

BELLARINE PENINSULA BRANCH LTD
A.C.N. 089 107 657

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

NSX Report

1. Distribution of equity securities

The number of shareholders by size of holding are

Number of equity securities	The number of shareholders by size of holding
1-1,000	105
1,001-5,000	196
5,001-10,000	39
10,001-100,000	33
100,001 and over	nil

2. Twelve largest shareholdings

The names of the twelve largest shareholders of quoted shares are:

Shareholder Name	Number of Shares	Percentage of holding
Mrs Alice Patricia Stroud	60 000	3.75%
David Lewis Investments P/L	60 000	3.75%
Albert Batty	30 000	1.88%
Margaret Ann Batty	30 000	1.88%
Mrs Annie Carew	30 000	1.88%
Mr John Barry Carew	30 000	1.88%
Batty Investments	30 000	1.88%
DEJ Investments P/L	30 000	1.88%
Mrs Lynette Maree Elliott	30 000	1.88%
Impact Insurance Superannuation Fund P/L	30 000	1.88%

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

Directors' Report

For the financial year ended 30 June 2012

Your Directors submit the financial report of the Company for the financial year ended 30 June 2012

Directors

The following persons held office as Directors at any time during or since the end of the financial year:

Russell Enders	Paul Jones
Stephen Wight	Geoffrey Webster
Robert Hynes (Resigned 31 January 2012)	Karen Woodhart (resigned 25 June 2012)
Sandra Baldwin	Janina Randone
Pam Evans	Kerry Trewin

Company Secretary

The Company Secretary is Sandra Baldwin.

Principle activities and significant changes in nature of activities

The principle activities of the Company during the course of the financial year were facilitating the Community Bank® services under management rights to operate two franchised branches of Bendigo & Adelaide Bank Ltd. There were no significant changes in the nature of principal activities during the financial year.

Operating result and review of operations

The net result of the Company for the year after providing for income tax was a profit of \$148,309 (2011: \$201,703).

There was no significant change in operations during the period with the asset base of both branches continuing to grow and thereby improving profitability.

Financial position

The Company's net assets have grown to \$1,092,672 at the end of the financial year compared to \$1,072,249 for the previous year. The Company's current asset ratio is 4.03, indicating a sound financial position.

Significant changes in state of affairs

There were no significant changes in the Company's State of Affairs during the year.

Dividends

Dividends paid or declared for payment during the financial year are as follows:

- Ordinary dividend of \$0.08 cents per share paid on 1 December, 2011

Matters subsequent to the end of the financial year

At the date of this report no matter or circumstance has arisen since the end of the financial year that has 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.

Future development

The Directors are not aware of any specific development likely to have a significant effect on the operations of the Company or the expected results of those operations.

Environmental regulations

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

Director and Auditor indemnification

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Share options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the date of this report.

Proceedings

No person had applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration report

The Board is responsible for the determination of remuneration packages and policies applicable to the manager of each branch and all the staff. The managers are invited to the Board meeting as required to discuss performance and remuneration packages.

The managers are paid a base salary, which is between \$60,000 and \$80,000 plus superannuation. In addition each manager receives a bonus if the Company exceeds the performance criteria established by the Board.

No Directors' remuneration has been paid as the positions are held on a voluntary basis.

The Bellarine Peninsula Community Branch Ltd has accepted the Community Bank® Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Bellarine Peninsula Community Branch Ltd. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

Information on Directors

The Director responsible in office at the date of this report together with their qualifications, experience, special responsibilities and shareholdings are:

Russell Enders

Managerial and Marketing
Extensive Banking experience
Ocean Grove resident
Shares Held: Nil

Stephen J. Wight

Chartered Accountant
Registered Company Auditor
Board Member of Barwon Health
Involvement in public and not for profit organisations
Geelong resident
Shares Held: Nil

Sandra Baldwin

Company Secretary
Member of the Steering committee of the Drysdale
Branch for the Bellarine Peninsula Community
Branch
Previous Business Owner in local area

Clifton Springs resident
Shares Held: 500

Paul Jones

Trade Teacher
Involved in community organisations
Member of the Steering committee of the Drysdale
Branch for the Bellarine Peninsula Community
Branch
Drysdale resident
Shares Held: 2,500

Geoffrey Webster

Salesman
Member of the Steering committee of the Drysdale
Branch for the Bellarine Peninsula Community
Branch
Drysdale resident
Shares Held: 1,000

Janina Randone

Self funded retiree and farmer
Involved in community organisations.
Member of the Steering committee of the Drysdale
Branch for the Bellarine Peninsula Community
Bank@ Branch
Drysdale resident
Shares Held: 2,000

Pam Evans

Portarlington Resident
Board Member
District Leader and Leader, Portarlington Girl Guides
Shares Held – Nil

Kerry Trewin

Receptionist
Involved in community organisations
Portarlington Resident
Shares Held – Nil

Meeting attendance July 2011 to June 2012

2011 - 2012

Director	July 2011	August 2011	September 2011	October 2011	November 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
Russell Enders	P	A	P	P	P	P	P	P	P	P	P
Paul Jones	P	P	P	P	P	P	A	P	P	P	P
Stephen Wight	P	P	P	A	A	P	A	P	P	A	P
Sandra Baldwin	P	P	P	P	P	P	P	P	P	P	P
Geoff Webster	A	P	P	P	A	P	P	A	P	P	P
Karen Woodhart	P	A	P	L	L	A	P	A	A	P	R
Pam Evans	P	P	P	P	P	A	P	P	P	P	P
Janina Randone	P	P	P	P	P	P	P	P	P	P	A
Bob Hynes	L	L	L	L	L	R	R	R	R	R	R
Kerry Trewin				P	P	P	P	P	P	P	P

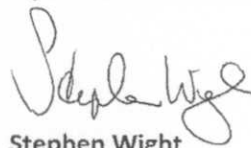
Key to Symbols

P	Present
A	Apology
L	Leave
R	Resigned
O	Attendance is optional

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of the Board of Directors



Stephen Wight

Director

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107

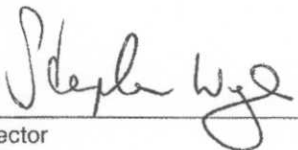
DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements of the company comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the accounts
 - (a) give a true and fair view of the company's financial position as at 30 June 2012 and its performance and cash flows for the year ended on that date; and
 - (b) comply with the Corporations Act 2001, Accounting Standards and the Corporations Regulations 2001.
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 and is signed on behalf of the directors by:

Dated this 27th day of August, 2012


Director

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2012

	Notes	2012 \$	2011 \$
REVENUE			
Revenue from Continuing Operations	2	1,693,404	1,658,134
EXPENSES			
Employee Benefits		845,402	756,521
Information Technology Expenses		75,329	48,112
Depreciation and Amortisation	3	31,917	33,731
Property Expenses		98,779	84,656
Donations and Sponsorship		181,119	165,261
Professional Fees		36,845	35,715
Insurance		22,377	28,172
Administration Expenses		153,864	153,616
Other expenses From Ordinary Activities		34,839	37,579
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		1,480,471	1,343,363
NET RESULT BEFORE INCOME TAX		212,933	314,771
Income Tax Expense	4	64,624	92,268
NET RESULT AFTER INCOME TAX		148,309	222,503
OTHER COMPREHENSIVE INCOME			
Net fair value loss on Available for Sale Financial Instruments		0	20,800
COMPREHENSIVE RESULT FOR THE YEAR		148,309	201,703
Earnings per Share (cents per share)			
Basic Earnings per share	23	9.3	13.9
Diluted Earnings per share	23	9.3	13.9

This statement should be read in conjunction with the accompanying notes

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	567,370	723,079
Receivables	6	118,622	119,664
Prepayments		-	-
Total Current Assets		685,992	842,743
Non-Current Assets			
Other Financial Assets	7	19,200	19,200
Deferred Tax Assets	8	33,677	29,516
Property, Plant, Equipment	9	409,304	225,432
Intangible Assets	10	126,599	139,180
Total Non-Current Assets		588,780	413,328
TOTAL ASSETS		1,274,772	1,256,071
LIABILITIES			
Current Liabilities			
Payables	11	49,400	35,462
Short-term provisions	12	93,466	85,792
Current Tax Liabilities	13	27,284	54,474
Total Current Liabilities		170,150	175,728
Non-Current Liabilities			
Long-term provisions	12	11,950	8,094
Total Non-Current Liabilities		11,950	8,094
TOTAL LIABILITIES		182,100	183,822
NET ASSETS		1,092,672	1,072,249
EQUITY			
Issued Capital	14	787,911	787,911
Financial Assets Reserve		(20,800)	(20,800)
Retained Earnings		325,561	305,138
TOTAL EQUITY		1,092,672	1,072,249

This statement should be read in conjunction with the accompanying notes

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Issued Capital \$	Financial Assets Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2010		787,911	-	146,578	934,489
Comprehensive Income					
Net Result for the year		-	-	222,503	222,503
Other Comprehensive Income for the year		-	(20,800)	-	(20,800)
Transactions with Owners in their Capacity as Owners					
Dividends recognised for the year	24	-	-	(63,943)	(63,943)
Balance at 30 June 2011		787,911	(20,800)	305,138	1,072,249
Comprehensive Income					
Net Result for the year		-	-	148,309	148,309
Other Comprehensive Income for the year		-	-	-	-
Transactions with Owners in their Capacity as Owners					
Dividends recognised for the year	24	-	-	(127,886)	(127,886)
Balance at 30 June 2012		787,911	(20,800)	325,561	1,092,672

This statement is to be read in conjunction with the accompanying notes

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Customers		1,657,909	1,625,256
Interest		36,537	30,489
Payments			
Employee Benefits		(832,482)	(752,227)
Income Tax Paid		(95,975)	(85,148)
Other		(590,604)	(544,760)
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	175,385	273,610
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant & Equipment		(203,208)	(27,942)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(203,208)	(27,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends Paid	24	(127,886)	(63,943)
		(127,886)	(63,943)
NET INCREASE/(DECREASE) IN CASH HELD		(155,709)	181,725
CASH AT 1 JULY		723,079	541,354
CASH AT 30 JUNE	5	567,370	723,079

This statement should be read in conjunction with the accompanying notes

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Bellarine Peninsula Community Branch Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2012 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing Community Bank® services.

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

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on the 27th of August, 2012.

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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. The impact, if any, of the changes to these standards are still being assessed by the Company.

Significant accounting policies

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

(a) Rounding

All amounts shown in the Financial Statements are expressed to the nearest dollar.

(b) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis. The directors believe that the full amount of debt is recoverable, and no doubtful debt provision have been made at 30 June 2012.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

(d) Other Financial Assets

Other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The company classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired at initial recognition.

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial assets at fair value through profit or loss

Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 16.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Held-to-maturity investments

Where the company has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

Available-for-sale financial assets

Other financial assets held by the company are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 16.

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

(e) Plant and Equipment

Plant and equipment are brought to account at cost or at independent or directors' valuation less, where applicable, any accumulated depreciation or amortisation.

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 which will be received from the assets' employment and subsequent disposal.

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

The depreciable amount of all fixed assets is depreciated over their useful lives commencing from the time the asset is held ready for use.

A summary of the depreciation method and depreciation rates for each class of attached is as follows.

Class of Asset	2012	2011
Furniture & Fittings	10-25%	10-25%
Plant & Equipment	10-25%	10-25%
Leasehold Improvements	10-25%	10-25%
Motor Vehicles	23%	23%

(f) Impairment of Assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- financial instrument assets;
- investment property that is measured at fair value; and
- non-current assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

(g) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(h) Payables

These amounts consist predominantly of liabilities for goods and services. Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid, and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The normal credit terms are usually Nett 30 days.

(i) 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.

(j) Share 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.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except for receivables and payables which are stated with the amount of GST included and except where the amount of GST incurred is not recoverable, in which case GST is recognised as part of the cost of acquisition of an asset or part of an item of expense or revenue. GST receivable from and payable to the Australian Taxation Office (ATO) is included in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the cash flow statement except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

(l) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Finance leases are capitalised, recording as asset value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

(n) 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. 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.

(o) Revenue recognition

Revenue is recognised in accordance with AASB 118. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

(p) Comparative Information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

NOTE 2: REVENUE	2012	2011
	\$	\$
Revenue from Continuing Operations		
Services Revenue	1,649,179	1,625,134
Interest - Other Persons	33,616	33,000
Parental leave payment recoveries	10,609	-
Total Revenue from Continuing Operations	1,693,404	1,658,134

NOTE 3: DEPRECIATION AND AMORTISATION

Depreciation of Plant and Equipment	19,336	19,075
Amortisation of Intangibles	12,581	14,656
	<u>31,917</u>	<u>33,731</u>

BELLARINE PENINSULA COMMUNITY BRANCH LTD

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NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4: INCOME TAX EXPENSE

	2012 \$	2011 \$
a) The components of tax expense comprise:		
Current Tax	68,333	94,075
Deferred Tax	(3,709)	(1,807)
	<u>64,624</u>	<u>92,268</u>
b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)	63,880	94,431
Add		
Tax effect of:		
other non-allowable items	744	(2,163)
	<u>64,624</u>	<u>92,268</u>
Weighted Average Tax Effective Rate	30.35%	29.31%

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at Bank	124,196	117,878
Short Term Deposits	443,174	605,201
	<u>567,370</u>	<u>723,079</u>

NOTE 6: RECEIVABLES

CURRENT		
Franchise Income Receivable	116,198	113,919
Accrued Investment Income	2,424	5,345
Other Receivables	-	400
TOTAL	<u>118,622</u>	<u>119,664</u>

(a) Ageing of Receivables

Please refer to note 16 (c) for the ageing analysis of receivables

(b) Nature and extent of risk arising from Receivables

Please refer to note 16 (c) for the nature and extent of credit risk arising from receivables

NOTE 7: OTHER FINANCIAL ASSETS

Non-Current

Available-for-Sale Financial Assets

Shares - Unlisted Public Company	19,200	19,200
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(a) Ageing of Other Financial Assets

Please refer to note 16 (c) for the ageing analysis of Other Financial Assets

(b) Nature and extent of risk arising from other financial assets

Please refer to note 16 (c) for the nature and extent of credit risk arising from Other Financial Assets

NOTE 8: DEFERRED TAX ASSETS

Deferred Tax Assets Comprise:

Provisions	33,317	28,166
Other	360	1,350
	<u>33,677</u>	<u>29,516</u>

NOTE 9: PROPERTY, PLANT & EQUIPMENT

At Cost

Furniture and Fittings	32,548	32,548
Less Accumulated Depreciation	(28,537)	(26,704)
Total Furniture and Fittings	<u>4,011</u>	<u>5,844</u>
Motor Vehicles	22,108	22,108
Less Accumulated Depreciation	(7,869)	(3,721)
Total Motor Vehicles	<u>14,239</u>	<u>18,387</u>
Leasehold Improvements	435,642	232,434
Less Accumulated Amortisation	(44,588)	(31,233)
Total Leasehold improvements	<u>391,054</u>	<u>201,201</u>
Total Property, Plant & Equipment	<u>409,304</u>	<u>225,432</u>

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9: PROPERTY, PLANT & EQUIPMENT (Continued)

Reconciliations of the carrying amounts of each class of land, buildings and plant & equipment at the beginning and end of the current financial year is set out below.

	Leasehold Improvements \$	Motor Vehicles \$	Furniture & Fittings \$	Total \$
Balance at 1 July 2010	212,397	-	4,168	216,565
Additions	-	22,108	5,834	27,942
Depreciation expense	(11,196)	(3,721)	(4,158)	(19,075)
Balance at 30 June 2011	201,201	18,387	5,844	225,432
Additions	203,208	-	-	203,208
Depreciation expense	(13,355)	(4,148)	(1,833)	(19,336)
Balance at 30 June 2012	391,054	14,239	4,011	409,304

NOTE 10: INTANGIBLE ASSETS

NON-CURRENT

Franchise Licence Fee
less accumulated amortisation

2012 \$	2011 \$
78,000	78,000
(57,879)	(45,298)
20,121	32,702

Goodwill - Drysdale Branch at cost

106,478	106,478
126,599	139,180

NOTE 11: PAYABLES

CURRENT

Payables - statutory
Accrued Expenses

27,444	23,593
21,956	11,869
49,400	35,462

NOTE 12: PROVISIONS

CURRENT

Long Service Leave
Annual Leave
TOTAL

39,790	34,811
53,676	50,981
93,466	85,792

NON-CURRENT

Long Service Leave

11,950	8,094
--------	-------

TOTAL PROVISIONS

105,416	93,886
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NOTE 13: TAX LIABILITIES

CURRENT

Income Tax

27,284	54,474
--------	--------

NOTE 14: ISSUED CAPITAL

(a) Ordinary Shares

1,598,571 (2010: 1,598,571) ordinary shares fully paid

787,911	787,911
---------	---------

NOTE 15: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Result after income tax	148,309	222,503
Non-Cash Flows in Profit		
Depreciation and amortisation	31,917	33,731
Changes in Assets and Liabilities		
Increase/(Decrease) in Provisions	(19,821)	10,444
Increase/(Decrease) in Payables	13,938	7,321
Increase/(Decrease) in Prepaid Expenses	-	2,000
Decrease/(Increase) in Receivables	1,042	(2,389)
Net Cash From Operating Activities	175,385	273,610

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Objectives and Policies

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Governance committee which reports regularly to the Board.

The company's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)

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, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Categorisation of Financial Instruments

	Note	Category	Carrying Amount	
			2012 \$	2011 \$
Financial Assets				
Cash and Cash Equivalents	4	N/A	567,370	723,079
Receivables	5	Loans and Receivables	118,622	119,664
Other Financial Assets	6	Available for sale of Financial Assets (at fair value)	19,200	19,200
Financial Liabilities				
Payables	10	Financial Liabilities measured at Amortised Cost	49,400	35,462

(c) Credit Risk

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

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

The company's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Interest Rate Exposure and ageing analysis of financial assets as at 30 June

	Weighted Average Interest Rates %	Consolidated Carrying Amount \$	Interest Rate Exposure			Not Past Due And Not Impaired \$
			Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$	
2012						
Financial Assets						
Cash and Cash Equivalents	4.98	567,370	443,174	123,836	360	567,370
Receivables	0.00	118,622	-	-	118,622	118,622
Other Financial Assets	0.00	19,200	-	-	19,200	19,200
Total Financial Assets		705,192	443,174	123,836	138,182	705,192
2011						
Financial Assets						
Cash and Cash Equivalents	5.11	723,079	605,201	117,518	360	723,079
Receivables	0.00	119,664	-	-	119,664	119,664
Other Financial Assets	0.00	19,200	-	-	19,200	19,200
Total Financial Assets		861,943	605,201	117,518	139,224	861,943

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16: FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that liquid assets are available.

The following table discloses the contractual maturity analysis for the company's financial liabilities.

	Weighted Average Interest Rates %	Consolidated Carrying Amount \$	Fixed Interest Rate \$	Interest Rate Exposure Variable Interest Rate \$	Non Interest Bearing \$	Statutory Cash Flows \$	Maturity Dates Less than 1 Month \$
2012							
Trade Creditors and Accruals	0.00	49,400	-	-	49,400	49,400	49,400
Total Financial Liabilities		49,400	-	-	49,400	49,400	49,400
2011							
Trade Creditors and Accruals	0.00	35,462	-	-	35,462	35,462	35,462
Total Financial Liabilities		35,462	-	-	35,462	35,462	35,462

(e) Market Risk

Currency Risk

The company has no exposure to foreign currency risk.

Interest Rate Risk

Exposure to interest rate risk might arise primarily through the company's interest bearing liabilities. The company currently has no interest bearing liabilities.

Other Price Risk

The company is exposed to insignificant other price risk

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the company believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 3%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the company at year end if changes in the relevant risk occur:

	Carrying Amount \$	Interest Rate Risk			
		Profit \$	-1% Equity \$	Profit \$	+1% Equity \$
2012					
Financial Assets					
Cash and Cash Equivalents	567,370	(1,238)	(1,238)	1,238	1,238
Receivables	118,622	-	-	-	-
Other Financial Assets	19,200	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	49,400	-	-	-	-
2011					
Financial Assets					
Cash and Cash Equivalents	723,079	(1,175)	(1,175)	1,175	1,175
Receivables	119,664	-	-	-	-
Other Financial Assets	19,200	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	35,462	-	-	-	-

(f) Net fair values

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

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16: FINANCIAL RISK MANAGEMENT (Continued)

(g) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of financial position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

The Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period.

The Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There were no changes in the Company's approach to capital management during the year.

NOTE 17: CAPITAL AND LEASING COMMITMENTS

There are no known capital or leasing commitments for Bellarine Peninsula Community Branch Ltd.

NOTE 18: SEGMENT REPORTING

Industry Segments

Bellarine Peninsula Community Branch Ltd's only industry segment is the provision of branch banking services.

Geographical Segment

Bellarine Peninsula Community Branch Ltd operates predominantly on the Bellarine Peninsula, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operations on the peninsula.

NOTE 19: DIRECTOR AND RELATED PARTY DISCLOSURES

a) The names of directors whom have held office during the financial year are:

R Enders	SJ Baldwin
R Hynes (resigned 1/2/2012)	PC Jones
KA Woodhart	GD Webster
S Wight	J Randone
P Evans	

b) Income paid or payable to all directors

2012	2011
\$	\$
-	-

c) Transactions with directors and/or related parties

S. Wight is a director of Davidsons Pty Ltd which provides accounting services to the company. The amount paid to Davidsons Pty Ltd for these services amounted to \$30,905 (2011 \$30,215).

The transactions were made on an arms length basis and on normal terms and conditions.

The Bendigo Peninsula Community Branch Ltd has accepted the Community Bank@ Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Bendigo Peninsula Community Branch Ltd. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

NOTE 20: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no known contingent assets or contingent liabilities for the company

NOTE 21: EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2012 no matter or circumstance has arisen which had significantly affected or which may significantly affect the operations of the organisation or of a related entity

BELLARINE PENINSULA COMMUNITY BRANCH LTD

A.B.N. 33 089 107 657

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22: AUDITORS REMUNERATION

	2012	2011
	\$	\$
Remuneration of the Auditor of the Company for:		
-Auditing or reviewing the financial report	5,500	5,500
	<u>5,500</u>	<u>5,500</u>

NOTE 23: EARNINGS/ (LOSS) PER SHARE

Basic earnings per share amounts are calculated by dividing profit / (loss) 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 / (loss) 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).

	2012	2011
	\$	\$
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Profit/(loss) after income tax expense	148,309	222,503
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>1,598,571</u>	<u>1,598,571</u>
a) Basic earnings per share (cents per share)	0.093	0.139
b) Diluted earnings per share (cents per share)	0.093	0.139

NOTE 24: DIVIDENDS

(a) Dividends paid during the year		
Previous year proposed Franked dividends - 8 cents per share (2011: 4 cents per share)	127,886	63,943
(b) Dividends proposed and not recognised as a liability		
No dividends have currently been proposed (2011: 8 cents per share)	-	127,866
(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	<u>144,964</u>	<u>104,457</u>
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (b) as follows:	<u>144,964</u>	<u>54,799</u>

The tax rate at which dividends have been franked is 30% (2011: 30%).
Dividends proposed will be franked at a rate of 30% (2011: 30%).

NOTE 25: CORPORATE INFORMATION

Bellarine Peninsula Community Branch Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the National Stock Exchange of Australia (NSX).

The registered office is:	44 Newcombe Street Portarlington 3223
The principal places of business are:	Portarlington 44 Newcombe Street Portarlington 3223
	Drysdale 11 Clifton Springs Road Drysdale 3222

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BELLARINE PENINSULA COMMUNITY BRANCH LIMITED**

Report on the financial report

We have audited the accompanying financial report of Bellarine Peninsula Community Branch Limited, which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

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 and the *Corporations Act 2001*. This responsibility includes establishing 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

Auditor's responsibility

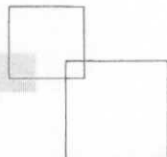
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Chartered Accountants



LBW
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BELLARINE PENINSULA COMMUNITY BRANCH LIMITED

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*, provided to the directors of Bellarine Peninsula Community Branch Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

- a. the financial report of Bellarine Peninsula Community Branch 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 2012 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



LBW Chartered Accountants

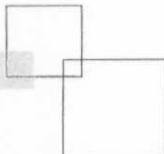


Peter Landers

Dated this 27th day of AUGUST 2012



Chartered Accountants



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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF
BELLARINE PENINSULA COMMUNITY BRANCH LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor's 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.

LBW CHARTERED ACCOUNTANTS

Peter Landers

Partner

Dated this



27th

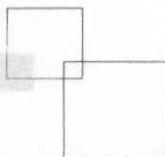
day of

August

2012



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