

**North Ryde
Community Finance Limited**

Financial Statements

as at

30 June 2007

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 2007.

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: 56

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 directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Nil

Interests in shares: 28,001

Russell Milton Robinson

Treasurer

Age: 55

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

Interests in shares: 40,001

Helen Patricia Perrin

Secretary

Age: 71

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

Phillip Warren Perrin ("Steve")

Director

Age: 66

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 Chairman of ROMAC and Ryde Citizen of the year 2002.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Facilities Committee

Interests in shares: 42,002

John Francis Booth AM

Director

Age: 75

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

Ulrike Eichmeyer

Director

Age: 62

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

Ivan John Petch

Director

Age: 68

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

Robert John Talbot

Director

Age: 62

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: Facilities Committee

Interests in shares: 21,000

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Directors' Report

Directors (continued)

Phillip Matthew Walker

Director

Age: 34

Occupation: Retailer

Experience and expertise:

Proprietor of Butchery in North Ryde.

Active supporter of sporting groups in the North Ryde

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Member Remuneration

Interests in shares: 15,001

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

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

Company Secretary

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 facilitating 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 2007	Year ended 30 June 2006
<u>\$</u>	<u>\$</u>
(6,436)	(165,766)

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.

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.

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 facilitating banking services to the community.

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Directors' Report

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 Manager 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 eligible to attend	Number attended
Graham John McMaster	7	7
Russell Milton Robinson	7	7
Helen Patricia Perrin	7	7
Phillip Warren Perrin	7	7
John Francis Booth AM	7	4
Ulrike Eichmeyer	7	6
Ivan John Petch	7	4
Robert John Talbot	7	6
Phillip Matthew Walker	7	5

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:

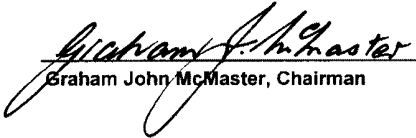
- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or 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.

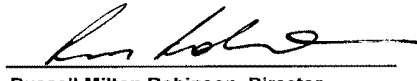
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Directors' Report

Auditors' Independence declaration

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, Victoria on 7 September 2007.


Graham John McMaster, Chairman


Russell Milton Robinson, Director



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ABN 51 061 795 357

Auditor's Independence Declaration

As lead auditor for the audit of the financial statements of North Ryde Community Finance Limited the year ended 30 June 2007, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'David Hutchings', is written over a horizontal line.

David Hutchings
Auditor
Andrew Frewin & Stewart

Bendigo
7 September 2007

North Ryde Community Finance Limited
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Income Statement
for the year ended 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Revenues from ordinary activities	3	472,243	153,044
Salaries and employee benefits expense		(228,261)	(195,928)
Advertising and promotion expenses		(1,573)	(765)
Occupancy and associated costs		(68,145)	(66,022)
Systems costs		(20,934)	(19,808)
Depreciation and amortisation expense	4	(26,207)	(28,316)
General administration expenses		(141,428)	(68,748)
Loss before income tax credit		(14,306)	(226,543)
Income tax credit	5	7,870	60,777
Loss for the period		(6,436)	(165,766)
Loss attributable to members of the entity		(6,436)	(165,766)
Earnings per share (cents per share)		<u>c</u>	<u>c</u>
- basic for profit for the year	18	(0.006)	(0.16)

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 2007

	<u>Notes</u>	2007 \$	2006 \$
Current Assets			
Cash assets	6	445,855	454,077
Trade and other receivables	7	76,492	7,899
Total Current Assets		<u>522,346</u>	<u>461,976</u>
Non-Current Assets			
Property, plant and equipment	8	185,104	189,934
Intangible assets	9	35,000	57,315
Deferred tax assets	10	95,463	87,593
Total Non-Current Assets		<u>315,567</u>	<u>334,842</u>
Total Assets		<u>837,914</u>	<u>796,819</u>
Current Liabilities			
Trade and other payables	11	57,004	13,307
Provisions	12	7,088	3,255
Total Current Liabilities		<u>64,092</u>	<u>16,562</u>
Total Liabilities		<u>64,092</u>	<u>16,562</u>
Net Assets		<u>773,822</u>	<u>780,257</u>
Equity			
Contributed equity	13	1,012,038	1,012,038
Accumulated losses	14	(238,217)	(231,782)
Total Equity		<u>773,822</u>	<u>780,257</u>

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
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Statement of changes in equity
for the year ended 30 June 2007

	2007	2006
	\$	\$
Total equity at the beginning of the financial year	780,258	720,073
Net income/expense recognised directly in equity	-	-
Net profit/(loss) for the year	(6,436)	(165,766)
Shares issued during period	-	225,949
Costs of issuing shares	-	-
Dividends provided for or paid	-	-
Total equity at the end of the financial year	<u><u>773,822</u></u>	<u><u>780,257</u></u>

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
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 Statement of Cashflows
 for the year ended 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Cash flows from operating activities			
Receipts from customers		452,092	169,022
Payments to suppliers and employees		(472,348)	(388,115)
Interest received		21,411	23,902
Net cash inflow/(outflow) from operating activities	15	1,155	(195,191)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(9,377)	(2,291)
Proceeds from property, plant and equipment		-	14,988
Net cash inflow/(outflow) from investing activities		(9,377)	12,697
Cash Flows From Financing Activities			
Proceeds from issue of shares		-	225,949
Net cash inflow/(outflow) from financing activities		-	225,949
Net increase/(decrease) in cash held		(8,222)	43,455
Cash at the beginning of the financial year		454,077	410,622
Cash at the end of the financial year	6(a)	445,855	454,077

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 2007

1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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.

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.

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)

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Notes to the Financial Statements
for the year ended 30 June 2007

Income tax (continued)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on 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 there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company/consolidated entity intends to settle its 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.

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

1. Summary of significant accounting policies (continued)

North Ryde Community Finance Limited
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Notes to the Financial Statements
for the year ended 30 June 2007

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

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

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

Trade 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 initially 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.

Contributed Equity

Ordinary shares are 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.

1. Summary of significant accounting policies (continued)

Earnings per Share

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Notes to the Financial Statements
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Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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.

3. Revenue from ordinary activities	2007	2006
	\$	\$
Operating activities:		
- services commissions	381,060	96,572
- other revenue	67,350	32,570
Total revenue from operating activities	<u>448,410</u>	<u>129,142</u>
Non-operating activities:		
- interest received	23,833	23,902
Total revenue from non-operating activities	<u>23,833</u>	<u>23,902</u>
Total revenues from ordinary activities	<u>472,243</u>	<u>153,044</u>

4. Expenses	2007	2006
	\$	\$
Depreciation of non-current assets:		
- plant and equipment	7,304	4,714

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for the year ended 30 June 2007

- leasehold improvements	6,903	11,602
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	<u>26,207</u>	<u>28,316</u>

5. Income tax expense

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

Operating loss	(14,306)	(226,543)
Prima facie tax on loss from ordinary activities at 30%	(4,292)	(67,963)
Add tax effect of:		
- non-deductible expenses	3,620	3,600
- timing difference expenses	1,211	782
- blackhole expenses	(2,803)	2,803
- understatement from prior period	(5,606)	-
Income tax credit on operating loss	<u>(7,870)</u>	<u>(60,777)</u>
Deferred tax asset carried forward	<u>95,463</u>	<u>87,593</u>

6. Cash assets

Cash at bank and on hand	16,787	46,408
Term Deposits	429,068	407,669
	<u>445,855</u>	<u>454,077</u>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash

Cash at bank and on hand	16,787	46,408
Term deposit	429,068	407,669
	<u>445,855</u>	<u>454,077</u>

7. Trade and other receivables

Trade receivables	70,336	843
Prepayments	6,156	7,056
	<u>76,492</u>	<u>7,899</u>

8. Property, plant and equipment

Plant and equipment

At cost	69,632	60,255
Less accumulated depreciation	(11,617)	(4,714)
	<u>58,015</u>	<u>55,541</u>

Leasehold improvements

At cost	141,654	141,654
Less accumulated depreciation	(14,565)	(7,261)
	<u>127,089</u>	<u>134,393</u>

Total written down amount	<u>185,104</u>	<u>189,934</u>
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	2007	2006
	\$	\$

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	55,541	-
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Additions	9,377	60,255
Disposals	-	-
Less: depreciation expense	(6,903)	(4,714)
Carrying amount at end	<u>58,015</u>	<u>55,541</u>

Leasehold improvements

Carrying amount at beginning	134,393	218,946
Additions	-	2,291
Asset reclassification on fit out finalisation	-	(60,255)
Refund on fit out finalisation	-	(14,988)
Less: depreciation expense	(7,304)	(11,601)
Carrying amount at end	<u>127,089</u>	<u>134,393</u>

Total written down amount	<u>185,104</u>	<u>189,934</u>
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9. Intangible assets

Franchise Fee

At cost	60,000	60,000
Less: accumulated amortisation	(25,000)	(13,000)
	<u>35,000</u>	<u>47,000</u>

Computer Licence

At cost	-	10,315
Less: accumulated amortisation	-	-
	<u>-</u>	<u>10,315</u>

Total written down amount	<u>35,000</u>	<u>57,315</u>
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10. Deferred Tax

Deferred Tax Asset		
Tax losses - revenue	<u>95,463</u>	<u>87,593</u>

11. Trade and other payables

Trade Creditors	46,944	10,315
Other creditors & accruals	10,060	2,992
	<u>57,004</u>	<u>13,307</u>

12. Provisions

Employee benefits	<u>7,088</u>	<u>3,255</u>
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Number of employees at year end	<u>4</u>	<u>3</u>
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13. Contributed equity

1,058,759 Ordinary shares fully paid of \$1 each (2006: 1,058,759)	1,058,759	1,058,759
Less: equity raising expenses	(46,721)	(46,721)
	<u>1,012,038</u>	<u>1,012,038</u>

	2007	2006
	\$	\$
14. Accumulated losses		
Balance at the beginning of the financial year	(231,782)	(66,016)
Net loss from ordinary activities after income tax	(6,436)	(165,766)

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Balance at the end of the financial year	(238,218)	(231,782)
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15. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities

Loss from ordinary activities after income tax	(6,436)	(165,766)
Non cash items:		
- depreciation	14,207	4,714
- amortisation	12,000	23,602
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(68,593)	39,881
- (increase)/decrease in other assets	(7,870)	(66,973)
- increase/(decrease) in payables	54,014	(30,648)
-increase/(decrease) in provisions	3,833	-
Net cashflows provided by/(used in) operating activities	1,155	(195,191)

16. Auditors' remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit & review services	4,000	3,250
- non audit services	2,000	1,056
	6,000	4,306

17. 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

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.

17. Director and Related party disclosures (continued)

Directors shareholdings	<u>2007</u>	<u>2006</u>
Graham John McMaster	28,001	28,001
Russell Milton Robinson	40,001	32,001
Helen Patricia Perrin	42,002	42,002
Phillip Warren Perrin	42,002	42,002

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2007

John Francis Booth AM	27,402	27,402
Ulrike Eichmeyer	27,402	27,402
Ivan John Petch	1,001	1,001
Robert John Talbot	21,000	21,000
Phillip Matthew Walker	15,001	15,001

Russell Milton Robinson purchased 8000 shares during the year. There was no further movement in directors shareholdings during the year. Each share held is valued at \$1.

18. Earnings per Share	2007	2006
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	(6,436)	(165,766)
	<u>2007</u>	<u>2006</u>
	<u>Number</u>	<u>Number</u>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,058,759	1,058,759

19. Events occurring after the balance sheet date

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

20. Contingent liabilities

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

21. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being North Ryde and district, New South Wales.

22. Registered office/Principal place of business

The registered office and principal place of business is:

<u>Registered office</u>	<u>Principal place of business</u>
Shop 14	Shop 14
203-213 Cox's Road	203-213 Cox's Road
North Ryde NSW 2113	North Ryde NSW 2113

23. 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	
	2007	2006	1 year or less		Over 1 to 5 years		Over 5 years		2007	2006	2007	2006
	\$	\$	2007	2006	2007	2006	2007	2006	\$	\$	%	%
Financial assets												
Cash assets	16,787	46,408	-	-	-	-	-	-	-	-	0.05	0.05
Term deposits	-	-	429,068	407,669	-	-	-	-	-	-	5.70	5.40
Receivables	-	-	-	-	-	-	-	-	70,336	1,704	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	57,004	692	N/A	N/A

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

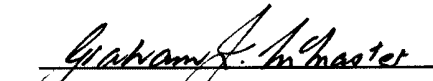
In accordance with a resolution of the directors of North Ryde Community Finance Limited, we state that:

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 2007 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.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the *Corporations Regulations 2001*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act*.

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 7th of September 2007.



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au

ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of North Ryde Community Finance Limited

We have audited the accompanying financial report of North Ryde Community Finance Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility


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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the financial report of North Ryde Community Finance Limited is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of North Ryde Community Finance Limited as of 30 June 2007, and of its financial performance and its cash flows for the year then ended and Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.


DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 7th day of September 2007

Chairman's Report

It is a pleasure to report on behalf of the Board of Directors on a successful second year's trading of our Community Bank. The year to 30 June 2007 allowed consolidation of the business for our shareholders and for the community. Your Directors have been nurturing the original vision in establishing a bank for the Ryde Community. They have undertaken a large amount of volunteer work and have certainly met their commitments to the shareholders and community over the past financial year in nurturing the original vision of a viable community bank.

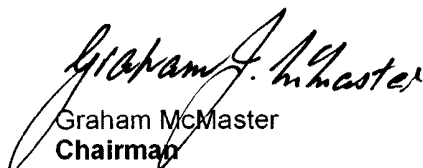
We now have over 1,900 accounts (up from 1,000 last year). It is also pleasing to note that the company results for the year are in alignment with that outlined in the original prospectus. A trading loss of \$6,436 compared with a forecast trading profit of \$3,645 was achieved. Our total portfolio as at 30 June 2007 was \$44,015,199. This exceeded our prospectus forecast of \$40,114,178. Again, prudent financial management has meant that costs were well contained. In essence, we have achieved a "break-even" position over 26 months of trading since our community bank was first established. We have a strong platform on which to build the business over the next few years and be in a position to meet our sales targets for FY07/08. The Directors of North Ryde Community Finance Limited have decided that a dividend will not be paid this year.

Our shares are now actively trading on the Bendigo Stock Exchange (BSX). Brokers registered with the BSX and their contact details are provided in the Secretary's Report should you wish to buy/sell shares.

Our inaugural Manager, Lisa Holder, resigned during the year to take maternity leave and our new General Manager, Kyle Newman, was appointed as an employee of North Ryde Finance Limited during the period. We thank Lisa for her contribution through the start-up phase of the business and extend a warm welcome to Kyle as our new General Manager. Kyle has strong banking experience in major banks and has settled into his new position extremely well. Please feel free to introduce yourself to Kyle who is happy to assist you with a wide range of banking and finance needs.

On behalf of the Board of Directors, congratulations to all our staff who have worked so hard together as a team to ensure the success of our Community Bank – they have been just great!

Finally and most importantly, a big thank you goes to our Ryde and North Ryde community for their ongoing support and commitment to the vision of a first-class community bank that seeks to understand and care about our customers and clients.



Graham McMaster
Chairman

General Manager's Report

During the initial stages of my role as General Manager I have focused on building and maintaining relationships with existing customers and familiarising myself with Bendigo Bank's products, systems, policies and procedures. A conscious effort has been made to restore any relationships that have wavered due to the change in management. This has been a successful transition and it is my intention to continue to build on these important relationships to ensure referrals and repeat business.

Existing staff have played an integral part in the success of the North Ryde Branch due to there varied and extensive experience in the Banking Industry. Continuous training and mentoring is key to ensuring the ongoing commitment and retention of current staff.

Significant employee savings have also been achieved through the re- adjustment of staffing levels and rosters. Other budgeting opportunities are being explored on an ongoing basis whilst being mindful of not cost cutting at the expense of quality.

Moving forward, several contacts have been secured with local real estates and other businesses for the purpose of referring ongoing business, and I am encouraged by the positive feedback and initial business that it has brought. A client database has been created to ensure regular contact and customer information is recorded and staff have a better understanding of requirements and product recommendations.

We are working hard to ensure that we retain and build on our existing client base by improving our share of wallet. This is being achieved by ensuring that we meet the needs of our new and existing clients.

Personally, I am very excited about the opportunities that have been presented to the Community Bank via the closure of the Top Ryde Shopping area. Our new account numbers are increasing due to this and we are rapidly approaching 2000 customers which will present new opportunities for lending and deposit growth.

I look forward to seeing you in the North Ryde Community Bank.

Yours Sincerely


Kyle Newman
General Manager

Secretary's Report

Listing on the Bendigo Stock Exchange (BSX):

North Ryde Community Finance Ltd was formally listed on the Bendigo Stock Exchange (BSX) on 1 September 2005, joining a growing list of community Banks who are becoming listed. Our listing code is "NRC". Our company's official notices and trading history are all listed on the BSX.

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 North Ryde Community Finance Ltd's stock (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. Our code is "NRC".



Pat Perrin
Secretary

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 7 October 2007.

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. Mr. Russell Milton Robinson	36,001	3.40%
2. St Joachims Pty Ltd (St Joachims P/L Super Fund)	30,000	2.83%
3. Mr. John Mansfield Connery & Mrs. Helen Marie Connery	30,000	2.83%
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%
	285,403	26.96%

C. Voting Rights

Each shareholder has one vote.

BSX Report (continued)

D. Distribution of Shareholders

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

	Ordinary Shares	
	Number of Holders	Number of Shares
1-1,000	165	130,150
1,001- 5,000	136	440,402
5,001- 10,000	17	138,003
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:

North Ryde Community Finance Limited
203-213 Cox's Road
North Ryde NSW 2113

Telephone: 02 9878 5559
Facsimile: 02 9878 3714

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

Notice of Annual General Meeting

North Ryde Community Finance Limited

ABN 74 112 673 506

to be held at 10.00 am on Wednesday, 28 November 2007

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 2007.

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 2007 be adopted".

3. Re-election of Ms U Eichmeyer as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution: "Ms U Eichmeyer, who retires from office under Clause 62(1) of the Company's Constitution, be re-elected as a director of the Company".

4. Re-election of Mr R Talbot as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution: "Mr R Talbot, 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 M Walker as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution: "Mr M Walker, 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 2007.

By the order of the Board
Helen Patricia Perrin
Company Secretary
24 October 2007

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 2007 contains a Remuneration Report. No director or secretary receives payment for services as a director or committee member.

3. Re-election of Ms U Eichmeyer as a Director.

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

4. Re-election of Mr R Talbot as a Director.

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

5. Re-election of Mr M Walker as a Director.

The other directors recommend that shareholders vote in favour of Mr Walker'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, 28 November 2007 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. Re-election of Ms U Eichmeyer as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4. Re-election of Mr R Talbot as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5. Re-election of Mr M Walker 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