

annual report 2010



Mareeba & Dimbulah
Financial Services Limited
ABN 53 115 503 930

Mareeba and Dimbulah **Community Bank®** branches

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Chairman's report

For year ending 30 June 2010

Review of operations

Mareeba and Dimbulah Financial Services Limited (MDFS) operate its **Community Bank**[®] branches under franchise arrangements with Bendigo and Adelaide Bank Ltd.

Mareeba branch has maintained its business activity over the past 12 months despite the downturn from the impact of the global financial crisis (GFC) and the governmental measures available to the major banking market. Marketing and sponsorship activities, combined with community involvement of both Board and branch staff, continue to drive business and have helped maintain the branch's total business.

Dimbulah branch has excelled budget expectations and continues to grow business, much to the efforts of our Manager Ann-Maree Zugno and her staff. While operations continue to run at a small loss each month, the board decided to re-assessed its break-even expectation to the next financial year. This decision was made because of the drop in margin income as a direct result of the fall in interest rates over the period of the GFC.

Operating results

The Company achieved a Gross revenue of \$ 1,323,618 and an after tax profit of \$ 80,991. This profit result is also after an amount of eighty thousand dollars has been placed between Bendigo and Adelaide Bank Ltd's Community Enterprise Foundation™ and a direct donation to the Mareeba Hospital Foundation.

Staff

Our Branch Manager Stephen Gear in Mareeba and Ann-Maree Zugno in Dimbulah have again been very active in the community, representing Bendigo and Adelaide Bank Ltd and the **Community Bank**[®] branches. The time and effort asked of them both has always been met with a positive attitude and I thank them enormously for that.

We are very fortunate to have an enthusiastic group of individuals in both branches who participate in and assist with activities the Board and Managers run from time to time. We as a Board certainly appreciate the extra effort and input our staff provide.

On behalf of the Directors, I wish to thank all staff for their loyalty and commitment in promoting our **Community Bank**[®] branches in our community.

Community support / projects

MDFS' 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 banking business at our branches.

This year 2009/2010 we have provided over \$30,000 in sponsorship to the Mareeba and Dimbulah communities, transferred \$60,000 to Community Enterprise Foundation™ for future projects and donated \$20,000 to the Mareeba Hospital Foundation for the purchase of equipment for the patients of the Mareeba Hospital. Since the establishment of the **Community Bank**[®] branches more than \$350,000 has been returned to the community either by distribution of dividends to shareholders or through grants, donations and sponsorship of local clubs and organisations.

Chairman's report continued

Bendigo and Adelaide Bank Ltd

The Board acknowledges the support it receives from Bendigo and Adelaide Bank Ltd and we wish to thank the Regional Manager, Mr Ross Growcott, for his support and counsel.

We also acknowledge the valuable support given to our **Community Bank**[®] branches by Business Banking Manager Amy Phillips before the recent appointment of Patrick Freney to this position this October.

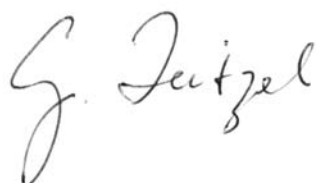
Bendigo and Adelaide Bank Ltd provides training for Directors and this year Directors attended a Treasurers course and attend the State Conference, this year held on the Gold Coast.

Directors

We have held a core of Directors who have been with the Board from the start. Graeme Ford, Evan McGrath, Rob Blundell, Frank De Iacovo, Cheryl Tonkin and Patrick Freney have given their time to the **Community Bank**[®] branches and I sincerely thank them for their efforts and work over the past 12 months. I would also like to acknowledge our newer Directors, Edward Balzarolo who has been on the Board since 2008, for his work to-date in the Dimbulah community, and welcome Glenys Pilat, who was appointed in April.

The Board accepted the resignation of Director Lex Starmer in September. I thank Lex for his contribution to the governance committee and Board functioning. Lex had become a valuable member of the team.

I also acknowledge the work of Diana Pregl, our Assistant Secretary, for the commitment and dedication she gives to her position.



Gilbert Teitzel
Vice Chairman



Board of Mareeba and Dimbulah Financial Services Limited.

Managers' report

For year ending 30 June 2010



As we approach our fifth birthday for Mareeba and Dimbulah **Community Bank**[®] branches, it is with a great deal of satisfaction, that I present my Managers report for the year ended 30 June 2010. Throughout the past 12 months, we have seen an increasingly competitive banking industry, yet we are able to report that we have not only maintained, but increased our position in this market. Our overall footings have increased by 3.5%, represented by total business of \$133.5 million across both branches as at 30 June 2010.

A contributing factor to this success has been continuity in staff and our ability to provide support across the two branches. This has enabled staff to develop closer relationships with our customers and experience the diversity of the Mareeba and Dimbulah communities. We would like to thank our staff, who have all provided professional and friendly service to our customers, and volunteered their time to promote the **Community Bank**[®] branches through corporate and sporting sponsorships throughout the year.

What allows us to provide this high level of community support and sponsorship is simply people choosing to conduct their banking with us. The more business that we attract and maintain, and the more that we encourage our friends, families and acquaintances to bank with us, the more that we will be able give back to our communities. As our slogan says, "You invest, you borrow, the **Community Bank**[®] branch gives back to you tomorrow". Everyone has to bank somewhere why not choose to bank with your locally-owned and operated branch.

As a result of the continued support of our shareholders, and customers throughout the year, Mareeba and Dimbulah **Community Bank**[®] branches have once again been able to significantly contribute to both communities. Each year we proudly support and sponsor many community organisations and our local festivals. Currently, we are designing a more structured sponsorship and grants program, which will enable us to assist even more organisations throughout our communities in the future.

In August 2009, we conducted a community consultation workshop; this initiative was strongly supported by members of both the Mareeba and Dimbulah communities, who assisted in identifying projects and needs for the area. As a result, Mareeba and Dimbulah **Community Bank**[®] branches have been the driving force behind

Managers' report continued

improving health services in the Dimbulah area, as well as supporting the newly-founded Friends of the Mareeba Hospital Foundation. Without the invaluable dedication and backing from our Directors, these projects would not have been possible.

Each year, Directors of Mareeba and Dimbulah Financial Services, the Company that operates Mareeba and Dimbulah **Community Bank**[®] branches, volunteer their time to aid our success. We would like to acknowledge and thank them for their hard work, dedication, commitment and support throughout the year.

Our aim in the year ahead is to connect with our customers, shareholders and potential clients on a more relevant level. We are fortunate to have dedicated and professional staff to assist in this endeavour, and our Directors who are committed to the future of our communities.



Stephen Gear
Mareeba Branch Manager



Ann-Maree Zugno
Dimbulah Branch Manager

Directors' report

For the financial year ended 30 June 2010

Your Directors present this report on the Company for the financial year ended 30 June 2010.

Directors

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

Name:	Lex Starmer
Position:	Chairperson
Qualifications:	General Manager NQ Co-op Ltd
Special responsibilities:	Governance & Business Development Committee and Audit Committee
Name:	Gilbert James Teitzel
Position:	Secretary/Deputy Chairperson
Qualifications:	Certified Practising Accountant
Special responsibilities:	Chair of Governance & Business Development Committee and Audit Committee
Name:	Patrick John Freney
Position:	Treasurer
Qualifications:	Consultant
Special responsibilities:	Chair of Audit Committee and Human Resources Committee
Name:	Graeme Eric Ford
Position:	Director
Qualifications:	Automotive Dealer
Special responsibilities:	Governance & Business Development Committee and Chair of Human Resources Committee
Name:	Philip Geoffrey Quayle (Resigned: 25/11/09)
Position:	Director
Qualifications:	Business Owner
Special responsibilities:	Human Resources Committee and Marketing & Sponsorship Committee
Name:	Edward Balzarolo
Position:	Director
Qualifications:	Primary Producer
Special responsibilities:	Marketing & Sponsorship Committee
Name:	Gianfranco De Iacovo
Position:	Director
Qualifications:	Business Owner
Special responsibilities:	Marketing & Sponsorship Committee

Directors' report continued

Name: Evan David McGrath
Position: Director
Qualifications: Grazier
Special responsibilities: Human Resources Committee

Name: Cheryl Eileen Tonkin
Position: Director
Qualifications: Civil Celebrant/Auctioneer
Special responsibilities: Chair of Marketing & Sponsorship Committee

Name: Wilfrid Ronald Blundell
Position: Director
Qualifications: Property Developer/Primary Producer
Special responsibilities: Marketing & Sponsorship Committee

Name: Glenys Anne Pilat (Appointed: 28/4/10)
Position: Director
Qualifications: Senior Advisor Tablelands Regional Council
Special responsibilities: Marketing & Sponsorship Committee

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

Directors' meetings

During the year 12 Directors' meetings were held. Attendances by each Director during the year were:

	No. eligible to attend	No. attended
Lex Starmer	12	11
Gilbert J Teitzel	12	11
Patrick J Freney	12	9
Graeme E Ford	12	10
Philip G Quayle	4	2
Edward Balzarolo	12	9
Gianfranco De Iacovo	12	10
Evan McGrath	12	8
Cheryl E Tonkin	12	10
Wilfrid R Blundell	12	11
Glenys A Pilat	2	2

Directors' report continued

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 2010.

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.

Principal activities

The principal activities of the Company during the course of the year were providing Community banking services under management rights to operate a franchised branch of Bendigo Bank Limited in Mareeba and Dimbulah.

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

Operating and financial review

The amount of profit from ordinary activities of the Company after income tax was \$80,991.60 for the financial year ended 30 June 2010.

The Board of Mareeba & Dimbulah Financial Services Limited wish to advise that as a result of the current economic situations, and specifically the squeeze on margin income, there has been sustained levelling in the forecasted profit for the Company for the year ended 30 June 2010.

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

The franchise agreements for the Mareeba **Community Bank**[®] Branch is due for renewal on 1 December 2010 and the Dimbulah **Community Bank**[®] Branch is due on 6 January 2011.

The Board of Mareeba and Dimbulah Financial Services Ltd have resolved to combine the franchise agreements into one franchise to be renewed on 1 December 2010. The franchise renewal fees are \$75,197.00 and 71,256.00 respectively and are due and payable on 1 December 2010.

Directors' report continued

After balance date events (continued)

No other 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

The dividend of \$60,270.66 (\$ 0.06 per share) referred to in the previous Directors' report dated was paid on 15th December 2009.

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.

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 \$3,795.00.

Proceedings on behalf of Company

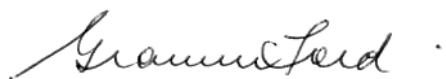
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings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

Directors' report continued

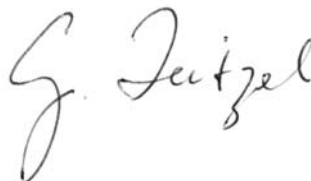
Auditors Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 11.

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



Graeme E Ford
Director



Gilbert J Teitzel
Director

Dated this 18 October 2010.

Auditor's independence declaration

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**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 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.

WHK Greenwood

WHK Greenwoods (Cairns)

J Taylor

Jason Taylor
Principal
18 October 2010
232-240 Mulgrave Rd
Cairns QLD 4870

Financial statements

Income statement For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Classification of expenses by nature			
Revenues from ordinary activities	2	1,323,618.07	1,259,578.81
Administration and general costs		-161,839.63	-296,310.54
Employment secondment expenses		-642,928.16	-588,591.98
ATM expenses		-23,736.23	-26,139.06
Depreciation and amortisation expenses		-36,074.00	-35,458.00
IT leasing and running costs		-51,580.24	-55,540.84
Management fees		-60,082.60	-60,082.60
Occupancy costs		-88,290.29	-88,978.75
Marketing Development Fund expenses		-64,048.55	
Grants & donations		-81,375.70	
Profit from ordinary activities before income tax		113,662.67	108,477.04
Income tax expense relating to ordinary activities	3	-32,671.07	-31,148.12
Net profit attributable to members of the Company		80,991.60	77,328.92
Earnings per share (cents)		8.06	7.70
Diluted earnings per share (cents)		8.06	7.70

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	4	540,509.62	464,111.73
Receivables	5	126,621.25	120,313.44
Other	6	4,793.11	4,888.64
Current tax assets	7	1,494.62	18,367.24
Total current assets		673,418.60	607,681.05
Non-current assets			
Property, plant and equipment	8	319,592.67	345,644.85
Intangible assets	9	190,000.00	190,000.00
Total non-current assets		509,592.67	535,644.85
Total assets		1,183,011.27	1,143,325.90
Current liabilities			
Payables	10	80,555.24	74,308.27
Current tax liabilities	11	12,782.46	
Total current liabilities		93,337.70	74,308.27
Total liabilities		93,337.70	74,308.27
Net assets		1,089,673.57	1,069,017.63
Equity			
Contributed equity	12	1,004,511.00	1,004,511.00
Retained profits		85,162.57	64,506.63
Total equity		1,089,673.57	1,069,017.63

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended 30 June 2010

	Issued capital \$	Accumulated profit (loss) \$	Total equity \$
Balance at 1 July 2008	1,004,511.00	56,239.42	1,060,750.42
Shares issued during year	-	-	-
Profit/(loss) attributable to the members of the Company		77,328.92	77,328.92
Sub-total:	1,004,511.00	133,568.34	1,138,079.34
Dividends written back (Oct 06)		1,254.06	1,254.06
Dividends paid or provided for		(70,315.77)	(70,315.77)
Balance at 30 June 2009	1,004,511.00	64,506.63	1,069,017.63
Balance at 1 July 2009	1,004,511.00	64,506.63	1,069,017.63
Shares Issued during year	-	-	-
Profit/(loss) attributable to the members of the Company		80,991.60	80,991.60
Sub-total:	1,004,511.00	145,498.23	1,150,009.23
Dividends written back		(65.00)	(65.00)
Dividends paid or provided for		(60,270.66)	(60,270.66)
Balance at 30 June 2010	1,004,511.00	85,162.57	1,089,673.57

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flow from operating activities			
Receipts from customers		1,431,084.09	1,356,734.73
Payments to suppliers and employees		-1,273,283.58	-1,244,720.79
Interest received		14,854.43	25,727.47
Income tax paid		-23,643.30	-102,210.00
Net cash provided by (used in) operating activities		149,011.64	35,531.41
Cash flow from investing activities			
Payment for:			
Payments for property, plant and equipment		-10,021.82	-29,077.45
Net cash provided by (used in) investing activities		-10,021.82	-29,077.45
Cash flow from financing activities			
Dividends paid		-62,591.93	-69,061.71
Net cash provided by (used in) financing activities		-62,591.93	-69,061.71
Net increase (decrease) in cash held		76,397.89	-62,607.75
Cash at the beginning of the year		464,111.73	526,719.48
Cash at the end of the year		540,509.62	464,111.73

The accompanying notes form part of these financial statements.

Financial statements continued

Notes to the cash flow statement

	2010 \$	2009 \$
a) Reconciliation of 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.		
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 at bank	190,509.62	164,111.73
Term deposit	350,000.00	300,000.00
	540,509.62	464,111.73
b) Reconciliation of net cash provided by/used in operating activities to net profit		
Operating profit (loss) after tax	80,991.60	77,328.92
Depreciation	36,074.00	35,458.00
Increase/(decrease) in future income tax benefit	-28.03	4.82
Increase (decrease) in outstanding dividends	2,256.27	
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	-8,555.91	-2,624.32
(Increase) decrease in prepayments	95.53	16.05
Increase (decrease) in trade creditors and accruals	6,246.97	-3,585.76
Increase (decrease) in current tax liabilities	31,931.21	-71,066.30
Net cash provided by operating activities	149,011.64	35,531.41

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

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 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

Note 1. Statement of significant accounting policies (continued)

(B) Accounting policies (continued)

Income tax (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:

Class of asset	Depreciation rate%
Plant and equipment	2.5 - 40.0

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(B) Accounting policies (continued)

Impairment of assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to 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 was being amortised over the initial five (5) year period of the agreement. However, on advice from Price Waterhouse Coopers the initial franchise fees were not tax deductible and therefore the amortisation was reversed in the year ended 30 June 2008.

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.

Employee benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Because the employees are seconded staff to the Company all entitlements are recorded by Bendigo and Adelaide Bank Ltd, therefore the liability arises as and when these entitlements are paid by Bendigo and Adelaide Bank Ltd and invoiced to the Company.

Provisions

Provision are recognised when Mareeba & Dimbulah Financial Services Limited has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(B) Accounting policies (continued)

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 services to customers.

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

	2010 \$	2009 \$
Note 2. Revenues from ordinary activities		
Gross margin	740,757.27	694,882.55
Upfront product commission	34,210.74	26,955.31
Trailer product commission	328,540.34	323,501.21
Fee income	145,530.50	144,291.15
Market development fund	59,724.79	44,221.12
Interest received	14,854.43	25,727.47
	1,323,618.07	1,259,578.81

Notes to the financial statements continued

	2010 \$	2009 \$
Note 3. 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%	113,662.67	108,477.04
Prima facie income tax at 30%	34,042.94	32,552.84
Less tax effect of :		
- deductible prospectus costs amortised	-1,399.90	-1,399.90
- prepaid insurance	28.03	-4.82
Income tax expense/(revenue)	32,671.07	31,148.12
Income tax expense attributable to profit from ordinary activities	32,671.07	31,148.12

Note 4. Cash and cash equivalents

Cash at bank	190,509.62	164,111.73
Term deposit	350,000.00	300,000.00
	540,509.62	464,111.73

Reconciliation of cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

- Cash	540,668.00	464,360.42
- Bank overdrafts	-158.38	-248.69
	540,509.62	464,111.73

Note 5. Receivables

Current

Trade debtors	126,621.25	118,065.34
GST receivables		2,248.10
	126,621.25	120,313.44

Notes to the financial statements continued

	2010 \$	2009 \$
Note 6. Other assets		
Current		
Prepayments	4,793.11	4,888.64
	4,793.11	4,888.64

Note 7. Tax assets

Current		
Provision for income tax		16,900.65
Deferred tax assets	1,494.62	1,466.59
	1,494.62	18,367.24
Reconciliation of prepayments:		
Opening balance	1,466.59	1,471.41
Credit to the income statement	28.03	-4.82
Closing balance	1,494.62	1,466.59

Note 8. Property, plant and equipment

Leasehold improvements:		
- At cost	435,541.75	432,523.57
- Less: Accumulated depreciation	-122,954.36	-87,522.36
	312,587.39	345,001.21
Plant and equipment:		
- At cost	19,349.09	12,345.45
- Less: Accumulated depreciation	-12,343.81	-11,701.81
	7,005.28	643.64
	319,592.67	345,644.85

Notes to the financial statements continued

	2010 \$	2009 \$
Note 9. Intangible assets		
Franchise fee:		
- At cost	190,000.00	190,000.00
	190,000.00	190,000.00

Note 10. Payables

Unsecured:		
- Trade creditors	80,555.24	74,308.27
	80,555.24	74,308.27

Note 11. Tax liabilities

Current		
GST Payable Control Account	23,227.80	
Input Tax Credit Control Account	-20,644.49	
Provision for Income Tax	10,199.15	
	12,782.46	

Note 12. 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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Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the financial statements continued

Note 13. Remuneration & retirement benefits

Directors' remuneration

The names and positions of Directors who have help office during the financial year are:

Lex Starmer	Chairperson
Gilbert J Teitzel	Secretary/Deputy Chairperson
Patrick J Freney	Treasurer
Graeme E Ford	Non-Executive Director
Philip G Quayle	Non-Executive Director
Edward Balzarolo	Non-Executive Director
Gianfranco De Iacovo	Non-Executive Director
Evan D McGrath	Non-Executive Director
Cheryl E Tonkin	Non-Executive Director
Wilfrid R Blundell	Non-Executive Director
Glenys A Pilat	Non-Executive Director

No person met the definition of executive of the Company during the financial year ended 30 June 2010.

No income was paid or was payable or otherwise made available, to the Directors of the Company during the year ended 30 June 2010.

Options

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

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

Shareholdings	2010	2009
Graeme E Ford	20,002	20,002
Gilbert J Teitzel	6,091	6,091
Evan D McGrath	1,501	1,501
Wilfrid R Blundell	1,001	1,001
Gianfranco De Iacovo	1,001	1,001
Philip G Quayle	3,001	3,002
Cheryl E Tonkin	2,501	2,502
Patrick J Freney	nil	nil
Lex Starmer	nil	nil
Edward Balzarolo	500	501
Glenys A Pilat	nil	nil

Notes to the financial statements continued

Note 13. Remuneration & retirement benefits (continued)

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.

	2010 \$	2009 \$
Note 14. Auditors' remuneration		
Remuneration of the Auditor of the Company for:		
Auditing or reviewing the financial report	9,850.00	8,050.00
Other services		
	9,850.00	8,050.00

Note 15. Related party transactions

Millar Teitzel Certified Practising Accountants received \$10,400.00 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.

Millar Teitzel certified Parctising Accountants have held the share register from 1 July 2009.

No other related parties entered into a transaction with the Company during the financial year ended 30 June 2010 other than those disclosed in Note 13.

Note 16. 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:

Notes to the financial statements continued

Note 16. Financial instruments (continued)

a) Financial risk management (continued)

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 2010 relate to the amounts due from Bendigo Bank's earnings from that months 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.

The Company adopts a policy of ensuring that any surplus cash funds are placed on term deposit with a financial institution.

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.

Notes to the financial statements continued

	2010 \$	2009 \$
Note 16. Financial instruments (continued)		
b) Risk exposure		
Capital management		
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	190,509.62	164,111.73
	190,509.62	164,111.73
Fixed rate instruments:		
Financial assets		
Cash and cash equivalents	350,000.00	300,000.00
	350,000.00	300,000.00
Net financial assets	540,509.62	464,111.73
Non-interest bearing instruments:		
Financial assets		
Cash and cash equivalents		
Receivables	128,115.87	121,780.03
	128,115.87	121,780.03
Financial liabilities		
Payables	80,555.24	74,308.27
	80,555.24	74,308.27
Net financial assets	47,560.63	47,471.76

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 \$1,905 (2009: \$1,641).

Notes to the financial statements continued

Note 16. Financial instruments (continued)

b) Risk exposure (continued)

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 17. 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 18. Events subsequent to reporting date

On the 30th June 2010 the Company delisted from the Bendigo Stock Exchange (BXS) in favour of operating under the Low Volume Market (LVM) model and registered for exemption with the ASIC.

No other 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

	2010 \$	2009 \$
Note 19. Contingent liabilities		
<p>The Company is liable to pay Management Advisory Fees to Bendigo and Adelaide Bank Ltd as set out in the Franchise Agreement. The Management Advisory Fee is payable over a five year period for ongoing assistance provided by Bendigo and Adelaide Bank Ltd. The Management Advisory Fee is expensed when incurred.</p>		
Payable:		
- Not longer than 1 year		60,082.60
- Longer than 1 year but not longer than 5 years		
		60,082.60

Note 20. Company details


Registered Office:	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

Directors' declaration

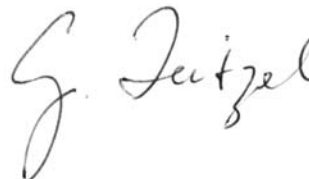
The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 12 to 29, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2010 and of its 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;
2. 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 18 October 2010.

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 2010, 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 2010 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.

WHK Greenwood

WHK Greenwoods (Cairns)



Jason Taylor
Principal

Dated this 20th day of October 2010.
232-240 Mulgrave road
Cairns, Queensland



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

Dimbulah **Community Bank**® Branch
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Phone: (07) 4093 5266

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94 Byrnes Street, Mareeba QLD 4880
ABN: 53 115 503 930

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The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR10110) (10/10)