

**KEN JAMES & ASSOCIATES PTY. LTD.**

CERTIFIED PRACTISING ACCOUNTANTS

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**FACSIMILE**

To: BENDIGO STOCK EXCHANGE "ANNOUNCEMENTS"		Fax: 02 4929 1556	Phone: 03 96640000
Re: HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD		Pages: <del>38</del> 39	Date: 13/3/2008
From:		Fax: (03) 9741 3172	Phone: (03) 9741 3151
<input type="checkbox"/> Urgent	<input type="checkbox"/> For Review	<input type="checkbox"/> Please Comment	<input type="checkbox"/> Please Reply

**Re: Hobson's Bay Community Financial Services Ltd**  
**Half-Yearly Disclosure to 31 December 2007**

ANNEXURE 3A (17 Pages)

FINANCIAL ACCOUNTS: <sup>21</sup>~~20~~ Pages)

Regards



Bill Hounslow



## Annexure 3A

## BSX Listing Rules

## Half yearly/Yearly Disclosure

## References

Version 1, Operative 23/8/2000

Chapter 3, BSX Listing Rules

**HOBEONS BAY COMMUNITY FINANCIAL SERVICES LIMITED**

Name of entity

091 661 166

ABN, ACN or ARBN

Half yearly (tick)

Annual (tick)



31 DECEMBER 2007

Half year/financial year ended  
(Current period)

## Summary

						\$A,000
Sales revenue or operating revenue	<del>up/down</del>	16 %	to			1061
Profit (loss) before abnormal items and after tax	<del>up/down</del>	27 %	to			106
Abnormal items before tax		gain (loss) of				—
Profit (loss) after tax but before outside equity interests	<del>up/down</del>	27 %	to			106
Extraordinary items after tax attributable to members		gain (loss) of				—
Profit (loss) for the period attributable to members	<del>up/down</del>	27 %	to			106

Dividends (distributions)

Franking rate applicable

100%

Current period

Final

9

Interim

\$

\$

Previous corresponding period

Final

—

Interim

\$

\$

Record date for determining entitlements to the dividend, (in the case of a trust distribution)

22/10/07

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

Short details of any bonus or cash issue or other items(s) of importance not previously released to BSX:

--

**Consolidated profit and loss account**

	Current period \$A'000	Previous corresponding period \$A'000
Sales revenue or operating revenue	1,061	918
Expenses from ordinary activities	905	711
Borrowing costs	—	—
Share of net profit (loss) of associates and joint venture entities	—	—
Profit (loss) from ordinary activities before tax	156	207
Income tax on ordinary activities	50	62
Profit (loss) from ordinary activities after tax	106	145
Outside equity interests	—	—
Profit (loss) from ordinary activities after tax attributable to members	106	145
Profit (loss) from extraordinary activities after tax attributable to members	—	—
Profit (loss) for the period attributable to members	106	145
Retained profits (accumulated losses) at the beginning of the financial period	150	58
Net transfers to and from reserves	—	—
Net effect of changes in accounting policies	—	—
Dividends paid or payable	—	—
Retained profits (accumulated losses) at end of financial period	256	203

**Profit restated to exclude amortisation of goodwill**

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill	106	145
Less (plus) outside equity interests	—	—
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	106	145

**Revenue and expenses from operating activities**

Details of revenue and expenses	Current period \$A'000	Previous corresponding period \$A'000
REVENUE	1,061	918
OPERATING EXPENSES	(905)	(711)

**Intangible and extraordinary items**

	Consolidated - current period		
	Before tax \$A'000	Related tax \$A'000	After tax \$A'000
Amortisation of goodwill	—	—	—
Amortisation of other intangibles	12	—	12
<b>Total amortisation of intangibles</b>			
Extraordinary items (details)	—	—	—
<b>Total extraordinary items</b>	—	—	—

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

**Comparison of half year profits**  
(Annual statement only)

	Current year - \$A'000	Previous year - \$A'000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	106	145
Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	—	—

**Consolidated balance sheet**

Current assets	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly statement \$A'000
Cash	801	927	831
Receivable	204	174	175
Investments	—	—	—
Inventories	—	—	—
Other (provide details if material)	8	10	7
<b>Total current assets</b>	<b>1,013</b>	<b>1,111</b>	<b>1,013</b>
<b>Non-current assets</b>			
Receivables	—	—	—
Investments	—	—	—
Inventories	—	—	—
Other property, plant and equipment (net)	737	757	777
Intangibles (net)	163	55	7
Other (provide details if material)	34	37	39
<b>Total non-current assets</b>	<b>934</b>	<b>849</b>	<b>823</b>
<b>Total assets</b>	<b>1,947</b>	<b>1,960</b>	<b>1,836</b>
<b>Current liabilities</b>			
Accounts payable	152	136	209
Borrowings	—	—	—
Provisions	62	189	61
Other (provide details if material)	(4)	(6)	23
<b>Total current liabilities</b>	<b>210</b>	<b>319</b>	<b>293</b>

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

<b>Non-current liabilities</b>			
Accounts payable	—	—	—
Borrowings	203	209	215
Provisions	85	89	83
Other (provide details if material)	19	19	19
<b>Total non-current liabilities</b>	<b>307</b>	<b>317</b>	<b>317</b>
<b>Total liabilities</b>	<b>517</b>	<b>636</b>	<b>610</b>
<b>Net assets</b>	<b>1,430</b>	<b>1,324</b>	<b>1,227</b>
<b>Equity</b>			
Capital	1,130	1,130	980
Reserves	44	44	44
Retained profits (accumulated losses)	256	150	203
Equity attributable to members of the parent entity	—	—	—
Outside equity interests in controlled entities	—	—	—
<b>Total equity</b>	<b>1,430</b>	<b>1,324</b>	<b>1,227</b>
Preference capital and related premium included	—	—	—

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current period \$A'000	Previous corresponding period \$A'000
Receipts from customers	1,006	875
Payments to suppliers and employees	(832)	(538)
Dividends received	—	—
Interest and other items of similar nature received	23	17
Interest and other costs of finance paid	(42)	(41)
Income taxes paid	(29)	(43)
Other (provide details if material)	—	—
<b>Net operating cash flows</b>	<b>126</b>	<b>210</b>
<b>Cash flows related to investing activities</b>		
Payments for purchases of property, plant and equipment	—	—

		Annexure 3A Half Yearly/Yearly Disclosure	
Proceeds from sale of property, plant and equipment		—	—
Payment for purchases of equity investments		—	—
Proceeds from sale of equity investments		—	—
Loans to other entities		—	—
Loans repaid by other entities		—	—
Other (provide details if material) <i>Franchise Fees</i>		(120)	—
<b>Net investing cash flows</b>		(120)	—
<b>Cash flows related to financing activities</b>			
Proceeds from issues of securities (shares, options, etc.)		—	—
Proceeds from borrowings		—	—
Repayment of borrowings		(6)	(5)
Dividends paid		(126)	(98)
Other (provide details if material)		—	—
<b>Net financing cash flows</b>		(132)	(103)
<b>Net increase (decrease) in cash held</b>			
Cash at beginning of period (see Reconciliation of cash)		927	664
Exchange rate adjustments		—	—
<b>Cash at end of period</b> (see Reconciliation of cash)		801	831

**Non-cash financing and investing activities**

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

NIL
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**Annexure 3A**  
**Half Yearly~~Yearly~~ Disclosure**

**Reconciliation of cash**

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding period \$A'000
Cash on hand and at bank	154	267
Deposits at call	647	464
Bank overdraft	—	—
Other (provide details)	—	—
Total cash at end of period	801	831

**Ratios**

	Current period	Previous corresponding period
<b>Profit before tax/sales</b>		
Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue	14.7	22.5
<b>Profit after tax/equity interests</b>		
Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	7.4	11.8

**Earnings per security (EPS)**

	Current period	Previous corresponding period
Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	7.6	14.4
(b) Diluted EPS (if materially different from (a))	—	—

**NTA backing**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.90	0.90



**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

**Details of specific receipts/outlays, revenues/expenses**

	Current period A\$'000	Previous corresponding period A\$'000
Interest revenue included	23	17
Interest revenue included but not yet received (if material)	—	—
Interest costs excluded from borrowing costs capitalised in asset values	10	10
Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	120	—
Depreciation (excluding amortisation of intangibles)	19	19
Other specific relevant items	—	—

**Control gained over entities having material effect**

Name of entity

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired

\$

Date from which such profit has been calculated

Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period

\$

**Loss of control of entities having material effect**

Name of entity

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control

\$

Date from which the profit (loss) has been calculated

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period

\$

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

\$

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

**Reports for industry and geographical segments**

**Segments**

Operating Revenue

Sales to customers outside the economic entity

Inter-segment sales

Unallocated revenue

Total revenue

Segment result

Unallocated expenses

Consolidated profit from ordinary activities after tax (before equity accounting)

Segment assets

Unallocated assets

Total assets

} Comparative data for segment assets should be as at the  
end of the previous corresponding period

**Dividends**

Date the dividend is payable

11/11/2007

Record date to determine entitlements to the dividend (ie. on  
the basis of registrable transfers received up to 5.00 pm)

22/10/2007

**Amount per security**

		Franking rate applicable	%	%	%
(annual report only)					
<b>Final dividend:</b>	Current year	9 ¢	N/A	100%	N/A
	Previous year	10 ¢	N/A	100%	N/A
(Half yearly and annual statements)					
<b>Interim dividend:</b>	Current year	— ¢	N/A	— ¢	N/A
	Previous year	— ¢	— ¢	— ¢	— ¢

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

**Total annual dividend (distribution) per security**  
(Annual statement only)

	Current year	Previous year
Ordinary securities	\$	\$
Preference securities	\$	\$

**Total dividend (distribution)**

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	\$ 126	\$ —
Preference securities	\$ —	\$ —
<b>Total</b>	\$ 126	\$ —

**Half yearly report – interim dividend (distribution) on all securities or Annual report – final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	\$ 126	\$ —
Preference securities	\$ —	\$ —
<b>Total</b>	\$ 126	\$ —

The dividend or distribution plans shown below are in operation.

**DIVIDENDS ARE REVIEWED BY DIRECTORS AFTER  
THE YEAR END ACCOUNTS**

The last date(s) for receipt of election notices to  
the dividend or distribution plans

Any other disclosures in relation to dividends (distributions)

**NIL**

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

**Equity accounted associated entities and other material interests**

*Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.*

Entities share of: <b>N/A</b>	Current period A\$'000	Previous corresponding period A\$'000
Profit (loss) from ordinary activities before tax.	<b>N/A</b>	<b>N/A</b>
Income tax		
Profit (loss) from ordinary activities after tax		
Extraordinary items net of tax		
Net profit (loss)		
Outside equity interests		
Net profit (loss) attributable to members		

**Material interests in entities which are not controlled entities**

*The entity has an interest (that is material to it) in the following entities.*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to profit (loss) from ordinary activities and extraordinary items after tax	
Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
	<b>N/A</b>			
<b>Total</b>				
<b>Other material interests</b>				

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

<b>Total</b>				

**Issued and listed securities**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

**Category of securities**

	Number issued	Number listed	Issue Price (cents)	Paid-up value (cents)
<b>Preference securities</b> (description)	—	—	—	—
Changes during current period	—	—	—	—
<b>Ordinary securities</b>	1,403,133	1,403,133	100	100
Changes during current period	—	—	—	—
<b>Convertible debt securities</b> (description and conversion factor)	—	—	—	—
Changes during current period	—	—	—	—

			Exercise price	Expiry date
<b>Options</b> (description and conversion factor)	—	—	—	—
Changes during current period	—	—	—	—
Exercised during current period	—	—	—	—
Expired during current period	—	—	—	—

Annexure 3A  
~~Half Yearly~~ Yearly Disclosure

Debentures	—	—
Unsecured Notes	—	—

## Discontinuing Operations

## Consolidated profit and loss account

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Sales revenue or operation revenue	1,061	918	—	—	1,061	918
Other revenue	—	—	—	—	—	—
Expenses from ordinary activities	905	711	—	—	905	711
Profit (loss) before tax	156	207	—	—	156	207
Less tax	50	62	—	—	50	62
Profit (loss) from ordinary activities after tax	106	145	—	—	106	145

## Consolidated statement of cash flows

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Net operating cash flows	126	270	—	—	126	270
Net investing cash flows	(120)	—	—	—	(120)	—

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

Net financing cash flows	(132)	(103)	—	—	(132) (103)

**Other disclosures**

	Current period A\$'000	Previous corresponding period A\$'000
Carrying amount of items to be disposed of:		
- total assets	—	—
- total liabilities	—	—
Profit (loss) on disposal of assets or settlement of liabilities	—	—
Related tax	—	—
Net profit (loss) on discontinuance	—	—

**Description of disposals**

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**Comments by directors****Basis of accounts preparation**

*If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.*

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

NIL

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

NIL

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

\$196K Franking Credits as at 31 December 2007  
which are available for future dividends

Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

NIL

Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

NIL

**Additional disclosure for trusts**

Number of units held by the management company or responsible entity to their related parties.

N/A



**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- Initial service charges
- Management fees
- Other fees

N/A

**Annual meeting**

*(Annual statement only)*

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available

_____
_____
_____
_____

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This statement, and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 In the case of a half-yearly report the same accounting standards and methods of computation are/are not\* (*delete one*) followed as compared with the most recent annual accounts.
- 4 This statement does/does not\* (*delete one*) give a true and fair view of the matters disclosed.
- 5 This statement is based on financial statements to which one of the following applies:  
(*Tick one*)
  - ☐ The financial statements have been audited.
  - ☒ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
  - ☐ The financial statements are in the process of being audited or subject to review.
  - ☐ The financial statements have *not yet* been audited or reviewed.
- 6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available\* (*delete one*).
- 7 The entity has/~~does not have~~\* (*delete one*) a formally constituted audit committee.

Date 23/08/2000

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Annexure 3A  
Half Yearly/Yearly Disclosure

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Sign here:

  
(Director/Company secretary)

Date:

13/3/2008

Print name:

MICHAEL FERNAR

**Notes**

**True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

**Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

**Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**

**A.B.N. 39 091 661 166**

**Interim Financial Report**

**For the half year ended 31 December 2007**

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
**A.B.N. 39 091 661 166**

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**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
**A.B.N. 39 091 661 166**

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**DIRECTORS' REPORT**

The directors present their report, together with the financial statements of the Hobson's Bay Community Financial Services Ltd for the half year ended 31 December 2007.

**Directors**

The directors of the Company at any time during the financial year are:

H Da Silva	M S Pernar	W M Gray	F J Porter
G Inserra	B J Cahoon	A D Shanahan	
R R Quail	G J Murdoch	M A Boyd	

**Principal Activities**

During the period the company continued to operate the Laverton / Altona Meadows Community Bank<sup>®</sup>, Altona Community Bank<sup>®</sup> and Point Cook Community Bank with the support of the Bendigo Bank Ltd.

**Operating Results**

The Laverton Branch made a net profit for the half year of \$152,628. The Altona Branch made a net profit for the half year of \$43,616. The Point Cook Branch made a net loss for the half year of (\$90,320). The overall net profit of the company after providing for income tax was \$105,924 (2006 \$144,870).

**Review of Operations**

The net assets of the company have increased by \$105,924 from 01 July 2007 to \$1,430,355 during the half year.

The company has continued to grow with assets under management now exceeding \$191 million at the date of this report.

**Significant Changes in State of Affairs**

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the half-year which have not been disclosed in this report.

**Matters Subsequent to the End of the Reporting Period**

No other matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years.

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
**A.B.N. 39 091 661 166**

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**Audit Services**

The Company's Auditor has not provided any non audit services during the period.


**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is included on page 5 of the Report

Signed in accordance with a resolution of the Board of Directors.



.....  
Director - Henry DaSilva



.....  
Director - Michael Stephen Pernar

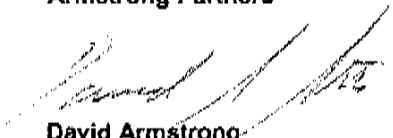
Dated this 13<sup>th</sup> day of MARCH 2008

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: the directors of Hobson's Bay Community Financial Services Ltd I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contravention of any applicable code of professional conduct in relation to the review.

**Armstrong Partners**



**David Armstrong  
Partner**

Melbourne

March 2008

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
**A.B.N. 39 091 661 166**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR  
ENDED 31 DECEMBER 2007**

	Note	31-12-2007	31-12-2006
		\$	\$
<b>Revenues from Ordinary Activities</b>	2	<u>1,061,407</u>	<u>918,367</u>
Amortisation of franchise fee	3	(11,994)	(697)
Amortisation of leased assets	3	(164)	(1,561)
Depreciation of furniture & equipment	3	(18,928)	(19,376)
Employment expenses		(415,651)	(334,984)
Other expenses from ordinary activities		<u>(458,616)</u>	<u>(354,899)</u>
<b>Total Expenses from Ordinary Activities</b>		<u>(905,353)</u>	<u>(711,517)</u>
<b>Profit from Ordinary Activities before Income Tax</b>		156,054	206,850
Income Tax (Expenses) relating to Ordinary Activities	5	(50,130)	(61,980)
<b>Profit from Ordinary Activities after Income Tax</b>		<u>105,924</u>	<u>144,870</u>
Profit attributable to extraordinary items		-	-
<b>Net Profit Attributable to Members</b>		<u>105,924</u>	<u>144,870</u>
<b>Overall Operations</b>			
Basic & Diluted earnings per share (cents per share)	17	7.55	14.45



**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
**A.B.N. 39 091 661 166**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2007**

	Note	31-12-2007	30-6-2007
		\$	\$
<b>Current Assets</b>			
Cash assets	6	801,363	927,132
Receivables	7	203,269	173,838
Other	8	8,219	10,008
<b>Total Current Assets</b>		<b><u>1,012,851</u></b>	<b><u>1,110,978</u></b>
<b>Non-Current Assets</b>			
Property, Furniture and Equipment	9	737,410	756,502
Deferred tax asset	10	34,395	37,798
Intangible assets	11	162,887	55,000
<b>Total Non-Current Assets</b>		<b><u>934,692</u></b>	<b><u>849,300</u></b>
<b>Total Assets</b>		<b><u>1,947,543</u></b>	<b><u>1,960,278</u></b>
<b>Current Liabilities</b>			
Payables	12	151,966	135,785
Tax liabilities	14	(3,944)	(6,141)
Provisions	15	62,081	189,172
<b>Total Current Liabilities</b>		<b><u>210,103</u></b>	<b><u>318,816</u></b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	13	202,975	208,805
Tax Liabilities	14	18,866	18,866
Provisions	15	85,244	89,360
<b>Total Non-Current Liabilities</b>		<b><u>307,085</u></b>	<b><u>317,031</u></b>
<b>Total Liabilities</b>		<b><u>517,188</u></b>	<b><u>635,847</u></b>
<b>Net Assets</b>		<b><u>1,430,355</u></b>	<b><u>1,324,431</u></b>
<b>Equity</b>			
Issued capital	16	1,130,008	1,130,008
Retained Profits/(Accumulated Losses)		256,326	150,402
Revaluation Reserve		44,021	44,021
<b>Total Equity</b>		<b><u>1,430,355</u></b>	<b><u>1,324,431</u></b>

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD****A.B.N. 39 091 661 166**

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**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED  
31 DECEMBER 2007**

	<b>Issued Capital</b>	<b>Revaluation Reserve</b>	<b>Retained Profits (Accumulated Losses)</b>	<b>Total</b>
<b>Balance 1/07/07</b>	<b>1,130,008</b>	<b>44,021</b>	<b>150,402</b>	<b>1,324,431</b>
Profit attributable to members of the company	-	-	105,924	105,924
<b>Balance 31/12/07</b>	<b>1,130,008</b>	<b>44,021</b>	<b>256,326</b>	<b>1,430,355</b>

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
**A.B.N. 39 091 661 166**

**STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Note	31-12-2007	31-12-2006
		\$	\$
<b>Cash Flow from Operating Activities</b>			
Receipts from Bendigo Bank Limited		1,006,026	875,126
Payments to suppliers and employees		(832,111)	(538,575)
Interest received		22,857	16,864
Interest and other costs of finance		(42,359)	(40,464)
Income tax paid		(28,084)	(42,483)
Net cash provided by (used in) operating activities	2	<u>126,329</u>	<u>270,468</u>
<b>Cash Flow from Investing Activities</b>			
Payment of franchise fees		<u>(119,881)</u>	-
Net cash provided by (used in) investing activities		<u>(119,881)</u>	-
<b>Cash Flow from Financing Activities</b>			
Dividends Paid		(126,387)	(98,498)
Repayment of borrowings		<u>(5,830)</u>	<u>(5,456)</u>
Net cash provided by (used in) financing activities		<u>(132,217)</u>	<u>(103,954)</u>
Net increase (decrease) in cash held		(125,769)	166,514
Cash at the beginning of the year		927,132	664,169
Cash at the end of the year	1	<u><u>801,363</u></u>	<u><u>830,683</u></u>

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

Note	31-12-2007	31-12-2006
	\$	\$

**Note 1: Reconciliation of Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	148,592	364,366
Shares Offer Account	5,926	1,542
Term Deposits	647,125	464,429
Cash on hand	(280)	346
	<u>801,363</u>	<u>830,683</u>

**Note 2: Reconciliation of Net Cash Provided by/Used in Operating Activities to Net Profit**

Operating profit after income tax	105,924	144,870
Depreciation	18,928	19,376
Amortisation of franchise fee	11,994	697
Amortisation of leased assets	164	1,561
Increase/(decrease) in provision for dividends	-	-
Increase/(decrease) in deferred tax asset	3,403	(1,034)
Increase/(decrease) in provision for income tax	18,643	20,531

**Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:**

(Increase) decrease in trade and term debtors	(29,431)	(24,926)
(Increase) decrease in prepayments	1,789	537
Increase (decrease) in trade creditors and accruals	16,181	92,054
Increase (decrease) in other creditors	-	-
Increase (decrease) in lease liabilities	-	(6,942)
Increase (decrease) in employee entitlements	(4,820)	2,183
Increase (decrease) in sundry provisions	(16,446)	21,561
<b>Net cash provided by operating activities</b>	<u><b>126,329</b></u>	<u><b>270,468</b></u>

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
31 DECEMBER 2007**

**Note 1: Statement of Accounting Policies**

The significant accounting policies adopted in the preparation of this financial report are:

**(a) Basis of Preparation**

The half year financial report is a general purpose financial report that has been 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 announcements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Hobson's Bay Community Financial Services Limited during the half year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

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

The half year report does not include disclosures of the type normally in an annual financial report.

**(b) Revenue Recognition**

Revenues are recognised at fair value of the consideration received net of the amounts of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

*Franchise Revenue*

Franchise revenue is recognised when the services are provided.

*Interest Income*

Interest income is recognised when it accrues.

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
31 DECEMBER 2007**

**(c) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(d) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less where applicable any accumulated depreciation and impairment losses.

**Property**

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on a valuation by Landlink Property Group Pty Ltd, independent valuers dated 5<sup>th</sup> September 2006.

**Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the amount recoverable from these assets.

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2007**

**(e) 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 transferred to the Company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that ownership of the assets will be obtained or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease 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.

**(f) Investments**

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Dividends are brought to account in the profit and loss account when received.

**(g) Franchise Fee**

The Franchise Fee is initially recorded at the amount, which the Franchisee paid the Franchisor. The Franchise Fee is amortised on a straight line basis over the life of the agreement. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

**(h) Employee Entitlements**

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, plus related on-costs. 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.

The company contributes to a superannuation fund as required by law. Contributions are charged against income as they are made.

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
**A.B.N. 39 091 661 166**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2007**

**(i) Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions and investments in money market instruments maturing within less than two months, net of bank overdrafts.

**(j) Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**(k) Payables**

Liabilities are recognised for amounts to be paid in the future for goods, or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

**(l) Receivables**

*Trade Debtors*

The Bendigo Bank Limited is the company's only trade debtor. Accounts are settled every 30 days and no provision has been made for any portion of the amount due to be doubtful.

**(m) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.



**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Note	31-12-2007	31-12-2006
		\$	\$
<b>Note 2: Revenue</b>			
<b>Operating Activities:</b>			
Franchise income		1,038,550	901,503
Interest revenue		22,857	16,864
Other operating revenue:			
- Other income		-	-
<b>Total Revenue from Ordinary Activities</b>		<u><b>1,061,407</b></u>	<u><b>918,367</b></u>

**Note 3: Profit from Ordinary Activities**

Profit from ordinary activities before income tax has been determined after:

**Charging as expense:**

Amortisation of non-current assets:			
- Franchise fee		11,994	697
- Leased assets		164	1,561
<b>Total amortisation expenses</b>		<u><b>12,158</b></u>	<u><b>2,258</b></u>
 Bad and doubtful debts		 3,093	 1,451
Interest paid		9,791	9,808
Depreciation of non-current assets:			
- Plant and equipment		18,928	19,376

**Note 4: Auditors' Remuneration**

Remuneration of the auditor of the company for:

Audit Services	3,000	5,102
Other services	-	-
	<u><b>3,000</b></u>	<u><b>5,102</b></u>

**Note 5: Income Tax**

The prima facie tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:

Operating profit before income tax	<u>156,054</u>	<u>206,850</u>
 Prima facie income tax payable on operating profit @ 30%	 46,817	 62,055
 Add:		
Tax effect of:		
Amortisation of franchise fee	3,597	209
Capital works deduction	(284)	(284)
<b>Income tax expense attributable to ordinary activities</b>	<u><b>50,130</b></u>	<u><b>61,980</b></u>

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Note	31-12-2007	30-6-2007
<b>Note 6: Cash Assets</b>			
Bank accounts:			
- Cash at Bank		148,592	293,085
- Share Offer Account		5,926	5,341
- Term Deposits		647,125	628,016
- Cash on hand		(280)	690
		<u>801,363</u>	<u>927,132</u>
<b>Note 7: Receivables</b>			
<b>Current</b>			
Trade debtors		<u>203,269</u>	<u>173,838</u>
<b>Note 8: Other Assets</b>			
<b>Current</b>			
Prepayments		<u>8,219</u>	<u>10,008</u>
<b>Note 9: Property, Furniture and Equipment</b>			
<b>Land and Buildings:</b>			
- At valuation		<u>429,000</u>	<u>429,000</u>
		<u>429,000</u>	<u>429,000</u>
<b>Furniture and equipment:</b>			
- At cost		552,383	552,383
- Less accumulated depreciation		<u>(243,973)</u>	<u>(225,045)</u>
		<u>308,410</u>	<u>327,338</u>
<b>Leased assets:</b>			
- At cost		15,615	15,615
- Less accumulated amortisation		<u>(15,615)</u>	<u>(15,451)</u>
		<u>-</u>	<u>164</u>
Total Property, Furniture and Equipment		<u>737,410</u>	<u>756,502</u>

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Note	31-12-2007	30-6-2007
		\$	\$
<b>Note 10: Deferred Tax Assets</b>			
Deferred Tax asset		<u>34,395</u>	<u>37,798</u>
The deferred tax asset is made up of the following estimated tax benefits:			
- timing differences		<u>34,395</u>	<u>37,798</u>
		<u>34,395</u>	<u>37,798</u>
<b>Note 11: Intangibles</b>			
Franchise fee:			
- At cost		179,881	60,000
- Less accumulated amortisation		<u>(16,994)</u>	<u>(5,000)</u>
		<u>162,887</u>	<u>55,000</u>
<b>Note 12: Payables</b>			
<b>Current</b>			
Unsecured:			
- Trade creditors		109,186	85,941
- Other creditors and accruals		<u>42,780</u>	<u>49,844</u>
<b>Total Current Liabilities</b>		<u>151,966</u>	<u>135,785</u>
<b>Note 13: Interest-Bearing Liabilities</b>			
<b>Non-Current</b>			
Bank loan		<u>202,975</u>	<u>208,805</u>
		<u>202,975</u>	<u>208,805</u>

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Note	31-12-2007	30-6-2007
		\$	\$
<b>Note 14: Tax Liabilities</b>			
<b>Current</b>			
Current tax liability		(18,066)	(36,709)
GST payable		14,122	23,240
Amounts withheld from salary and wages		<u>-</u>	<u>7,328</u>
		<u><b>(3,944)</b></u>	<u><b>(6,141)</b></u>
<b>Non-Current</b>			
Deferred Tax Liability		<u>18,866</u>	<u>18,866</u>
<b>Note 15: Provisions</b>			
<b>Current</b>			
Dividend		2,853	129,240
Employee entitlements		<u>59,228</u>	<u>59,932</u>
		<u><b>62,081</b></u>	<u><b>189,172</b></u>
<b>Non-Current</b>			
Employee entitlements		<u>85,244</u>	<u>89,360</u>
Aggregate employee entitlements liability		144,472	149,292
Number of employees at end of year		13	13
<b>Note 16: Issued Capital</b>			
1,403,133 Ordinary shares		<u><b>1,130,008</b></u>	<u><b>1,130,008</b></u>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to The number of shares held.

At shareholder meetings each member is entitled to one vote either when a poll is called, or otherwise each shareholder has one vote on a show of hands.

**Note 17: Earnings per Share**

Earnings used to calculate basis EPS	105,924	144,870
Number of ordinary shares used to calculate basic EPS	1,403,133	1,002,508

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**  
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**DIRECTORS' DECLARATION**


The directors of the company declare that:

1. The financial statements, notes and cashflow statement.
  - (a) comply with Accounting Standards and the Corporations Law; and
  - (b) give a true and fair view of the financial position as at 31 December 2007 and performance for the half year ended on that date.
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.



.....  
Director - Henry DaSilva



.....  
Director - Michael Stephen Pernar

Dated this 13<sup>th</sup> day of MARCH

2008

# Armstrong Partners

CHARTERED ACCOUNTANTS

## Independent review report to the members of Hobson's Bay Community Financial Services Ltd A.B.N. 39 091 661 166

### Scope

#### Report on the half year financial report

We have reviewed the accompanying half-year financial report of Hobson's Bay Community Financial Services Ltd which comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, accompanying notes to the financial statements, and the directors' declaration for the Hobson's Bay Community Financial Services Ltd for the half-year ended 31 December 2007.

#### Directors Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001* and *Australian Accounting Standards (including the Accounting Standards Interpretations)*. This responsibility includes designing, implementing 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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 Hobson's Bay Community Financial Services Ltd's financial position as at 31 December 2007 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 and other mandatory financial reporting requirements in Australia. As the auditor of Hobson's Bay Community Financial Services Ltd, 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

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Partners - David Armstrong F.D.A., M.S.A. (Ment) and Gerald C.A.

Armstrong Partners (Aus.) Pty Ltd. A.B.N. 39 091 661 166

**Armstrong Partners**

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.

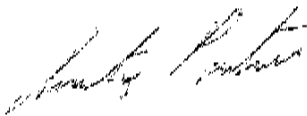
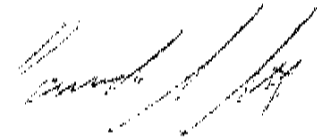
**Independence**

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

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Hobson's Bay Community Financial Services Ltd is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of Hobson's Bay Community Financial Services Ltd at 31 December 2007 and of 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 2001.

**Armstrong Partners****David Armstrong  
Partner**

Melbourne  
March 2008