

**Harbord**  
**Financial Services Limited**  
**Financial Statements**  
**as at**  
**31 December 2009**

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Directors' Report**

Your directors submit the financial report of the company for the half-year ended 31 December 2009.

**Directors**

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

Trevor Leslie Sargeant

Garry Stanley Chadwick

Ian John Greentree

Ian Charles Joynson

Bradley Raymond O'Connor

Martin Edwin Brook

Darren Grigor Jones

John Vaccaro

Noela Rose Roberts

**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 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 was: \$59,063 [2008: \$59,492].

**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.

**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 2.

Signed in accordance with a resolution of the directors at Harbord, New South Wales on 15 March 2010.

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Garry Stanley Chadwick, Treasurer

### **Auditor's Independence Declaration**

As lead auditor for the review of Harbord Financial Services Limited I declare that, to the best of my knowledge and belief, in relation to the review of the half year ended 31 December 2009 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



**David Hutchings**  
**Auditor**

**Andrew Frewin & Stewart**  
Bendigo, Victoria

Dated this 15th day of March 2010

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Income Statement**  
**for the half-year ended 31 December 2009**

|  | <u>Notes</u> | <b>2009</b><br><b>\$</b> | <b>2008</b><br><b>\$</b> |
|--|--------------|--------------------------|--------------------------|
| Revenue from ordinary activities                           |              | 629,938                  | 547,781                  |
| Salaries and employee benefit expense                      |              | (266,412)                | (230,788)                |
| Occupancy and associated costs                             |              | (54,238)                 | (58,807)                 |
| Charitable donations, sponsorship, advertising & promotion |              | (118,908)                | (60,636)                 |
| Systems costs  |              | (28,187)                 | (32,252)                 |
| Depreciation and amortisation expense                      |              | (12,235)                 | (27,487)                 |
| General administration expenses                            |              | (67,183)                 | (40,050)                 |
|  |              | <hr/>                    | <hr/>                    |
| <b>Profit before income tax expense</b>                    |              | 82,775                   | 97,761                   |
| Income tax expense   |              | (23,712)                 | (38,269)                 |
|  |              | <hr/>                    | <hr/>                    |
| <b>Profit for the period</b>                               |              | 59,063                   | 59,492                   |
|  |              | <hr/>                    | <hr/>                    |
| <b>Profit attributable to members of the entity</b>        |              | <b>59,063</b>            | <b>59,492</b>            |
|  |              | <hr/> <hr/>              | <hr/> <hr/>              |
| <b>Earnings per Share</b>                                  |              | <u>c</u>                 | <u>c</u>                 |
| Earnings per share for the period:                         |              | 8.52                     | 8.58                     |
| Dividends paid per share for the period:                   | <b>6</b>     | 8                        | 10                       |

*The accompanying notes form part of these financial statements.*

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Balance Sheet**  
**as at 31 December 2009**

|                                      | <b>31-Dec<br/>2009<br/>\$</b> | <b>30-Jun<br/>2009<br/>\$</b> |
|--------------------------------------|-------------------------------|-------------------------------|
| <b>ASSETS</b>                        |                               |                               |
| <b>Current Assets</b>                |                               |                               |
| Cash assets                          | 580,404                       | 437,726                       |
| Current tax asset                    | 17,005                        | 37,556                        |
| Trade and other receivables          | 120,116                       | 129,214                       |
| Financial assets                     | 5,000                         | -                             |
| <b>Total Current Assets</b>          | <u>722,525</u>                | <u>604,496</u>                |
| <b>Non-Current Assets</b>            |                               |                               |
| Property, plant and equipment        | 89,100                        | 93,998                        |
| Intangible assets                    | 25,000                        | 30,000                        |
| Deferred tax asset                   | 22,085                        | 15,245                        |
| <b>Total Non-Current Assets</b>      | <u>136,185</u>                | <u>139,243</u>                |
| <b>Total Assets</b>                  | <u>858,710</u>                | <u>743,739</u>                |
| <b>LIABILITIES</b>                   |                               |                               |
| <b>Current Liabilities</b>           |                               |                               |
| Trade and other payables             | 142,543                       | 44,408                        |
| Provisions                           | 58,947                        | 38,569                        |
| <b>Total Current Liabilities</b>     | <u>201,490</u>                | <u>82,977</u>                 |
| <b>Non-Current Liabilities</b>       |                               |                               |
| Provisions                           | 8,962                         | 16,122                        |
| <b>Total Non-Current Liabilities</b> | <u>8,962</u>                  | <u>16,122</u>                 |
| <b>Total Liabilities</b>             | <u>210,452</u>                | <u>99,099</u>                 |
| <b>Net Assets</b>                    | <u>648,258</u>                | <u>644,640</u>                |
| <b>Equity</b>                        |                               |                               |
| Issued capital                       | 613,376                       | 613,376                       |
| Retained earnings                    | 34,882                        | 31,264                        |
| <b>Total Equity</b>                  | <u>648,258</u>                | <u>644,640</u>                |

*The accompanying notes form part of these financial statements.*

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Statement of Changes in Equity**  
**for the half-year ended 31 December 2009**

|                                    | <b>Issued<br/>Capital<br/>\$</b> | <b>Retained<br/>Earnings<br/>\$</b> | <b>Total<br/>Equity<br/>\$</b> |
|------------------------------------|----------------------------------|-------------------------------------|--------------------------------|
| <b>Balance at 1 July 2008</b>      | 693,059                          | (18,643)                            | 674,416                        |
| Net profit for the period          | -                                | 59,492                              | 59,492                         |
| Shares issued during period        | -                                | -                                   | -                              |
| Costs of issuing shares            | -                                | -                                   | -                              |
| Dividends provided for or paid     | -                                | -                                   | -                              |
| <b>Balance at 31 December 2008</b> | <u>693,059</u>                   | <u>40,849</u>                       | <u>733,908</u>                 |
| <br><b>Balance at 1 July 2009</b>  | <br>613,376                      | <br>31,264                          | <br>644,640                    |
| Net profit for the period          | -                                | 59,063                              | 59,063                         |
| Shares issued during period        | -                                | -                                   | -                              |
| Costs of issuing shares            | -                                | -                                   | -                              |
| Dividends provided for or paid     | -                                | (55,445)                            | (55,445)                       |
| <b>Balance at 31 December 2009</b> | <u>613,376</u>                   | <u>34,882</u>                       | <u>648,258</u>                 |

*The accompanying notes form part of these financial statements.*

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Cash Flow Statement**  
**for the half-year ended 31 December 2009**

|  | <b>2009</b>           | <b>2008</b>           |
|--|-----------------------|-----------------------|
|  | <b>\$</b>             | <b>\$</b>             |
| <b>Cash Flows From Operating Activities</b>      |                       |                       |
| Receipts from customers                          | 664,994               | 608,246               |
| Payments to suppliers and employees              | (519,190)             | (472,723)             |
| Interest received                                | 9,210                 | 13,336                |
| Income taxes paid                                | (10,000)              | (3,458)               |
| <b>Net cash provided by operating activities</b> | <u>145,014</u>        | <u>145,401</u>        |
| <b>Cash Flows From Investing Activities</b>      |                       |                       |
| Payments for property, plant and equipment       | (2,336)               | (2,550)               |
| <b>Net cash used in investing activities</b>     | <u>(2,336)</u>        | <u>(2,550)</u>        |
| <b>Net increase in cash held</b>                 | 142,678               | 142,851               |
| Cash at the beginning of the financial year      | 437,726               | 515,804               |
| <b>Cash at the end of the half-year</b>          | <u><u>580,404</u></u> | <u><u>658,655</u></u> |

*The accompanying notes form part of these financial statements.*

**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2009**

**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 Standard AASB 134: Interim Financial Reporting*, *Australian Accounting Interpretations* and other authoritative pronouncements of the *Australian Accounting Standards Board ('AASB')*.

**Basis of Accounting**

The half-year financial report 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 financial report for the year ended 30 June 2009 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 2009. All accounting policies are consistent with those applied in the 30 June 2009 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 the 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 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**

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 service 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 Harbord, New South Wales.

**5. Related Parties**

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2009 annual financial report.

**6. Dividends Paid**

| Period ended 31 December 2009  | 2009<br>Cents | 2009<br>\$ | 2008<br>Cents | 2008<br>\$ |
|--|---------------|------------|---------------|------------|
| Interim dividend declared  | -             | -          | -             | -          |
| Dividends paid in the year.  |               |            |               |            |
| - interim for the year   | -             | -          | -             | -          |
| - as recommended in the prior year report  | -             | -          | -             | -          |
| In addition to the above the Directors have resolved that fully franked dividend will be paid to ordinary shareholders. The dividend will be paid on the 26 February 2010 based on the shareholdings as at 24 February 2010. The aggregate amount of the proposed dividend not recognised as a liability at the end of the half year is: | 8             | 55,445     | 10            | 69,306     |



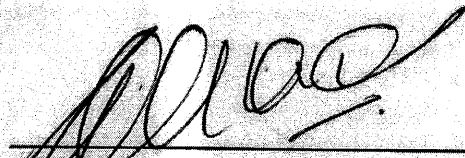
**Harbord Financial Services Limited**  
**ABN 25 097 282 525**  
**Directors' Declaration**

In the opinion of the directors of Harbord 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 2009 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.

On behalf of the Directors

  
\_\_\_\_\_  
Garry Stanley Chadwick, Treasurer

Dated this 15th day of March 2010.

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Harbord Financial Services Limited

We have reviewed the accompanying half year financial report of Harbord Financial Services Limited, which comprises the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the half year then ended, a statement of accounting policies and other selected explanatory notes and the directors' declaration.

### **Directors' Responsibility for the 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 designing, implementing and maintaining internal control 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**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2009 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 we 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, and 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 we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

## **Independence**

In conducting our review we have complied with the independence requirements of the Corporations Act 2001.

## **Auditor's Opinion**

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 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 at 31 December 2009 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



**DAVID HUTCHINGS**

**ANDREW FREWIN & STEWART**

61-65 Bull Street, Bendigo, 3550

Dated this 15th day of March 2010