

North Ryde Community Finance Limited
29th November 2006

TREASURER'S REPORT – Russell M Robinson

Ladies and Gentlemen

It gives me great pleasure to again report to you on the performance of our still very young Baby Bendigo - now a toddler and blossoming delightfully.

It is eight months since we last reported to you at an Annual General Meeting, and at that time, Baby Bendigo was very young and had only been in existence for a few months, and our Offer of Shares had not yet closed.

Now we have had just over eighteen months of operation, including our first full year, the results of which were sent to you with our Annual Report.

Shares

In terms of shares and shareholdings, I am pleased to be able to report that our share issue closed on 18th April 2006, and we now have a total of 336 shareholders who invested \$1,058,759 into the venture.

So let me summarize for you our results for the financial year 2005-2006:

Portfolio Size

When I consider how much Baby Bendigo has grown, it reminds me of that wonderful, heart warming song by Maurice Chevalier, who sang ...' Thank Heaven for Little Girls ... for little girls get bigger every day!'

We recorded \$32 million on deposit at the end of the financial year. When we compare this \$32 million with a prospectus target of just under \$27 million, we see that the portfolio size at year end was more than \$5 million over the first year's target, or 119.5% of target.

Such a result would make any parent beam with pleasure and appreciation.

Revenues

Because of timing and product mix issues, our revenues from Bendigo Bank fell short of the prospectus forecast. However, when Other Income from our term deposits is included, total revenues for the period fell short of the prospectus estimate for the year by only \$20,000.

Expenses

On the expenses side, with judicious savings on both employee expenses and occupancy costs, total expenses were some \$100,000 less than forecast, which meant that we finished with an Operating loss after tax of \$165,766, or about \$50,000 better than our prospectus forecast.

So, “so far so good”.

Since the close of the financial year in June, 2006, I am also pleased to report that the Portfolio size has further grown significantly, and is currently sitting at almost \$44,000,000. This represents a very healthy growth of \$12 million in the past 5 months. This total of customer loans and deposits that we are currently managing, is already 10 % greater than the Prospectus target for year end 2006-2007 of \$40,114,000.

So again, we can feel confident about the prospects for our overall performance this financial year.

Which reminds me of that song about little girls again ... with Maurice Chevalier singing ... ‘Thank heaven for little girls ... they grow up in the most delightful way ...’

Which is just what is happening to our Bendigo Baby , because -

For the first time we have had an individual profitable month, and we believe that we have now reached the stage where the company should be regularly returning a profit on a monthly basis.

This isn't bad after only eighteen months of operation, and this result is again ahead of the forecast, which suggested that this would happen sometime during the **third** year of operation.

Looks like our Baby Bendigo is achieving her milestones well in advance of our expectations and like all loving parents, we can feel proud of these gains.

So, we can boast about our Baby Bendigo, who, after eighteen months is a well balanced happy child, walking and talking, and enjoying the community and all it has to offer.

And most importantly, thanks in part to the guidance and support she has received, she has started to find her own way in the world. She is beginning to cost her parents significantly less and is starting to earn enough money to pay her own way.

She looks to the future with optimism, but, as parents, we have to understand that there could still be a few spills for her along the way to maturity.