

annual report 2010



Narrandera District
Investments Limited
ABN 58 107 510 494

Narrandera & District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2010

On behalf of the Board of Narrandera District Investments Limited, the Manager and staff, welcome to the Annual Report of Narrandera District Investments Limited for 2010. Ten years ago we set out to create a business that would secure full banking services, return a profit to the community, retain capital in the area and return a dividend to shareholders. We have achieved the first two goals and have now set our minds to achieving the third of our goals.

The year

It is a pleasure to report that through the Marketing Development Fund we announced that we would be funding projects to the value of \$40,000 in the coming year. This has enabled us to help various community groups achieve their goals.

Current position

With \$40 million in banking, and a staff of six, we provide a full banking service to Narrandera and our district. A profit would have been achieved however, due to the cost of the renewal of our franchise and the accounting application applied we ended up making a small loss.

Staff

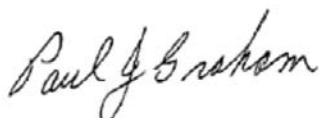
Robert and his staff are to be congratulated on the courteous and professional way that they operate the branch.

The Board

There have been some changes to the Board during the last year. Bill Robinson, whose wealth of business knowledge has been a great asset to the Board, resigned during the year. We wish Bill and Pam all the best with their move to the grey nomads. Sue Craze (Tolsher), was with us for only a short time, but made a valuable contribution. New appointments to the Board are John Guthrie, who is currently Vice Chairman and brings to the Board wide business experience; Brad Teerman, who is in his final year of accountancy and has taken on the role of Treasurer; and Jan Bock is back as our Company Secretary, a role she has previously held. She also joins us this time around as a member of the Board. Peter Royle has taken a 12 month leave of absence, due to family commitments.

Future growth

Our objectives over the coming year are to achieve profitability on a regular basis, whereby we are able to return considerable monies to the both our shareholders and the community in the future. The Board is expecting to achieve strong growth in the coming year and to achieve a profitable year. One of the ways you can assist us in reaching greater profitability is to promote our **Community Bank**[®] branch by word of mouth. The Board is investigating every possible avenue to vigorously ensure future growth.



Paul Graham
Chairman

Manager's report

For year ending 30 June 2010

Well another year has past so quickly it only feels like yesterday that we had our AGM 2009. This financial year has again been very demanding and we haven't got to the heights of last year, but we did have a positive year. It is still great that the people of Narrandera are supporting us but we need more of them to open accounts so we can make a bigger difference to our community in the future.

We had set ourselves a demanding target last year and I am sorry to say we didn't reach this. But on a positive note, we made profit for most months of the year with the final figure not known at the stage of writing this report. Our deposit growth was the downfall for us and I firmly believe this is because of the economic uncertainty and rising interest rates. We had a lot of customers using their deposit funds for purchases, which had not happened previously. We are also in a drought, which will continue to have an influence on our town for some time. We can only hope that the season continues the way it has started and our farmers get a crop which will inject funds into our town.

We're now sitting with a book of \$40 million and have over 2,600 account holders at our branch and I would like to see this grow in the next six months as we are at a stage in our growth where every new account will be adding profit to our bottom line.

We have continued to support local events in our town and have just recently announced we will be putting \$40,000 into the community in different ways over the next 12 months. This will be funded by our Market Development Fund that Bendigo and Adelaide Bank Ltd gives us for the amount of business we have.

We also use these funds to cover our advertising as per the agreement with Bendigo and Adelaide Bank Ltd.

We have had no staff changes in the last 12 months and I must say it is a pleasure to work with the five girls at the branch. We have had some difficult times during the year with sick children and adults making us short staffed, but we have got through these times with minimal fuss. I may be biased but I believe that they are the best staff in our town.

The most important aspect I would like to get across is that we need more people of Narrandera banking with us. As stated above, we are at the stage of making profits, so with every new account our profit will increase, and ultimately we will be able to pay a dividend to our very patient shareholders, and also put more funds into the community to make our town a better place to live for now and into the future.

Don't forget - We are opened from 9.00am to 5.00pm Monday to Friday and Saturday mornings from 9.00am to 12.00 noon for your banking convenience.



Robert Hanlon
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2010

Now in its 13th year, the **Community Bank**[®] network continues to grow and make significant contributions to local communities right across Australia.

In the 2009/10 financial year 22 new **Community Bank**[®] branches were opened, taking the total number of branches to 259.

More than 545,000 customers chose to support the network with their banking business made up of more than 788,000 accounts, giving the networks a combined banking book of more than \$16.3 billion.

Our **Community Bank**[®] customers have been served by more than 1150 staff that are supported by almost 1700 volunteer Directors.

And these Directors are endorsed by around 63,000 shareholders who have received more than \$14.7 million in dividends, a reward for their belief in the **Community Bank**[®] concept.

All of this support has enabled the **Community Bank**[®] network to return more than \$40.3 million to assist local community groups and projects since the first **Community Bank**[®] branch opened in 1998.

These figures add up to a strong **Community Bank**[®] network, a franchise of the Bendigo and Adelaide Bank Ltd, which like its community partners, continues to flourish attracting more than 10,000 new customers every month.

This has been made possible through the restructure of the bank's executive team under the leadership of Managing Director, Mike Hirst.

At the start of 2010, the world's great economies continued to feel the aftershocks of the Global Financial Crisis. However, Australia's economy remained relatively stable during the turbulent times. While the impact of the GFC was felt by our community owned and operated branches, it is a testament to our business models and partners that our **Community Bank**[®] network continues to develop.

In fact, not only did our network continue to develop, in the past year we have witnessed one of our most successful launch programs to date. We saw a new branch emerge out of the ashes in Kinglake, less than a year after the region was devastated by Victoria's Black Saturday Bushfires.

The Pyrmont **Community Bank**[®] Branch saw us make an inroad into the competitive but lucrative Sydney banking market. And over the next 12 months Bendigo Bank will continue to grow its ATM and branch network in New South Wales, providing further support in boosting the profile of Bendigo's brand in the state.

This year we have also launched Community Snapshots on the Bendigo Bank website. This online initiative shares and highlights the great contributions and tangible outcomes the **Community Bank**[®] network generates for its local communities.

Bendigo and Adelaide Bank Ltd report continued

There has also been a focus on the continued roll out of our Good for Business, Good for Community program, which is an important element of our overall Community Strengthening for the coming year.

Thank you again for your continued commitment and support of the **Community Bank**[®] network.



Russell Jenkins

Executive Customer and Community

Directors' report

For the financial year ended 30 June 2010

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

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

Director	Responsibilities	Occupation	Meetings attended
Paul Graham	Chair	Property Developer	10
Bradley Teerman	Treasurer	Accountant	3 (Appt 27/4/10)
Kerry Sproston	Director	Bookkeeper	10
William Robinson	Director	Company Director	7 (Res 27/4/10)
Peter Royle	Director	Retired	-
Elizabeth Bock	Director	Retailer	10
Janice Bock	Secretary	Retired	6 (Appt 4/3/10)
John Guthrie	Director	Motel Operator	3 (Appt 20/5/10)
Elizabeth Lawrence	Director	Editor in Chief	4 (Appt 22/9/09)
Susan Tolsher	Secretary	Administration	2 (Appt 22/9/09) (Res 4/3/10)

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

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

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

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

The Company arrived at a loss of \$46,752 this financial year due to the five year franchise renewal fee being paid; this fee amounted to \$57,385.

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 future financial years.

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.

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

No dividends were paid during the year and no recommendation is made as to the dividends.

The Directors do not recommend the payment of a dividend.

Directors' report continued

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.

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 as follows:

The Company has paid premiums to insure each of the following Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or the Company, other than conduct involving a willful breach of duty in relation to the Company.

Paul Graham

Peter Royle

John Guthrie

Bradley Teerman

Elizabeth Bock

Elizabeth Lawrence

Kerry Sproston

Janice Bock

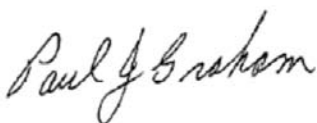
Susan Tolsher

William Robinson

Auditors' Independence Declaration

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

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



Paul Graham
Director



Bradley Teerman
Director

Dated this 14 October 2010.

Auditor's independence declaration

Auditors' Independence Declaration
Under Section 307C of the Corporations Act 2001
To the Directors of Narrandera District Investments Limited

We hereby declare, that to the best of our 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.

Name of Firm: HMA Twomey Patterson Audit Pty Ltd
Authorised Audit Company



Steven J Watson CA
Name of Director

Address: 1/185 Morgan Street Wagga Wagga NSW 2650

Dated this 14 October 2010.

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue	2	442,558	351,653
Accountancy expenses		(1,465)	(4,325)
Marketing expenses		(9,361)	(14,385)
Auditors' remuneration	3	(7,580)	(2,875)
Depreciation and amortisation expenses		(16,033)	(36,154)
Employee benefits expenses		(248,801)	(217,407)
Franchise renewal fee		(57,385)	-
Other expenses		(148,685)	(145,872)
Profit before income tax	4	(46,752)	(69,365)
Income tax		-	-
Profit after income tax		(46,752)	(69,365)
Other comprehensive income			
-		-	-
Total comprehensive income		(46,752)	(69,365)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
Assets			
Current assets			
Cash and cash equivalents	5	309	793
Trade and other receivables	6	9,536	15,929
Other current assets	7	44,562	40,158
Total current assets		54,408	56,880
Non-current assets			
Property, plant and equipment	8	56,073	68,128
Intangible assets	9	6,886	68,862
Total non-current assets		62,959	136,990
Total assets		117,367	193,870
Liabilities			
Current liabilities			
Trade and other payables	10	18,900	87,424
Financial liabilities	11	262,960	237,793
Provisions	12	21,833	18,162
Total current liabilities		303,693	343,379
Non current liabilities			
Provisions	12	9,935	0
Total non current liabilities		9,935	0
Total liabilities		313,628	343,379
Net assets (liabilities)		(196,261)	(149,509)
Equity			
Issued capital		644,509	644,509
Accumulated losses		(840,770)	(794,018)
Total equity		(196,261)	(149,509)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended June 2010

	Issued capital \$	Retained earnings / (accumulated losses) \$	Total \$
Balance at 1 July 2008	644,509	(724,653)	(80,144)
Loss attributable to equity shareholders	-	(69,365)	(69,365)
Balance at 30 June 2009	644,509	(794,018)	(149,509)
Loss attributable to equity shareholders		(46,752)	(46,752)
Balance at 30 June 2010	644,509	(840,770)	(196,261)

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 flows from operating activities			
Receipts from customers		444,539	328,521
Payments to suppliers and employees		(457,039)	(391,275)
Interest received		8	2
Net cash used in operating activities	13	(12,492)	(62,752)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,682)	-
Payments for intangibles		(11,477)	-
Net cash used in investing activities		(13,159)	-
Net decrease in cash held		(25,651)	(62,752)
Cash at beginning of financial year		(237,000)	(174,248)
Cash at end of financial year	5	(262,651)	(237,000)

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

This financial report covers Narrandera District Investments Limited as an individual entity. Narrandera District Investments Limited is a Company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting policies

Going concern

Notwithstanding the deficiency of net assets in the Company, the financial report of the Company has been prepared on a going concern basis. This basis has been applied as the Directors have received a guarantee of continuing financial support from Bendigo and Adelaide Bank Ltd and it is the Directors' belief that such financial support will continue to be made available.

At balance date the Company had a deficiency of current assets of \$249,285 and a deficiency of net assets of \$196,261.

Property, plant and equipment

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

Property, plant and equipment (continued)

Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these 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 been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset

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

An asset's 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 disposals 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.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expenses to profit or loss immediately.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

Impairment of assets

At each reporting date, the Company reviews 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 asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's 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, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangibles

Intangibles are amortised on a straight line basis over 5 years.

Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, 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 and other income

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined recognized when it is earned.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Accounting policies (continued)

Comparative figures

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

	2010	2009
	\$	\$

Note 2. Revenue and other income

Revenue

Gross margin	244,603	181,771
Upfront product commissions	4,486	5,017
Trailer product commissions	98,022	90,671
Fee income	59,426	48,692
Market development	35,833	25,500
Other income	179	-
Interest received	8	2
Total revenue	442,558	351,653

Note 3. Auditors' remuneration

Auditor's remuneration

Accounting standards	7,580	2,875
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Note 4. Loss

Significant expenses:

- Franchise renewal fee	57,385	-
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 5. Cash and cash equivalents		
Cash on hand	11	785
Investment account		
Pett	8	8
Petty cash account	290	-
	309	793

Reconciliation of cash

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

Cash and cash equivalents	309	793
Bank overdraft (Note 11)	(262,960)	(237,793)
	(262,651)	(237,000)

Note 6 Trade and other receivables

Current

Sundry debtors	8,450	12,957
Goods and services tax	1,086	2,972
	9,536	15,929

The Company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Note 7. Other current assets

Current

Accrued income	40,958	36,861
Prepayments	3,604	3,297
	44,562	40,158

Notes to the financial statements continued

	2010 \$	2009 \$
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Note 8. Property, plant and equipment

Plant and equipment

Office fit out costs and Equipment:

At cost	139,470	137,788
Accumulated depreciation	(83,397)	(69,660)
Total plant and equipment	56,073	68,128

Movements in carrying amounts

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

	Plant and equipment \$	Total \$
Balance at 1 July 2009	68,128	68,128
Additions	1,682	1,682
Depreciation expense	(13,737)	(13,737)
Carrying amount at 30 June 2010	56,073	56,073

Note 9. Intangible assets

Franchise fee and establishment costs	11,477	68,862
Less: accumulated amortisation	(4,591)	-
Net carrying value	6,886	68,862
Total	6,886	68,862

Reconciliation of formation expenses

Franchise fee and establishment costs	11,477	68,862
Less: accumulated amortisation	(4,591)	-
Closing carrying value at 30 June 2010	6,886	68,862

Notes to the financial statements continued

	2010 \$	2009 \$
Note 10. Trade and other payables		
Current		
Sundry creditors	2,536	2,736
Trade creditors	6,261	2,450
Accrued expenses	10,103	82,238
Goods and services tax	-	-
	18,900	87,424
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables:		
- Total current	18,900	87,424
Financial liabilities as trade and other payables	18,900	87,424

Note 11. Borrowings

Current		
Bank overdraft	262,960	237,793

Note 12. Provisions

Provision for annual leave	21,833	18,162
Provision for long service leave	9,935	0
Total provisions	31,768	18,162
Analysis of total provisions		
Current	21,833	18,162
Non current	9,935	0
	31,768	18,162

Notes to the financial statements continued

	2010 \$	2009 \$
Note 13. Cash flow information		
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	(46,752)	(69,365)
Non-cash flows in loss		
Amortisation	4,591	22,387
Depreciation	13,738	13,767
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase) decrease in current receivables	6,393	(23,130)
(Increase) decrease in other current assets	(4,404)	(3,297)
Increase (decrease) in trade creditors	336	(11,785)
Increase (decrease) in current provisions	13,606	8,671
	(12,492)	(62,752)

Note 14. Financial risk management

Financial risk management policies

The Company's financial instruments consists primarily of deposits with banks, short-term investments, accounts receivable and payable.

The nature of the operations of the Company does not result in substantial financial risk. The assessed risks lie primarily in credit risk and interest rate risk. The Company considers that there limited risk means there is no need to enter into risk management strategies involving derivative instruments for speculative purposes.

Significant accounting policies and terms and conditions

Details of:

- The significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised.
- any significant terms and conditions

In respect of each class of financial asset and financial liability are identified in Note 1 to the accounts.

Credit risk exposure

There is no requirement for a provision for doubtful debts to be included in the accounts at 30 June 2010, as there are no identified bad debts and there are no significant exposures in the remaining receivables.

Notes to the financial statements continued

Note 14. Financial risk management (continued)

Fair value of financial assets and liabilities

The carrying amount of financial assets and liabilities contained within these financial statements is representative of the fair value of each financial assets or liability.

Interest rate risk exposure

The Company's exposure to interest rate risk and effective weighted average interest rate by maturity periods is set out in the following table. Exposures arise predominantly from assets and liabilities bearing variable interest rates.

2010	Weighted average effective interest rate \$	Floating interest rate \$	Fixed interest rate maturing		Non interest bearing \$	Total \$
			Within 1 year	1 to 5 years		
Financial assets						
Cash and cash equivalents	-	19	-	-	290	309
Trade & other receivables	-	-	-	-	10,220	10,220
Total financial assets		19	-	-	10,510	10,529
Financial liabilities						
Trade and other payables	-	-	-	-	(18,900)	(18,900)
Bank overdraft	9.64	(262,960)	-	-	-	(262,960)
Total financial liabilities		(262,960)	-	-	(18,900)	(281,860)

Note 15. Company details

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

92 East Street,
Narrandera NSW 2700

Note 16. Change in accounting policy

Any Australian Accounting Standards which have been issued or amended and which are applicable to the Company but are not yet effective have not been adopted in preparation of the financial statements at reporting date.

Notes to the financial statements continued

	2010	2009
	\$	\$

Note 17. Related party transactions

Transactions between related parties are on normal commercial terms and conditions. These terms and conditions are no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

KT Sproston – Bookkeeping Services	1,465	4,200
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Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Narrandera NSW.

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 22, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Company.
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.



Paul Graham
Director



Bradley Teerman
Director

Dated this 14 October 2010

Independent audit report

Independent Auditor's Report

To the members of Narrandera District Investments Limited

A.B.N. 58 107 510 494

Report on the financial report

We have audited the accompanying financial report of Narrandera District Investments Limited which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and 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 designing, implementing and maintaining internal control 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 (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditors' 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 Auditors' judgment, 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 Auditors consider 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.

Independent audit report continued

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the Directors of Narrandera District Investments Limited on the same date as the date of this Auditors' report.

Auditors' opinion

In our opinion:

- (a) the financial report of Narrandera District Investments 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.
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

We draw attention to Note 1 to the financial statements, which describe the Company's deficiency of net assets. Our opinion is not qualified in respect of this matter and the financial report has been prepared on a going concern basis.

Name of Firm: HMA Twomey Patterson Audit Pty Ltd
Authorised Audit Company



Steven J Watson CA

Name of Director

Address: 1/185 Morgan Street Wagga Wagga NSW 2650

Dated this 14 October 2010

Narrandera & District **Community Bank**[®] Branch
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(BMPAR10103) (10/10)