

Canterbury Surrey Hills Community Finance Limited
ABN 96 099 590 593
Directors' Report

Your Directors submit their report of the company for the half year ended 31 December 2008.

Directors

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

Hans Diederick Menting

David Charles Orford

Elisabeth Kay Grant

Damien Leo Hudson

Robert Einar Stensholt

Juliann Ruth Byron

Trevor Roland Kempton

Leigh Smith

Derek Forbes Mortimer (resigned 27 August 2008)

Gordon Lennox McFarlane (appointed 24 September 2008)

Michael Ronald Hills (appointed 24 September 2008)

Catherine Anne van der Zee (appointed 24 September 2008)

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

Principal activities

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

Review and results of operations

The net profit of the company for the financial period was \$52,818 (2007: \$102,227).

Directors recommended by way of notice of an extraordinary general meeting of the company to shareholders on 16 July 2008, that the company reduce its capital with a capital distribution to shareholders of 10 cents per ordinary share. This proposal was approved by shareholders and the return of capital of 10 cents per share was paid on 28 August 2008.

In September 2008 bonus shares were issued for no consideration at the rate of 1 share for every 1 held. During the period the company opened a new community bank branch in Ashburton.

Matters subsequent to the end of the reporting period

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

Canterbury Surrey Hills Community Finance Limited
ABN 96 099 590 593
Directors' Report

Auditor Independence Declaration

The directors received the following independence declaration from the auditor of the company:

Chartered Accountants



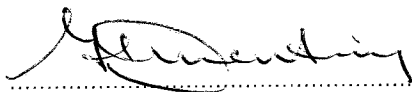
172 Melvor Rd
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Auditor's Independence Declaration

In relation to our review of the financial report of Canterbury Surrey Hills Community Finance Ltd for the half year ended 31 December 2008, 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
Bendigo
26 February 2009

Signed in accordance with a resolution of the Directors in Melbourne on 26 February 2009.


.....
Hans Menting, Director

Canterbury Surrey Hills Community Finance Limited
ABN 96 099 590 593
Condensed Income Statement
for the half-year ended 31 December 2008

| | Note | 2008 \$ | 2007 \$ |
|--|------|----------------------|-----------------------|
| Revenue from ordinary activities | | 835,492 | 680,182 |
| Salaries and employee benefit expense | | (341,267) | (287,246) |
| Charitable donations and sponsorships | | (110,175) | (26,190) |
| Depreciation and amortisation expense | | (20,462) | (46,073) |
| Other expenses from ordinary activities | | <u>(292,340)</u> | <u>(172,415)</u> |
| Profit from ordinary activities before income tax expense | | 71,248 | 148,258 |
| Income tax expense relating to ordinary activities | | <u>18,430</u> | <u>46,031</u> |
| Net profit attributable to members of the entity | | <u><u>52,818</u></u> | <u><u>102,227</u></u> |
| Earnings per share (cents per share) | | | |
| - basic for profit for the half year | | 2.21 | 10.17 |
| - diluted for profit for the half year | | 2.21 | 10.17 |
| - dividends paid per share | 5 | - | 2.00 |

Canterbury Surrey Hills Community Finance Limited
ABN 96 099 590 593
Condensed Balance Sheet
as at 31 December 2008

| | Note | 31-Dec 2008 \$ | 30-Jun 2008 \$ |
|----------------------------------|------|----------------------|----------------------|
| Current Assets | | | |
| Cash assets | | 336,344 | 462,500 |
| Receivables | | 306,586 | 210,519 |
| Total Current Assets | | <u>642,930</u> | <u>673,019</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | | 314,607 | 93,667 |
| Deferred income tax asset | | 15,456 | 33,886 |
| Intangibles | | 220,789 | 63,053 |
| Total Non-Current Assets | | <u>550,852</u> | <u>190,606</u> |
| Total Assets | | <u>1,193,782</u> | <u>863,625</u> |
| Current Liabilities | | | |
| Payables | | 65,328 | 82,569 |
| Provisions | | 28,118 | 26,640 |
| Total Current Liabilities | | <u>93,446</u> | <u>109,209</u> |
| Total Liabilities | | <u>93,446</u> | <u>109,209</u> |
| Net Assets | | <u>1,100,336</u> | <u>754,416</u> |
| Equity | | | |
| Issued capital | 7 | 1,297,799 | 1,004,697 |
| Accumulated losses | | <u>(197,463)</u> | <u>(250,281)</u> |
| Total Equity | | <u>1,100,336</u> | <u>754,416</u> |

Canterbury Surrey Hills Community Finance Limited
ABN 96 099 590 593
Condensed Cash Flow Statement
for the half-year ended 31 December 2008

| | 2008 | 2007 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Cash Flows From Operating Activities | | |
| Cash receipts in the course of operations | 808,447 | 715,915 |
| Cash payments in the course of operations | (841,773) | (549,333) |
| Interest received | 13,206 | 11,328 |
| | <u> </u> | <u> </u> |
| Net cash flows from (used in) operating activities | (20,120) | 177,910 |
| Cash Flows From Investing Activities | | |
| Payments for intangible assets | (168,529) | - |
| Payments for property, plant and equipment | (230,609) | (4,288) |
| | <u> </u> | <u> </u> |
| Net cash flows from (used in) investing activities | (399,138) | (4,288) |
| Cash Flows From Financing Activities | | |
| Member contributions | 402,308 | - |
| Dividends paid | - | (21,841) |
| Return of capital | (109,206) | (87,365) |
| | <u> </u> | <u> </u> |
| Net cash flows used in financing activities | 293,102 | (109,206) |
| Net increase (decrease) in cash held | (126,156) | 64,416 |
| Opening cash brought forward | 462,500 | 291,794 |
| | <u> </u> | <u> </u> |
| Closing cash carried forward | <u>336,344</u> | <u>356,210</u> |

Canterbury Surrey Hills Community Finance Limited

ABN 96 099 590 593

Condensed Statement of Changes in Equity

for the half-year ended 31 December 2008

| | Issued Capital \$ | Retained Earnings \$ | Total Equity \$ |
|-------------------------------|----------------------------------|-------------------------------------|--------------------------------|
| As at 1 July 2008 | 1,004,697 | (250,281) | 754,416 |
| Net profit for the period | - | 52,818 | 52,818 |
| Issue of share capital | 402,308 | - | 402,308 |
| Return of share capital | (109,206) | - | (109,206) |
| Equity dividends | - | - | - |
| As at 31 December 2008 | <u>1,297,799</u> | <u>(197,463)</u> | <u>1,100,336</u> |

| | Issued Capital \$ | Retained Earnings \$ | Total Equity \$ |
|-------------------------------|----------------------------------|-------------------------------------|--------------------------------|
| As at 1 July 2007 | 1,092,062 | (450,344) | 641,718 |
| Net profit for the period | - | 102,227 | 102,227 |
| Return of share capital | (87,365) | - | (87,365) |
| Equity dividends | - | (21,841) | (21,841) |
| As at 31 December 2007 | <u>1,004,697</u> | <u>(369,958)</u> | <u>634,739</u> |

Canterbury Surrey Hills Community Finance Limited
ABN 96 099 590 593
Notes to the Financial Statements
for the half-year ended 31 December 2008

1. Basis of preparation of the Half-Year Financial Report

(a) Basis of accounting

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of Canterbury Surrey Hills Community Finance Ltd as at 30 June 2008. It is also recommended that this half year financial report be considered together with any public announcements made by Canterbury Surrey Hills Community Finance Ltd during the half year ended 31 December 2008 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

(b) Statement of compliance

The half year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Summary of significant accounting policies

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 financial statements.

2. Events subsequent to Reporting Date

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

3. Contingent Assets and Liabilities

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

Canterbury Surrey Hills Community Finance Limited

ABN 96 099 590 593

**Notes to the Financial Statements
for the half-year ended 31 December 2008**

4. Segment Reporting

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

5. Dividends Paid

| | 2008 | 2007 |
|--|-------------|-------------|
| | \$ | \$ |

Dividends paid during the half year

Final unfranked dividend for the year ended 30 June 2008
of nil cents per share (2007: 2 cents)

| | |
|---|--------|
| - | 21,841 |
|---|--------|

6. Director and Related Party Disclosures

The names of directors who have held office during the half year ended 31 December 2008 are:

Hans Diederick Menting
David Charles Orford
Elisabeth Kay Grant
Damien Leo Hudson
Robert Einar Stensholt
Juliann Ruth Byron
Trevor Roland Kempton
Leigh Smith
Derek Forbes Mortimer (resigned 27 August 2008)
Gordon Lennox McFarlane (appointed 24 September 2008)
Michael Ronald Hills (appointed 24 September 2008)
Catherine Anne van der Zee (appointed 24 September 2008)

No director or related entity has entered into a material contract with the company. No director's fees have been paid.

Directors shareholdings

| | 2008 | 2007 |
|--|-------------|-------------|
| Hans Diederick Menting | 7,002 | 2,501 |
| David Charles Orford | 10,002 | 5,001 |
| Elisabeth Kay Grant | 6,000 | 3,000 |
| Damien Leo Hudson | 12,802 | 6,401 |
| Robert Einar Stensholt | 14,000 | 5,001 |
| Juliann Ruth Byron | 8,000 | 4,000 |
| Trevor Roland Kempton | - | - |
| Leigh Smith | 40,000 | 13,500 |
| Derek Forbes Mortimer (resigned 27 August 2008) | - | - |
| Gordon Lennox McFarlane (appointed 24 September 2008) | 2,500 | - |
| Michael Ronald Hills (appointed 24 September 2008) | 2,000 | - |
| Catherine Anne van der Zee (appointed 24 September 2008) | 2,000 | - |

* During the period bonus shares were issued for no consideration at the rate of 1 share for every 1 held. All directors who held shares at the date of the bonus share issue received these shares. Each bonus share has a face value of \$1 per share.

Canterbury Surrey Hills Community Finance Limited

ABN 96 099 590 593

**Notes to the Financial Statements
for the half-year ended 31 December 2008**

6. Director and Related Party Disclosures (Continued)

Directors shareholdings (Continued)

The following directors purchased additional shares during the period:

| | |
|--|--------|
| Hans Diederick Menting | 2,000 |
| Leigh Smith | 13,000 |
| Robert Einar Stensholt | 3,998 |
| Catherine Anne van der Zee (appointed 24 September 2008) | 2,000 |
| Gordon Lennox McFarlane (appointed 24 September 2008) | 2,500 |
| Michael Ronald Hills (appointed 24 September 2008) | 2,000 |

Other than detailed above there were no other movements in directors shareholdings.

7. Share Capital

During the period it was resolved to make a return of capital of 10 cents per share.

Bonus shares were also issued for no consideration at the rate of 1 share for every 1 held and additional capital was raised for the opening of the Ashburton branch.

Canterbury Surrey Hills Community Finance Limited
ABN 96 099 590 593
Directors Declaration
for the half-year ended 31 December 2008

In accordance with a resolution of the directors of Canterbury Surrey Hills Community Finance Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company:
 - (i) give a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134, "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (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.

On behalf of the Board



.....
Hans Diederick Menting
Director

Signed in Melbourne on this 26th day of February 2009



17/0018
Warren & J. R. Sinnott
Warren & Sinnott
Chartered Accountants
Barracks, Adelaide

26 February 2009

The Directors
Canterbury Surrey Hills Community Finance Limited
25 Chaucer Avenue
CANTERBURY VIC 3126

Dear Directors

Auditor's Independence Declaration

In relation to our review of the financial report of Canterbury Surrey Hills Community Finance Limited for the half year ended 31 December 2008, 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

Independence

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

Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year interim financial report of Canterbury Surrey Hills Community Finance Ltd is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Richmond Sinnott & Delahunty
Chartered Accountants

Warren Sinnott
Partner

Signed at Bendigo on 26 February 2009