

San Remo District Financial Services Limited

ACN 102 770 150

**San Remo District
COMMUNITY BANK[®] BRANCH OF BENDIGO BANK LIMITED**

INFORMATION MEMORANDUM

**for an application for admission to the Official List
of the Bendigo Stock Exchange**

IMPORTANT NOTICE

This Information Memorandum, dated 19 December 2005 has been prepared by San Remo District Financial Services Limited ACN 102 770 150 in connection with its application for listing and quotation of its shares on the Bendigo Stock Exchange. This document is not a prospectus and it will not be lodged with the Australian Securities and Investments Commission under the Corporations Act. It does not constitute or contain any offer of shares for subscription or purchase or any invitation to subscribe for or buy shares.

Bendigo Stock Exchange does not take any responsibility for the contents of this Information Memorandum. The fact that Bendigo Stock Exchange may admit San Remo District Financial Services Limited to the official list is not to be taken in any way as an indication of the merits of San Remo District Financial Services Limited.

Shareholders with enquiries about this information should contact San Remo District Financial Services Limited on (03) 5678 5833.

Table of Contents

Letter from the Chairman of San Remo District Financial Services Limited

1.	Investment Overview	1- 2
1.1	Purpose of the Information Memorandum	1
1.2	Description of the Listing Process	1
1.3	Capital Structure	1
1.4	Listing on the Bendigo Stock Exchange	2
1.5	Supplementary Information Memorandum	2
2.	Directors	3 - 5
3.	Bendigo Bank Franchise	6 - 12
3.1	Bendigo Bank	6
3.2	Community Banking™ Project	6 - 7
3.3	Community Interest (Our Beginnings)	7 - 8
3.4	Activities of Company	8 - 9
3.5	Benefits of Franchise Arrangements	10
3.6	Duration of Franchise	10 - 11
3.7	Restrictions on Operations	11 - 12
3.8	The Company's Board of Directors	12
4.	Financial information	12
4.1	Profit and Loss Statement: Year ended 30 June 2005	12
4.2	Balance Sheet as at 30 June 2005	12
5.	Risk factors	13 - 18
5.1	Introduction	13
5.2	Investment Risk	13 - 15
5.3	Business Risks	16
5.4	Relationship with Bendigo Bank	17
5.5	Other Factors	17 - 18
6.	Franchise Agreement	18 - 20
7.	Additional Information	20 - 27
7.1	Constitution	20
7.2	Rights Attaching to Shares	20 - 22
7.3	Prohibited Shareholding Interest	22 - 23
7.4	Taxation Implications	23 - 24
7.5	Directors' Interests	24 - 25
7.6	Disclosure of Interests	25
7.7	BSX Waivers	25 - 27
7.8	Consents	27
8.	Definitions	28

SAN REMO DISTRICT FINANCIAL SERVICES LIMITED

(ACN 102 770 150)

This Information Memorandum outlines the existing operations of the Company. The Company operates the San Remo District Community Bank[®] Branch of Bendigo Bank. The branch was established as part of the Bendigo Bank Community Banking[™] project, the terms of which are outlined in this document.

I encourage you to read this Information Memorandum closely, so that you understand the nature and prospects of the business.

The Directors will lodge this Information Memorandum with the Bendigo Stock Exchange in connection with the Company's application for listing and quotation of Shares on the Bendigo Stock Exchange. This application is being made in order to facilitate a secondary market for the trade of Shares (subject to the rules regarding share ownership described in the Company's Constitution and this Information Memorandum). Further details are set out in this Information Memorandum.

Our decision to proceed with this application was based on the Directors' belief that the trading of Shares in the Company should take place in an open and transparent market, and that it is in the best interests of the Company to do so.

Yours sincerely,

Terence Stirling Ashenden

Chairman, San Remo District Financial Services Limited

1. Overview

1.1 Purpose of the Information Memorandum

This Information Memorandum has been prepared by the Company in connection with its application for listing, and quotation of its Shares, on the Bendigo Stock Exchange.

Under a Franchise Agreement with Bendigo Bank, the Company has established and manages the San Remo District Community Bank[®] Branch of Bendigo Bank as a "franchise" of Bendigo Bank. The franchise arrangements and the business of the Company are described in detail in this Information Memorandum, especially Sections 3 and 6.

Please Note: This document is not a prospectus lodged with the Australian Securities and Investments Commission under the Corporations Act. It does not contain any offer of Shares for subscription or purchase or any invitation to subscribe for or buy Shares. This document relates to the proposed listing of the Company – not Bendigo Bank.

1.2 Description of the Listing Process

Under the BSX Listing Rules, each company applying for listing and quotation of its shares must either issue a prospectus or it must provide to the BSX a listing memorandum containing the information required by the BSX Listing Rules.

1.3 Capital Structure

There are currently 650,011 ordinary shares in the Company on issue. Of these, 650,000 were issued on 11 February 2003 under the Prospectus at an issue price of \$1.00 per Share.

The Company has not raised any capital for the three months before the date of this Information Memorandum and does not need to raise any capital for three months after the date of this Information Memorandum.

The capital structure of the Company is as follows:

	Ordinary Shares
Initial subscriber shares issued to the directors	11
Shares issued pursuant to the Company's Prospectus	650,000
TOTAL	650,011

It should be noted that, pursuant to the Constitution of the Company, each shareholder is entitled to only one vote, regardless of the number of Shares held. The Constitution also prohibits a shareholder from controlling or owning 10% or more of the Company.

The voting rights attaching to Shares and the ownership restrictions are discussed in Sections 7.2(a) and 7.3 below.

The amount of dividends and other distributions to shareholders that the Company may make in any 12-month period is limited by the terms of the Franchise Agreement with Bendigo Bank. You should refer to Section 5.2 of this Information Memorandum for a description of this limit.

1.4 Listing on the Bendigo Stock Exchange

Application will be made for listing of the Company and quotation of the Shares on the Bendigo Stock Exchange. Please see Section 5 of this Information Memorandum for a discussion of the risk factors relevant to quotation of the Shares and Section 7.7 for a discussion of the waivers and confirmations the Company requires from the Bendigo Stock Exchange. Admission to listing, quotation of the Shares and the granting of the necessary waivers and confirmations sought is at the absolute discretion of the Bendigo Stock Exchange, and so there is no guarantee that they will occur. Other risks associated with acquiring Shares in the Company are discussed in Section 5.

1.5 Supplementary Information Memorandum

A Supplementary Information Memorandum will be issued if, between the issue of this Information Memorandum and the date the Shares are quoted, the Company becomes aware that:

- a material statement in this Information Memorandum is false or misleading;
- there is a material omission from this Information Memorandum;
- there has been a significant change affecting a matter included in this Information Memorandum; or
- a significant new matter has arisen and it would have been required to be included in this Information Memorandum.

2. Directors

Details of the Directors of the Company are as follows:

Name	Terence Stirling Ashenden
Date of Birth	26 February 1944
Occupation	Business Proprietor
Background Information	Resident in the area for more than 10 years and currently owns & operates Newhaven Hardware & Hire. Community interests include San Remo/Newhaven Lions Club and San Remo District Association of Tourism and Traders.
Resides	7 Ocean Reach, Cape Woolamai, VIC 3925

Name	Bruce Leonard Adams
Date of Birth	13 October 1951
Occupation	Cabinet Maker
Background Information	30 years experience in the banking industry. Recently moved to San Remo for lifestyle considerations.
Resides	13 Halycon Avenue, San Remo, VIC 3925

Name	Joan Tracey Matthews
Date of Birth	2 February 1962
Occupation	Manager & Company Director
Background Information	San Remo resident for more than 5 years and has active involvement in many local sporting activities.
Resides	167 Marine Parade, San Remo, VIC 3925

Name	Miranda May Sage
Date of Birth	9 August 1944
Occupation	Business Proprietor
Background Information	Qualified Pharmacist & has lived in the area for over 12 years. Currently employed as a Community Development Project Officer with the San Remo & District Community Health Centre's Drug & Alcohol Team. Past Mayor with Bass Coast Shire. Background in small business, tourism, hospitality, health and community development.
Resides	1-7 Ocean Road, San Remo, VIC 3925

Name	Norma Georgina Laing Stack
Date of Birth	16 June 1944
Occupation	Business Proprietor
Background Information	Background includes adult, tertiary and international education. Completed a Degree in Business and Post-graduate studies in Educational Administration to become a qualified teacher/trainer. Community involvement includes Team Leader for the Bass Coast Shire Community Development Project, Past President of the Bass Coast & Philip Island B & B association and committee member of the San Remo & District Traders Association.
Resides	910 Philip Island Road, Newhaven, VIC 3925

Name	Caroline Talbot
Date of Birth	27 December 1946
Occupation	Office Administrator
Background Information	Resident of Newhaven for 36 years. Community involvement includes 20 years at Newhaven Primary School, various committees; San Remo Pre-School, Newhaven Primary School Parent Club & School Council, Wonthaggi Secondary College School Parents Club & School Council, 10 years President of the Secondary College Council, Cub leader for 10 years, monitored Safety Council radio for Newhaven Yacht Club for a number of years, bookings officer for Newhaven Hall and for 20 years member of the Philip Island Patchwork Group. Organised the annual residential weekend for wood turners in Cowes for the last 8 years.
Resides	15 School Avenue, Newhaven, VIC 3925

Name	Janice Joy Rowlingson
Date of Birth	15 May 1962
Occupation	Business Proprietor
Background Information	Former Managers assistant with a major bank. Currently – in conjunction with husband Ken, is the owner operator of the Philip Island Caravan Park at Newhaven.
Resides	24 Beach Crescent, Newhaven, VIC 3925

Name	Bruce Edward Procter
Date of Birth	21 November 1935
Occupation	Retired Postal Manager
Background Information	Bruce has held many positions with Australia Post including positions in planning, sales and Marketing within Australia Post Headquarters. Bruce is a life member of the Warley Hospital, Director Bass Coast Regional Health amongst his many community activities.
Resides	11 Boys Home Road, Newhaven, VIC 3925

3. Bendigo Bank Franchise

3.1 Bendigo Bank

Bendigo Bank had its origins on the Bendigo goldfield in 1858 when the settlement comprised thousands of makeshift tents and humpies clustered along the gold bearing gullies. Disturbed by the temporary and unsightly nature of these dwellings, a group of prominent citizens banded together to foster a sense of civic pride by providing finance for miners wishing to own their own homes. Thus was born the Bendigo Land and Building Society, which immediately began financing humble miners' cottages, some of which remain in the city today.

Within 30 years, Bendigo had established itself as one of the most gracious Victorian era cities in the world, its grand public buildings a monument to the vast riches produced by the deep reef miners.

As Bendigo prospered, so did its building society, which rapidly established a reputation for prudent financial management and ethical dealing. While other societies came and went, the Bendigo Land and Building Society grew steadily, declaring a profit in each year of its operation, even through the crises of the 1890s and 1930s Depressions.

Bendigo Bank converted to a bank on 1 July 1995, at which time it was Australia's oldest and Victoria's largest building society.

The past 20 years have seen Bendigo Land and Building Society, now Bendigo Bank, grow quickly and in the process merge with a number of other firms and building societies: the Bendigo and Eaglehawk Star (1978), Sandhurst (1983), Sunraysia (1985), Capital (1992) and Compass (1992), trustee company Sandhurst Trustees (1991), mortgage securitisation firm National Mortgage Market Corporation (1995) and Monte Paschi Australia Limited (1997). Sandhurst Trustees, National Mortgage Market Corporation and Monte Paschi (now Cassa Commerciale) are wholly-owned subsidiaries of Bendigo Bank. Bendigo Bank also operates a joint venture, with Elders Limited, called Elders Rural Bank. This joint venture is aimed at bringing banking services to farmers throughout Australia. In October 2000, Bendigo Bank acquired the Queensland-based First Australian Building Society.

The Bendigo Group now operates (itself and through franchises) approximately 323 branches and has assets of around \$9 billion. It is listed on the Australian Stock Exchange and is the only Australian bank with headquarters outside a capital city. Through Bendigo Bank and its subsidiary companies, the Bendigo Group provides a wide range of products including commercial mortgages and unsecured loans, investment products insurance and superannuation.

3.2 Community Banking™ Project

Bendigo Bank developed its Community Bank® project in response to the continuing closure of bank branches across Australia, and the subsequent effects on disenfranchised communities.

Community Bank[®] is a means by which communities with the will and enthusiasm can enhance their future prospects by securing a conduit to the finance system.

The aims of the Community Bank[®] project are threefold:

- to secure branch banking services for participating communities;
- to help these communities better manage locally-generated capital, and so provide them with a better return on their capital; and
- to enable participating communities to share in revenues generated from their Community Banking[™] enterprise.

Community Bank[®] draws on the greatest strength communities possess – their parochialism.

Through the potential to share in branch revenues, communities have the opportunity to generate profits which can be returned to support and develop the community via dividends to participating shareholders and through projects identified and agreed to by the community.

The Community Bank[®] project does this by providing communities with the opportunity to manage a community-owned branch of Bendigo Bank. It supposes that ownership of this management right provides local residents and businesses with a powerful incentive to conduct their financial affairs through their own local bank branch, thereby maximising revenue potential for the local enterprise.

Each branch operates as a franchise of Bendigo Bank, using the name, logo and system of operations of Bendigo Bank. The franchisees manage the Community Bank[®] Branches on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank[®] Branches are effectively conducted between the customers and Bendigo Bank.

To date, Bendigo Bank has granted 170 to Community Bank[®] Branches, located in places such as Avoca, Bayswater, Bellarine Peninsula, Carrum Downs, Coleambally, East Gosford, East Malvern, Elwood, Goomalling, Henty, Kulin, Laverton, Maldon, Minyip and Rupanyup (combined franchise), Nathalia, Neerim South, Parkdale, Tambellup and Cranbrook (combined franchise), Toodyay, Toora, Upwey, Virginia, Warburton and Wentworth. Bendigo Bank has also granted a number of commercial franchises.

3.3 Community Interest (Our Beginnings)

A significant amount of work and public consultation was undertaken in relation to the feasibility of establishing the San Remo District Community Bank[®] Branch of Bendigo Bank.

Following initial community interest in 2002, an original community company entered into arrangements with members of the Bendigo Group pursuant to which it acquired rights to manage a Community Bank[®] Branch of Bendigo Bank at San Remo. On 27 June 2003, the San Remo District Community Bank[®] Branch of Bendigo Bank was opened.

Regulation of Franchising

The relationship between Bendigo Bank and the Company as franchisor and franchisee is governed by the Franchising Code of Conduct (**Franchising Code**).

The Franchising Code is a mandatory industry code of conduct for the purposes of Section 51ACA of the *Trade Practices Act 1974 (Cth)* (**TPA**). Section 51AD of the TPA makes a contravention of the Franchising Code a contravention of Part IVB of the TPA.

The Franchising Code requires a franchisor to provide a prospective franchisee with a disclosure document, to enable the prospective franchisee to make a reasonably informed decision about entering into the franchise. The Franchising Code prescribes the information that must be included in the disclosure document. Such a disclosure document was provided by Bendigo Bank to the Company.

The Franchising Code requires that, prior to entering into a franchise agreement with the Company, Bendigo Bank must have obtained from the Company a statement that the Company has received, read and had a reasonable opportunity to understand the Disclosure Document and the Franchising Code and statements as to whether the Company has obtained independent legal, accounting and business advice. The relevant statements were provided to Bendigo Bank by the Company, before the Franchise Agreement was entered into.

Franchise Arrangements

As noted, the Company has entered into a Franchise Agreement with Bendigo Bank that governs the management and operation by the Company of the San Remo District Community Bank[®] Branch of Bendigo Bank.

The key features of the Franchise Agreement between the Company and Bendigo Bank are described below and in Section 6 of this Information Memorandum.

3.4 Activities of Company

Branch

The Company operates the San Remo District Community Bank[®] Branch at 103A Marine Parade, San Remo, Victoria.

San Remo District Community Bank[®] Branch is open from Monday to Friday 9.00 a.m. – 5.00 p.m. and Saturday 9.00 a.m. – 12.00 p.m.

Manager and Employees

The Company employs a Branch Manager and 5 other staff. Each of these staff members has received Bendigo Bank training.

Products and Services

The Company provides a core range of products and services at the Branch, as determined by Bendigo Bank from time to time.

The products and services include the following:

- *deposit business*, for example, ultimate accounts, term deposits, "Money Extra", classic accounts, investment accounts and specialised rural accounts;
- *personal bank products and services*, for example, credit and debit cards, insurance and financial planning;
- *loans and lending products*, for example, home loans, investment loans, home equity loans, leasing, commercial loans, farm loans and personal loans;
- *investment products*, such as superannuation, Sandhurst Select products and common fund and tax-based savings products; and
- *cash and cheque facilities*, delivered through electronic means and ATM services.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the Company facilitating the provision of those products.

All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The products and services available to be offered through the San Remo District Community Bank[®] Branch by the Company are not necessarily the same and may not be the same as those offered by other Bendigo Bank branches or franchises. However, the Company endeavours to ensure that the products and services offered will be appropriate for the requirements of its customers.

The Franchise Agreement provides for three types of revenue that may be earned by the Company.

First, the Company is entitled to 50% of the monthly gross margin earned by Bendigo Bank on products and services provided through the Company that are regarded as "day to day" banking business (ie 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the Company effectively incurs 50% of that loss.

The second source of revenue for the Company is commission paid by Bendigo Bank on the other products and services provided through the Company (ie 'commission business').

The third source of revenue is that the Company may be entitled to a proportion of the fees and charges (that is, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion (if any) is determined by Bendigo Bank, may vary between products and services and may be amended by Bendigo Bank from time to time.

3.5 Benefits of Franchise Arrangements

Name, Logo and Systems

As part of the franchise arrangements with Bendigo Bank, Bendigo Bank grants the Company the right to use its name, logo and system of operations and other relevant intellectual property rights including the trademarks "Community Bank" and "Community Banking" for the purpose of managing the Community Bank[®] Branch of Bendigo Bank. To the extent that it is able, Bendigo Bank also gives the Company reasonable access to all information and technology created or obtained by Bendigo Bank in connection with other franchises.

The Company has the benefit of all general advertising and promotions undertaken by Bendigo Bank, in addition to the local promotional activities undertaken by the Company itself (in accordance with the controls set out in the Franchise Agreement).

Assistance and Advice

Bendigo Bank provided significant assistance to the Company in establishing and maintaining the Community Bank[®] Branch. Bendigo Bank will continue to provide ongoing management operation and support, and other assistance and guidance in relation to all aspects of these Branches, including advice in relation to:

- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

Non-exclusive Franchise

The franchise granted under the Franchise Agreement is a non-exclusive franchise. That is, any member of the Bendigo Group is able to carry on any business (including the granting of franchises) anywhere. Further, Bendigo Bank (for example, through branches), any related body corporate of Bendigo Bank and any Bendigo Bank franchise are entitled to be located anywhere and to market to, or deal with, persons located anywhere.

Similarly, although the Community Bank Branch[®] can only be carried on by the Company from a location or locations approved by Bendigo Bank, the Company is entitled to market to, or deal with, persons located anywhere.

3.6 Duration of Franchise

Bendigo Bank granted the Company the franchise in respect of the San Remo District Community Bank[®] Branch. Of these initial terms, 31 months remain in relation to the San Remo District Community Bank[®] Branch. Pursuant to the Franchise Agreement, the Company may seek to extend the term of each franchise for (in total) two additional five year terms. A request to extend the term of a franchise must be made between 3 and 6 months prior to the end of the then existing term.

Bendigo Bank must agree to extend the term provided that the Company:

- is not in breach of the Franchise Agreement;
- secures continued rights to possession and use of each location from which the Branch is being conducted for the renewal period, and refurbishes each such location to the then current standards of Bendigo Bank franchises;
- provides the relevant statement required under the Franchising Code; and
- pays the Renewal Fee under the Franchise Agreement and Bendigo Bank's costs of renewing the Franchise Agreement.

Bendigo Bank has the ability to assign or novate its rights and obligations under the Franchise Agreement at any time. However, Bendigo Bank must not assign its obligations (without the consent of the Franchisee) unless the proposed assignee is either a related body corporate of Bendigo Bank, a person whose business includes the provision of financial services (and it is reasonable to expect that the person will be able to comply with its obligations under the Franchise Agreement) or a person who has entered into arrangements with Bendigo Bank and/or any of the foregoing, so as to enable that person to comply with its obligations under the Franchise Agreement. In any event, any assignee would have to continue to perform Bendigo Bank's obligations under the Agreement.

The Company may only dispose (in any way) of, or otherwise effect or permit a change of control or ownership of, the franchise, the Company or the Company's interest in the franchise, the Franchise Agreement, a franchise or the branch location with the prior written consent of Bendigo Bank and with the payment of a Transfer Fee to Bendigo Bank.

Bendigo Bank also has a pre-emptive right over the sale, transfer or disposal of the Company's interest in the franchise, or a Branch location.

The consequences of the termination of the franchise are discussed in Section 5.2 below.

3.7 Restrictions on Operations

Sole Purpose Company

The Franchise Agreement provides that, subject to the ability to provide ancillary services (see below), the Company must not carry on any business other than managing and operating the San Remo District Community Bank[®] Branch of Bendigo Bank and it must not own or use any assets, or incur any liabilities, other than those directly associated with the franchise operation.

Competition Restrictions

The Company is also subject to covenants that restrict its activities both during the term of the franchise, and for a further three years after the franchise has terminated.

Pursuant to these covenants (contained in the Franchise Agreement), the Company must not (except in managing and operating the Community Bank[®] Branches under the Franchise Agreement):

- have any interest in an entity carrying on business that is substantially the same as that conducted by Bendigo Bank through its franchises, or is in competition with Bendigo Bank in relation to that business;
- seek to attract any customers or employees from Bendigo Bank or any of its franchisees; or
- otherwise interfere with the business being conducted by Bendigo Bank.

Similar restrictions apply to the Directors of the Company.

Bendigo Bank Involvement

Bendigo Bank retains a tight control over the day to day operations of the Company, including the provision by the Company to Bendigo Bank of regular and detailed reports. Bendigo Bank also has the right to inspect or audit the franchise records.

In particular, as noted above, the products and services supplied through the Company are determined by Bendigo Bank. As described in Section 3.4 above, all credit transactions must be approved by Bendigo Bank.

Further, the Company must only use Bendigo Bank's intellectual property (including its trademarks) licensed to the Company under the Franchise Agreement in accordance with the guidelines provided by Bendigo Bank.

3.8 The Company's Board of Directors

The management and control of the business and affairs of the Company is the responsibility of the Board of Directors. Under the terms of the Constitution, one third of the Directors (other than an 'exempt' Managing Director – if any) are required to retire at each annual general meeting (other than the Company's first annual general meeting). A retiring Director is eligible for re-election.

4. Financial information

The accounts attached at the back of this Information Memorandum are an extract of the Company's audited financial reports for the year ended 30 June 2005. This historical financial information is included for information purposes only. Past performance is not an indicator of future performance. No assurance or representation is given in relation to the future performance of the Company.

5. Risk factors

5.1 Introduction

There are a number of factors, which might have a significant impact on the future performance of the Company. An investment in the Company is not guaranteed by Bendigo Bank.

Particular investment risks arise due to the specific purpose for which the Company was established, that is, to manage a Community Bank[®] Branch of Bendigo Bank pursuant to a Franchise Agreement with Bendigo Bank.

An investment in the Company is also affected by the business risks to which the Company will be subject, which may affect the success of the Company and, accordingly, its ability to pay dividends and its ongoing operation.

The following Sections highlight some of the key risks associated with an investment in the Company. There may also be other risks.

5.2 Investment Risk

Dividends

The Directors intend that any profits of the Company will, as a general rule, be applied at the discretion of the Directors in one or more of the following ways:

- in payment of dividends to shareholders (subject to the limit described below);
- towards community or charitable projects as determined by the Directors from time to time; or
- as working capital.

The timing and payment of dividends is dependent on many factors, which affect future profits and the financial position of the Company. Dividends will be determined by the Directors according to actual results, financial position, capital requirements, operating costs and economic conditions at the time. There will also be an assessment by the Directors of the needs of any worthwhile community or charitable projects. Further, in recognition of the aims of the Company to deliver social and economic benefits to the community (in addition to, if possible, a return to shareholders), the Company has agreed that in any 12 month period, the aggregate of the profits or funds of the Company distributed to shareholders (whether by way of dividends, bonus shares or otherwise) must not, except in the case of a winding up, exceed the Distribution Limit. The Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and

- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital over that 12 month period (as determined by Bendigo Bank in consultation with the Company). The Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period (as determined by Bendigo Bank) plus 5%.

Of course, the actual amounts distributed to shareholders may be less than the Distribution Limit.

To date, the company has paid dividends as follows:

Nil.

Past performance is not an indicator of future performance. There is no guarantee that any dividends will be paid in the future.

Trading in Shares

The Company was established to provide community members with the opportunity to contribute to the establishment and ongoing operations of a Community Bank[®] Branch of Bendigo Bank. The community nature of the Company is reflected in the provisions of its Constitution relating to voting rights and limits on shareholding interests (see Sections 7.1 to 7.3 below).

Because of the community based nature of the Company, it is not envisaged that there will be significant trade in shares in the Company. Accordingly, there may be limited opportunities for members to recoup their investment in the Company by disposing of their Shares.

In particular, while the Directors intend to apply for listing, and quotation of the Shares, on the Bendigo Stock Exchange, granting of these applications (and of the waivers and confirmations required by the Company, as discussed in Section 7.7 below) is at the discretion of the Bendigo Stock Exchange. They may either not be granted at all or alternatively may be granted subject to conditions that are not satisfactory to the Company. In either case, listing and quotation may not proceed. Further, as listing and quotation impose additional obligations and costs on the Company, it is possible that in the future, the Directors will form the view that listing and quotation is no longer in the best interests of the Company.

Even if listing and quotation occur, it is not anticipated that an active market for trading of the Shares will develop. If the market for the Shares is not liquid, it is possible that the market price of the Shares may not reflect the true underlying value of the Company.

Further, the market price of the Shares will fluctuate due to various factors, including general movements in the Australian equity market (which, in turn, is influenced by the international equity markets), investor perceptions, local and worldwide economic conditions, movements in interest rates and specific factors affecting the performance and financial position of the Company and its business.

In addition, in the case of many companies listed on a stock market, it is possible that their share price may include a “control premium” to reflect the fact that a person may wish to acquire sufficient shares in the company to gain control of the company and, to do so, the acquirer would need to pay a premium above the underlying share price. It is unlikely that such a premium will be present in the case of the Shares (or will be paid by an acquirer), given the restrictions on share ownership in the Constitution and the fact that a change of control of the Company may trigger a termination of the Franchise Agreement.

It is possible that the market price of the Shares may be lower than the issue price under the Offer or otherwise may not reflect the true underlying value of the Company or its performance. Whilst this risk applies to all investments in any securities on any stock market, it applies particularly so here given the community nature of the Company (for example, the restriction on dividend payments), the limitations on share ownership, the restrictions on the business activities of the Company and the likelihood of an illiquid market.

Termination of Franchise

The Franchise Agreement provides for a maximum possible term for each franchise of 15 years (see Section 3.6 above), after which the continued operation of each Community Bank[®] Branch will be subject to further negotiations with Bendigo Bank. Bendigo Bank also has broad rights to terminate the Franchise Agreement or a franchise (see Section 6 below), in particular, if a Community Bank[®] Branch is not profitable. If the Franchise Agreement itself is terminated, the franchise would also terminate.

The Company is not entitled to any payment upon termination of the Franchise Agreement or of any franchise, though it would be entitled to the net proceeds of the sale or transfer of a franchise if, at its discretion, Bendigo Bank proceeded with such a sale or transfer after termination (see Section 6 below).

There are no restrictions on where Bendigo Bank (or any of its related bodies corporate or other Bendigo Bank franchisees) may carry on business or be located (either before, during or after the term of the Franchise Agreement – see Section 3.7 above).

On the expiration or earlier termination of the Franchise Agreement, the Company is prohibited from carrying on a substantially similar business for three years.

There are also restrictions on the ability of the Company to dispose of its rights in the franchise, the Franchise Agreement or a branch location (see Section 3.6 above).

5.3 Business Risks

Sole Purpose Company

The Company is essentially a sole purpose company.

Subject to the ability to provide ancillary services that have been approved by Bendigo Bank, the Company's only business is managing a Community Bank[®] Branch of Bendigo Bank.

Level of Banking Business

Although all transactions conducted through the Branch are conducted with Bendigo Bank, the effect of the gross margin sharing arrangement (as described in Section 3.4) is that the Company bears the risk of generating sufficient income from the banking business to derive a profit.

The ability of the Company to generate new business is subject to factors beyond the control of the Company.

The level of banking business conducted through the San Remo District Community Bank[®] Branch is affected by general economic conditions, in particular, the effect of interest rate movements on the interest rates offered by Bendigo Bank.

As part of the Community Bank[®] concept, the San Remo District Community Bank[®] Branch was established, in part, given the level of banking facilities then available. It should be recognised that the Company faces competition from other financial service providers (including, possibly, other branches and franchises of Bendigo Bank) whether located in San Remo or in nearby communities or that are able to deliver such services remotely (for example, through the internet or over the phone). It is also possible that, in the future, other financial service outlets could seek to open in San Remo.

Branch Operations

Like any small business, the Branch Manager and employees have a key role in the success of the Community Bank[®] Branch. The Manager and employees are responsible for promoting the Branch, and providing a level of service and support that will engender ongoing relationships with customers. The ability of the Manager to communicate effectively with representatives of Bendigo Bank, and represent the interests of the Branch, is critical to the smooth operation of the Branch.

Although all deposits made through the San Remo District Community Bank[®] Branch are transferred to Bendigo Bank, the Company bears the risk of implementing procedures for handling and transferring such deposits.

5.4 Relationship with Bendigo Bank

Success of Bendigo Bank

The San Remo District Community Bank[®] Branch operates under the Bendigo Bank name and (subject to any ancillary services that may be approved by Bendigo Bank) only provide Bendigo Bank products and services.

Accordingly, the success of the Company is, to a significant degree, dependent on the standing and success of Bendigo Bank.

The products and services provided through the Company, and the income that Bendigo Bank (and, accordingly, the Company) is able to earn on those products and services, will be subject to the competitive pressures facing Bendigo Bank generally and the impact of economic conditions and other factors on the business of Bendigo Bank.

Approvals

As described in Section 3.7 above, many of the Company's business decisions (including the products and services made available, the annual budgets and the credit business generated through the branch) are subject to the approval of Bendigo Bank.

It is clear that the Company and Bendigo Bank have a common interest in the success of the Company. However, as noted above, communication between the Company and Bendigo Bank will be critical to ensuring that Bendigo Bank understands the particular requirements of each Community Bank[®] Branch and decisions in respect of the branch operations are made accordingly.

Bendigo Bank Claims

Pursuant to a broad indemnity in the Franchise Agreement, the Company is responsible for certain claims made against Bendigo Bank in connection with the operation of the Community Bank[®] Branch (see Section 6).

5.5 Other Factors

Regulatory Environment

Although the Company does not carry on banking business, by managing a Community Bank[®] Branch of Bendigo Bank it effectively is subject to the regulatory environment in which Bendigo Bank operates. In particular, decisions of APRA that affect Bendigo Bank may also have an impact on the business conducted by the Company.

Economic Conditions

As noted above, the Company's business will be affected by changes in economic conditions both directly and indirectly through the effect such changes may have on Bendigo Bank. Relevant factors include market growth, inflation, movements in interest rates and exchange rates and the level of loan defaults.

Government Policies and Legislation

The Company's business may be affected by changes to government policies, including those relating to prudential supervision, taxation and regulation of financial services industries. Again, such changes may affect the Company directly or indirectly as a result of their impact on Bendigo Bank.

6. Franchise Agreement

The Franchise Agreement establishes the relationship between the Company and Bendigo Bank, and sets out the parameters within which the Company must operate. The Franchise Agreement defines the business conducted by the Company and, accordingly, is critical to an assessment of the Company.

The provisions of the Franchise Agreement have been described in detail in Sections 3 and 5 of this Information Memorandum.

The following is a brief summary of the key provisions of the Franchise Agreement.

Grant of Rights

Bendigo Bank grants the Company the right to use Bendigo Bank's system of operations and certain intellectual property rights to manage and operate the San Remo District Community Bank[®] Branch.

Term

The initial term of the Franchise in respect of the San Remo District Community Bank[®] Branch is five years (see Section 3.6). In respect of each Franchise, provided certain conditions are met at the end of each five year term, at the request of the Company, Bendigo Bank will extend the term of the Franchise for a maximum of two further five year terms (see Section 3.6).

Branch Operations

There are strict controls on the Company in relation to the operations of the Community Bank[®] Branch. In particular, the Company must only offer the products and services specified by Bendigo Bank, it must comply with Bendigo Bank's promotions, it (and its staff) must comply with the operating manuals supplied by Bendigo Bank, it must seek the prior approval of Bendigo Bank to its promotional activities and material, public communications, signs and stationery, and there are tight controls over the use of Bendigo Bank's intellectual property.

Payments/Receipts

The Company is responsible for all ongoing costs in relation to the Branch and the Branch location (including, for example, all staff costs, rent, outgoings and insurance).

For each Franchise, or each additional five year period, the Company must pay a Renewal Fee, the reasonable costs of training to be provided by Bendigo Bank to the Company's employees and the costs of Bendigo Bank of renewing the Franchise (including legal fees).

The revenue the Company is entitled to receive is described in Section 3.4 above.

You should refer also to Section 5.2 of this Information Memorandum or a description of the limit, contained in the Franchise Agreement, on distributions by the Company to its shareholders.

Indemnity

The Company indemnifies Bendigo Bank against all third party claims that may be brought against Bendigo Bank in connection with the conduct of the franchise or the franchise operations (ie the management of the Community Bank[®] Branch), the activities of the Company or its employees at or near the Community Bank[®] Branch premises and any other unauthorised act, default, dishonesty, negligent act or omission or fraudulent conduct of the Company or any of its officers, employees or agents.

Bendigo Bank indemnifies the Company against all third party claims that may be brought against the Company to the extent that such claims result from a misleading or deceptive statement in, or a misleading or deceptive omission from, the products or services specified by Bendigo Bank to be offered to customers, certain actions by employees of Bendigo Bank or any related promotional materials or manuals supplied by Bendigo Bank. Other potential liability on Bendigo Bank is, to the extent permitted, excluded.

Termination

Bendigo Bank may terminate the Franchise Agreement in various circumstances, including if:

- the Company breaches the Franchise Agreement;
- the Company engages in fraudulent or dangerous conduct, becomes insolvent or fails to pay its debts on time;
- the Company is convicted of a “serious offence” (as defined under the Franchising Code) or, without limiting the foregoing, the Company or any member of Staff, is convicted of an offence where, in the reasonable opinion of Bendigo Bank, that conviction materially and adversely affects Bendigo Bank and/or the name, goodwill or good reputation of the franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises;
- the Company carries on the franchise in a manner that harms or adversely affects, or may harm or adversely affect materially, the good name, goodwill or good reputation of Bendigo Bank, Bendigo Bank’s business, the franchise, Bendigo Bank’s system of operations or other Bendigo Bank franchises, including if the Company (or its staff) engage in misleading or deceptive conduct;

- the Company takes (or omits) to take an action that, under the Franchising Code, permits Bendigo Bank to immediately terminate the Franchise Agreement (eg the Company abandons the branch, carries it on in a way that endangers public health or safety or agrees to terminate the Franchise Agreement);
- the Company operates the business from a location not previously approved by Bendigo Bank;
- there is, without Bendigo Bank's prior written consent, a change in the underlying ownership or control of the Company, the franchise, or the Company's interest in the Franchise Agreement or a Branch location (this can be deemed to occur for certain changes to the Directors of the Company or if the Company's control/ownership limit is breached - see Section 7.3 below);
- the Manager of a Community Bank[®] Branch becomes unable to perform his or her duties for an extended period, without suitable replacement;
- a Community Bank[®] Branch is not profitable; or
- there is an amendment to, renewal of, or alteration of the effect of, a rule or clause of the Company's constituent documents, without the approval of Bendigo Bank.

The Company may terminate the Franchise Agreement if Bendigo Bank materially breaches the Franchise Agreement.

The procedures for termination (either by Bendigo Bank or by the Company) are set out in the Franchise Agreement.

In certain circumstances, where there has been a breach of the Franchise Agreement by the Company, the right to carry on the franchise is suspended until the breach is rectified or the Franchise Agreement is terminated.

Upon termination of the Franchise Agreement, there is no obligation on Bendigo Bank to sell or transfer the franchise. However, if such a sale or transfer did proceed, the Company would be entitled to the proceeds received (less the costs of the sale or transfer and certain debts owed by the Company, if any).

7. Additional Information

7.1 Constitution

The rights attaching to Shares (Section 7.2) and the prohibition on shareholding interest (Section 7.3) set out in the Company's Constitution are summarised below.

7.2 Rights Attaching to Shares

The Shares are fully paid ordinary shares.

Set out below is a summary of the principal rights attaching to the Shares.

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting. On a show of hands or a poll, each person present as a member, attorney, corporate representative or by proxy, has one vote, regardless of the number of Shares held.

The purpose of the limitation on voting rights is to reflect the nature of the Company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank[®] Branch have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. You should refer to Section 5.2 of this Information Memorandum for a description of this limit. There is also a restriction on the payment of dividends to certain shareholders if they breach the 10% share owning limit (see Section 7.3 below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares. For example, the Directors may refuse to register a transfer that would result in a shareholder holding a prohibited shareholding interest (see Section 7.3 below). Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's Constitution, the Corporations Act and the rules of the Bendigo Stock Exchange.

The Directors understand that, if the Shares are quoted on the Bendigo Stock Exchange, it is likely that brokers may require a statutory declaration from the transferee confirming that the transfer will not breach any of the shareholding ownership restrictions that apply (see Section 7.3 below).

(d) Winding up

If the Company is wound up, then subject to any special or preferential rights attaching to any class of shares, shareholders will be entitled to participate in any surplus assets of the Company in proportion to the capital paid up on their shares when the winding up begins.

If the assets available for distribution amongst shareholders are insufficient to repay the whole of the paid up capital, then those assets will be distributed in proportion to the capital paid up on shares when the winding up begins.

Notwithstanding the above, if the Company is wound up, the liquidator has the discretion to divide among all or any of the shareholders in specie or in kind any part of the Company's assets. The division may be carried out as the liquidator thinks fit, subject to the right of any shareholder prejudiced by the division to dissent. Any dissenting shareholder has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the transfer of the Company's assets by a liquidator in a voluntary winding up (see, in particular, Chapter 5 of the Corporations Act, especially section 507).

7.3 Prohibited Shareholding Interest

A member is prohibited from controlling or owning 10% or more of the shares in the Company (a "prohibited shareholding interest").

Similarly to the voting rights, the purpose of this shareholding limit is to reflect the community based nature of the Company, by ensuring that the Board can prevent ownership of the Company being concentrated in the hands of a small number of community members.

In summary, a person will be deemed to own the shares in the Company in which the person has a relevant interest and the shares in which the person's associates have a relevant interest. (The terms 'relevant interest' and 'associate' have the same meaning as in the Corporations Act, subject to some modifications as set out in the Company's Constitution). Also, a person is deemed to control the votes that the person, and the person's associates, can cast or control the casting of on a resolution to elect a director of the Company.

The effect of these definitions is that, for example, if the aggregate of the shares owned (legally or beneficially) by a person plus the shares owned (legally or beneficially) by members of the person's immediate family, equal or exceed 10% of the shares in the Company, the person has a prohibited shareholding interest. Similarly, if the votes a person can control the casting of on a resolution to elect a director, plus the votes that members of the person's immediate family can control the casting of on such a resolution, equal or exceed 10% of the votes that could be cast by all shareholders on such a resolution, that person has a prohibited shareholding interest. A person's "immediate family" includes a person's spouse, defacto spouse, parent, son, daughter, brother or sister or a spouse or defacto spouse of any of the preceding persons.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a relevant interest in excess of 10% of the Company, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose

of the number of Shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified Shares on behalf of that person. The holder will be entitled to the consideration from the sale of the Shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

7.4 Taxation Implications

The following is intended only as a general summary and does not purport to be a complete statement of all tax consequences that may be relevant to the issue of ordinary shares in the Company. The taxation implications of investing in the Company may vary depending on the individual circumstances of investors. The information provided is a brief explanation of the potential taxation implications for Australian resident investors.

All investors should consult their adviser about the taxation implications of investing in the Company relevant to their own particular circumstances.

An acquisition of ordinary shares by a resident of Australia will be an acquisition for capital gains tax (**CGT**) purposes.

A resident of Australia may be assessed in respect of a net capital gain for CGT purposes on disposal of their ordinary shares.

Generally, a net capital gain is determined by reference to the excess (if any) of the consideration received for the ordinary shares over the cost base of the ordinary shares. The amount of the excess will constitute the amount of capital gain unless the investor is entitled to a CGT discount, which is only available to individuals, superannuation funds and, in certain situations, trust investors. The CGT discount is calculated as follows. In the case of an investor who holds their shares for at least 12 months after the date of acquisition of the shares, the capital gain will be reduced by 50% (where the investor is an individual) or 33¹/₃% (where the investor is a superannuation fund) in the hands of the investor. In the case of trust investors, the calculation of the CGT discount is complex, and specific advice should be obtained.

Any capital loss (namely the excess of the cost base of the ordinary shares over the consideration received for those shares) with respect to the shares can generally be offset against capital gains realised by the investor in the same year or in later years. However, if there are net capital gains to which the investor is entitled to a CGT discount, any capital losses must be offset against the net capital gains realised by the investor before the CGT discount is applied to the net capital gains

Certain investors, for example those who carry on business of share trading, may be liable to tax in respect of any profit on the disposal of ordinary shares as ordinary income.

Investors who are resident individual shareholders (or a resident superannuation fund) and who receive dividends from the Company must include in their assessable income the amount of the dividend together with any franking credits attached to the dividend. Income tax is calculated on this total amount and investors will generally be entitled to claim a rebate equal to any franking credits attaching to the dividend. Any excess rebate over and above the total tax payable can be refunded to investors.

A resident corporate shareholder that is:

- a public company for tax purposes – is entitled to a rebate of tax only to the extent of the franked portion (if any) of any dividends received; and
- a private company for tax purposes - is entitled to a rebate only to the extent of the franked portion (if any) of any dividends received.

Companies are generally entitled to credit their franking account for the franked amount of any dividend.

7.5 Directors' Interests

Other than as set out below, no Director has, or has held at any time during the last two years, any interest in the formation or promotion of the Company or in property acquired or proposed to be acquired by the Company.

Shares

The Directors of the Company and their interests in the share capital of the Company as at the date of this Information Memorandum are set out below.

Name of Director	Number of Shares	Subscriber Shares	Nature of Interest
T S Ashenden	5,000*	1	Legal and Beneficial
B L Adams	1,000*	1	Legal and Beneficial
J T Matthews	8,000^	1	Legal and Beneficial
M M Sage	5,000*	1	Legal and Beneficial
N G L Stack	5,000*	1	Legal and Beneficial
C Talbot	2,000*	-	Legal and Beneficial
J J Rowlingson	5,000#	-	Legal and Beneficial
B E Procter	-	-	Legal and Beneficial

* Held jointly with spouse

3,000 Held jointly with spouse & 2,000 held in trust for daughter

^ 5,000 held by business & 3,000 held in own name

No Director holds shares in any related body corporate of the Company.

Indemnity

Under the Company's Constitution, the Company:

- indemnifies its current and former officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers; and
- is permitted to pay premiums for insurance policies insuring its Directors and officers against liability to third parties incurred arising out of the conduct of the business of the Company or in the discharge of their duties as officers.

Other Interests

Joan Matthews is a director of and a Shareholder in a Company, Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. San Remo District Financial Services Limited has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises. The lease payments are at 'arms length' at a commercial rate.

Other benefits

No amounts have been paid or agreed to be paid (and no benefits have been given or agreed to be given) to a Director (or a proposed Director) to induce them to become, or to qualify as, a director of the Company.

7.6 Disclosure of Interests

Other than as set out below, no person (referred to as a **Relevant Person**) named in this Information Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Information Memorandum, no promoter of the Company and no stockbroker or underwriter has, or has held at any time during the last two years, any interest in the formation or promotion of the Company or in property acquired or proposed to be acquired by the Company.

The amounts paid, or agreed to be paid, and the nature and value of any benefits given or agreed to be given, to a Relevant Person or such a promoter, stockbroker or underwriter, for services provided in connection with the application for listing of the Company, and quotation of the Shares, on the Bendigo Stock Exchange (including preparation of this Information Memorandum) are as follows:

Nil

7.7 BSX Waivers

In connection with the proposal for the listing of the Company, and the quotation of the Shares, on the Bendigo Stock Exchange, it is anticipated that the Company will require a number of waivers and confirmations from the Bendigo Stock Exchange. (These are in addition to the other requirements for listing and quotation that must be satisfied).

The Directors have had discussions of a preliminary nature with the Bendigo Stock Exchange about the waivers and confirmations required. However, the granting of these waivers and confirmations is at the absolute discretion of the Bendigo Stock Exchange and, if given, may be given subject to conditions. The main waivers and confirmations to be sought are as follows.

(a) Company's Constitution

The Company intends to seek confirmation that, for the purposes of BSX Listing Rule 1.2(b), the Company's Constitution is consistent with the BSX Listing Rules (as modified by the waivers and confirmations referred to in this Section). Further, the Company intends to request a waiver from the requirement in BSX Listing Rule 11.14 that its Constitution must contain certain provisions relating to restricted securities.

(b) Voting Rights

The Company intends to request a waiver from the requirement in BSX Listing Rule 4.3(b) that, on a poll, each shareholder must have one vote for each fully paid share held. As noted above (see Section 7.2(a)), each shareholder in the Company will have only one vote, regardless of the number of shares held.

(c) Suspension of Dividend & Voting Rights

The Company intends to seek confirmation that the provisions in the Company's Constitution that suspend the rights of a shareholder to receive dividends or vote if they have a prescribed shareholding interest (see Section 7.3 above) are "appropriate and equitable" for the purposes of the BSX Listing Rule 4.4(g).

(d) Divestment of shares

The Company intends to seek confirmation that the provisions in the Company's Constitution that permit a divestment of shares if a shareholder has a prescribed shareholding interest (see Section 7.3 above) are "appropriate and equitable" for the purposes of the BSX Listing Rule 4.6(d).

(e) Tests for listing

In order to list, among other things, a company must satisfy the "spread test" (ie it must have a certain specified number of shareholders each holding at least a certain specified value of shares) and it must satisfy either the "profits test" (ie among other things, it must have earned a certain level of profits over the past three years) or the "assets test" (ie it must have assets of a certain value): see BSX Listing Rules 1.1 to 1.7. It is not expected that the Company will be able to satisfy any of these tests. Accordingly, the Company intends to request a waiver from the requirement to comply with each test.

(f) Ongoing Operations

Under the BSX Listing Rules, there is a requirement for a listed entity to maintain a level of operations and financial stability that, in the BSX's opinion, is sufficient for the entity to remain on the BSX official list (see BSX Listing Rule 9.1). There is also a requirement to maintain a spread of security holders in a company's main class of securities which, in the BSX's opinion, is sufficient to ensure that there is an orderly market in securities (see BSX Listing Rule 9.2). The Company intends to seek confirmation from the BSX that the level of business contemplated by the Company, and the expected shareholder spread, will be sufficient for the purposes of these rules.

(g) Rights attaching to shares

The Company intends to seek confirmation from the BSX that, for the purposes of BSX Listing Rule 2.1(a), the rights attaching to the Shares satisfy the requirements of chapter 4 of the BSX Listing Rules (as modified by the waivers and confirmations described in this Section) and that, for the purposes of BSX Listing Rule 4.1, the rights attaching to the Shares are "appropriate and equitable".

(h) Limit on New Shares Issues

The Company intends to seek confirmation that, to the extent that the limit on new share issues in BSX Listing Rule 5.2 applies to the issue of Shares under the Prospectus, the issue is approved by the BSX for the purposes of that rule.

(i) Registration of share transfers

The Company intends to request a waiver from BSX Listing Rule 6.3 in order to permit the Directors of the Company to prevent a share transfer at their discretion.

(j) Rotation of directors

The Company intends to request a waiver from BSX Listing Rule 11.20 (which requires the retirement by rotation of Directors) but only to the extent that the Company complies with the Directors' retirement by rotation procedures set out in the Company's Constitution.

7.8 Consents

- (a) **Bendigo Bank** has given and has not, before the issue of this Information Memorandum withdrawn its written consent to be named in this Information Memorandum in the form and context in which it is named. It has not authorised or caused the issue of this Information Memorandum.

8. Definitions

APRA	Australian Prudential and Regulatory Authority.
Bendigo Bank	Bendigo Bank Limited (ABN 11 068 049 178).
Bendigo Group	Bendigo Bank and its related bodies corporate.
Bendigo Stock Exchange or BSX	BSX Limited (ACN 087 708 898).
BSX Listing Rules	Listing rules of the BSX.
Company	San Remo District Financial Services Limited ACN 102 770 150
Corporations Act	Corporations Act 2001 (Cth).
Disclosure Document	The disclosure document provided to the Company by Bendigo Bank under the Franchising Code.
Franchise	The rights granted to the Company under the Franchise Agreement.
Franchise Agreement	The agreement dated 10 February 2003, between Bendigo Bank and the Company (and the Directors) under which the Company was granted the rights to manage and operate the Community Bank [®] Branch of Bendigo Bank, subject to the terms and conditions of the agreement.
Franchise	Has the meaning given in Section 3.5.
Franchising Code	Franchising Code of Conduct.
Prospectus	The prospectus dated 11 February 2003, issued by the Company.
Shares	Ordinary shares in the Company

Each Director of the Company has consented to the lodgement of this Information Memorandum with the Bendigo Stock Exchange.

Signed for and on behalf of the Company by each Director:

Terence Stirling Ashenden (Chairman)

Bruce Leonard Adams

Joan Tracey Matthews

Miranda May Sage

Norma Georgina Laing Stack

Caroline Talbot

Janice Joy Rowlingson

Bruce Edward Procter

DIRECTORY

Directors

Terence Stirling Ashenden

Bruce Leonard Adams

Joan Tracey Matthews

Miranda May Sage

Norma Georgina Laing Stack

Caroline Talbot

Janice Joy Rowlingson

Bruce Edward Procter

Company Secretary

Catherine Ruth Rogerson

Registered Office

103A Marine Parade,

San Remo, Victoria 3925

SAN REMO COMMUNITY FINANCIAL SERVICES LIMITED

ABN: 20 102 770 150

**FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2005**

CONTENTS

Directors' Report

Statement of Financial Performance

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Directors' Declaration

Independent Audit Report

Directors' report 30 June 2005

The Directors present their report on the financial statements of the Company for the year ended 30 June 2005.

Directors

The following persons held office as Directors during or since the end of the financial year:

Terence Stirling Ashenden
Joan Tracey Matthews
Bruce Leonard Adams
Glenda Maree Legg
Douglas Charles Wain
Miranda May Sage
Norma Georgina Laing Stack
George Ortantzoglou (retired 25 October 2004)
Pamela Joan Woods (retired 25 October 2004)
Caroline Talbot (appointed 26 October 2004)
Janice Joy Rowlingson (appointed 26 October 2004)
Earle Dudley Embrey (appointed 26 October 2004, resigned 23 November 2004)

Directors were in office for period of incorporation to the end of this financial year unless otherwise stated.

Directors interests

Joan Matthews is a Director of and a Shareholder in a Company, Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103a Marine Parade San Remo. The Company has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises.

Principal activities

The principal activities of the Company during the course of the financial year were in development of Community Bank® branch services under management rights to operate a franchised branch of Bendigo Bank Limited.

Operating results

The net loss of the Company for the year ended 30 June 2005 was: (\$71,622)

Dividends

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

Directors' report 30 June 2005 continued

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.

Significant events after the balance date

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

Likely developments

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

Directors benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest, other than already disclosed in this report. 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' report 30 June 2005 continued

Directors meetings

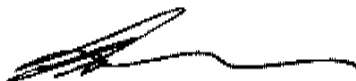
The attendance of each Director of the Company at Directors Meetings during the year:

Number of Meetings Held: 12

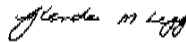
	Bruce Adams	Terry Ashenden	Earle Embrey	Glenda Legg	Joan Matthews	George Orfanogiou	Caroline Talbot	Janice Rowlinson	Miranda Sage	Norma Stack-Hobinson	Douglas Wain	Paulette Woods
26/07/04	P	P	-	P	LA	P	-	-	LA	P	P	P
30/09/04	P	P	-	P	LA	AB	-	-	LA	P	P	P
27/09/04	P	P	-	P	P	AB	-	-	LA	AP	P	P
15/11/04	P	P	P	P	P	-	P	P	P	P	P	-
29/11/04	P	P	-	P	P	-	P	P	P	AB	AP	-
20/12/04	P	P	-	P	P	-	P	P	P	P	P	-
24/01/05	P	P	-	P	P	-	P	-	P	P	P	-
29/02/05	P	P	-	P	AP	-	P	P	AP	P	AP	-
21/03/05	P	P	-	P	P	-	-	P	P	P	AB	-
02/05/05	P	P	-	P	P	-	P	P	LA	P	AB	-
30/05/05	P	P	-	P	P	-	P	P	LA	AP	AB	-
27/06/05	P	P	-	P	P	-	P	-	LA	P	AB	-

Legend: P : Present AP : Apology
LA : Leave of Absence AB : Absent (no apology)

Signed in accordance with a resolution of the Board of Directors at San Remo on the 5 day of September 2005



Terence Stirling Ashenden
Chairman



Glenda Maree Legg
Director

Financial statements

Statement of financial performance

For year ending 30 June 2005

	Note	2005	2004
Revenues from ordinary activities	2	299,615	200,769
Employee Benefits Expense	3	(173,416)	(176,107)
Depreciation & Amortisation Expenses	3	(52,729)	(50,079)
Other Expenses from Ordinary Activities		(145,092)	(138,283)
Net Profit from Ordinary Activities before income tax expense	3	(71,622)	(163,700)
Income tax expense relating to ordinary activities		-	-
Net profit from ordinary activities after income tax expense		(71,622)	(163,700)
Total changes in equity		(71,622)	(163,700)
Basic earnings per share (cents per share)		-0.11	-0.25
Diluted earnings per share (cents per share)		-0.11	-0.25

This Statement should be read in conjunction with the accompanying notes

Financial statements continued

Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash Assets	6	175,453	212,719
Receivables	7	24,539	6,916
Prepayments	8	16,000	20,744
TOTAL CURRENT ASSETS		215,992	240,379
NON CURRENT ASSETS			
Prepayments	8	32,000	48,000
Property, Plant & Equipment	9	166,280	178,737
Intangible Assets	10	54,627	72,836
TOTAL NON-CURRENT ASSETS		252,907	299,573
TOTAL ASSETS		468,899	539,952
CURRENT LIABILITIES			
Interest Bearing Liabilities	11	4,899	4,260
Payables	12	21,188	17,660
Provision for Employee Entitlements	13	11,374	10,502
TOTAL CURRENT LIABILITIES		37,461	32,422
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities	11	16,305	20,775
TOTAL NON-CURRENT LIABILITIES		16,305	20,775
TOTAL LIABILITIES		53,766	53,197
NET ASSETS		415,133	486,755
EQUITY			
Contributed Equity	14	650,000	650,000
Retained Profits/ (Accumulated Losses)	15	(234,867)	(163,245)
TOTAL EQUITY		415,133	486,755

This Statement should be read in conjunction with the accompanying notes

Financial statements continued

Statement of cash flows

For year ending 30 June 2005

	Note	2005 \$ Inflows/ (Outflows)	2004 \$ Inflows/ (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		283,604	218,698
Interest Received		8,217	11,968
Payments to suppliers and employees		(317,152)	(299,043)
Interest Paid		(1,723)	(168)
Net Cash Provided by (Used In) Operating Activities	17(b)	(27,054)	(68,545)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, Plant and Equipment Purchases		(6,063)	(35,694)
Net Cash Provided by (Used In) Investing Activities		(6,063)	(35,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of shares		0	40,900
Chattel Mortgage		(4,149)	25,035
Net Cash Provided by (Used In) Financing Activities		(4,149)	65,935
NET INCREASE IN CASH HELD		(37,266)	(38,304)
Cash at 1 July, 2004		212,719	251,023
Cash at 30 June, 2005	17(a)	175,453	212,719

This Statement should be read in conjunction with the accompanying notes

Notes to the financial statements

For year ending 30 June 2005

Note 1: Statement of accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers San Remo District Financial Services Limited as an economic entity. San Remo District Financial Services Limited is an unlisted Company limited by shares, incorporated and domiciled in Australia.

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.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

b) Property, plant & equipment

Each class of property, plant & equipment is carried at cost less, where applicable, any accumulated depreciation.

Property, plant & equipment are measured on the cost basis.

c) Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed assets	Depreciation Rate
Furniture and fittings	20.0%
Motor Vehicles	15.0%
Plant and equipment	13.0%
Property improvements	13.0%

Notes to the financial statements continued

Note 1: Statement of accounting policies continued

d) Leases

Lease payments for operating leases, where substantially all the risks and benefits incidental to ownership of the asset remain lessor, are charged as expense in the period in which they are incurred.

Leases of fixed assets where substantially all the risks and benefits incidental to ownership of the assets, but not the legal ownership, are transferred to the entity and classified as financial leases. Finance leases are capitalised, recording as an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line method over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

e) Receivables

All trade debtors are recognised at their face value as they are due for settlement no more than 60 days from the date of recognition. Collectibility of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

f) Prepayments

As well as normal prepaid operating expenses, the Company has prepaid a franchise fee and staff training expenses which are being amortised over five years.

g) Trade and other creditors

These amounts represent liabilities for goods and services provided to the end of the financial year which are unpaid. The normal credit terms are Net 30 days.

h) Intangibles

Formation expenses were incurred in the initial set up of the Company. The Directors determined that these expenses should be amortised over the life of the initial franchise term of five years.

i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date.

Wages and salaries, annual leave and accrued days off

Liabilities for wages and salaries, annual leave and accrued days off are recognised, and are measured as the amount unpaid at the reporting date in respect of employees services up to that date.

Long service leave

No provisions has been made for long service leave. Generally, the entitlement under awards becomes payable upon completion of ten year's service.

Notes to the financial statements continued

Note 1: Statement of accounting policies continued

j) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institution, net of bank overdrafts.

k) Revenue

Revenue from operating activities is recognised when the Bendigo Bank provides the Company with a statement of the previous months transactions and loan and deposit values.

l) Rounding of amounts

All amounts shown in the Financial Statements are expressed to the nearest dollar.

m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

n) Adoption of Australian equivalents to international financial reporting standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. The adoption of AIFRS will be reflected in the Company's financial statements for the year ending 30 June 2006. On first time adoption of the AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The Directors of the Company, along with its auditors, are assessing the significance of these change and preparing for their implementation.

Notes to the financial statements continued

	2005 \$	2004 \$
NOTE 2: Revenue		
Operating Activities		
Gross Margin	153,104	94,637
Products/Services Commission	5,825	5,515
Upfront/Trailer Product Commission	62,558	41,719
Fee Income	41,213	24,250
Market Development Fund	27,417	16,667
Employee FBT Reimbursement	1,818	2,000
Interest	7,680	11,968
Sponsorship/Market Reimbursement	-	3,194
Sundry Income	-	819
Total Revenue	299,615	200,769

Notes to the financial statements continued

	2005	2004
	\$	\$
NOTE 3: Profit from ordinary activities		
Profit from ordinary activities has been determined after:		
Employee Benefits Expense		
Wages & Salaries	150,434	142,406
Workcover	727	777
Superannuation	20,211	22,422
Fringe Benefits Tax	1,172	-
Employee Provisions Movement	872	10,502
Total Employee Entitlements	173,416	176,107
Depreciation and Amortisation Expenses		
Depreciation		
Furniture & Fittings	899	899
Motor Vehicles	4,041	1,866
Plant & Equipment	5,678	5,595
Property Improvements	7,902	7,510
Amortisation		
Franchise Fee	12,000	12,000
Preliminary Expenses	18,209	18,209
Staff Training	4,000	4,000
Total Depreciation and Amortisation	52,729	50,079
Bad Debts Written Off	204	135
Remuneration of auditor		
Audit or Review	814	759
Other Services	310	-
Total Remuneration of Auditor	1,124	759
Rental Expense on Operating Leases		
Computer Equipment	16,275	19,983
	16,275	19,983

Notes to the financial statements continued

	2005 \$	2004 \$
NOTE 4: Earnings per share		
a) Reconciliation of Earning to Net Profit or Loss		
Net Profit	(71,622)	(163,700)
Earnings used in the calculation of basic EPS	(71,622)	(163,700)
Earnings used in the calculation of diluted EPS	(71,622)	(163,700)
b) Weighted average number of ordinary shares during the year used in calculation of EPS		
	650,000	650,000

NOTE 5: Income tax

In view of the loss for the year, a provision for income tax is not necessary.

A future income tax benefit for the carried forward losses has not been calculated as there is no certainty of realisation.

	2005 \$	2004 \$
NOTE 6: Cash assets		
Operating Account	15,118	26,418
Market Development Fund	6,243	-
Term Deposits	154,043	186,201
Petty Cash	49	100
	175,453	212,719

NOTE 7: Receivables

CURRENT

Accrued Income	239	776
Bendigo Bank	23,800	5,640
Security Deposits	500	500
Total Receivables	24,539	6,916

Notes to the financial statements continued

	2005 \$	2004 \$
NOTE 8: Prepayments		
CURRENT		
Insurance	-	4,744
Franchise Fee	12,000	12,000
Staff Training	4,000	4,000
TOTAL CURRENT	16,000	20,744
NON-CURRENT		
Franchise Fee	24,000	36,000
Staff Training	8,000	12,000
TOTAL NON CURRENT	32,000	48,000
NOTE 9: Property, plant & equipment		
Furniture and Fittings at cost	4,631	4,631
Less accumulated depreciation	1,798	899
	2,833	3,732
Motor Vehicles at cost	26,936	26,936
Less accumulated depreciation	5,907	1,866
	21,029	25,070
Plant & Equipment at cost	42,127	41,264
Less accumulated depreciation	11,273	5,595
	30,854	35,669
Property Improvements at cost	126,976	121,776
Less accumulated depreciation	15,412	7,510
	111,564	114,266
TOTAL PROPERTY, PLANT AND EQUIPMENT	166,280	178,737

Notes to the financial statements continued

NOTE 9: Property, plant & equipment continued

(a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant & equipment between the beginning and the end of the current financial year.

	Furniture & Fittings	Motor Vehicles	Plant & Equipment	Property Improvements	Total
	\$	\$	\$	\$	\$
Balance at 30/06/04	3,732	25,070	35,669	114,266	178,737
Additions	-	-	863	5,200	6,063
Disposals	-	-	-	-	-
Depreciation expense	899	4,041	5,678	7,902	18,520
Carrying amount at end of year	2,833	21,029	30,854	111,564	166,280

	NOTE	2005	2004
		\$	\$
NOTE 10: Intangible assets			
Formation Expenses		91,045	91,045
Less accumulated amortisation		36,418	18,209
		54,627	72,836

NOTE 11: Interest-bearing liabilities

CURRENT

Mastercard		429	111
Chattel Mortgage	17	4,470	4,149
Total Current		4,899	4,260

NON-CURRENT

Chattel Mortgage	17	16,305	20,775
------------------	----	--------	--------

Notes to the financial statements continued

	2005 \$	2004 \$
NOTE 12: Payables		
CURRENT		
GST Payable	3,953	1,499
PAYG Withholding	8,956	6,202
Trade Creditors	8,279	9,959
TOTAL PAYABLES	21,188	17,660
NOTE 13: Provision for employee benefits		
CURRENT		
Annual Leave	9,374	9,011
Sick Leave	2,000	1,491
Total Employee Benefits	11,374	10,502
NOTE 14: Contributed equity		
650,000 fully paid ordinary shares	650,000	650,000
(a) Ordinary Shares		
At the beginning of the reporting period	650,000	650,000
Shares issued during the year	-	-
Shares paid during the year	-	40,900
NOTE 15: Retained profits		
Retained profits at the beginning of the period	(163,245)	455
Net profit/(loss) attributable to the members	(71,622)	(163,700)
Retained profits/(Accumulated losses) at the end of the period	(234,867)	(163,245)

Notes to the financial statements continued

NOTE 16: Related party disclosures

Responsible persons

The Members of the Board during the period were:

Mr. Terence Stirling Ashenden

Mrs. Joan Tracey Matthews

Mr. Bruce Leonard Adams

Mrs. Glenda Maree Legg

Mr. Douglas Charles Wain

Mrs. Miranda May Sage

Mrs. Norma Georgina Laing Stack

Mr. George Ortantzogluo (resigned 25th October 2004)

Mrs. Pamela Joan Woods (resigned 25th October 2004)

Mrs. Janice Rowlingson (elected 25th October 2004)

Mrs. Caroline Talbot (elected 25th October 2004)

Executive officer remuneration

The number of Executive Officers whose total remuneration exceeded \$100,000 amounted to: Nil

Transactions with responsible persons and their related parties

Joan Matthews is a Director of and Shareholder in a Company, Park Accomodation (Vic) Pty Ltd, which owns the premises situated at 103a Marine Parade, San Remo. The Company has entered into a lease arrangement with Park Accomodation (Vic) Pty Ltd with regard to these premises.

There are no other transactions with responsible persons or their related parties.



NOTE 17: Cash flow information

(a) Reconciliation of Cash

Cash at the end of the period as shown in the statements of cash flows reconciled to the related items in the statement of financial position as follows:

Operating Account	15,118	26,418
Market Development Fund	6,243	-
Term Deposits	154,043	186,201
Petty Cash	49	100
	175,453	212,719

Notes to the financial statements continued

	2005 \$	2004 \$
NOTE 17: Cash flow information continued		
(b) Reconciliation of Cash Flow From Operations With Profit From Ordinary Activities		
Profit/(Loss) from ordinary activities	(71,622)	(163,700)
Non-cash flows in profit from ordinary activities		
Depreciation & Amortisation	52,729	50,079
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(17,623)	29,897
(Increase)/Decrease in other assets	4,744	87
Increase/(Decrease) in payables	3,846	4,590
Increase/(Decrease) in provisions	872	10,502
Cash Flows from operations	(27,054)	(68,545)

NOTE 18: Financial instruments

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average		Floating Interest		Fixed Interest Rate Maturing			
	Effective Interest Rate		Rate		Within 1 year		1 to 5 years	
	2005	2004	2005	2004	2005	2004	2005	2004
					\$	\$	\$	\$
Financial Liabilities								
Bank Overdraft Secured								
Bank Overdraft Unsecured								
Bank Loan								
Chattel Mortgage	7.47	7.47			4,470	4,149	16,305	20,775
Lease								
Total Financial Liabilities					4,470	4,149	16,305	20,775

Notes to the financial statements continued

NOTE 18: Financial Instruments continued

(c) Net Fair Values

For assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying exceeds net fair values have not been written down as the economic entity intends to hold these assets until maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 19: Superannuation

- (i) The Company contributes to the Bendigo Bank Superannuation Fund;
- (ii) The amount of total contributions made by the Company to this Superannuation Fund during the period were \$22,004 (2004 - \$20,567)
- (iii) There were no contributions outstanding in respect of the period. The amount of total contributions outstanding in respect of the previous period were \$62,40.
- (iv) Contributions are paid in accordance with the Superannuation Guarantee Scheme.

NOTE 20: Company details

The registered office of the Company is:

103A Marine Parade
San Remo Vic 3925

The principal place of business is:

San Remo District Financial Services Limited
103A Marine Parade
San Remo Vic 3925

Directors' declaration

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 1 to 14, are in accordance with the Corporations Act 2001:

- (a) comply with Accounting Standards and the Corporations Regulations 2001; and
- (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the Company.

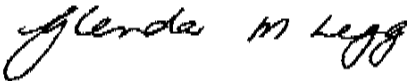
In the Directors' opinion there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

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



Terry Ashenden

Chairperson



Glenda Legg

Director

Dated the 2nd Day of September 2005

San Remo, Victoria.

Independent audit report

Scope

I have audited the financial report of San Remo District Financial Services Limited for the year ended 30th June, 2005 as set out on pages 1 to 15.

The company's Directors are responsible for the preparation and presentation of the financial report and the information it contains. I have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

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

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

Audit opinion

In my opinion, the financial report of San Remo District Financial Service Limited is in accordance with:

(a) The Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30th June, 2005 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.



ROBERT F. CARDELL
CHARTERED ACCOUNTANT
3A BILLSON STREET
WONTHAGGI VIC 3995

2nd September, 2005