

2008 annual report



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Chairman's report

For year ending 30 June 2008

Our first year of trading is complete and it pleases me to tell you we have performed well against budget.

Our prime focus this last year has been on growing our business and this continues to be our focus. We constantly seek out opportunities that will enable our branch to grow and prosper so that in turn our community and our shareholders will also grow and prosper. As shareholders, we urge you to help us in this area. Your business and any other business you may steer towards our branch will assist.

We continue to work on good corporate governance issues and I am pleased to say all Directors have undergone training through the Australian Institute of Company Directors this year and various other training directly related to our responsibilities as Directors of your Company.

Regional School libraries benefited from our donations of \$2,250 in total for new library books. Sporting clubs benefited with a total of \$1,250 in donations. We have supported the Katherine Country Music Muster and the Katherine & District Show and demonstrated our commitment to improving our community for the good of all.

We now seek community input for a major project for our region. So far several interesting suggestions have been proposed and hopefully many more will eventuate. A decision on a major project will not happen in the near future so you have plenty of time to get your ideas to us.

My thanks are extended to all Directors, past and present, who have given me so much support and assistance over the last year. They have all embraced these voluntary roles with professionalism and enthusiasm.

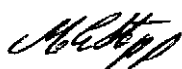
L White, N Williams, J Greaves and R Cook have resigned over the past year and we thank you for your efforts and wish you well in your future directions. F Anderson and K Jolley were elected at our AGM last November and have contributed fresh energy and new ideas to our Board. N Dickens filled a casual vacancy in May and will seek shareholder ratification of her position on the Board at our AGM in November. She brings a refreshing younger point of view to our Board and her input and knowledge has been considerable.

To our longer term Directors who still tirelessly work with the one common goal, to reach a level of profitability that will enable us to invest more resources in the community that supports us so well. My thanks to you all it's great to work with such a dedicated team.

Our Branch Manager, Linda Stark, and her team we thank for your hard work and welcoming professional approach to our customers.

To our shareholders, thanks for your continuing support and your banking business. I encourage you to continue to promote your **Community Bank**[®] branch to friends and family. Finally thanks to all our customers and the wider community that takes in the entire Katherine region for your continued support and confidence.

Successful customers make successful communities make successful businesses!



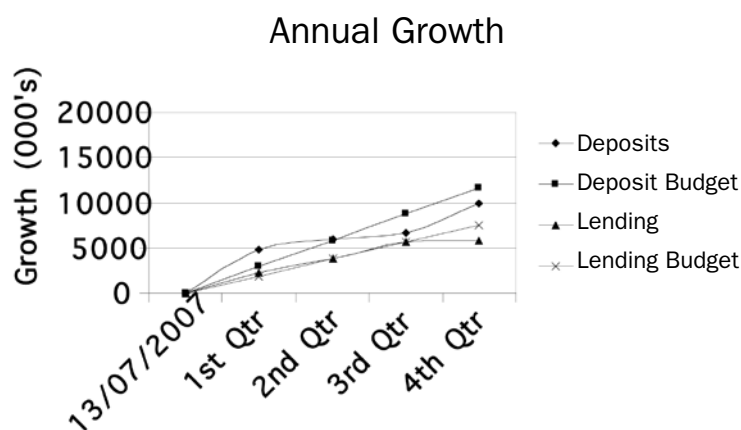
Merrilyn Stopp
Chairman

Manager's report

For year ending 30 June 2008

It gives me pleasure to present the Manager's report for 2008. The first year of trade has had some great results. The branch reached a number of milestones that have enabled us to exceed our projected growth of 80 per cent option 2 in the prospectus.

As you can see from the graphs below we had good results in both lending and deposits. As at 30 June 2008 we had opened 522 accounts. This continues to grow every day.



Staff turnover has been high with the branch losing its entire original staff. While this has not been ideal the staff has moved on to full time positions in town or their partners have been transferred out of town. We have been lucky to find excellent replacements with trained staff coming from Darwin and other banks.

We aim to increase customer numbers over the coming year and improve the relationships with our existing customers. The team also would like to become more active in the community and provide more volunteer man hours to community events. We are working at increasing our footings and reaching profit as soon as possible.

Thank you to each member of the Board for your support and wisdom throughout the last year. I would also like to pay tribute to the shareholders and community members who have supported us with their banking over the past 12 months of trading.

I would also like to thank my staff past and present for their dedication and hard work.

Linda Stark
Branch Manager

Bendigo Bank Ltd report

For year ending 30 June 2008

Celebrating 10 years of the **Community Bank**[®] Network

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank**[®] branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank**[®] concept. It is a significant milestone for Bendigo Bank and our **Community Bank**[®] partners.

The number of **Community Bank**[®] branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank**[®] branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders. Behind those numbers are hundreds of stories of **Community Bank**[®] branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**[®] branches are helping improve the economic and social prospects of their local communities. Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners. The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank**[®] model has been instrumental, and for that we thank you. And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**[®] network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.



Russell Jenkins

Chief General Manager Retail & Distribution

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

Merrilyn Elizabeth Stopp

Chairman

Age: 59

Business Owner

Valmai Dorothy Dyer

Treasurer

Age: 59

Cattle Producer

Joseph William Smith

Secretary

Age: 63

Manager

Roberto Severino Buzzo

Director

Age: 49

Security Firm Director

Frances Margaret Anderson

Director (Appointed 7 November 2007)

Age: 67

Accountant

Kit Hamilton Jolley

Director (Appointed 7 November 2007)

Age: 58

Semi-Retired/Consultant

Neroli Alexis Dickens

Director (Appointed 26 May 2008)

Age: 25

Administration Officer

Randall John Cook

Director (Resigned 23 June 2008))

Age: 46

School Principal

Jeremy David Greaves

Director (Resigned 21 April 2008)

Age: 38

Anglican Priest

Neil Douglas Williams

Director (Resigned 25 February 2008)

Age: 54

Lecturer

Lynette Kay White

Director (Resigned 25 February 2008)

Age: 51

Retailer

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

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

Company Secretary

The Company Secretary is Joseph William Smith. Joseph was appointed to the position of Secretary on 23 June 2008, taking over from Randall John Cook who had been the Secretary from 3 August 2006.

Directors' report continued

Principal activities

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

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

Operating results

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was:

Year ended 30 June 2008 \$	Year ended 30 June 2007 \$
(197,387)	(86,982)

Dividends

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 17 to the financial statements. 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.

Directors' report continued

Indemnification and insurance of Directors and Officers

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

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

Directors meetings

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

	Number of Board meetings eligible to attend	Number attended
Merrilyn Elizabeth Stopp	12	12
Valmai Dorothy Dyer	12	10
Roberto Severino Buzzo	12	9
Joseph William Smith	12	11
Frances Margaret Anderson (Appointed 7 November 2007)	7	5
Kit Hamilton Jolley (Appointed 7 November 2007)	7	7
Neroli Alexis Dickens (Appointed 26 May 2008)	1	1
Randall John Cook (Resigned 23 June 2008)	11	3
Jeremy David Greaves (Resigned 21 April 2008)	9	4
Neil Douglas Williams (Resigned 25 February 2008)	7	7
Lynette Kay White (Resigned 25 February 2008)	7	7

Non Audit services

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

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

Directors' report continued

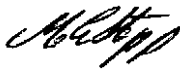
The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

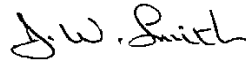
Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors at Katherine, Northern Territory on 25 August 2008.



Merrilyn Elizabeth Stopp
Chairman



Joseph William Smith
Secretary

Auditor's independence declaration



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ABN 51 661 795 337

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Katherine Regional Enterprises Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 25th day of August 2008

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	108,450	78
Salaries and employee benefits expense		(217,149)	(114,169)
Advertising and promotion expenses		(8,892)	(4,193)
Occupancy and associated costs		(31,710)	-
Systems costs		(32,717)	-
Depreciation and amortisation expense	4	(24,266)	-
General administration expenses		(72,772)	(9,213)
Loss before income tax credit		(279,056)	(127,497)
Income tax credit	5	81,669	40,515
Loss for the period		(197,387)	(86,982)
Loss attributable to members of the entity		(197,387)	(86,982)
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	19	(24.58)	(11.83)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Assets			
Current assets			
Cash assets	6	189,268	739,899
Trade and other receivables	7	3,041	34,917
Total current assets		192,309	774,816
Non-current assets			
Property, plant and equipment	8	174,848	184,428
Intangible assets	9	8,000	10,000
Deferred tax assets	10	122,184	40,515
Total non-current assets		305,032	234,943
Total assets		497,341	1,009,759
Liabilities			
Current liabilities			
Trade and other payables	11	9,424	402,080
Provisions	12	10,246	355
Total current liabilities		19,670	402,435
Total liabilities		19,670	402,435
Net assets		477,671	607,324
Equity			
Contributed equity	13	762,040	694,306
Accumulated losses	14	(284,369)	(86,982)
Total equity		477,671	607,324

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		82,911	57
Payments to suppliers and employees		(458,691)	(11,473)
Interest received		21,526	21
Net cash used in operating activities	15	(354,254)	(11,395)
Cash flows from investing activities			
Payments for property, plant and equipment		(197,114)	-
Payments for intangible assets		(10,000)	-
Net cash used in investing activities		(207,114)	-
Cash flows from financing activities			
Proceeds from issues of equity securities		67,725	735,405
Payment for share issue costs		(21,988)	(19,111)
Loan from founding shareholders		-	35,000
Repayment of loan from founding shareholders		(35,000)	-
Net cash provided by financing activities		10,737	751,294
Net increase/(decrease) in cash held		(550,631)	739,899
Cash at the beginning of the financial year		739,899	-
Cash at the end of the half-year	6(a)	189,268	739,899

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		607,324	-
Net loss for the period		(197,387)	(86,982)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		67,734	735,405
Costs of issuing shares		-	(41,099)
Total equity at the end of the period		477,671	607,324

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

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

Historical cost convention

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

Revenue

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

Goods and Services Tax

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

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

Deferred tax

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

Intangibles

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

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

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

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

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

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

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

Payment terms

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

Trade receivables and payables

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

Borrowings

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

Provisions

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

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

Contributed equity

Ordinary shares are recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Earnings per share

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	86,924	-
- other revenue	-	57
Total revenue from operating activities	86,924	57
Non-operating activities:		
- interest received	21,526	21
Total revenue from non-operating activities	21,526	21
Total revenues from ordinary activities	108,450	78

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	11,099	-
- leasehold improvements	11,167	-
Amortisation of non-current assets:		
- franchise agreement	2,000	-
	24,266	-
Bad debts	32	-

Note 5. Income tax expense

The components of tax expense comprise:

- Deferred tax on provisions	(3,074)	-
- Recoupment of prior year tax losses	-	-
- Future income tax benefit attributable to losses	(78,595)	(40,515)
	(81,669)	(40,515)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 5. Income tax expense (continued)		
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating loss	(279,056)	(127,497)
Prima facie tax on loss from ordinary activities at 30%	(83,717)	(38,249)
Add tax effect of:		
- temporary timing difference	3,913	200
- blackhole expenses	(2,466)	(2,466)
- non-deductible expenses	600	-
Current tax	(78,595)	(40,515)
Movement in deferred tax (see Note 10)	(3,074)	-
Income tax credit on operating loss	(81,669)	(40,515)

Note 6. Cash assets

Cash at bank and on hand	39,268	1,461
Term deposits	150,000	-
Trust account	-	738,438
	189,268	739,899

The above figures are reconciled to costs at the end of the financial year as shown in the statement of cashflows.

6(a). Reconciliation of cash

Cash at bank and on hand	39,268	1,461
Term deposits	150,000	-
Trust account	-	738,438
	189,268	739,899

Note 7. Trade and other receivables

Trade receivables	3,041	34,917
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Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	52,424	-
Less accumulated depreciation	(11,167)	-
	41,257	-
Leasehold improvements		
At cost	144,690	184,428
Less accumulated depreciation	(11,099)	-
	133,591	184,428
Total written down amount	174,848	184,428
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	-	-
Reclassification	52,424	-
Additions	-	-
Disposals	-	-
Less: depreciation expense	(11,167)	-
Carrying amount at end	41,257	-
Leasehold improvements		
Carrying amount at beginning	184,428	-
Reclassification	(52,424)	-
Additions	12,686	184,428
Disposals	-	-
Less: depreciation expense	(11,099)	-
Carrying amount at end	133,591	184,428
Total written down amount	174,848	184,428

Notes to the financial statements continued

	2008 \$	2007 \$
Note 9. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(2,000)	-
	8,000	10,000

Note 10. Deferred tax

Deferred tax asset		
Opening balance	40,515	-
Future income tax benefits attributable to losses	78,595	40,515
Deferred tax on provisions	3,074	-
Closing balance	122,184	40,515

Note 11. Trade and other payables

Trade creditors	7,424	400,080
Other creditors & accruals	2,000	2,000
	9,424	402,080

Note 12. Provisions

Employee provisions	10,246	355
Number of employees at year end	3	2

Note 13. Contributed equity

803,139 Ordinary shares fully paid of \$1 each (2007: 735,405)	803,139	735,405
Less: equity raising expenses	(41,099)	(41,099)
	762,040	694,306

Notes to the financial statements continued

	2008 \$	2007 \$
Note 14. Accumulated losses		
Balance at the beginning of the financial year	(86,982)	-
Net loss from ordinary activities after income tax	(197,387)	(86,982)
Dividends paid	-	-
Balance at the end of the financial year	(284,369)	(86,982)

Note 15. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(197,387)	(86,982)
Changes in assets and liabilities:		
- (increase)/decrease in receivables	31,876	(34,917)
- increase/(decrease) in payables	(198,634)	110,149
-increase in provisions	9,891	355
Net cash flows used in operating activities	(354,254)	(11,395)

Note 16. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	3,000	2,000
- non audit services	1,528	19,789
	4,528	21,789

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

Merrilyn Elizabeth Stopp
Valmai Dorothy Dyer
Roberto Severino Buzzo
Joseph William Smith
Frances Margaret Anderson (Appointed 7 November 2007)
Kit Hamilton Jolley (Appointed 7 November 2007)
Neroli Alexis Dickens (Appointed 26 May 2008)
Randall John Cook (Resigned 23 June 2008)
Jeremy David Greaves (Resigned 21 April 2008)
Neil Douglas Williams (Resigned 25 February 2008)
Lynette Kay White (Resigned 25 February 2008)

Joseph Smith is a Director in a private Company which operates Camera World which supplied promotion materials to the Company. During the financial year the Company supplied goods to the value to \$910 (2007: Nil).

Robert Buzzo is a Director of RHADS Pty Ltd which sub-contracts security services for the branch site. During the financial year the Company supplied services to the value to \$160 (2007: Nil).

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

Directors shareholdings	2008	2007
Merrilyn Elizabeth Stopp	40,002	29,577
Valmai Dorothy Dyer	15,001	15,001
Roberto Severino Buzzo	34,071	34,071
Joseph William Smith	5,681	5,681
Frances Margaret Anderson (Appointed 7 November 2007)	2,000	2,000
Kit Hamilton Jolley (Appointed 7 November 2007)	25,000	25,000
Neroli Alexis Dickens (Appointed 26 May 2008)	500	500
Randall John Cook (Resigned 23 June 2008)	2,841	2,841
Jeremy David Greaves (Resigned 21 April 2008)	2,001	2,001
Neil Douglas Williams (Resigned 25 February 2008)	10,601	10,601
Lynette Kay White (Resigned 25 February 2008)	20,141	20,141

Each share held is valued at \$1.

Notes to the financial statements continued

Note 18. Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

	2008 \$	2007 \$
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Note 19. Earnings per share

(a) Basic earnings per share

Profit attributable to the ordinary equity holders of the Company	(197,387)	(86,982)
---	-----------	----------

	2008 Number	2007 Number
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(b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	803,139	735,405
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Note 20. Events occurring after the balance sheet date

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

Note 21. Contingent liabilities

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

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Katherine region of the Northern Territory.

Note 23. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
Shop 2/56 Katherine Terrace, Katherine NT 0850	Shop 2/56 Katherine Terrace, Katherine NT 0850

Notes to the financial statements continued

Note 24. Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets											4.75	.05
Cash assets	39,268	1,461	-	-	-	-	-	-	-	-	8.05	N/A
Term deposits	-	-	150,000	-	-	-	-	-	-	-	N/A	N/A
Trust account	-	-	-	-	-	-	-	-	-	738,439	N/A	N/A
Receivables	-	-	-	-	-	-	-	-	-	3,041	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	-	9,424	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Katherine Regional Enterprises Limited, we state that:

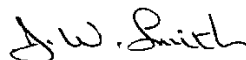
In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Merrilyn Elizabeth Stopp
Chairman



Joseph William Smith
Secretary

Signed on 25 August 2008.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT

To the members of Katherine Regional Enterprises Limited

We have audited the accompanying financial report of Katherine Regional Enterprises Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

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

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

Independent audit report continued

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Katherine Regional Enterprises Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



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

Dated this 25th day of August 2008

Katherine Regional **Community Bank**[®] Branch
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PO Box 69, Katherine NT 0851
ABN 57 121 062 146

www.bendigobank.com.au/katherine

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8035) (08/08)

