

2008 annual report



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Chairman's report

For year ending 30 June 2008

Operating results

I am pleased to report a sound financial result with a net profit of \$193,294 (2007 \$71,378) from a gross revenue of \$1,280,478 (2007 \$982,641). This growth is continuing and is providing a solid financial base for the future.

Review of operations

The Company operates in Mareeba and Dimbulah with both fully operational branches. The Mareeba branch was established in April 2001 and was acquired by Mareeba and Dimbulah Financial Services Limited on 1 December 2005 and the new Dimbulah branch was opened on 6 January 2006.

The Dimbulah branch is the only banking business in Dimbulah and is now passed its establishment stage and is providing a full banking service to that area, in line with our original expectations. An ATM facility was added to provide an out of hour's cash facility to the community.

Both Mareeba and Dimbulah branches continue to grow in line with our budget.

Staff

We employ twelve staff with eight in Mareeba and four in Dimbulah, and would like to thank these dedicated people who make it possible. We are fortunate to have exceptional staff managing and working in our branches.

Anne-Maree Zugno is our Dimbulah Manager and is providing outstanding professional management and banking business skills in her role.

For most of the year Amy Phillips was our Mareeba Manager and was a major reason for the success of that branch. Amy has since moved to Bendigo Bank Limited Business Banking and we have been fortunate in appointing the very experienced Stephen Gear to the position of Manager of the Mareeba branch in July 2008.

On behalf of the Directors, I wish to thank all staff for their loyalty and commitment in promoting the

Community Bank® in our community.

Community support

The Mareeba and Dimbulah **Community Bank®** branches role is to provide our community with a high standard of community involvement and interaction that directly benefits our customers and the wider community through the purchase of every day services.

This year 2007/2008 we have provided \$20,955 in sponsorship to the Mareeba and Dimbulah community, and we have commenced an initiative to provide over \$50,000 in grants to the schools in our area, to assist them with educational projects. Further announcements will be made at our Annual General Meeting.

Chairman's report continued

Bendigo Bank Limited

The Board acknowledges the support it receives from Bendigo Bank Limited and we wish to thank the Regional Manager, Mr Gus Cole, for his support and counsel.

We also acknowledge the valuable support given to our **Community Bank®** by the Bendigo Bank Business division under the management of Rhonda Bodkin.

Bendigo Bank Limited provides training for Directors and staff on a regular basis. This year, courses attended covered 'Understanding Financial Statements' and 'Directors Responsibilities'.

Directors

The Board welcomed the appointment of the new Directors Lex Starmer and Edward Balzarolo, and I acknowledge their support and contributions. I also acknowledge the input of Rolf Seeburger who resigned during the year.

Gilbert Teitzel, Evan McGrath, Phil Quayle, Ron Blundell, Frank De Iacovo, Cheryl Tonkin and Patrick Freney have been with us from the beginning and I thank them for their hard work and support in laying the foundation for our business.

A special thankyou to our Secretary and Treasurer for the long hours and commitment they provide to the business.

As your Chairman, I am privileged to be part of an exciting organisation and know our community will value the rewards as we continue to grow.



GRAEME FORD
CHAIRMAN

Manager's report

For year ending 30 June 2008

It is with pleasure that we provide our first joint Managers' Report on the activities of the Mareeba **Community Bank**[®] Branch and the Dimbulah **Community Bank**[®] Branch for Mareeba and Dimbulah Community Financial Services Ltd.

Business

The 2007-2008 financial year saw the Bendigo and Adelaide Bank Limited unique **Community Bank**[®] model continue to deliver strong growth and profitability for the Mareeba and Dimbulah **Community Bank**[®] branches. This was reflected in a growth in 'funds under management' for Dimbulah branch of \$5,975,000 giving a closing balance of \$15,556,000 in banking business as at 30 June 2008. This \$15,556,000 comprises \$8,452,000 in deposit funds and \$7,104,000 in lending funds. Mareeba branch had a growth in 'funds under management' of \$12,262,000 giving a closing balance of \$103,960,000 as at the 30 June 2008. This \$103,963,000 comprises \$61,350,000 million in deposit funds and \$42,613,000 million in lending funds.

While success for this growth can be attributed to the past strengths in the economic climate the results would not have been as significant without the commitment and support from our staff and our business banking team.

Human resources

The 2007-2008 financial year saw a number of staff changes through both branches and more recently the creation of two new positions. There will be a new Customer Relationship Officer and a new Customer Service Officer supporting both branches. The two new positions further enhance our commitment and our ability to provide exceptional customer service. The **Community Bank**[®] branches will continue to be supported by a business banking team, led by the Business Banking Manager, Mrs Rhonda Bodkin.

Community engagement

Throughout the past 12 months Mareeba and Dimbulah **Community Bank**[®] has sponsored a number of important community events such as the Mareeba Rodeo Association, Mareeba Tennis Club, Walkamin Country Music Festival, Dimbulah Lions Festival, Dimbulah Horse and Pony Club, Dimbulah Bowls and Dimbulah Soccer just to name a few. Community engagement will continue to be a key focus of our team as a commitment to support the community that supports their **Community Bank**[®].

Aim

Our aim over the next 12 months is to increase products per customer to further strengthen our bottom line and offer stability in a volatile market. We would like to encourage all shareholders to not only support their **Community Bank**[®] branch but to encourage all their family and friends to do likewise.

Acknowledgements

We would like to acknowledge the support of the **Community Bank**[®] Company's Board of Directors and thank them for their professional dedication, commitment and contribution to the success of our Mareeba and Dimbulah **Community Bank**[®] branches.

In closing, we would like to thank the Mareeba and Dimbulah communities for their support to date and we look forward to the year ahead.



Stephen Gear
Branch Manager
Mareeba **Community Bank**[®]



Ann-Marge Zugno
Branch Manager
Dimbulah **Community Bank**[®]

Bendigo Bank Ltd report

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**[®] network.

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 present this report on the Company for the financial year ended 30 June 2008.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Graeme Eric Ford

Chairperson (appointed: 28/11/07)

Automotive Dealer

Philip Geoffrey Quayle

Director

Business Owner

Lex Starmer (appointed: 9/1/08)

Director

General Manager NQ Co-op Ltd

Gilbert James Teitzel

Secretary

Certified Practising Accountant

Edward Balzarolo (appointed: 28/11/07)

Director

Farmer

Gianfranco De Iacovo

Director

Business Owner

Evan David McGrath

Treasurer

Qualifications: Grazier

Cheryl Eileen Tonkin

Director

Civil Celebrant/Auctioneer

Wilfrid Ronald Blundell

Director

Property Developer/Farmer

Patrick John Freney

Director

Consultant

Gaye F Taylor (resigned: 31/10/07)

Chairperson

Business Owner

Clive William Staines (resigned: 26/10/07)

Director

Real Estate Agent

Rolf Seeberger (resigned: 26/3/08)

Director

Business Owner

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' report continued

Director's meetings

During the year 11 Directors' meetings were held. Attendances by each Director during the year were:

	Number of Board Meetings eligible to attend	Number attended:
Graeme E Ford	11	10
Lex Starmer (appointed: 9/1/08)	6	4
Philip G Quayle	11	11
Gilbert J Teitzel	11	11
Edward Balzarolo (appointed: 28/11/07)	7	5
Gianfranco De Iacovo	11	9
Evan D McGrath	11	7
Cheryl E Tonkin	11	6
Wilfrid R Blundell	11	9
Patrick J Freney	11	6
Gaye F Taylor (resigned: 31/10/07)	3	3
Clive W Staines (resigned: 26/10/07)	3	0
Rolf Seeberger (resigned: 26/3/08)	8	5

Remuneration report

Remuneration of Directors

No income was paid or was payable or otherwise made available to the Directors of the Company during the year ended 30 June 2008.

Options

No options over issued shares or interests in the Company were granted to the Directors or Executive during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executives do not own any options over issued shares or interests in the Company at the date of this report.

Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed.

Directors' report continued

Principal activities

The principal activities of the Company during the course of the year were providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo Bank Limited in Mareeba and Dimbulah, North Queensland.

No significant change in the nature of these activities occurred during the year.

Operating and financial review

The amount of the profit from ordinary activities of the Company after income tax was \$193,293.94 for the year ended 30 June 2008.

The Company will continue to pursue its main objective of providing a core of banking products and services pursuant to its franchise agreement with the Bendigo Bank.

Significant changes in the state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

A dividend of \$ 0.06 per share referred to in the previous Directors' report dated 31 December 2007 was paid on 1 October 2007.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors' report continued

Indemnifying Officer or Auditor

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums for any persons who are or have been a Director or an Officer, but not an Auditor, of the Company. A Directors' and Officers' liability insurance policy for \$5,000,000.00 cover has been taken out for an annual premium cost of \$3,570.50.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditors independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 10.

Signed in accordance with a resolution of the Board of Directors:

Directors' report continued

Mareeba & Dimbulah Financial Services Limited

ABN 53 115 503 930

Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

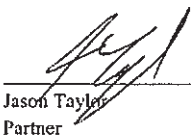
To THE DIRECTORS OF: Mareeba & Dimbulah Financial Services Limited

We declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been :

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



WJK Greenwood (Cairns)



Jason Taylor
Partner

Dated this 12th day of September 2008.

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	2	1,280,476	982,641
Administration and general costs		(253,973)	(149,063)
ATM expenses		(27,192)	(22,615)
Depreciation and amortisation expense		22,190	(55,043)
IT leasing and running costs		(45,554)	(42,574)
Management fees		(120,165)	(120,165)
Occupancy costs		(90,077)	(72,885)
Secondment expenses		(482,641)	(420,373)
Profit/(loss) before income tax expense		283,064	99,923
Income tax expense	4	(89,770)	(28,546)
Profit/(loss) after income tax expense		193,294	71,378
Earnings per share (cents per share)			
- basic for profit / (loss) for the year		19.24	7.11
- diluted for profit / (loss) for the year		19.24	7.11
		-	-

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current Assets			
Cash and Cash Equivalents	5	526,719	528,189
Receivables	6	117,689	103,260
Other	7	4,905	5,061
Deferred Tax Assets	8	1,471	
Total Current Assets		650,785	636,510
Non-Current Assets			
Property, plant and equipment	9	352,025	210,063
Deferred income tax asset	8	-	37,076
Intangible assets	10	190,000	129,833
Total Non-Current Assets		542,025	376,973
Total Assets		1,192,810	1,013,483
Current Liabilities			
Payables	11	77,894	85,756
Current tax payable	12	54,166	-
Total Current Liabilities		132,060	85,756
Total Liabilities		132,060	85,756
Net Assets/(Liabilities)		1,060,750	927,727
Equity			
Share capital	13	1,004,511	1,004,511
Retained earnings / (accumulated losses)		56,239	(76,784)
Total Equity		1,060,750	927,727

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			
Cash receipts in the course of operations		1,365,004	949,674
Payments to suppliers and employees		(1,141,136)	(803,930)
Interest received		14,872	11,841
Net cash flows from/(used in) operating activities	16	238,740	157,585
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(179,939)	(12,971)
Net cash flows from/(used in) investing activities		(179,939)	(12,971)
Cash Flows From Financing Activities			
Dividends paid		(60,271)	-
Net cash flows from/(used in) financing activities		(60,271)	-
Net increase/(decrease) in cash held		(1,470)	144,613
Cash at the beginning of the year		528,188	383,575
Cash at the end of the year	16	526,718	528,188

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Issued Capital	Accumulated Losses	Total Equity
Balance at 1 July 2005	-	-	-
Shares issued during year	1004511.0	-	1004511.0
Profit/(loss) attributable to the members of the Company	-	-148161.6	-148161.6
Balance at 30 June 2006	1004511.0	-148161.6	856349.4
Balance at 1 July 2006	1004511.0	-148161.6	856349.4
Shares issued during year	-	-	-
Profit/(loss) attributable to the members of the Company	-	71377.8	71377.7
Balance at 30 June 2007	1004511.0	-76783.9	927727.1
Balance at 1 July 2007	1004511.0	-76783.9	927727.1
Shares issued during year	-	-	-
Profit/(loss) attributable to the members of the Company	-	193293.9	193293.9
Sub-total:	1004511.0	116510.1	1121021.0
Dividends paid or provided for	-	-60270.7	-60270.7
Balance at 30 June 2008	1004511.0	56239.4	1060750.4

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant 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 Mareeba & Dimbulah Financial Services Limited as an individual entity. Mareeba & Dimbulah Financial Services Limited is a Company limited by shares, incorporated and domiciled in Australia.

The financial report of Mareeba & Dimbulah Financial Services Limited and the controlled entity and Mareeba & Dimbulah Financial Services Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

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

(A) Basis of preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(B) Accounting policies

Income tax

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Notes to the financial statements continued

The amount of Benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

a) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

b) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Mareeba & Dimbulah Financial Services Limited commencing from the time the asset is held ready for use.

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 asset are:

<i>Class of Asset</i>	<i>Depreciation Rate %</i>
Plant and equipment	2.5% - 40%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the leaser, are charged as expenses in the periods in which they are incurred.

Impairment of assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to

Notes to the financial statements continued

determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Intangibles

Franchise fees

Revenue from the provision of banking services is recognised upon the delivery of the services to customers.

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank (Note 8) was being amortised over the initial five (5) year period of the agreement. However, on recent advice from Price Waterhouse Coopers the initial franchise fees are not tax deductible and therefore the amortisation was reversed.

Franchise fees are initially recorded at cost. Gains and losses on the disposal of an entity include the carrying amount of franchise fees relating to the entity sold. Renewal franchise fees are tax deductible.

Cash and cash equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

Revenue

Revenue from the provision of banking services is recognised upon the delivery of the services to customers.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and service 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 Taxation 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative figures

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

Notes to the financial statements continued

	2008 \$	2007 \$
Note 2: Revenue from ordinary activities		
Gross margin	760,860.58	560,063.08
Upfront Product Commission	26,436.75	19,812.51
Trailer Product Commission	281,482.92	225,658.14
Fee Income	142,793.43	119,630.99
Market Development Fund	53,410.93	45,635.89
Interest Received	14,871.75	11,840.68
Profit on Sale of Property, Plant & Equipment	620.00	-
	1,280,476.36	982,641.29

Note 3: Auditor's remuneration

Remuneration of the Auditor of the Company for:

- Auditing or reviewing the financial report	8,318.18	7,000.00
- Other services	-	-
	8,318.18	7,000.00

Note 4: Income tax expense

a) The components of tax expense comprise:

Deferred tax (Note 8)	83,540.41	28,577.04
Prepayments	46.78	-31.37
Prior year losses	6,183.25	
Income tax expense/(revenue)	89,770.44	28,545.67

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 4: Income tax expense (continued)

b) Reconciliation of income tax expense

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

Profit/(loss) from ordinary activities before income tax at 30%	283,064.38	99,923.44
Prima facie income tax at 30%	84,919.31	29,976.94
Less Tax effect of:		
- Deductible prospectus costs amortised	-1,399.90	-1,399.90
- Prepaid insurance	46.78	-31.37
- Non deductible expenses	21	
- Prior year losses	6,183.25	
Income tax expense/(revenue)	89,770.44	28,545.67
c) Tax losses		
Balance at the beginning of the year	118,526.50	193,173.79
Recoupment of prior year loss not previously brought into account	-20,609.71	20,609.71
Tax loss incurred/(utilized) in the financial year	-97,916.79	-95,257.00
Income tax expense/(revenue)	0.00	118,526.50

Note 5: Cash and cash equivalents

Cash on hand	1,277.83	813.44
Cash at bank	275,441.65	254,566.13
Term deposits	250,000.00	272,809.84
	526,719.48	528,189.41

Notes to the financial statements continued

	2008 \$	2007 \$
Note 6: Receivables		
Current		
Trade debtors	117,563.60	103,260.16
GST receivable	125.52	-
	117,689.12	103,260.16

Note 7: Other assets

Current		
Prepayments	4,904.69	5,060.61
	4,904.69	5,060.61

Note 8: Deferred tax assets

Current		
Deferred tax losses (prepayments)	1,471.41	1,518.18
	1,471.41	1,518.18

Non-current

Future income tax benefit comprises of:

Deferred tax losses	-	35,558.02
	-	35,558.02

Reconciliations

a) Gross movements

The overall movement in the deferred tax account is as follows:

Opening balance	37,076.20	65,621.87
Credit/(charge) to income statement	-89,770.44	-28,545.67
Charge to equity		
Closing balance	-52,694.24	37,076.20

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 8: Deferred tax assets (continued)

b) Deferred tax assets

The movement in deferred tax assets for each temporary difference during the year is as follows:

Deferred tax losses

Opening balance	35,558.02	57,951.90
Recoupment of prior year loss not previously brought into account	-6,183.25	6,183.25
Credit/(charge) to the income statement	-83,540.42	-28,577.13
Closing balance	-54,165.65	35,558.02

Prepayments

Opening balance	1,518.18	1,486.82
Credit to the income statement	-46.77	31.36
Closing balance	1,471.41	1,518.18

Note 9: Property, plant and equipment

Leasehold improvements:

- At cost	403,446.12	223,507.12
- Less: Accumulated depreciation	-53,994.36	-19,693.72
	349,451.76	203,813.40

Plant and equipment:

- At cost	12,345.45	12,345.45
- Less: Accumulated depreciation	-9,771.81	-6,095.45
	2,573.64	6,250.00

Total property, plant and equipment	352,025.40	210,063.40
--------------------------------------------	-------------------	-------------------

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 10: Intangible assets

Franchise fee:

- At cost	190,000.00	190,000.00
- Less accumulated amortisation		-60,166.92
	190,000.00	129,833.08

Franchise fee amortisation written back because of advice from Price Waterhouse Cooper on the tax treatment of these costs, and the writing off of these costs over time.

Note 11: Payables

Unsecured:

- Trade creditors	77,814.03	80,988.58
- GST payable		4,767.14
- Staff Social Club (Dimbulah)	80.00	
	77,894.03	85,755.72

Note 12: Tax liabilities

Current

Provision for Income Tax	54,165.65	
	54,165.65	

Note 13: Contributed capital

1,004,511 Ordinary shares at \$1.00 each fully paid	1,004,511.00	1,004,511.00
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Notes to the financial statements continued

Note 14: Directors' and executive's remuneration

Directors' remuneration

The names and positions of Directors and Executive in office at any time during the financial year are:

Gaye F Taylor (resigned: 31/10/07)	Chairperson
Gilbert J Teitzel	Secretary
Evan D McGrath	Treasurer
Graeme E Ford	Chairperson (appt: 28/11/07)
Wilfrid R Blundell	Non-Executive Director
Gianfranco Delacovo	Non-Executive Director
Philip G Quayle	Non-Executive Director
Rolf Seeberger (resigned: 26/3/08)	Non-Executive Director
Clive W Staines (resigned: 26/10/07)	Non-Executive Director
Cheryl E Tonkin	Non-Executive Director
Patrick J Freney	Non-Executive Director
Lex Starmer (appointed: 9/1/08)	Non-Executive Director
Edward Balzarolo (appointed: 28/11/07)	Non-Executive Director

No person met the definition of executive of the Company during the financial year ended 30 June 2008.

No income was paid or was payable or otherwise made available, to the Directors of the Company during the year ended 30 June 2008.

Options

No options over issued shares or interests in the Company were granted to the Directors or Executive during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executives do not own any options over issued shares or interests in the Company at the date of this report.

Notes to the financial statements continued

Shareholdings

	Blice at 1 Jul 07	Blice at 30 Jun 08
Gaye F Taylor (resigned: 31/10/07)	2501	n/a
Gilbert J Teitzel	5091	5091
Evan D McGrath	501	501
Wilfrid R Blundell	1001	1001
Gianfranco Delacovo	1001	1001
Philip G Quayle	2501	2501
Graeme E Ford	2	2
Rolf Seeberger (resigned: 26/3/08)	5001	n/a
Clive W Staines (resigned: 26/10/07)	2001	n/a
Cheryl E Tonkin	2501	2501
Patrick J Freney	nil	nil
Edward Balzarolo (appointed: 28/11/07)	500	500
Lex Starmer (appointed: 9/1/08)	nil	nil

Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

It is current policy of the Company that Board members are not remunerated for the services performed.

Note 15: Related party transactions

Millar Teitzel Certified Practising Accountants received \$7,500.00 in accounting fees for work related to the preparation of monthly figures for both the Mareeba and Dimbulah bank branches, the preparation of business activity statements, the finalisation of accounts with the Auditor and the preparation of the income tax return.

No other related parties entered into a transaction with the Company during the financial year ended 30 June 2008 other than those disclosed in Note 14.

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 16: Notes to the cash flow statement

a) Reconciliation of cash assets

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.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash on Hand	1,277.83	813.44
Cash at Bank	275,441.65	254,566.13
Term Deposits	250,000.00	272,809.84
	526,719.48	528,189.41

b) Reconciliation of net cash provided by operating activities to profit/(loss) from ordinary activities

Profit (loss) from ordinary activities after income tax	193,293.94	71,377.77
Amortisation	-60,166.92	38,000.16
Depreciation	37,977.00	17,043.00
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in future income tax benefits	35,604.79	28,545.67
(Increase) decrease in receivables	-14,428.96	-25,230.11
(Increase) decrease in prepayments	155.92	-104.56
Increase (decrease) in payables	-7,861.69	27,954.08
Increase (decrease) in current tax liabilities	54,165.65	
Net cash provided by operating activities	238,739.73	157,586.01

Notes to the financial statements continued

	2008 \$	2007 \$
Note 17: Leasing commitments		
Non-cancelable operating lease commitment contracted for but not capitalised in the financial statements: Payable		
- Not longer than 1 year	41,072.00	47,240.00
- Longer than 1 year but not longer than 5 years	163,520.00	182,489.00
	204,592.00	229,729.00

Note 18: Financial instruments

a) Financial risk management

This note presents information about the Company's exposure to each of the below risks, their objectives, policies and processes for measuring and managing risks, and the management of capital.

The Board of Directors oversees the establishment, implementation and annual review of the Company's risk management system. Management has established and implemented appropriate procedures for assessing, monitoring and managing operational, financial reporting and compliance risks for the Company.

The Company has exposure to the following risks from their use of financial instruments:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

All receivables shown as outstanding at 30 June 2008 relate to the amounts due from Bendigo Bank's earnings from that month's trading activities. The credit risk relating to this is assumed to be very low.

The Board considers the risk of default to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without damaging its reputation. The Company has prepared annual expenditure budgets for the monitoring and management of activities in the upcoming twelve months. These budgets are based on funds currently available to the Company and expenditure is carefully monitored by the Treasurer to ensure that sufficient funds remain available to complete the required activities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, and how it will affect the Company's income from Bendigo Bank, from this exposure and the value of its holdings of financial instruments. The Bank's exposure is primarily 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.

Notes to the financial statements continued

Note 18: Financial instruments (continued)

The Company adopts a policy of ensuring that any surplus cash funds are placed on term deposit with a financial institution. The Company does not hold any borrowings.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company's debt and capital includes issued securities supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of its distributions to shareholders and distributions to counterparty organisations.

There have been no changes to the Company's approach to capital management during the year.

	2008 \$	2007 \$
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b) Risk exposure

Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

Variable rate instruments:

Financial assets		
Cash and cash equivalents	275,441.65	254,566.13
	275,441.65	254,566.13

Fixed rate instruments:

Financial assets		
Cash and cash equivalents	250,000.00	272,810.00
	250,000.00	272,810.00
Net financial assets	525,441.65	527,376.13

Non-interest bearing instruments:

Financial assets		
Cash and cash equivalents	1,277.83	813.44
Receivables	119,160.53	103,260.16
	120,438.36	104,073.60

Notes to the financial statements continued

	2008 \$	2007 \$
b) Financial liabilities		
Payables	77,814.03	80,988.58
	77,814.03	80,988.58
Net financial assets	42,624.33	23,085.02

Cash flow sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/decreased equity and profit/(loss) by \$2,754 (2007: \$2,545).

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk

The Company does not have any financial liabilities apart from trade and other payables. The contractual maturity of the trade and other payables is less than three months.

Net fair values

The net fair value of financial assets and liabilities of the Company approximates their carrying amount.

The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

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: Segment reporting

The Company operates in the financial services sector as a Community Bank branch of the Bendigo Bank at Mareeba and Dimbulah, North Queensland.

Note 20: Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year that 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 subsequent financial years.

Notes to the financial statements continued

Note 21: Contingent liabilities

The Company is liable to pay Management Advisory Fees to Bendigo Bank Limited as set out in the Franchise Agreement. The Management Advisory Fee is payable over a five year period for ongoing assistance provided by Bendigo Bank Limited. The Management Advisory Fee is expensed when incurred.

Payable

- Not longer than 1 year	60,082.60	120,165.20
- Longer than 1 year but not longer than 5 years	60,082.60	120,165.20
	120,165.20	240,330.40

Note 22: Company details

The registered office and principal place of business of the Company is:

Millar Teitzel

Office 6, Level 1
81 Byrnes Street
Mareeba QLD 4880

Mareeba Branch

Shop 3
Post Office Centre
94 Byrnes Street
Mareeba QLD 4880

Dimbulah Branch

31-33 Raleigh Street
Dimbulah QLD 4872

Director's declaration

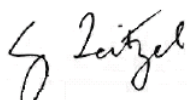
The Directors of the Company declare that:

- 1 the financial statements and notes, set out on pages 9 to 23, are in accordance with the Corporations Act 2001 and:
 - (a) complying with Accounting Standards and Corporations Regulations; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2008 and its performance for the year ended on that date;
and of their performance for the year ended on that date;
- 2 the Chief Executive Officer and the Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
- 3 in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Graeme E Ford
Director



Gilbert J Teitzel
Director

Dated this twelfth day of September 2008.

Independent audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAREEBA & DIMBULAH FINANCIAL SERVICES LTD

Report on the Financial Report

We have audited the accompanying financial report of Mareeba & Dimbulah Financial Services 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 ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company 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 establishing 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, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Independent audit report continued

Auditor's Opinion

In our opinion:

- (a) the financial report of Mareeba & Dimbulah Financial Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on page 5 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Mareeba & Dimbulah Financial Services Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.



WHK Greenwoods (Cairns)

ABN 29 808 793 806



Jason Taylor
Partner

Dated this 12th Day of September 2008.
74 Abbott St
Cairns, Queensland

BSX report

Share Information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 30 September 2008, which is within 6 weeks of this report being sent to shareholders.

There are no material differences between the information in the entity's Annexure 3A and the information in the financial documents in its annual report.

Corporate Governance Statement

The Board of a Company has a significant role in achieving the Company's mission and goals. The Board has the onus to act in the best interests of the Company's shareholders. The Board is accountable to its shareholders and also to stakeholders in the community in which it supports. Sound overview by a strong and balanced Board is vital in addressing a Company's strategic direction. By such governance the Board can fulfil its moral and legal responsibilities and also allow management to carry out its role within defined parameters without the day to day intervention of the Board.

The areas this Board has identified that are relevant for a governance framework to enable it to make effective decisions are:

- To provide strategic leadership, to proactively move the Company's banking business forward and address emerging issues.
- To adhere to good corporate ethics with a sense of duty to act in good faith and in the best interests of the Company; this assures stakeholders that the Board is fulfilling its responsibilities with due diligence and accountability.
- To identify and understand:
 - the key duties and responsibilities of an organisation's Directors and officers
 - the role of committees
 - the role of external audit
 - risk assessment from the perspective of the Board and individual Board members.
- To provide performance reports to stakeholders on a timely basis.
- To be aware of good corporate governance issues.
- To make known to stakeholders the Company's governance process and to report on the Board's adherence to its corporate governance policies.

To maximise its effectiveness, the Board has:

- Implemented sub-committees, from which groups of individuals make decisions and recommendations for the Board to approve; these sub committees include:
 - a Governance Committee;
 - a Branch Development, Sponsorship & Marketing Committee;
 - an Audit Committee; and
 - a Human Resources Committee.

BSX report continued

The use of these subcommittees will enable the workload to be balanced amongst the entire Board in areas where individuals have and bring particular skills to that sub-committee;

- promoted an environment in which personal and Board risk is understood, articulated and managed from a basis of sound governance policy and a risk management framework;
- investment in individual Director and Board education and training;
- encouraged a diversity of opinions and views as a means towards effective decision making by the Board;
- adhered to a clear distinction between the Board and branch Managers' roles;
- recognised the views of our franchise agreement partner, Bendigo Bank Limited, in Board discussions and to utilise its experience.

In all things the Board shall be transparent in its dealings and have strong corporate governance focus. The Board will adopt corporate governance policies and procedures that will guide Mareeba & Dimbulah Financial Services Limited into the future.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	361
1,001 to 5,000	93
5,001 to 10,000	46
10,001 to 100,000	25
100,001 and over	0
Total shareholders	525

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 12 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

BSX report continued

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Mr Rex Cummings & Mrs Lorraine M Cummings	20,000	2.0
Mr Michael Cotter & Mrs Helen Cotter <Super Fund A/C	20,000	2.0
Mr Graeme Ford & Mr Andrew Ford & Mrs Susanne Ford <Super Fund A/C>	20,000	2.0
John Hartley Hawes & Cheryl Pearl Hawes	20,000	2.0
Warren Hohn & Donna Hohn <Hohn Family Super Fund A/C>	20,000	2.0
Mr Michael Greener Kitchell & Mrs Lois Marie Maisel	20,000	2.0
Mareeba Shire Job Training Association Inc	20,000	2.0
T G T Pty Ltd	20,000	2.0
Mrs Pam Lorraine Cater <Private Pension Fund A/C>	15,000	1.5
A & F Cristaldi Pty Ltd & Beruf P/L & Meshway P/L & Mr Kevin Day & Mrs Ellen Day	12,000	1.2
	187,000	18.6

Registered office and principal administrative office

The registered office of the Company is located at:

Office 6, Level 1
81 Byrnes Street
Mareeba QLD 4880
Phone: 07 4092 1066

The principal administrative office of the Company is located at:

Shop 3, Post Office Centre Street
94 Byrnes Street
Mareeba QLD 4880
Phone: 07 4092 2099

BSX report continued

Security register

The security register (share register) is kept at:

Essential Registry Team
Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street,
Abbotsford VIC 3067

Other information

Please refer to the Directors report, within the annual report, for details of the Company Secretary.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

Mareeba **Community Bank**[®] Branch
94 Byrnes Street, Mareeba QLD 4880
Phone: (07) 4092 2099 Fax: (07) 4092 5000

Dimbulah **Community Bank**[®] Branch
31-33 Raleigh Street, Dimbulah QLD 4872
Phone: (07) 4093 5266 Fax: (07) 4093 5433

Franchisee: Mareeba & Dimbulah Financial Services Limited
94 Byrnes Street, Mareeba QLD 4880
ABN 53 115 503 930

www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR8006) (08/08)