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Chairman's report

For year ending 30 June 2007

Once again our Warburton **Community Bank**[®] Branch has completed another successful and profitable year - a year which has continued to see substantial growth in the customer base and the range of services that we provide. Our footings reached \$79.5 million by the end of June, an increase of 7.6 per cent or \$5.6 million over the previous year.

It is an honour to have been recently appointed as Chairman of our community-owned enterprise. I would like to formerly pass on my thanks to the immediate past Chairman Baden Berry. Baden unselfishly accepted the Chairman's role for 12 months following Bob Murray's resignation at last year's AGM. With lifestyle choices needing priority, Baden has since left the Company with our sincere gratitude for his significant contribution during five years of service, particularly his leadership over the past year. We wish Baden every success in his future endeavours. I commit to working with the Board to continue the growth and development of the branch in the best interest of all stakeholders.

There have been many significant achievements over the year. We continue to reduce the debt on our premises, having purchased the freehold in February 2006. This building was originally built for a bank and we have undertaken a range of building improvement works over the year with every effort made to retain its traditional style. It is a magnificent building and an important part of the Warburton landscape.

The Board has undertaken a comprehensive review of its policies throughout the year to ensure they are relevant and consistent with contemporary standards and good governance principles. This included a review of the roles of our committees, Manager and Executive Officer, the Profit Distribution Policy and the Structure of the Board Policy. The policy review has resulted in the development of a formula to calculate future dividends provided to our shareholders. As a result of this formula and of course in keeping with our ongoing financial success during the 2006/07 financial year, shareholders recently received a 12 cents per share dividend. This represents a marked increase on last year's return of 9 cents.

The choice was made several years ago to establish a working capital (futures) fund to ensure our ongoing sustainability and to allow for expansion if the opportunity arose. This fund helped to purchase our building, and has now been enshrined in policy.

It is with much pride and satisfaction that our Board continues to provide, on your behalf, financial support to community groups and projects. The amount awarded in the past 12 months was \$206,574 - marginally less than the previous year due primarily to increased shareholder dividends, debt reduction and growth in our futures fund. With the continued support of shareholders and customers, our financial assistance to worthy community outcomes will continue to grow.

Our Grants and Sponsorship Committee has been working in association with the Community Enterprise Foundation, the charitable arm of the Bendigo Bank established in 2005. The Foundation has helped us obtain significant taxation advantages and, at times, has been able to secure additional financial support from various government sources. We greatly appreciate the assistance of CEO Natalie Elliott and Grants Manager Fiona Beckwith.

Chairman's report continued

The launch of the Youth Foundations Victoria – Upper Yarra was recently announced. This exciting new project is a joint initiative of the Bendigo Bank, Community Enterprise Foundation, State Government of Victoria and the three community-owned Bendigo Bank branches in the Valley - Warburton, Woori Yallock and Wandin-Seville. Our Board is very pleased to be part of this initiative to invest funds in our young people, engaging and empowering them and fostering leadership skills. These types of programs guarantee the capacity of our community to support itself and to grow into the future. I congratulate our neighbouring branches, Woori Yallock and Wandin-Seville, for their foresight in co-contributing to this joint initiative.

It has also been a significant year for our parent Company Bendigo Bank with a number of merger proposals arising. On 9 August 2007, Bendigo Bank announced their intention to merge with the Adelaide Bank. The Bank was quick to communicate their intentions to all community Boards and has assured us this merger will not negatively impact the **Community Bank**[®] model or branch network. The merger could blend two successful banks with different proven strategies to create a unique financial services organisation. It maintains Bendigo's community-focused banking model and introduces Adelaide's wholesale banking strategy to form a more robust and diversified business. The Bendigo Bank branding will not change and the customer focus will be retained, as will the community banking model that has worked so well for more than 200 communities across Australia.

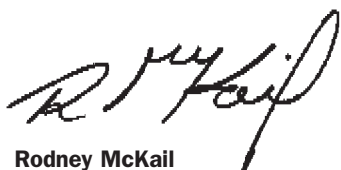
Our branch would not perform without the ongoing support of our dedicated and committed staff.

I extend congratulations on behalf of the Board to our Manager Darren Pennington for his excellent work over the year. Darren has maintained a customer-focussed team delivering a high level of service to our community, his banking knowledge and skills are first class. Hearty thanks also to each member of our valued customer service team – Derek, Lisa, Ros, Linda, Tanya and Brenda.

A very special thank-you to our Executive Officer Geoff Vickers. With the increasing amount of time required by Directors to perform the onerous tasks required of them, on an honorary basis, the establishment of the Executive Officer position has been invaluable. Geoff has played a pivotal role in the increased performance of the branch during the year. With his focus on administrative and Board business, Darren and his team are able to concentrate on what they do best, writing new business and supporting our growing customer base. From a personal perspective I would like to thank Geoff for the support he has provided me since taking on my role as Chairman.

I am truly humbled by this opportunity to follow in the footsteps of some very innovative and courageous people such as Don Vickers, Ian De la Rue, Bob Murray and Baden Berry. I would also like to acknowledge the many and varied local identities who have contributed to the success story that is Warburton **Community Bank**[®] Branch. I look forward to working during the coming years with the Board of Directors, whom in each I have the utmost confidence, the broader community and our shareholders, towards continued success for our community-owned enterprise.

Best wishes to you all.



Rodney McKail
Chairperson

Manager's report

For year ending 30 June 2007

The past financial has seen the Warburton **Community Bank**[®] Branch move ahead with some solid growth. The results have been excellent given the maturity of the branch. Being more than seven years old and still achieving growth at this level confirms the community support, trust and belief in what our Company is striving to achieve.

We have supported a number of projects and community groups, some of which you as shareholders may have seen or benefited from, none of which would have been possible without ongoing customer and community support of our branch.

As at 30 June 2007 our total footings were \$79.5 million, which represents growth of approximately \$5.6 million over the past 12 months. At the time of writing this report I am pleased to say we have now exceeded \$80 million. This is an outstanding milestone for our branch.

Our customer numbers have been increasing with a total of 3,687 customers as at 30 June 2007. This is an increase of 196 new customers to Warburton **Community Bank**[®] Branch over the past year. In a time of reducing population in the area we are doing extremely well to attract so many new clients.

Customers are also choosing to do more of their banking with us, through our insurance, financial planning and business banking as the average number of products held by each customer has increased to 1.898. This is due to our customers becoming more aware of what we offer at a local level. We can cater to all financial needs as well as providing local, friendly back-up support.

The use of our branch is strong, we are processing approximately 4000 over the counter transactions per month and the ATM is currently averaging around 7000.

During the next 12 months we expect to face continued competition. The lending may see some slowing down due to economic circumstances such as interest rate rises and housing affordability. However, with continued community support we should still see the Warburton **Community Bank**[®] Branch continue on its upward trend.

On behalf of the team and myself, I would like to thank all who have supported the branch and made it the strength it is today. Please come in and see us about any banking need you or your family may have, in so doing you'll be helping your community to prosper.



Darren Pennington
Branch Manager.

Directors' report

For year ending 30 June 2007

Your Directors submit the financial report of the Company for the financial year ended 30 June 2007.

Directors

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

Mr R J Murray

Compliance Officer

Resigned: 2 November 2006

Mr L G Corallo

Strawberry Farmer

Resigned: 13 February 2007

Mr G M Vickers

Company Secretary

Mrs C L Aulich

Account Manager

Mr M Magee

Truck Body Builder

Mr B Berry

Motel/Conference Centre Owner

Resigned: 30 June 2007

Mr L B Marshall

Retired Maintenance Manager

Ms E R Fox

Student Counsellor

Mr R J Woods

Environmental Consultant

Mr R McKail

Governance Manager

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

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

Principal activities

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

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

Operating results

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was \$69,788 (2006: \$37,566).

Dividends	Year ended 30 June 2007	
	Cents	\$
Final dividends recommended after year end:	12	48,000
Dividends paid in the year:		
- As recommended in the prior year report	9	36,000

Directors' report continued

Significant changes in the state of affairs

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

Significant events after the balance date

Other than the declaration of a dividend as disclosed above, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

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

Directors' benefits

Other than detailed below no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Executive remuneration

	Primary benefits salary & fees \$	Post employment superannuation \$	Other * \$	Total \$
Darren Pennington (Branch Manager)				
2007	71,686	6,147	-	77,833
2006	61,250	5,512	233	66,995
Geoffrey Vickers (Company Secretary)				
2007	51,695	4,652	-	56,347
2006	23,836	1,864	-	25,700

Indemnification and insurance of Directors and Officers

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

Directors' report continued

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

Directors meetings

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

	2007
Number of meetings held:	12
Number of meetings attended:	
Mr G M Vickers	12
Mr R J Murray (Resigned 2 November 2006)	3
Mr B Berry (Resigned 30 June 2007)	12
Mrs C L Aulich	11
Mr M Magee	12
Mr L G Corallo (Resigned 13 February 2007)	1
Ms E R Fox	9
Mr L B Marshall	11
Mr R J Woods	7
Mr R McKail	10

Company Secretary

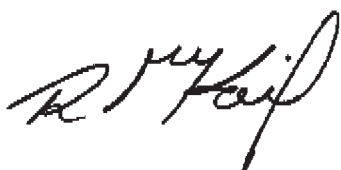
Mr G M Vickers has been the Company Secretary of Warburton Community Financial Services Ltd for 4 1/2 years, he holds qualifications in Hospitality, Horticulture and Community services. He operated his own crop spraying business for 10 years until he sold the business in 2004. Prior to commencing his business he was Operations Manager for Muirfield Plant Protection.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

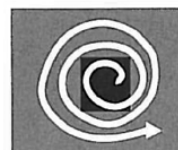
Signed in accordance with a resolution of the Board of Directors at Warburton, Victoria on
10 September 2007



Rodney McKail
Chairman

Auditor's independence declaration

Richmond Sinnott & Delahunty Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

10 September 2007

The Directors
Warburton Community Financial Services Ltd
P O Box 170
IVANHOE VIC 3079

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Warburton Community Financial Services Limited for the year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Financial statements

Income statement

For year ending 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	2	893,751	846,900
Employee benefits expense	3	(348,238)	(283,943)
Depreciation and amortisation expense	3	(20,658)	(7,849)
Finance costs	3	(15,583)	(4,957)
Charitable donations and sponsorship		(206,574)	(269,853)
Administration and other expenses from ordinary activities		(193,765)	(219,948)
Profit before income tax		108,933	60,350
Income tax expense	4	39,145	22,784
Profit after income tax expense		69,788	37,566
Earnings per share (cents per share)			
- basic for profit for the year	22	17.45	9.39
- diluted for profit for the year	22	17.45	9.39
- dividends paid per share	21	9	9

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash assets	6	335,913	337,133
Current tax asset	4	-	49,447
Receivables	7	81,630	73,246
Total current assets		417,543	459,826
Non-current assets			
Property, plant and equipment	8	614,782	588,795
Intangible assets	9	5,509	7,607
Total non-current assets		620,291	596,402
Total assets		1,037,834	1,056,228
Current liabilities			
Payables	10	41,727	57,231
Interest bearing liabilities	11	59,488	66,870
Current tax liability	4	3,145	-
Provisions	12	39,367	28,020
Total current liabilities		143,727	152,121
Non-current liabilities			
Interest bearing liabilities	11	135,685	179,473
Total non-current liabilities		135,685	179,473
Total liabilities		279,412	331,594
Net assets		758,422	724,634
Equity			
Share capital	13	400,000	400,000
Retained earnings	14	358,422	324,634
Total equity		758,422	724,634

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Cash receipts in the course of operations		953,645	887,898
Cash payments in the course of operations		(840,139)	(822,190)
Interest received		19,127	30,186
Interest paid		(15,583)	(4,957)
Income tax refunded / (paid)		13,447	(92,056)
Net cash flows from operating activities	15b	130,497	(1,119)
Cash flows from investing activities			
Payments for property, plant and equipment		(44,547)	(566,414)
Net cash flows from investing activities		(44,547)	(566,414)
Cash flows from financing activities			
Proceeds from borrowings		-	246,343
Repayment of borrowings		(51,170)	-
Dividends paid		(36,000)	(36,000)
Net cash flows from financing activities		(87,170)	210,343
Net increase in cash held		(1,220)	(357,190)
Add opening cash brought forward		337,133	694,323
Closing cash carried forward	15a	335,913	337,133

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2007

	Note	2007 \$	2006 \$
Share capital			
Ordinary shares			
Balance at start of year		400,000	400,000
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		400,000	400,000
Retained earnings			
Balance at start of year		324,634	323,068
Profit after income tax expense		69,788	37,566
Dividends paid		(36,000)	(36,000)
Balance at end of year		358,422	324,634

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2007

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 10 September 2007.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2006 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Computers	15-50%
Plant & equipment	10-25%
Building	2.5%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Cash Flow Statement on a gross basis.

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

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 10% per annum. Franchise fees have been amortised on a straight line basis at a rate of 20%

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative figures

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

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

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

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Provisions

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

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

Contributed capital

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

	2007	2006
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	874,039	816,694
- other revenue	585	20
Total revenue from operating activities	874,624	816,714
Non operating activities		
- interest received	19,127	30,186
- other revenue	-	-
Total revenue from non-operating activities	19,127	30,186
Total revenue from ordinary activities	893,751	846,900

Notes to financial statements continued

	2007 \$	2006 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	309,469	248,291
- superannuation costs	26,446	20,887
- workers' compensation costs	975	1,169
- other costs	11,348	13,596
	348,238	283,943
Depreciation of non-current assets:		
- plant and equipment	10,356	5,751
- buildings	8,204	-
Amortisation of non-current assets:		
- intangibles	2,098	2,098
	20,658	7,849
Finance Costs:		
- interest paid	15,583	4,957
Bad debts	940	2,501

Note 4. Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit before income tax at 30%	32,680	18,105
Add tax effect of:		
- Non-deductible expenses	6,465	4,679
Current income tax expense	39,145	22,784
Income tax expense	39,145	22,784
Tax liabilities / assets		
Current tax refundable	-	49,447
Current tax payable	3,145	-

Notes to financial statements continued

	2007	2006
	\$	\$

Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,650	3,650
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Note 6. Cash assets

Cash at bank and on hand	335,913	337,133
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Note 7. Receivables

Commission receivable	81,630	73,246
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Note 8. Property, plant and equipment

Plant and equipment

At cost	81,727	61,329
Less accumulated depreciation	(25,827)	(18,827)
	55,900	42,502

Furniture and fittings

At cost	42,676	32,240
Less accumulated depreciation	(17,505)	(14,149)
	25,171	18,091

Land

At cost	200,000	200,000
	200,000	200,000

Buildings

At cost	341,915	328,202
Less accumulated depreciation	(8,204)	-
	333,711	328,202

Total written down amount	614,782	588,795
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Notes to financial statements continued

	2007 \$	2006 \$
Note 8. Property, plant and equipment (continued)		
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning of year	42,502	12,096
Additions	20,398	33,984
Depreciation expense	(7,000)	(3,578)
Carrying amount at end of year	55,900	42,502
Furniture and fittings		
Carrying amount at beginning of year	18,091	17,601
Additions	10,436	4,228
Loss on disposals	-	(1,565)
Depreciation expense	(3,356)	(2,173)
Carrying amount at end of year	25,171	18,091
Land		
Carrying amount at beginning of year	200,000	-
Additions	-	200,000
Carrying amount at end of year	200,000	200,000
Buildings		
Carrying amount at beginning of year	328,202	-
Additions	13,713	328,202
Depreciation expense	(8,204)	-
Carrying amount at end of year	333,711	328,202

Notes to financial statements continued

	2007	2006
	\$	\$
Note 9. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(4,834)	(2,834)
	5,166	7,166
Preliminary expenses		
At cost	980	980
Less accumulated amortisation	(637)	(539)
	343	441
	5,509	7,607

Note 10. Payables

Trade creditors	41,727	57,321
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Note 11. Interest bearing liabilities

Current

Secured loans

- Plant & equipment	-	7,382
- Land & buildings	59,488	59,488
	59,488	66,870

Non-current

Secured loans

- Land & buildings	135,685	179,473
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The Plant & Equipment loan was secured by a charge over the assets for which the loan was incurred. Interest is not payable on this loan. The Land & Buildings loan was secured by a charge over the freehold title for which the loan was incurred. Interest is recognised at an average rate of 7.2% (2006: 7.2%) .

Notes to financial statements continued

	2007 \$	2006 \$
Note 12. Provisions		
Employee benefits	39,367	28,020
Number of employees at year end	8	8

Note 13. Share capital

400,000 Ordinary Shares fully paid of \$1 each	400,000	400,000
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Note 14. Retained earnings

Balance at the beginning of the financial year	324,634	323,068
Profit after income tax	69,788	37,566
Dividends	(36,000)	(36,000)
Balance at the end of the financial year	358,422	324,634

Note 15. Cash flow statement

(a) Reconciliation of cash

Cash assets	335,913	337,133
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(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities

Profit after income tax	69,788	37,566
Non cash items		
- Depreciation	18,560	5,751
- Loss (profit) on disposal of plant and equipment	-	1,565
- Amortisation	2,098	2,098
Changes in assets and liabilities		
- (Increase) decrease in receivables	(8,384)	(10,485)
- (Increase) decrease in prepayments	-	-
- Increase (decrease) in payables	37,088	(51,210)
- Increase (decrease) in provisions	11,347	13,596
Net cash flows from / (used in) operating activities	130,497	(1,119)

Notes to financial statements continued

Note 16. Director and related party disclosures

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

Mr G M Vickers
Mr R J Murray (Resigned 2 November 2006)
Mr B Berry (Resigned 30 June 2007)
Mrs C L Aulich
Mr M Magee
Mr L G Corallo (Resigned 13 February 2007)
Ms E R Fox
Mr L B Marshall
Mr R J Woods
Mr R McKail

No Director or related entity has entered into a material contract with the Company. Other than stated below no Directors' fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2007	2006
Mr G M Vickers	500	500
Mr R J Murray (Resigned 2 November 2006)	990	990
Mr B Berry (Resigned 30 June 2007)	2,000	2,000
Mrs C L Aulich	100	100
Mr M Magee	2,000	2,000
Mr L G Corallo (Resigned 13 February 2007)	1,000	1,000
Ms E R Fox	-	-
Mr L B Marshall	-	-
Mr R J Woods	-	-
Mr R McKail	-	-

There was no movement in Directors shareholdings during the year. Each share held is valued at \$1 and is fully paid. The above holdings are held personally or in associated entities.

Notes to financial statements continued

Note 16. Director and related party disclosures (continued)

Executive remuneration

	Primary benefits salary & fees \$	Post employment superannuation \$	Other * \$	Total \$
Darren Pennington (Branch Manager)				
2007	71,686	6,147	-	77,833
2006	61,250	5,512	233	66,995
Geoffrey Vickers (Company Secretary)				
2007	51,695	4,652	-	56,347
2006	23,836	1,864	-	25,700

Note 17. Subsequent events

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

Note 18. Contingent liabilities

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

Note 19. 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 Warburton, Victoria.

Note 20. Corporate information

Warburton Community Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is:

3399 Warburton Highway
Warburton, VIC 3799

Notes to financial statements continued

	2007	2006
	\$	\$
Note 21. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
Previous year final		
Franked dividends - 9 cents per share (2006: 9 cents franked per share)		
	36,000	36,000
(b) Dividends proposed and not recognised as a liability		
Franked dividends - 12 cents per share (2006: 9 cents per share)	48,000	36,000
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30%		
	224,521	253,397
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year		
	3,145	-
- Franking debits that will arise from the refund of income tax as at the end of the financial year		
	-	(49,447)
	227,666	203,950

The tax rate at which dividends have been franked is 30% (2006: 30%).

Dividends proposed will be franked at a rate of 30% (2006: 30%).

Note 22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

Notes to financial statements continued

	2007	2006
	\$	\$

Note 22. Earnings per share (continued)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	69,788	37,566
Weighted average number of ordinary shares for basic and diluted earnings per share	400,000	400,000

Note 23. Financial instruments

Net fair values

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

Credit risk

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

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

Interest rate risk

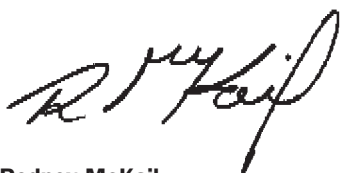
Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non Interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	25,457	25,936	-	-	-	-	-	-	-	-	4.00	4.00
Term deposit	311,382	311,123	-	-	-	-	-	-	-	-	5.35	5.55
Receivables	-	-	-	-	-	-	-	-	81,630	73,246	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	41,727	57,231	N/A	N/A
Non Int Bearing												
Liabilities	-	-	-	-	-	-	-	-	-	7,382	N/A	N/A
Interest bearing liabilities	195,173	238,961	-	-	-	-	-	-	-	-	7.20	7.20

Directors' declaration

In accordance with a resolution of the Directors of Warburton Community Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.



Rodney McKail
Chairman

Signed at Warburton, Victoria on 10 September 2007.

Independent audit report

Richmond Sinnott & Delahunty

Chartered Accountants



**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF WARBURTON COMMUNITY
FINANCIAL SERVICES LIMITED**

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Warburton Community Financial Services Limited, for the year ended 30 June 2007.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independent audit report continued

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Warburton Community Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott + Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 10 September 2007

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report follows. The information is current as at 10 September 2007.

Corporate governance practices

In recognising the importance of a strong corporate governance and methodology focus the Board has developed and adopted policies and procedures that will govern the company into the future. This policy framework will assist in clarifying the future direction of the company, provide accountability, transparency and ensure there are guiding principals in place for future decision making. Policies relevant to corporate governance include:

- Role of the Board policy
- Financial management policy
- Committees policy
- Share trading policy

Warburton Community Financial Services Ltd has an audit and governance committee; its terms of reference are as follows:

Title	Governance & audit sub committee
Formation	Executive Director Two additional Directors
Meeting frequency	Quarterly
Reports to	Chairman and the Board of Directors
Major purpose	To ensure the accuracy of the company's financial records.
Key tasks	<ul style="list-style-type: none">• Regularly review the financial reporting of the company.• Report to the Board quarterly on the financial position of the company.• Ensure that all directors have a thorough understanding of the company's performance.• Regularly review areas of potential risk to the company and report to Board.• Make recommendations to the Board on ways to mitigate areas of potential risk.• Regular monitoring of the corporate calendar.• Ensure completion of all internal and external governance requirements, within the specified timeframe.
Key result area	Financial reporting
Key performance indicator	Accurate, regular information provided to the Board.
Key result area	Risk management.

BSX report continued

Title	Governance & audit sub committee
Key performance indicator	Identification and mitigation of areas of potential risk.
Key result area	Compliance with all legal and fiduciary responsibilities.
Key performance indicator	All areas of compliance are completed as required, within the specified timeframe

Substantial shareholders – ten largest shareholders

Name	Units	% of issued capital
Mr Richard Everitt Thorne	19700	4.93
Mr Stanley Frederick Peate	10000	2.5
Mr Stephen Istvan Raskovy	10000	2.5
M John Ridley + Mrs Patricia Ridley		
Ridley Family Super Fund A/c	7500	1.88
Mr Noel William Arnold	7200	1.8
Allindara Pty Ltd		
The Arrabri Lodge Unit Trust Super Fund A/c	5250	1.31
Warburton Advancement League	5250	1.31
Mr Gordon Stewart Buller	5000	1.25
Mrs Raylene Lesley Chisholm	5000	1.25
Mrs Lois Ellis	5000	1.25

Distribution of shareholders

Range	Total holders	Units	% Issued capital
1 - 1000	233	141700	35.43
1001 - 5000	81	193400	48.35
5001 - 10000	6	45200	11.3
10001 - 100000	1	19700	4.93
100001 - 999999999	0	0	0
Rounding			-0.01
Total	321	400000	100

There are 28 holders of unmarketable parcels of shares i.e less than \$500.

BSX report continued

Address and telephone number of office at which securities register is kept:

Computershare Investor Services Pty Limited
Essential Registry Team
Yarra Falls
425 Johnston Street
Abbotsford, VIC 3067
Phone: 1300 738 341
Fax: (03) 9473 2563
Email: essential.registry@computershare.com.au

Registered office and Company Secretary details

Geoffrey Vickers
Warburton Community Financial Services Limited
3399 Warburton Highway
Warburton, VIC 3799
Phone: (03) 5966 9028
Fax: (03) 5966 2740
Email: geoffvickers@warburtons.own.net.au

