

**HOBSONS BAY COMMUNITY
FINANCIAL SERVICES LIMITED
A.C.N. 091 661 166**

**Financial Statements
For the year ended 30 June 2008**

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HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD

A.B.N. 39 091 661 166

CORPORATE GOVERNANCE STATEMENT

The board is comprised entirely of non executive independent directors. The skills experience and composition of the board is detailed in the director's report. Details of the director's shareholdings, their remuneration and any transactions which they have conducted with the company are included in the Directors Report and Notes to the Financial Statements.

The board has committed to a high standard of corporate governance, financial reporting and integrity throughout the company's operations. The following portfolios have been established as subcommittees to assist and advise the board.

- Corporate Governance
- Audit
- Finance and Asset Management
- Human Resources
- Marketing and Business Development
- Sponsorship and Promotions

Independent Professional Advice

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the company.

Identifying and Managing Business Risks

The board regularly monitors the operational and financial performance of the company against budget and other key performance measures. The board also receives advice on areas of operational and financial risks, and develops strategies in conjunction with management, to mitigate those risks.

Communication with Shareholders

The board of Directors aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the company's activities and its state of affairs, including information necessary to assess the performance of the Directors.

Communication with shareholder is achieved through the distribution of the following information:

- The Annual Report distributed to all shareholders
- The Annual General Meeting to obtain shareholder approval for Board action as appropriate
- Announcements on the Bendigo Stock Exchange (BSX) website www.bsx.com.au
- Regular shareholder newsletter.

The board strives to ensure that company announcements via the BSX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner. The board has appointed the Corporate Governance Committee to be responsible for the disclosure processes of the BSX.

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD

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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 year ended 30 June 2008.

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 Inerra	B J Cahoon	A D Shanahan	
R R Quail	G J Murdoch	M A Boyd	

Principal Activities

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

Operating Results

The Laverton Branch made a net profit for the year of \$457,695 (2007 \$325,660). The Altona Branch made a net profit for the year of \$23,553. (2007 \$90,293) The Point Cook Branch made a net loss for the year of (\$166,322) (2007 (\$197,134)) The overall net profit of the company after providing for income tax was \$314,926 (2007 \$218,819).

Dividends

Dividends paid or declared for payment are as follows:

Ordinary dividend paid on 1 November 2007, as recommended in last year's report	\$126,282
The directors have recommended payment of a dividend of 12 cents per share	\$168,380

Review of Operations

The net assets of the company have increased by \$384,926 from 01 July 2007 to \$1,709,357 as at 30 June 2008

The company has continued to grow with assets under management now exceeding \$197 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 year which have not been disclosed in this report.

After Balance Date Events

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.

Future Developments

The company will continue to work towards its budget targets for the three branches at Laverton, Altona and Point Cook.

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DIRECTORS' REPORT

Environmental Regulations

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on Directors

Mr H DaSilva Chairperson	Appointed Director 18 th February 2000. Original Steering Committee member. He is a local businessman and owner of the local Ray White Real Estate office.
Mr M S Pernar Secretary	Appointed Director 18 th February 2000. Original Steering Committee member. He is into his seventh year as Manager of Laverton Community Centre. Involved in many local groups.
Mr W M Gray Treasurer	Appointed 18 th February 2000. Original Steering Committee member. Ex-naval officer, local resident who now works for IBM.
Mr G Inserra	Appointed Director on 18 February 2000. Original Steering Committee member and local resident. He is also a respected community worker with membership of numerous organisations. Recently awarded AOM.
Mr B J Cahoon	Appointed Director 18 February 2000. Original Steering Committee member. He is a local resident and part owner of the Double C Jeanery, a local institution.
Mr G J Murdoch (OAM)	Appointed Director at 2001 AGM. Retired school principal, Councillor and former Mayor of Hobsons Bay. Recently awarded AOM.
Mr F J Porter	Appointed Director at 2001 AGM. Many years involvement with Hobsons Bay Council. Justice of the Peace.
A D Shanahan	Appointed Director at 2001 AGM. Clothing store proprietor, former accountant and current member of Rotary.
Mr R R Quail Appointed 29.11.05	Appointed Director at 2005 AGM. I.T. consultant. Business owner for thirteen years. Involvement in community service. Resigned in June 2008.
Mr M A Boyd Appointed 29.11.05	Appointed Director at 2005 AGM. Restaurateur. Business owner for eighteen years. Inaugural chairperson for Hobsons Bay Community Financial Services Ltd.

The directors and their associates have the following shares in the company as at the 30th June 2008

Director		Associates	Total
Henry DaSilva	2,626		2,626
Wayne Gray	7,966	919	8,885
Denis Shanahan	625	1,250	1,875
Michael Boyd	2,346	656	3,002
Michael Pernar	1,399		1,399
Robert Quail	350	675	1,025
Frank Porter	22,688	5,140	27,828
Bruce Cahoon	12,876	2,000	14,876
Joe Inserra	6,563	11,001	17,564
Graeme Murdoch	1,250		1,250

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DIRECTORS' REPORT

Directors Meetings

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. During the financial year, 11 meetings of directors were held. Attendances were:

	Eligible to attend	Number attended
Mr H DaSilva (Chairperson)	11	10
Mr M S Pernar (Secretary)	11	9
Mr F J Porter	11	8
Mr G Inserra	11	10
Mr B J Cahoon	11	11
Mr W M Gray (Treasurer)	11	10
Mr G J Murdoch	11	8
Mr AD Shanahan	11	11
Mr R R Quail	10	9
Mr M A Boyd	11	10

Portfolio Meetings

Meetings commenced in February 07

	Audit & Corporate Governance Portfolio	Finance Portfolio	Sponsorships and Marketing Portfolio	Business Development Portfolio	Human Resources Portfolio	Charitable Trusts Advisory Committee
Total Meetings Held	7	10	9	11	10	2
Henry Da Silva	3	9	3	10		
Michael Pernar	7					
Wayne Gray		10				
Denis Shanahan	6	8		11		
Graeme Murdoch			9	7		2
Guiseppe Inserra			8		2	2
Bruce Cahoon			9			
Frank Porter				8	8	
Michael Boyd	7			5	6	
Robert Quail			7			1

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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DIRECTORS' REPORT

Remuneration Report

Total remuneration of Directors

	2008	2007
Henry Da Silva	\$3,307.50	\$3,060.00
Michael Pernar	\$3,307.50	\$3,060.00
Wayne Gray	\$3,307.50	\$3,060.00
Frank Porter	\$3,307.50	\$3,060.00
Denis Shanahan	\$2,205.00	\$2,040.00
Graeme Murdoch	\$2,205.00	\$2,040.00
Giuseppe Inserra	\$2,205.00	\$2,040.00
Bruce Cahoon	\$2,205.00	\$2,040.00
Michael Boyd	\$2,205.00	\$2,040.00
Robert Quail	\$2,082.55	\$1,040.00

The chairman, company secretary, treasurer and staffing director were each paid \$3,307.50. The other directors were paid at the rate of \$2,205 per annum. The company does not pay directors salaries and there are no performance conditions placed on director's remuneration. Director's remuneration is set by the shareholders at the AGM.

Directors' and auditors' insurance and indemnification

The company has paid premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director of the company, other than conduct involving a wilful breach of duty in relation to the company.

The company has not during or since the end of the financial year, in respect of any person who is or has been an auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred, including costs and expenses in successfully defending legal proceedings, or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred for the costs or expenses to defend legal proceedings.

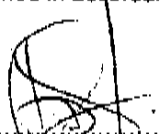
Audit Services

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

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 13 of the Report

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


 Director - Henry Da Silva


 Director - Michael Stephen Pernar

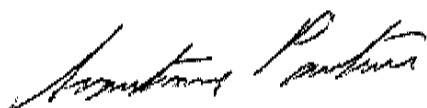
Dated this 22 day of Sept. 2008

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**

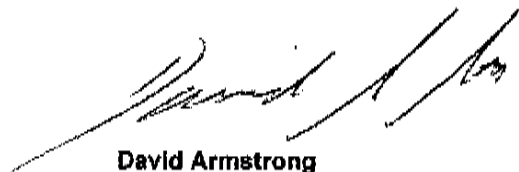
Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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



Armstrong Partners



**David Armstrong
Partner**

Melbourne

22nd. September 2008

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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Income Statement for the year ended 30 June 2008

	Note	2008	2007
		\$	\$
Revenues from Ordinary Activities	2	<u>2,216,927</u>	<u>1,861,390</u>
Amortisation of franchise fee	3	(29,982)	(8,510)
Amortisation of leased assets	3	(164)	(3,122)
Depreciation of furniture & equipment	3	(41,117)	(38,394)
Employment expenses		(795,466)	(640,640)
Other expenses from ordinary activities		(888,267)	(855,291)
Total Expenses from Ordinary Activities		<u>(1,754,996)</u>	<u>(1,545,957)</u>
Profit from Ordinary Activities before Income Tax		461,931	315,433
Income Tax Expenses relating to Ordinary Activities	5	(147,005)	(96,614)
Profit from Ordinary Activities after Income Tax		<u>314,926</u>	<u>218,819</u>
Net Profit Attributable to Members after Income Tax		<u><u>314,926</u></u>	<u><u>218,819</u></u>
Earnings Per Share			
Basic & Diluted earnings per share (cents per share)	10	22.44	15.59

The Income Statement is to be read in conjunction with the
accompanying notes to the financial statements.

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**A.B.N. 39 091 661 166****Balance Sheet as at 30 June 2008**

	Note	2008 \$	2007 \$
Current Assets			
Cash assets	6	1,032,008	927,132
Receivables	7	212,048	173,838
Other	8	10,669	10,008
Total Current Assets		1,254,725	1,110,978
Non-Current Assets			
Property, Furniture and Equipment	9	861,228	756,502
Deferred tax asset	11	32,429	37,798
Intangible assets	12	144,899	55,000
Total Non-Current Assets		1,038,556	849,300
Total Assets		2,293,281	1,960,278
Current Liabilities			
Payables	13	122,006	135,785
Tax liabilities	15	63,172	(6,141)
Provisions	16	65,379	189,172
Total Current Liabilities		250,557	318,816
Non-Current Liabilities			
Provisions	16	87,498	89,360
Interest-bearing liabilities	14	197,003	208,805
Tax Liabilities	15	48,866	18,866
Total Non-Current Liabilities		333,367	317,031
Total Liabilities		583,924	635,847
Net Assets		1,709,357	1,324,431
Equity			
Issued capital	17	1,130,008	1,130,008
Retained Profits		465,328	150,402
Revaluation Reserve		114,021	44,021
Total Equity		1,709,357	1,324,431

The Balance Sheet is to be read in conjunction with the
accompanying notes to the financial statements.

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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Statement of Changes in Equity for the year ended 30 June 2008

	Issued Capital	Revaluation Reserve	Retained Profits	Total
Balance 1/7/2006	980,008	44,021	160,365	1,184,394
Dividend paid during year			(102,500)	(102,500)
Profit Attributable to members of the company			218,819	218,819
Share Issue	150,000			150,000
Balance 30/6/2007	1,130,008	44,021	276,684	1,450,713
Dividend paid during year			(126,282)	(126,282)
Profit Attributable to members of the company			314,926	314,926
Revaluation Increment		70,000		70,000
Balance 30/6/2008	1,130,008	114,021	465,328	1,709,357

The Statement of Changes in Equity is to be read
in conjunction with the accompanying notes to the financial statements.

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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Statement of Cash Flows for the year ended 30 June 2008

	Note	2008	2007
		\$	\$
Cash Flow from Operating Activities			
Receipts from Bendigo Bank Limited		2,121,258	1,772,250
Payments to suppliers and employees		(1,615,649)	(1,396,522)
Interest received		51,046	29,706
Interest and other costs of finance		(85,661)	(72,900)
Income tax paid		(62,146)	(108,514)
Net cash provided by (used in) operating activities	21B	<u>408,848</u>	<u>224,020</u>
Cash Flow from Investing Activities			
Purchases of property, plant & equipment		(46,007)	-
Payment of Franchise Fees		(119,881)	-
Net cash provided by (used in) investing activities		<u>(165,888)</u>	<u>-</u>
Cash Flow from Financing Activities			
Proceeds of issue of shares		-	150,000
Payments to share holders		(126,282)	(99,712)
Repayment of borrowings		(11,802)	(11,345)
Net cash provided by (used in) financing activities		<u>(138,084)</u>	<u>38,943</u>
Net increase (decrease) in cash held		104,876	262,963
Cash at the beginning of the year		927,132	664,169
Cash at the end of the year	21A	<u><u>1,032,008</u></u>	<u><u>927,132</u></u>

The Statement of Cash Flows is to be read in conjunction with the
 accompanying notes to the financial statements.

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 1: Statement of Accounting Policies

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

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on a accruals basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets.

(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 YEAR ENDED 30 JUNE 2008

(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 12th March 2008.

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 YEAR ENDED 30 JUNE 2008

(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
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(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 year ended 30 June 2008

Note	2008	2007
	\$	\$
Note 2: Revenue		
Operating Activities:		
Franchise income	2,163,265	1,831,684
Interest revenue	51,046	29,706
Other operating revenue:		
- Other income	2,616	-
Total Revenue from Ordinary Activities	<u>2,216,927</u>	<u>1,861,390</u>

Note 3: Profit from Ordinary Activities

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

Charging as expense:

Amortisation of non-current assets:		
- Franchise fee	29,982	8,510
- Leased assets	164	3,122
Total amortisation expenses	<u>30,146</u>	<u>11,632</u>
Bad and doubtful debts	6,413	35,703
Interest paid	19,978	19,451
Depreciation of non-current assets:		
- Plant and equipment	41,117	38,394

Note 4: Auditors' Remuneration

Remuneration of the auditor of the company for:

Audit Services	11,500	9,102
Other services	nil	nil
	<u>11,500</u>	<u>9,102</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/(loss) before income tax	<u>461,931</u>	<u>315,433</u>
Prima facie income tax payable on operating profit/(Loss) @ 30%	138,579	94,630
Add:		
Tax effect of:		
Non-deductible Amortisation	29,982	8,510
Other non allowable items	(20,987)	(5,957)
Capital works deduction	(569)	(569)
Income tax expense/(revenue) attributable to ordinary activities	<u>147,005</u>	<u>96,614</u>

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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Notes to the Financial Statements for the year ended 30 June 2008

	Note	2008	2007
		\$	\$
Note 6: Cash assets			
Bank accounts:			
- Cash at Bank		355,694	293,085
- Share Offer Account		6,080	5,341
- Term Deposits		669,746	628,016
- Cash on hand		488	690
		<u>1,032,008</u>	<u>927,132</u>

Note 7: Receivables

Current

Trade debtors	<u>212,048</u>	<u>173,838</u>
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Note 8: Other Assets

Current

Prepayments	<u>10,669</u>	<u>10,008</u>
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Note 9: Property, Plant and Equipment

Land and Buildings:

- At independent valuation	<u>529,000</u>	<u>429,000</u>
	<u>529,000</u>	<u>429,000</u>

Plant and equipment:

- At cost	598,390	552,383
- Less accumulated depreciation	<u>(266,162)</u>	<u>(225,045)</u>
	<u>332,228</u>	<u>327,338</u>

Leased Plant and equipment:

- At cost	15,615	15,615
- Less accumulated amortisation	<u>(15,615)</u>	<u>(15,451)</u>
	<u>-</u>	<u>164</u>
	<u>861,228</u>	<u>756,502</u>

Movements In Carrying Amounts

	L & B \$000	Plant & Equip \$000	Total \$000
Balance at 1 July 2006	429	369	798
Additions			
Disposals			
Revaluation Increment			
Depreciation Expense		(42)	(42)
Balance at 30 June 2007	<u>429</u>	<u>327</u>	<u>756</u>
Additions		46	46
Disposals			
Revaluation Increment	100		100
Depreciation Expense		(41)	(41)
Balance at 30 June 2008	<u>529</u>	<u>332</u>	<u>861</u>

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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Notes to the Financial Statements for the year ended 30 June 2008

Note	2008	2007
	\$	\$
Note 10: Earnings per Share		
Earnings used to calculate basic EPS	314,926	218,819
Number of ordinary shares used to calculate basic EPS	1,403,133	1,403,133
Note 11: Deferred Tax Assets		
Deferred Tax asset	<u>32,429</u>	<u>37,798</u>
The deferred tax asset is made up of the following estimated tax benefits:		
- timing differences	<u>32,429</u>	<u>37,798</u>
	<u>32,429</u>	<u>37,798</u>
Note 12: Intangibles		
Franchise fee:		
- At cost	179,881	60,000
- Less accumulated amortisation	<u>(34,982)</u>	<u>(5,000)</u>
	<u>144,899</u>	<u>55,000</u>
Note 13: Payables		
Current		
Unsecured:		
- Trade creditors	49,390	85,941
- Other creditors and accruals	<u>72,616</u>	<u>49,844</u>
Total Current Liabilities	<u>122,006</u>	<u>135,785</u>
Note 14: Interest-Bearing Liabilities		
Current		
Lease liability	<u>-</u>	<u>-</u>
Non-Current		
Lease liability	<u>-</u>	<u>-</u>
Bank loan	<u>197,003</u>	<u>208,805</u>
	<u>197,003</u>	<u>208,805</u>

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

Notes to the Financial Statements for the year ended 30 June 2008

Note	2008	2007
	\$	\$

Note 15: Tax Liabilities

Current

Current tax liability	12,781	(36,709)
GST payable	42,903	23,240
Amounts withheld from salary and wages	7,488	7,328
	<u>63,172</u>	<u>(6,141)</u>

Non-Current

Deferred Tax Liability	<u>48,866</u>	<u>18,866</u>
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Note 16: Provisions

Current

Dividend	-	2,958
Employee entitlements	<u>65,379</u>	<u>59,932</u>
	<u>65,379</u>	<u>62,890</u>

Non-Current

Employee entitlements	<u>87,498</u>	<u>89,360</u>
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Aggregate employee entitlements liability	152,877	149,292
Number of employees at end of year	13	13

Note 17: Issued Capital

1,403,133 ordinary shares	<u>1,130,008</u>	<u>1,130,008</u>
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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.

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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Notes to the Financial Statements for the year ended 30 June 2008

Note

Note 18: Related Parties

The following transactions were made with related parties during the financial year. All transactions are on normal commercial terms unless otherwise stated.

	2008	2007
	\$	\$
Bannister Glen Pty Ltd, of which Mr H. Da Silva is a director for rental of the Altona premises,	57,239	37,887
So n' So's Pty Ltd of which Mr Michael Boyd is a director	2,247	1,648
Sanctuary Lakes Corporate Wear of which Mr Bruce Cahoon is the proprietor	1,996	6,340

Note 19: Dividends

Proposed final fully franked ordinary dividend of 1,403,133 @ 12 cents per share (2007: 1,403,133 @ 9 cents per share)	17	<u>168,380</u>	<u>126,282</u>
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Note 20: Segment Information

The company operates predominantly in the financial services sector within Australia.

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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Notes to the Financial Statements for the year ended 30 June 2008

Note	2008	2007
	\$	\$

Note 21: Cash Flow Information

A) 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	355,694	293,085
Shares Offer Account	6,080	5,341
Term Deposits	669,746	628,016
Cash on hand	488	690
	<u>1,032,008</u>	<u>927,132</u>

B) Reconciliation of Net Cash Provided by/Used in Operating Activities to Net Profit

Operating profit/(loss) after income tax	314,926	218,819
Depreciation	41,117	38,394
Amortisation of franchise fee	29,982	(47,323)
Amortisation of leased assets	164	3,122
Adjustment for over provision of dividends	(2,958)	-
Increase/(decrease) in future income tax benefit	5,369	421
Increase/(decrease) in provision for income tax	49,490	(12,321)

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

(Increase) decrease in trade and term debtors	(38,210)	(23,731)
(Increase) decrease in prepayments	(661)	(1,989)
Increase (decrease) in trade creditors and accruals	(13,779)	(11,891)
Increase (decrease) in other creditors	-	30,444
Increase (decrease) in lease liabilities	-	(8,204)
Increase (decrease) in employee entitlements	3,585	12,223
Increase (decrease) in sundry provisions	19,823	26,056
Net cash provided by operating activities	<u>408,848</u>	<u>224,020</u>

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 Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Law; and
 - (b) give a true and fair view of the financial position of the company as at 30 June 2008 and of its performance for the year ended on that date.
2. The Chairman and Treasurer have each declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporation Act 2001;
 - b) the financial statements and notes for the financial year comply with Australian Accounting Standards; and
 - c) the financial statements and notes for the financial year give true and fair view.
3. 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

Dated this 22 day of

Sept


Director - Michael Stephen Pernar

2008

Armstrong Partners

CHARTERED ACCOUNTANTS

**HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD A.B.N. 39 091 681 166
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**

**Report on the financial report and the AASB124 remuneration disclosure contained
in the directors' report**

We have audited the accompanying financial report of Hobson's Bay Community Financial Services Ltd (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

We have also audited the remuneration disclosures contained in the directors' report under the heading "Remuneration Report" of the directors' report and not in the financial report

**Directors' responsibility for the financial report and the AASB 124 remuneration disclosures
contained in the directors' report**

The directors of the company are responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with the Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

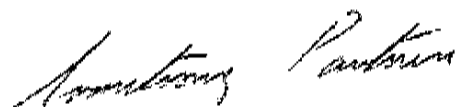
Armstrong Partners**Independence**

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

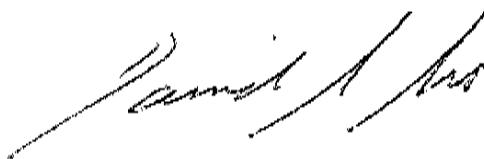
Auditor's Opinion

In our opinion:

- a. the financial report of Hobson's Bay Community Financial Services Ltd is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - ii. complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained in the directors' report under the heading "Remuneration Report" comply with Section 300A of the Corporations Act 2001.



Armstrong Partners



David Armstrong

Partner

Melbourne

22 September 2008

Additional Information

Substantial Shareholders

Twenty Largest Shareholders	<u>Ordinary Shares</u>
1. Altona Sports Club	118,750
2. Tino Ballan	60,550
3. Pelns Superannuation Fund	56,250
4. Farlie Family Superannuation Fund	47,126
5. LJD Carpet Cleaning Super Fund	40,938
6. Donald John Hallam,	31,875
7. Laverton Community Centre	26,250
8. Frank Porter	22,688
9. Felicity Reid	20,625
10. Schembri Corporate Investments	20,000
11. Olive May Dawson	19,688
12. John & Anna Belani	19,688
13. John Belani Pty Ltd	19,688
14. Alexander Boicos	18,750
15. KA BE Engineering & Design Superannuation Fund	15,000
16. Isobel Oldfield	13,125
17. Laverton Medical Centre	13,125
18. Vivienne Marie Avison	13,125
19. Gary Avison	13,125
20. Joseph & Gina Tullio	12,525

Distribution of Shareholders

The number of shareholders by size of holding is:

	Ordinary Shares Number of Holders	Number of Shares
1 - 1000	284	136,281
1,001 - 5,000	186	396,420
5,001 - 10,000	27	182,688
10,001 - 100,000	25	568,994
100,001 and over	1	118,750
Total	523	1,403,133

Location of Share Register

The Share Register is located at :

Altona Branch - 64 Picr Street, Altona 3018

Telephone (03) 9398 8922