

HARBORD FINANCIAL SERVICES
LIMITED

ACN 097 282 525

Financial Statements
as at 31 December 2008

Harbord Financial Services Limited
Interim Financial Report for the half-year ended 31 December 2008

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DIRECTORS' REPORT

Your Directors submit the financial 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 as follows:

Trevor Sargeant (Chairman)	
Martin Brooks	Garry Chadwick
Ian Greentree	Darren Jones
Ian Joynson	Brad O'Connor
Noela Roberts	John Vacarro

Principal Activities

The principal activities of the Company during the financial period were in providing a Community Banking Services Branch at Freshwater under the terms of the Franchise agreement of Bendigo and Adelaide Bank Limited.

Review and results of operations

During the periods operations have continued to perform with record levels of deposits, however profitability is below budget. During the period the net profit was \$59,492 2007 \$82,161

Due to the economic environment due to the Global Financial Crisis and the subsequent fall in interest rates, Harbord Financial Services Limited has experienced a significant decline in the income received from Bendigo and Adelaide Bank limited. This reduction of income is expected to materially and adversely effect the overall profit for the financial year which will end on 30 June 2009. The Company still has retained profits in term deposits to assist it if needed through this period.

Matters subsequent to the end of the reporting period

No other matter or circumstances have arisen since the end of the half year reporting that have significantly affected or may significantly affected the operations of the Company, the results of those operations or the state of affairs of the Company.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of the Directors' at Freshwater ,
on 24 May 2009.



Trevor Sargeant Chairman

AUDITORS INDEPENDENCE DECLARATION

+The directors received the following independence declaration from the auditor of the Company:

Raymond J Patmore
Chartered Accountant
49 Wyndora Avenue
FRESWATER NSW 2096

AUDITORS INDEPENDENCE DECLARATION

In relation to our review of the financial report of Harbord Financial Services 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.

As auditor for the review of the financial report of Harbord Financial Services Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations ACT 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.

Raymond J Patmore



Dated 26 May 2009

Condensed Income Statement

for the half-year ended 31 December 2008

	31/12/2008 \$	31/12/2007 \$
Revenues from ordinary activities	547,781	517,142
Charitable donations and sponsorships	(44,160)	(25,700)
Salaries and employee benefits expense	(230,788)	(195,027)
Advertising and promotion expenses	(16,476)	(2,764)
Occupancy and associated costs	(58,807)	(62,386)
I.T and System Costs	(32,252)	(30,839)
Depreciation and amortization expense	(27,487)	(17,814)
General administration expenses	(40,050)	(60,991)
Profit/(loss) before income tax expense/credit	97,761	121,621
Income tax (expense)/credit	(38,269)	(39,460)
Profit/(loss) for the period	59,492	82,161
Profit/(loss) attributable to members of the entity	59,492	82,161
Earnings per share (cents per share)	¢	¢
Basic for profit of the year	8.58	11.85

Balance Sheet

As at

	31 December 2008 \$	30 June 2008 \$
Assets		
Current assets		
Cash assets	658,655	515,804
Trade and other receivables	130,910	104,364
Total current assets	789,565	620,168
Non-current assets		
Property, plant and equipment	88,923	98,079
Intangible assets	110,345	125,817
Total non-current assets	199,268	223,896
Total assets	988,833	844,064
Liabilities		
Current liabilities		
Trade and other payables	91,358	40,387
Current tax liabilities	119,496	81,231
Provisions	31,766	35,720
Total current liabilities	242,620	157,338
Non-current liabilities		
Long Term provisions	12,310	12,310
Total non-current liabilities		
Total liabilities	254,930	169,648
Net assets	733,903	674,416
Equity		
Issued capital	693,059	693,059
Retained profits/Accumulated Losses	40,844	(18,643)
Total equity	733,903	674,416

Cash Flow Statement

for the half-year ended 31 December 2008

	Note	31/12/2008 \$	31/12/2007 \$
Cash flows from operating activities			
Receipts from customers		534,446	498,922
Interest received		13,336	18,220
Provision for Income Tax		81,228	-
Payments to suppliers and employees		(461,849)	(321,451)
Other payments		84,137	22,540
Net cash provided by/(used in) operating		170,069	218,231
Cash flows from investing activities			
Proceeds from general investing activities		65,708	76,296
Provision for amortisation and depreciation		24,154	109,635
Payments for equipment, plant and furniture		(3,238)	(463,927)
Accrued Income		1,447	(84,614)
Net cash used in investing activities		88,071	(362,610)
Cash flows from financing activities			
Dividends Paid	6	(69,268)	(24,257)
Issued Capital		693,059	693,059
Accumulated Losses		151,057	-
Accumulated Losses		(129,517)	(100,438)
Net cash provided by financing activities		(23,471)	563,368
Net increase/(decrease) in cash held		234,670	423,985
Cash at the beginning of the financial year (1 Jan)		423,985	-
Cash at the end of the half-year (31 December)		658,655	423,985

Statement of Changes in Equity

for the half-year ended 31 December 2008

	Note	Issued Capital	Retained Earnings accumulated (losses)	Total
		\$	\$	\$
Balance at 1 July 2007		693,059	(124,696)	568,363
Profit attributable to Members		-	82,162	82,162
Dividends provided for or paid	6			
Balance at 31 December 2007		693,059	42,534	650,525
Total equity at the end of the period			772,172	689,985
<hr/>				
Balance at 1 July 2008		693,059	(18,643)	674,416
Profit attributable to members			59,487	59,487
Dividends paid	6			
Balance at 31 December 2008		693,059	40,844	733,903

Notes to the Financial Statements

for the half-year ended 31 December 2008

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

Statement of compliance

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 Accounting Standards Board (AASB).

Basis of accounting

The half-year financial reports does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance and position of the entity as the full financial report. Accordingly the report shall be read in conjunction with the financial report for the year ended 30 June 2008 and any public pronouncements made by the Company during the period.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2008. All accounting policies are consistent with those applied in the 30 June 2008 financial statements except as set out below.

Reporting basis and convention

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

2. Events subsequent to the reporting date

There have been no events subsequent to the reporting date that would materially effect the financial statements at the reporting date that may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

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The Global Financial crisis and its effects on the Australian economy have caused a significant effect on the Australian financial services sector. The Board continues to monitor the Company's performance in these times.

3. Contingent assets and liabilities

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

4. Segment Reporting

The economic entity operates in the services sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Freshwater and district, of the northern beaches of Sydney New South Wales.

5. Related parties

The names of directors who held office during the half-year ended 31 December 2008 are listed on page 3 of this report.

No director or related entity has entered into a material contract with the Company. No director's fees have been paid as the positions are held on a voluntary basis.

There was no movement in the directors shareholding during the period. Each share held as a paid up value of \$1 and is fully paid.

6. Dividends

Distributions Paid	31-12-2008	31-12-2007
Final dividend was paid on 10 March 2009 of 10 cents (2007: 3.5 cents) per share franked at the tax rate of 30% (2007: unfranked).	69,306	24,257

DIRECTORS' DECLARATION

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 31 December 2008 and of its performance for financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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.
- (c) the audited remuneration discloses set out in the remuneration section of the Director's report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Trevor Sargeant

Chairman



Garry Chadwick

Treasurer

Signed on 2009-

INDEPENDENT REVIEW REPORT

Raymond J Patmore
Chartered Accountant
49 Wyndora Avenue
FRESWATER NSW 2096

Independent Auditor's Review Report to:
the Members of Harbord Financial Services Limited

Report on the Half-year Financial Report

I have reviewed the accompanying half-year financial report of Harbord Financial Services limited ("the Company") which comprises the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the director's declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year 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

The Auditor's responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Accounting Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the entity, in order to state whether, on the basis of the procedures described, the Auditor has become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

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- 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
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Harbord financial Services Limited, ASRE 2410 requires that the Auditor comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

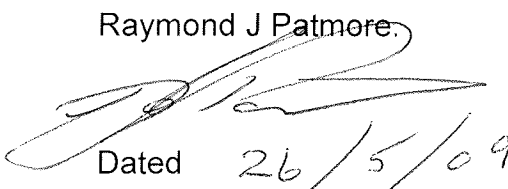
In conducting the review I have complied with independence requirements of the *Corporations Act 2001*.

Conclusion

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of Harbord Financial Services Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Raymond J Patmore.



Dated 26/5/09