

**Ku-ring-gai**  
**Financial Services Limited**  
**Financial Statements**  
**as at**  
**31 December 2006**

**KU-RING-GAI FINANCIAL SERVICES LIMITED**  
**ABN 82 062 091 909**

**Directors' Report**

Your Directors submit the financial report of the company for the half-year ended 31 December 2006.

**Directors**

The names of directors who held office during the half year and until the date of this report are as below:

David Andrew Langdon (Chairman)

Joseph Gerard Bollen

Geoffrey John Crittenden

Bruce William Hall

James Alan Loxton

Matthew Grant Martin

Stuart Philip Hackett (appointed 15 November 2006)

Ian McArthur Pont (appointed 15 November 2006)

Collin Segelov (appointed 15 November 2006)

Ian Patrick Sweeney (appointed 15 November 2006)

**Principal activities**

The principal activities of the company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

**Review and results of operations**

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was: \$23,956 (2005: \$13,662).

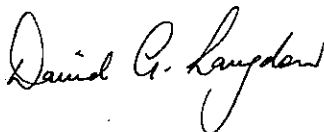
**Matters subsequent to the end of the reporting period**

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

**Auditor's independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Directors at Turramurra, New South Wales on 26th February 2007.



David Andrew Langdon, Chairman



Ian McArthur Pont, Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Ku-ring-gai Financial Services Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial period ended 31 December 2006 there have been:

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



David Hutchings  
Auditor

Andrew Frewin & Stewart  
Bendigo, Victoria

Dated: 26 February 2007

**KU-RING-GAI FINANCIAL SERVICES LIMITED**

ABN 82 062 091 909

**Income Statement****for the half-year ended 31 December 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	363,084	282,374
Other revenue	6,301	3,081
Salaries and employee benefit expense	(184,097)	(126,870)
Occupancy and associated costs	(48,533)	(48,123)
Advertising and promotion expenses	(5,404)	(6,748)
Borrowing costs	(454)	(672)
Depreciation and amortisation expense	(12,933)	(10,898)
General administration expenses	(82,251)	(72,643)
<b>Profit before income tax expense/credit</b>	<b>35,713</b>	<b>19,501</b>
Income tax expense	(11,757)	(5,839)
<b>Profit for the period</b>	<b>23,956</b>	<b>13,662</b>

**KU-RING-GAI FINANCIAL SERVICES LIMITED**

ABN 82 062 091 909

**Balance Sheet  
as at 31 December 2006**

	Notes	31-Dec 2006 \$	30-Jun 2006 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		250,589	220,172
Trade and other receivables		69,589	81,959
<b>Total Current Assets</b>		<u>320,178</u>	<u>302,131</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		205,406	211,985
Deferred tax asset		103,065	114,822
Intangible assets		20,000	26,000
<b>Total Non-Current Assets</b>		<u>328,471</u>	<u>352,807</u>
<b>Total Assets</b>		<u>648,649</u>	<u>654,938</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		49,087	55,218
Borrowings		9,388	11,986
Provisions		26,950	11,500
<b>Total Current Liabilities</b>		<u>85,425</u>	<u>78,704</u>
<b>Total Liabilities</b>		<u>85,425</u>	<u>78,704</u>
<b>Net Assets</b>		<u>563,224</u>	<u>576,234</u>
<b>Equity</b>			
Issued capital		883,964	883,964
Retained earnings		(283,774)	(307,730)
Dividends paid	5	(36,966)	-
<b>Total Equity</b>		<u>563,224</u>	<u>576,234</u>

**KU-RING-GAI FINANCIAL SERVICES LIMITED**

**ABN 82 062 091 909**

**Statement of Changes in Equity  
for the half-year ended 31 December 2006**

	<b>Notes</b>	<b>2006</b>	<b>2005</b>
		<b>\$</b>	<b>\$</b>
Total equity at the beginning of the period		576,234	509,147
Net profit for the period		23,956	13,662
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid	5	(36,966)	-
Total equity at the end of the period		<u>563,224</u>	<u>522,809</u>

**KU-RING-GAI FINANCIAL SERVICES LIMITED**  
**ABN 82 062 091 909**  
**for the half-year ended 31 December 2006**

	2006 \$	2005 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	412,436	296,401
Payments to suppliers and employees	(348,636)	(277,406)
Interest paid	-	(660)
Interest received	5,852	1,611
<b>Net cash inflow from operating activities</b>	<u>69,652</u>	<u>19,946</u>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(389)	-
<b>Net cash outflow from investing activities</b>	<u>(389)</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of borrowings	(3,051)	(2,391)
Dividends paid	(35,795)	-
<b>Net cash outflow from financing activities</b>	<u>(38,846)</u>	<u>(2,391)</u>
<b>Net increase in cash held</b>	30,417	17,555
Cash at the beginning of the financial year	220,172	111,989
<b>Cash at the end of the half-year</b>	<u><u>250,589</u></u>	<u><u>129,544</u></u>

**KU-RING-GAI FINANCIAL SERVICES LIMITED**  
**ABN 82 062 091 909**

**Notes to the financial statements**  
**for the half-year ended 31 December 2006**

**1. Basis of preparation of the Half-Year Financial Statements**

**Basis of accounting**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report and any public pronouncements made by the company during the period.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2006. All accounting policies are consistent with those applied in the 30 June 2006 financial statements.

**2. Events subsequent to Reporting Date**

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

**3. Contingent Assets and Liabilities**

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

**4. 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 Turramurra, New South Wales.

**5. Dividends Paid**

**Period ended 31 December 2006**

Unfranked dividend of 4 cents per share paid 31 October 2006 as reported in Annual Report at 30 June 2006.

	<b>2006</b> <b>Cents</b>	<b>2006</b> <b>\$</b>	<b>2005</b> <b>Cents</b>	<b>2005</b> <b>\$</b>
Unfranked dividend paid 31 October 2006	<u>4 cents</u>	<u>36,966</u>	<u>-</u>	<u>-</u>



**KU-RING-GAI FINANCIAL SERVICES LIMITED**

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**Directors' Declaration**

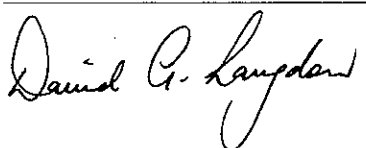
The directors declare that:

- (a) in the directors opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

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David Andrew Langdon, Chairman



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Ian McArthur Pont, Director

Dated this 26th day of February 2007

## Independent Review Report to the Members of Ku-ring-gai Financial Services Limited

### *Scope*

We have reviewed the accompanying financial report of Ku-ring-gai Financial Services Limited comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes 1 – 5 to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2006.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Ku-ring-gai Financial Services Limited is not in accordance with Corporations Act 2001, including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001.



David Hutchings Partner  
BENDIGO 26 February 2007