
Facsimile: 02 9878 3714