

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2010.

Directors

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

Anthony Michael Keenan

Diana Jukes

Timothy Maxwell Campbell

Mark Kennion Brindal

Graham Ralph Pitman

Susan Patricia Straschko

Rufus Luke Salaman

Jane Elizabeth Zadow

Diana Anthea Swanson

Pamela Anne Dale

Mark Lytton Goldsworthy

Principal Activities

The principal activity of the company during the course of the financial period were in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Review and Results of Operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period after the provision of income tax was: \$230,939 [2009: \$10,515].

Matters Subsequent to the End of the Reporting Period

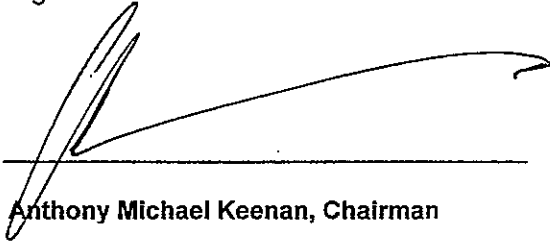
On 22 February 2011 the company's franchise partner Bendigo & Adelaide Bank Limited announced that commencing 1 April 2011 two income streams (Term Deposits greater than 90 days and Fixed Rate Home Loans) will have their trailing commission cut from 0.5% to 0.375%. This reduction in commission rate is expected to have a material effect on the expected revenue and profits of the company in the 2011/2012 financial year. The board estimates that the change will reduce income by \$42,720 based on current budgets and it will continue to monitor budgets to ensure maximisation of returns to shareholders and the community. Further confirmation of the financial effect will be available in the 2011 annual report.

There are no other 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.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with a resolution of the directors at Goodwood, South Australia on 10 March 2011.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a long horizontal stroke that curves upwards at the end. The signature is written over a solid horizontal line.

Anthony Michael Keenan, Chairman

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Statement of Comprehensive Income
for the half-year ended 31 December 2010

		2010	2009
		\$	\$
Revenue from ordinary activities		285,974	242,146
Employee benefits expense		(133,828)	(124,274)
Charitable donations, sponsorship, advertising and promotion		(12,370)	(11,361)
Occupancy and associated costs		(25,476)	(26,744)
Systems costs		(11,486)	(11,316)
Depreciation and amortisation expense		(14,995)	(8,719)
Finance costs		(5,283)	(10,812)
General administration expenses		(39,959)	(38,405)
Profit before income tax credit		42,577	10,515
Income tax credit	6	188,362	-
Profit after income tax credit		230,939	10,515
Total comprehensive income for the year attributable to members		230,939	10,515
Earnings per Share		¢	¢
Basic for profit for the period:		28.24	1.30

The accompanying notes form part of these financial statements.

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Balance Sheet
as at 31 December 2010

	31-Dec 2010 \$	30-Jun 2010 \$
ASSETS		
Current Assets		
Trade and other receivables	48,280	41,314
Total Current Assets	<u>48,280</u>	<u>41,314</u>
Non-Current Assets		
Property, plant and equipment	189,955	199,165
Intangible assets	63,638	-
Deferred tax asset	7 188,362	-
Total Non-Current Assets	<u>441,955</u>	<u>199,165</u>
Total Assets	<u>490,235</u>	<u>240,479</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	58,326	21,161
Borrowings	123,533	145,290
Provisions	13,881	12,252
Total Current Liabilities	<u>195,740</u>	<u>178,703</u>
Non-Current Liabilities		
Provisions	8,468	6,688
Total Non-Current Liabilities	<u>8,468</u>	<u>6,688</u>
Total Liabilities	<u>204,208</u>	<u>185,391</u>
Net Assets	<u>286,027</u>	<u>55,088</u>
Equity		
Issued capital	802,691	802,691
Accumulated losses	(516,664)	(747,603)
Total Equity	<u>286,027</u>	<u>55,088</u>

The accompanying notes form part of these financial statements.

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Statement of Changes in Equity
for the half-year ended 31 December 2010

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2009	802,691	(757,642)	45,049
Total comprehensive income for the year	<u>-</u>	<u>10,515</u>	<u>10,515</u>
	802,691	(747,127)	55,564
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2009	<u>802,691</u>	<u>(747,127)</u>	<u>55,564</u>
 Balance at 1 July 2010	 802,691	 (747,603)	 55,088
Total comprehensive income for the year	<u>-</u>	<u>230,939</u>	<u>230,939</u>
	802,691	(516,664)	286,027
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2010	<u>802,691</u>	<u>(516,664)</u>	<u>286,027</u>

The accompanying notes form part of these financial statements.

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Cash Flow Statement
for the half-year ended 31 December 2010

	2010	2009
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	279,965	267,096
Payments to suppliers and employees	(222,447)	(263,717)
Interest paid	(4,521)	(9,276)
Net cash provided by/(used in) operating activities	<u>52,997</u>	<u>(5,897)</u>
Cash Flows From Investing Activities		
Payments for intangible assets	(31,240)	-
Net cash used in investing activities	<u>(31,240)</u>	<u>-</u>
Net increase/(decrease) in cash held	21,757	(5,897)
Cash at the beginning of the financial year	(145,290)	(173,934)
Cash at the end of the half-year	<u>(123,533)</u>	<u>(179,831)</u>

The accompanying notes form part of these financial statements.

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Notes to the financial statements
for the half-year ended 31 December 2010

Note 1. Basis of Preparation of the Half-Year Financial Statements

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, *AASB 134: Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Adoption of new and revised Accounting Standards

During the current year the entity has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the company.

AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements contain a single statement of comprehensive income.

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Notes to the financial statements
for the half-year ended 31 December 2010

Note 1. Basis of Preparation of the Half-Year Financial Statements (continued)

Adoption of new and revised Accounting Standards (continued)

Other comprehensive income – The revised version of AASB 101 introduces the concept of “other comprehensive income” which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods, as follows:

- *AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*
- *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The company has determined these amendments will have no impact on the preparation of the financial statements and therefore they have not been applied.

Note 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.

Note 3. Contingent Assets and Liabilities

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

Note 4. Segment Reporting

The economic entity operates in a single service sector where it facilitates community banking services in Goodwood and Highgate districts of Adelaide, South Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 5. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2010 annual financial report.

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Notes to the financial statements
for the half-year ended 31 December 2010

Note 6. Income Tax Credit

	2010	2009
	\$	\$
The components of tax expense comprise:		
- Future income tax benefit attributed to losses brought to account	(196,864)	-
- Movement in deferred tax	(6,705)	-
- Recoup of prior year tax loss	15,207	-
	<u>(188,362)</u>	<u>-</u>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax credit as

Operating profit	42,577	10,515
Prima facie tax on profit from ordinary activities at 30%	12,773	3,155
Add tax effect of:		
- non-deductible expenses	1,736	1,800
- timing difference expenses	698	1,256
	<u>15,207</u>	<u>6,211</u>
Movement in deferred tax	(6,705)	-
Previously unrecognised deferred tax benefit on losses	(196,864)	-
Tax losses not brought to account	-	(6,211)
	<u>(188,362)</u>	<u>-</u>

Income tax losses:

Future income tax benefits arising from tax losses were previously not recognised at reporting date as realisation of the benefit was not regarded as virtually certain.

Future income tax benefit carried forward not brought to account was:	<u>-</u>	<u>201,530</u>
---	----------	----------------

Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Notes to the financial statements
for the half-year ended 31 December 2010

Note 7. Tax

Non-Current:

Deferred tax assets

- accruals	-	-
- employee provisions	6,705	-
- tax losses carried forward brought to account	181,657	-
	<u>188,362</u>	<u>-</u>

Deferred tax liability

- accruals	-	-
- deductible prepayments	-	-
	<u>-</u>	<u>-</u>

Net deferred tax asset	<u>188,362</u>	<u>-</u>
------------------------	----------------	----------

Movement in deferred tax charged to statement of comprehensive income:	<u>(188,362)</u>	<u>-</u>
--	------------------	----------

Previously the company had incurred significant income tax losses that had not been brought to account. As a result of the improved performance in achieving a taxable income position the previously unrecognised deferred tax in relation to carried forward tax losses have been brought to account.

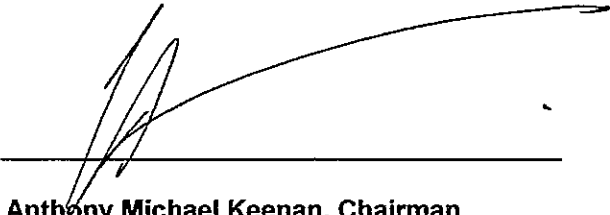
Goodwood/Highgate Community Financial Services Limited
ABN 54 112 676 294
Directors' Declaration

In the opinion of the directors of Goodwood/Highgate Community Financial Services Limited ("the company"):

- 1 The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2010 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

This declaration is made in accordance with a resolution of the board of directors.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

Anthony Michael Keenan, Chairman

Dated this 10th day of March 2011.