

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD

A.B.N. 39 091 661 166

Interim Financial Report

For the half year ended 31 December 2008

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
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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 2008.

Directors

The names of directors who held office during or since the end of the half year are:

H Da Silva	M S Pernar	W M Gray	F J Porter
G Inerra	B J Cahoon	A D Shanahan	G Glasson (Appointed 28 November 2008)
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, 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 half year of \$148,013. The Altona Branch made a net profit for the half year of \$78,597. The Point Cook Branch made a net loss for the half year of (\$84,943). The overall net profit of the company after providing for income tax was \$141,667 (2007 \$105,924).

Review of Operations

After allowing for dividends paid of \$168,205 in respect of the 2008 year, the net assets of the company have decreased by \$26,538 from 01 July 2008 to \$1,682,819 during the half year.

The company has continued to grow with assets under management now exceeding \$218 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.

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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

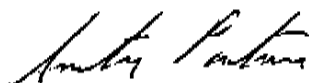
Dated this 11 day of March 2009


.....
Director - Michael Stephen Pearn

**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 2008 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
11 March 2009

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**A.B.N. 39 091 661 166****INCOME STATEMENT FOR THE HALF YEAR
ENDED 31 DECEMBER 2008**

	Note	31-12-2008	31-12-2007
		\$	\$
Revenues from Ordinary Activities	2	<u>1,135,962</u>	<u>1,061,407</u>
Amortisation of franchise fee	3	(17,989)	(11,994)
Amortisation of leased assets	3	-	(164)
Depreciation of furniture & equipment	3	(18,506)	(18,928)
Employment expenses		(440,810)	(415,651)
Occupancy Costs		(87,371)	(121,829)
Other expenses from ordinary activities		<u>(361,601)</u>	<u>(336,787)</u>
Total Expenses from Ordinary Activities		<u>(926,277)</u>	<u>(905,353)</u>
Profit from Ordinary Activities before Income Tax		209,685	156,054
Income Tax (Expenses) relating to Ordinary Activities	5	(68,018)	(50,130)
Profit from Ordinary Activities after Income Tax		<u>141,667</u>	<u>105,924</u>
Profit attributable to extraordinary items		-	-
Net Profit Attributable to Members		<u>141,667</u>	<u>105,924</u>
Overall Operations			
Basic & Diluted earnings per share (cents per share)	17	10.09	7.55

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD**A.B.N. 39 091 661 166****BALANCE SHEET AS AT 31 DECEMBER 2008**

	Note	31-12-2008	30-6-2008
		\$	\$
Current Assets			
Cash assets	6	1,077,674	1,032,008
Receivables	7	192,359	212,048
Other	8	8,628	10,669
Total Current Assets		1,278,661	1,254,725
Non-Current Assets			
Property, Furniture and Equipment	9	844,578	861,228
Deferred tax asset	10	32,345	32,429
Intangible assets	11	126,910	144,899
Total Non-Current Assets		1,003,833	1,038,556
Total Assets		2,282,494	2,293,281
Current Liabilities			
Payables	12	118,384	122,006
Tax liabilities	14	61,640	63,172
Provisions	15	69,866	65,379
Total Current Liabilities		249,890	250,557
Non-Current Liabilities			
Interest-bearing liabilities	13	190,553	197,003
Tax Liabilities	14	48,866	48,866
Provisions	15	110,366	87,498
Total Non-Current Liabilities		349,785	333,367
Total Liabilities		599,675	583,924
Net Assets		1,682,819	1,709,357
Equity			
Issued capital	16	1,130,008	1,130,008
Retained Profits/(Accumulated Losses)		438,790	465,328
Revaluation Reserve		114,021	114,021
Total Equity		1,682,819	1,709,357

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**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED
31 DECEMBER 2008**

	Issued Capital	Revaluation Reserve	Retained Profits (Accumulat ed Losses)	Total
Balance 1/07/07	1,130,008	44,021	150,402	1,324,431
Profit attributable to members of the company	-	-	105,924	105,924
Balance 31/12/07	1,130,008	44,021	256,326	1,430,355
Balance 1/07/08	1,130,008	114,021	485,328	1,709,357
Dividend Paid	-	-	(168,205)	(168,205)
Profit attributable to members of the company	-	-	141,667	141,667
Balance 31/12/08	1,130,008	114,021	438,790	1,682,819

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STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	31-12-2008	31-12-2007
		\$	\$
Cash Flow from Operating Activities			
Receipts from Bendigo Bank Limited		1,231,274	1,006,026
Payments to suppliers and employees		(922,578)	(832,111)
Interest received		34,521	22,857
Interest and other costs of finance		(42,162)	(42,359)
Income tax paid		(78,878)	(28,084)
Net cash provided by (used in) operating activities	19	<u>222,177</u>	<u>126,329</u>
Cash Flow from Investing Activities			
Purchases of Property, Furniture and Equipment		(1,856)	-
Payment of franchise fees		-	(119,881)
Net cash provided by (used in) investing activities		<u>(1,856)</u>	<u>(119,881)</u>
Cash Flow from Financing Activities			
Dividends Paid		(168,205)	(126,387)
Repayment of borrowings		(6,450)	(5,830)
Net cash provided by (used in) financing activities		<u>(174,655)</u>	<u>(132,217)</u>
Net increase (decrease) in cash held		45,666	(125,769)
Cash at the beginning of the year		1,032,008	927,132
Cash at the end of the year	18	<u><u>1,077,674</u></u>	<u><u>801,363</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 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 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 2008 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 half-year report has been prepared on an accruals basis, and does not include disclosures of the type normally in an annual financial report.

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.

(b) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of any discounts.

Franchise Revenue

Franchise revenue is recognised when the services are provided.

Interest Income

Interest income is recognised when it accrues.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	31-12-2008	31-12-2007
		\$	\$
Note 2: Revenue			
Operating Activities:			
Franchise income		1,101,441	1,038,550
Interest revenue		34,521	22,857
Other operating revenue:			
- Other income		-	-
Total Revenue from Ordinary Activities		<u>1,135,962</u>	<u>1,061,407</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		17,989	11,994
- Leased assets		-	164
Total amortisation expenses		<u>17,989</u>	<u>12,158</u>
Bad and doubtful debts		4,098	3,093
Interest paid		10,097	9,791
Depreciation of non-current assets:			
- Plant and equipment		18,506	18,928

Note 4: Auditors' Remuneration

Remuneration of the auditor of the company for:

Audit Services		5,480	3,000
Other services		-	-
		<u>5,480</u>	<u>3,000</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>209,685</u>	<u>156,054</u>
Prima facie income tax payable on operating profit @ 30%		62,906	46,817
Add:			
Tax effect of:			
Amortisation of franchise fee		5,396	3,597
Capital works deduction		(284)	(284)
Income tax expense attributable to ordinary activities		<u>68,018</u>	<u>50,130</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	31-12-2008	30-6-2008
Note 6: Cash Assets			
Bank accounts:			
- Cash at Bank		280,672	355,694
- Share Offer Account		-	6,080
- Term Deposits		796,078	669,746
- Cash on hand		924	488
		<u>1,077,674</u>	<u>1,032,008</u>
Note 7: Receivables			
Current			
Trade debtors		<u>192,359</u>	<u>212,048</u>
Note 8: Other Assets			
Current			
Prepayments		<u>8,628</u>	<u>10,669</u>
Note 9: Property, Furniture and Equipment			
Land and Buildings:			
- At valuation		<u>529,000</u>	<u>529,000</u>
		<u>529,000</u>	<u>529,000</u>
Furniture and equipment:			
- At cost		600,246	598,390
- Less accumulated depreciation		<u>(284,668)</u>	<u>(266,162)</u>
		<u>315,578</u>	<u>332,228</u>
Leased assets:			
- At cost		15,615	15,615
- Less accumulated amortisation		<u>(15,615)</u>	<u>(15,615)</u>
		<u>-</u>	<u>-</u>
Total Property, Furniture and Equipment		<u>844,578</u>	<u>861,228</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	31-12-2008	30-6-2008
		\$	\$
Note 10: Deferred Tax Assets			
Deferred Tax asset		<u>32,345</u>	<u>32,429</u>
The deferred tax asset is made up of the following estimated tax benefits:			
- timing differences		<u>32,345</u>	<u>32,429</u>
		<u>32,345</u>	<u>32,429</u>
Note 11: Intangibles			
Franchise fee:			
- At cost		179,881	179,881
- Less accumulated amortisation		<u>(52,971)</u>	<u>(34,982)</u>
		<u>126,910</u>	<u>144,899</u>
Note 12: Payables			
Current			
Unsecured:			
- Trade creditors		51,035	49,390
- Other creditors and accruals		<u>67,349</u>	<u>72,616</u>
Total Current Liabilities		<u>118,384</u>	<u>122,006</u>
Note 13: Interest-Bearing Liabilities			
Non-Current			
Bank loan		<u>190,553</u>	<u>197,003</u>
		<u>190,553</u>	<u>197,003</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	31-12-2008	30-6-2008
		\$	\$
Note 14: Tax Liabilities			
Current			
Current tax liability		4,188	12,781
GST payable		41,148	42,903
Amounts withheld from salary and wages		<u>16,304</u>	<u>7,488</u>
		<u>61,640</u>	<u>63,172</u>
Non-Current			
Deferred Tax Liability		<u>48,866</u>	<u>48,866</u>
Note 15: Provisions			
Current			
Employee entitlements		69,866	65,379
Non-Current			
Employee entitlements		110,366	87,498
Aggregate employee entitlements liability		<u>180,232</u>	<u>152,877</u>
Number of employees at end of year		13	13
Note 16: Issued Capital			
1,403,133 Ordinary shares		<u>1,130,008</u>	<u>1,130,008</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	141,667	105,924
Number of ordinary shares used to calculate basic EPS	1,403,133	1,403,133

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

Note	31-12-2008	31-12-2007
	\$	\$
Note 18: 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	280,672	148,592
Shares Offer Account	-	5,926
Term Deposits	796,078	647,125
Cash on hand	924	(280)
	<u>1,077,674</u>	<u>801,363</u>

Note 19: Reconciliation of Net Cash Provided by/Used in Operating Activities to Net Profit

Operating profit after income tax	141,667	105,924
Depreciation	18,506	18,928
Amortisation of franchise fee	17,989	11,994
Amortisation of leased assets	-	164
Increase/(decrease) in deferred tax asset	84	3,403
Increase/(decrease) in provision for income tax	(8,593)	18,643

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

(Increase) decrease in trade and term debtors	19,689	(29,431)
(Increase) decrease in prepayments	2,041	1,789
Increase (decrease) in trade creditors and accruals	(3,622)	16,181
Increase (decrease) in employee entitlements	27,355	(4,820)
Increase (decrease) in sundry provisions	7,061	(16,446)
Net cash provided by operating activities	<u>222,177</u>	<u>126,329</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 Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the financial position as at 31 December 2008 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

Dated this 11th day of March


.....
Director - Michael Stephen Pernar
2009

Armstrong Partners

CHARTERED ACCOUNTANTS

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

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 balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flows statement for the half year ended on that date, a statement of accounting policies, other select explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and the fair presentation of the half year 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 the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 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 we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Armstrong Partners**Independence**

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

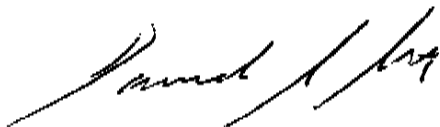
Conclusion

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 company's financial position as at 31 December 2008 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

11 March 2009

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

Additional Information

The voting right on the ordinary share issue of Hobson's Bay Community Financial Services Ltd is one vote per share.

There were 150 holders holding less than a marketable parcel of shares.

There were no restricted securities or unquoted equity securities on issue at any time during the period.