Logan

Community Financial Services Limited

Financial Statements

as at

30 June 2008

Logan Community Financial Services Limited
ABN 88 101 148 430
Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2008.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Colin Albert Nelson
Chairman
Age 61
Company Director
Diploma Marketing & Business Practice. Business owner for over 20 years.
Interests in shares: 29,001 Ordinary Shares

Alan Leslie Gough *(Resigned 26 August 2008)*
Treasurer
Age 54
Accountant
B.Bus-Accounting, PNA, NTAA, 30 years accounting experience, own Tax accounting business 14 years.
Treasurer, Chairman: Governance & Audit Committee
Interests in shares: 45,001 Ordinary Shares

Stephen John Simpson
Director
Age 50
Bank Executive, Bendigo Bank Limited
Over 20 years banking experience in senior positions with Australian banking institutions.
Interests in shares: Nil Ordinary Shares

Russell Peter Jenkins #
Director
Age 46
Chief General Manager-Retail & Distribution, Bendigo Bank Limited
Qualified Chemical Engineer
Interests in shares: Nil Ordinary Shares

Darren John Cahill
Director
Age: 37
Area Manager, Logan Community Bank
20 years in the banking industry (15 with ANZ and 5 with Bendigo Bank) 12 years management in the industry.
Chairman: MBI Committee
Interests in shares: Nil

Mark Anthony Lally
Director (Alternate Director for Russell Peter Jenkins)
Age: 41
Bank Executive, Bendigo Bank Limited
Over 23 years banking experience in senior positions with Australian and European banking institutions.
Interests in shares: Nil

Ian Edward Pynor *(Resigned 31 December 2007)*
Secretary
Age 60
Project Manager
ARMIT (Civil Engineering), Commissioner of Declarations
Company Secretary
Interests in shares: 20,000 Ordinary Shares

John Joseph McLaughlin
Director
Age 46
Solicitor
LLB, Solicitor in Logan area for over 15 years, specialising in commercial, retail, leasing, conveyancing and franchising.
Vice Chairman and Governance & Audit committee member
Interests in shares: 7,501 Ordinary Shares

Richard Saad *(Resigned 26 May 2008)*
Director
Age 49
Business Owner
Extensive management and sales experience in major organisations. Owns and runs two Logan businesses.
Marketing committee member
Interests in shares: Nil Ordinary Shares

Jennifer Elizabeth Townend *(Resigned 14 November 2007)*
Director
Age 49
Manager
Justice of the Peace, extensive involvement as a volunteer with numerous charity organisations and management.
Interests in shares: 1,000 Ordinary Shares

Sherolyn Leslie Heath
Director
Age: 46
Business Owner
Associate Diploma in Industrial Relations, Double Major in Business, Partner in a Graphic Design and Advertising Business and involved in many charity organisations
Interests in shares: 1,000

Directors were in office for this entire year unless otherwise stated.

Company Secretary

The Company Secretary is Ian Pynor. Ian was appointed to the position on 16 March 2006. Upon resigning from the Board of Directors on 31st December 2007 Ian decided to remain in the role of Company Secretary. Ian is not remunerated for his role.

Principal activities

The principal activities of the company during the course of the financial year were in facilitating community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating Results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was:

	Year ended 30 June 2008 $	Year ended 30 June 2007 $
	127,495	(114,042)

Remuneration Report

(a) Remuneration of Directors

Except for Darren Cahill all Directors of the Company are on a voluntary basis, therefore no remuneration guidelines have been prepared. Darren Cahill, Director is employed by Bendigo Bank Limited was seconded to Logan Community Financial Services Limited as Area Manager and as such is remunerated for his services in this capacity. Darren's remuneration for his time seconded to Logan Community Financial Services Limited between 1 July 2007 and 22 May 2008 includes gross salary of $92,684.55 plus employer sponsored superannuation of $7,990.77.

(b) Remuneration of Executives

The current Company Secretary, Ian Pynor is not remunerated for his duties.

Dividends	**Cents**	**$'000**
Dividends recommended:	7	216,440

Significant changes in the 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 financial year under review not otherwise disclosed in this report or the financial report.

Matters subsequent to the end of the financial yeaı

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

Except for Darren Cahil, Colin Nelson, John McLaughlin and Richard Saad no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 17 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

The company has indemnified all Directors and the Managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Managers of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors Meetings

The number of Directors meetings attended by each of the Directors of the company during the year were:

	Number of Board Meetings eligible to attend	Number attended
Colin Albert Nelson	11	11
Ian Edward Pynor (Resigned 31 December 2007)	6	5
Alan Leslie Gough (Resigned 26 August 2008)	11	11
John Joseph McLaughlin	11	8
Stephen John Simpson	11	7
Richard Saad (Resigned 26 May 2008)	10	8
Russell Peter Jenkins #	11	10
Jennifer Elizabeth Townend (Resigned 14 November 2007)	5	1
Darren John Cahill	11	10
Sherolyn Leslie Heath	11	10
Mark Anthony Lally	6	6

Six of the meetings were attended by alternative Director Mark Lally

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors at Logan, Queensland on 22 September 2008.

Colin A Nelson

Colin Albert Nelson, Chairman

Ian Pynor, Company Secretary

AFS
partners in success
Chartered Accountants & Business Advisors

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Logan Community Financial Services Limited

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:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

- no contraventions of any applicable code of professional conduct in relation to the audit.

Graeme Stewart
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 22nd day of September 2008

Logan Community Financial Services Limited
ABN 88 101 148 430
Income Statement
for the year ended 30 June 2008

	Notes	2008 $	2007 $
Revenues from ordinary activities	3	2,915,273	2,443,927
Salaries and employee benefits expense		(1,341,108)	(1,253,449)
Management advisory fee		(300,000)	(300,081)
Advertising and promotion expenses		(55,033)	(46,707)
Occupancy and associated costs		(425,511)	(395,270)
Systems costs		(125,305)	(112,612)
Depreciation and amortisation expense	4	(94,040)	(92,130)
General administration expenses		(376,632)	(389,501)
Profit/(loss) before income tax expense/credit		**197,644**	**(145,822)**
Income tax expense/credit	5	(70,149)	31,780
Profit/(loss) for the period		127,495	(114,042)
Profit/(loss) attributable to members of the entity		127,495	(114,042)
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	4.12	(3.69)
- dividends paid per share		-	3

Logan Community Financial Services Limited
ABN 88 101 148 430
Balance Sheet
as at 30 June 2008

	Notes	2008 $	2007 $
ASSETS			
Current Assets			
Cash assets	6	393,904	306,488
Trade and other receivables	7	258,417	97,739
Total Current Assets		**652,321**	**404,227**
Non-Current Assets			
Property, plant and equipment	8	650,037	686,510
Intangible assets	9	23,142	49,225
Deferred tax assets	10	431,554	501,703
Total Non-Current Assets		**1,104,733**	**1,237,438**
Total Assets		**1,757,054**	**1,641,665**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	26,114	36,952
Provisions	12	1,642	2,910
Total Current Liabilities		**27,756**	**39,862**
Total Liabilities		**27,756**	**39,862**
Net Assets		**1,729,298**	**1,601,803**
Equity			
Issued capital	13	3,042,211	3,042,211
Accumulated losses	14	(1,312,913)	(1,440,408)
Total Equity		**1,729,298**	**1,601,803**

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited
ABN 88 101 148 430
Statement of changes in equity
for the year ended 30 June 2008

	2008 $	2007 $
Total equity at the beginning of the period	1,601,803	1,811,845
Net profit/(loss) for the period	127,495	(114,042)
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	-	(96,000)
Shares issued during period	-	-
Total equity at the end of the period	**1,729,298**	**1,601,803**

The accompanying notes form part of these financial statements

Logan Community Financial Services Limited
ABN 88 101 148 430
Statement of Cashflows
for the year ended 30 June 2008

	Notes	2008 $	2007 $
Cash Flows From Operating Activities			
Receipts from customers		2,853,036	2,715,487
Payments to suppliers and employees		(2,746,500)	(2,464,052)
Interest received		12,358	6,394
Net cash provided by operating activities	15	118,894	257,829
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(8,510)	(5,157)
Payments for intangible assets		(22,968)	-
Net cash used in investing activities		(31,478)	(5,157)
Cash Flows From Financing Activities			
Dividends paid		-	(96,000)
Net cash used in financing activities		-	(96,000)
Net increase in cash held		87,416	156,672
Cash at the beginning of the financial year		306,488	149,816
Cash at the end of the financial year	6(a)	393,904	306,488

The accompanying notes form part of these financial statements

1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

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 for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. 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 operation cash flows.

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

1. Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

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 defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1. Summary of significant accounting policies (continued)

Comparative figures

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

1. Summary of significant accounting policies (continued)

Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market Risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit Risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank Limited.

(iv) Liquidity Risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

3. Revenue from ordinary activities

	Note	2008 $	2007 $
Operating activities:			
- services commissions		2,883,835	2,418,732
- other revenue		15,298	18,801
Total revenue from operating activities		2,899,133	2,437,533
Non-operating activities:			
- interest received		16,140	6,394
Total revenue from non-operating activities		16,140	6,394
Total revenues from ordinary activities		2,915,273	2,443,927

4. Expenses

	Note	2008 $	2007 $
Depreciation of non-current assets:			
- plant and equipment		26,845	26,024
- leasehold improvements		18,138	18,106
Amortisation of non-current assets:			
- franchise agreement		49,051	48,000
		94,034	92,130
Bad debts		11,725	17,540

5. Income tax expense

	Note	2008 $	2007 $
The components of tax expense comprise:			
- Deferred tax on provisions		37,880	-
- Recoupment of prior year tax losses		32,268	-
- Future income tax benefit attributable to losses		-	(31,780)
		70,148	(31,780)

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	Note	2008 $	2007 $
Operating profit/(loss)		197,644	(145,822)
Prima facie tax on profit/(loss) from ordinary activities at 30%		59,293	(43,747)
Add tax effect of:			
- non-deductible expenses		14,715	11,967
- timing difference expenses		(38,753)	-
- blackhole expenses		(2,987)	-
Current tax		32,268	(31,780)
Movement in deferred tax	10.	37,880	-
		70,148	(31,780)

6. Cash assets

	Note	2008 $	2007 $
Cash at bank and on hand		239,356	306,488
Term deposits		154,548	-
		393,904	306,488

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) *Reconciliation of cash*

	Note	2008 $	2007 $
Cash at bank and on hand		239,356	306,488
Term deposit		154,548	-
		393,904	306,488

	2008	2007
7. Trade and other receivables	**$**	**$**
Trade receivables	134,290	97,739
Prepayments	124,127	
	258,417	97,739

8. Property, plant and equipment

	2008	2007
Plant and equipment		
At cost	294,938	287,423
Less accumulated depreciation	(101,480)	(74,635)
	193,458	212,788
Leasehold improvements		
At cost	528,225	527,230
Less accumulated depreciation	(71,646)	(53,508)
	456,579	473,722
Total written down amount	650,037	686,510

Movements in carrying amounts:

	2008	2007
Plant and equipment		
Carrying amount at beginning	212,788	233,655
Additions	7,515	5,157
Less: depreciation expense	(26,845)	(26,024)
Carrying amount at end	193,458	212,788
Leasehold improvements		
Carrying amount at beginning	473,720	491,826
Additions	997	-
Less: depreciation expense	(18,138)	(18,106)
Carrying amount at end	456,579	473,720
Total written down amount	650,037	686,508

9. Intangible assets

	2008	2007
Franchise Fee		
At cost	262,968	240,000
Less: accumulated amortisation	(239,826)	(190,775)
	23,142	49,225

10. Deferred Tax

	2008	2007
Deferred Tax Asset		
- Opening Balance	501,703	469,923
Future income tax benefits attributable to losses	-	31,780
Recoupment of prior year tax losses	(32,268)	-
Deferred tax on provisions	(37,880)	-
Rounding	(1)	-
- Closing Balance	431,554	501,703

11. Trade and other payables

	2008 $	2007 $
Trade creditors	13,998	33,952
Other creditors & accruals	12,155	3,000
	26,153	36,952

12. Provisions

	2008 $	2007 $
Current		
Employee provisions	1,642	2,910
Number of employees at year end	1	1

13. Contributed equity

	2008 $	2007 $
3,200,000 Ordinary shares fully paid of $1 each (2007: 3,200,000)	3,092,000	3,092,000
Less: equity raising expenses	(49,789)	(49,789)
	3,042,211	3,042,211

14. Accumulated losses

	2008 $	2007 $
Balance at the beginning of the financial year	(1,440,408)	(1,230,366)
Net profit/(loss) from ordinary activities after income tax	127,495	(114,042)
Dividends paid	-	(96,000)
Balance at the end of the financial year	(1,312,913)	(1,440,408)

15. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities

	2008 $	2007 $
Profit/(Loss) from ordinary activities after income tax	127,495	(114,042)
Non cash items:		
- depreciation	44,983	44,130
- amortisation	49,051	48,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(160,678)	277,953
- (increase)/decrease in other assets	70,149	(31,780)
- increase/(decrease) in payables	(10,838)	33,568
-decrease in provisions	(1,268)	-
Net cashflows provided by operating activities	118,894	257,829

16. Auditors' remuneration

	2008 $	2007 $
Amounts received or due and receivable by the auditor of the company for:		
- audit & review services	4,000	3,000
- non audit services	3,204	1,400
	7,204	4,400

17. Director and related party disclosures

The names of directors who have held office during the financial year are:

Colin Albert Nelson

Ian Edward Pynor (Resigned 31 December 2007)

Alan Leslie Gough (Resigned 26 August 2008)

John Joseph McLaughlin

Stephen John Simpson

Richard Saad (Resigned 26 May 2008)

Russell Peter Jenkins #

Jennifer Elizabeth Townend (Resigned 14 November 2007)

Darren John Cahill

Sherolyn Leslie Heath

Mark Anthony Lally

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

During the year Logan Community Financial Services Limited received $11,696.73 from Aussie Outdoor Imports and Exports for rent. Director Colin Nelson is the owner of Aussie Outdoor Imports and Exports.

During the year Logan Community Financial Services Limited paid $1,629.90 to McLaughlin & Associates Lawyers. McLaughlin & Associates Lawyers are used as professional legal advisors for the entity when and where required and is a company owned by director - John McLaughlin.

Logan Community Financial Services Limited has entered into a lease agreement with Lawgold Pty Ltd for the use of 11 Vanessa Boulevard, Springwood. The entity is a company owned by Director - John McLaughlin. The payments for rent and associated outgoings totalled $44,674.69 (2007: $45,188.08).

During the year Logan Community Financial Services Limited used Café Mettzzo's services for food and beveridges for events totalling $110.05 (2007: $1,074.20). Café Mettzzo is owner by director Richard Saad.

Darren Cahill, Director is employed by Bendigo Bank Limited was seconded to Logan Community Financial Services Limited as Area Manager and as such is remunerated for his services in this capacity. Darren's remuneration for his time seconded to Logan Community Financial Services Limited between 1 July 2007 and 22 May 2008 includes gross salary of $92,684.55 plus employer sponsored superannuation of $7,990.77.

17. Director and Related party disclosures (continued)

Directors shareholdings	**2008**	**2007**
Colin Albert Nelson	32,001	29,001
Ian Edward Pynor (Resigned 31 December 2007)	20,000	20,000
Alan Leslie Gough (Resigned 26 August 2008)	45,001	5,001
John Joseph McLaughlin	7,501	7,501
Stephen John Simpson	-	-
Richard Saad (Resigned 26 May 2008)	-	-
Russell Peter Jenkins #	-	-
Jennifer Elizabeth Townend (Resigned 14 November 2007)	1,000	1,000
Darren John Cahill	-	-
Sherolyn Leslie Heath	1,000	1,000
Mark Anthony Lally	-	-

There was no movement in directors shareholdings during the year. Each share held is valued at $1.

18. Dividends not recognised at year end

Since year end the directors have recommended the payment of a dividend of 7 cents per fully paid ordinary share, (2007 - 3 cents) unfranked. The aggregate amount of the proposed dividend expected to be paid on 1 November 2008 but not recognised as a liability at year end, is	216,440

	2008	2007
19. Earnings per share	$	$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	127,495	(114,042)
	2008 Number	**2007 Number**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	3,092,000	3,092,000

20. Events occurring after the balance sheet date

There have been no events after the end of the financial year that would materially affect the financial statements.

21. Contingent liabilities

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

22. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Logan, Queensland.

23. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
61 Bull Street	11 Vanessa Boulevard
BENDIGO VIC 3550	SPRINGWOOD QLD 4127

24. Financial Instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 %	2007 %
Financial assets												
Cash assets	393,904	306,488	-	-	-	-	-	-	-	-	3.55	0.05
Receivables	-	-	-	-	-	-	-	-	134,290	97,739	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	13,958	36,952	N/A	N/A

Logan Community Financial Services Limited
ABN 88 101 148 430
Directors' Declaration

In accordance with a resolution of the directors of Logan Community Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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

Colin A Nelson

Colin Albert Nelson, Chairman

Ian Pynor, Company Secretary

Signed on the 22nd of September 2008.

AFS
partners in success
Chartered Accountants & Business Advisors

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Logan Community Financial Services Limited

We have audited the accompanying financial report of Logan Community Financial Services Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors 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 designing, implementing and maintaining internal controls 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 that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's 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 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 and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 purpose 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Logan Community Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.

GRAEME STEWART
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 22nd day of September 2008