

Community Financial

Services Victoria Limited

Financial Statements

as at

31 December 2008

Community Financial Services Victoria Limited
ABN 51 092 756 351
Directors' Report

Your Directors submit the financial report of the company for the half-year ended 31 December 2008.

Directors

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

Maxwell William Papley

Michael John Duff

Douglas Hugh Hamilton

Tania Lyn Hansen

Maxwell Arthur John Kneebone

John Munro Lyle

Glenister Malcom McGregor

Gordon Lovell Sampson (*Resigned 30 October 2008*)

Ronald James Witney

Gordon Douglas Smale

Meint Peter de Jong (*Appointed 30 October 2008*)

Principal activities

The principal activities of the company during the course of the financial period were in providing community banking services under management rights to operate a franchised branches of Bendigo and Adelaide Bank Limited at Lang Lang, Pearcedale, Koo Wee Rup and Narre Warren.

Review and results of operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was: \$205,643 [2007: \$179,549]. During the period a feasibility study was conducted to investigate further expansion to the Tooradin area. The board are currently reviewing results.

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Directors at Lang Lang, Victoria on 3rd March 2009.



Tania Lyn Hansen, Secretary

Auditor's Independence Declaration

As lead auditor for the review of Community Financial Services Victoria Limited I declare that, to the best of my knowledge and belief, in relation to the review of the half year ended 31 December 2008 there have been:

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



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 3rd day of March 2009

Community Financial Services Victoria Limited
ABN 51 092 756 351
Income Statement
for the half-year ended 31 December 2008

	2008	2007
	\$	\$
Revenue from ordinary activities	1,343,908	1,149,389
Salaries and employee benefit expense	(575,482)	(522,814)
Occupancy and associated costs	(75,041)	(83,645)
Advertising and promotion expenses	(152,630)	(49,679)
Systems costs	(53,362)	(48,692)
Depreciation and amortisation expense	(24,919)	(24,419)
General administration expenses	(161,506)	(155,938)
Profit before income tax expense	300,968	264,202
Income tax expense	(95,325)	(84,653)
Profit for the period	205,643	179,549
Profit attributable to members of the entity	205,643	179,549
 Earnings per Share		
	<u>c</u>	<u>c</u>
Earnings per share for the period were:	28.08	24.52

The accompanying notes form part of these financial statements.

Community Financial Services Victoria Limited
ABN 51 092 756 351
Balance Sheet
as at 31 December 2008

	31-Dec 2008 \$	30-Jun 2008 \$
ASSETS		
Current Assets		
Cash assets	588,692	459,829
Trade and other receivables	235,222	205,432
Total Current Assets	<u>823,914</u>	<u>665,261</u>
Non-Current Assets		
Property, plant and equipment	328,643	302,089
Intangible assets	225,846	234,936
Deferred tax assets	21,303	20,599
Total Non-Current Assets	<u>575,792</u>	<u>557,624</u>
Total Assets	<u>1,399,706</u>	<u>1,222,885</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	104,377	87,952
Current tax liabilities	158,264	93,801
Provisions	68,511	57,133
Total Current Liabilities	<u>331,152</u>	<u>238,886</u>
Non-Current Liabilities		
Provisions	27,723	20,645
Total Non-Current Liabilities	<u>27,723</u>	<u>20,645</u>
Total Liabilities	<u>358,875</u>	<u>259,531</u>
Net Assets	<u>1,040,831</u>	<u>963,354</u>
Equity		
Issued capital	607,871	607,871
Retained earnings	432,960	355,483
Total Equity	<u>1,040,831</u>	<u>963,354</u>

The accompanying notes form part of these financial statements.

Community Financial Services Victoria Limited
ABN 51 092 756 351
Statement of Changes in Equity
for the half-year ended 31 December 2008

	2008	2007
	\$	\$
Total equity at the beginning of the period	963,354	731,207
Net profit for the period	205,643	179,549
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	(128,166)	(102,533)
Shares issued during period	-	-
Total equity at the end of the period	<u>1,040,831</u>	<u>808,223</u>

Community Financial Services Victoria Limited
ABN 51 092 756 351
Cash Flow Statement
for the half-year ended 31 December 2008

	2008	2007
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	1,395,352	1,142,866
Payments to suppliers and employees	(1,073,837)	(848,274)
Interest received	9,463	4,347
Income taxes paid	(31,566)	(31,107)
Net cash provided by operating activities	<u>299,412</u>	<u>267,832</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(42,383)	(3,800)
Net cash used in investing activities	<u>(42,383)</u>	<u>(3,800)</u>
Cash Flows From Financing Activities		
Dividends paid	(128,166)	(102,533)
Net cash used in financing activities	<u>(128,166)</u>	<u>(102,533)</u>
Net increase in cash held	128,863	161,499
Cash at the beginning of the financial year	459,829	166,938
Cash at the end of the half-year	<u><u>588,692</u></u>	<u><u>328,437</u></u>

The accompanying notes form part of these financial statements.

Community Financial Services Victoria Limited
ABN 51 092 756 351
Notes to the financial statements
for the half-year ended 31 December 2008

1. Basis of preparation of the half-year financial statements

Statement of compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

Basis of accounting

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the financial report for the year ended 30 June 2008 and any public pronouncements made by the company during the period.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2008. All accounting policies are consistent with those applied in the 30 June 2008 financial statements except as set out below.

Reporting basis and convention

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2. Events subsequent to reporting date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

3. Contingent assets and liabilities

Community Financial Services Victoria Limited entered an agreement with the Koo Wee Rup Fire Brigade to make the loan repayments of a commercial chattel mortgage in the name of Koo Wee Rup Fire Brigade as a form of sponsorship. The loan has been used for the purchase of a new fire truck.

The commercial chattel mortgage is repayable monthly with instalments of \$836.10, the final instalment due February 2013. Interest is recognised at an average rate of 9.018%. The total amount repayable is \$50,166.

Amount already paid	8,361.00
Payable in 1 year or less	10,033.20
Payable in over 1 to 3 years	30,099.60
Payable in over 3 years	1,672.20
Total payable	<u>50,166.00</u>

4. Contributed equity

732,375 Ordinary shares (2007: 732,375)

2008	2007
\$	\$
607,871	607,871
<u>607,871</u>	<u>607,871</u>

Community Financial Services Victoria Limited
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Notes to the financial statements
for the half-year ended 31 December 2008

5. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2008 annual financial report.

6. Dividends Paid

Period ended 31 December 2008	2008 Cents	2008 \$	2007 Cents	2007 \$
Dividends paid in the year.				
- as recommended in the prior year report	17.5	128,166	10	73,238

Community Financial Services Victoria Limited
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Notes to the financial statements
for the half-year ended 31 December 2008

7. Segment Reporting

	Lang Lang		Pearcedale		Koo Wee Rup		Narre Warren		Consolidated Group		Unallocated		Total Group	
	Dec-08	Dec-07	Dec-08	Dec-07	Dec-08	Dec-07	Dec-08	Dec-07	Dec-08	Dec-07	Dec-08	Dec-07	Dec-08	Dec-07
REVENUE														
External Sales	371,819	356,727	367,910	325,167	280,906	217,072	309,399	250,422	1,330,034	1,149,388	13,874	-	1,343,908	1,149,388
Total revenue	371,819	356,727	367,910	325,167	280,906	217,072	309,399	250,422	1,330,034	1,149,388	13,874	-	1,343,908	1,149,388
RESULT														
Segment result	52,748	124,659	112,761	84,412	71,656	23,109	49,890	32,022	287,055	264,202	13,913	-	300,968	264,202
Profit before income	52,748	124,659	112,761	84,412	71,656	23,109	49,890	32,022	287,055	264,202	13,913	-	300,968	264,202
Income tax expense	(17,527)	(21,163)	(37,440)	(21,163)	(23,792)	(21,163)	(16,565)	(21,163)	(95,325)	(84,653)	-	-	(95,325)	(84,653)
Profit after income tax	35,220	103,496	75,320	63,249	47,864	1,946	33,325	10,859	191,730	179,549	13,913	-	205,643	179,549

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

Geographical Segments

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in four geographic areas being Lang Lang, Pearcedale, Koo Wee Rup and Narre Warren along with surrounding districts within Victoria.

Community Financial Services Victoria Limited
ABN 51 092 756 351
Directors' Declaration

In the opinion of the directors of Community Financial Services Victoria Limited ("the Company"):

- 1 The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2008 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Tania Lyn Hansen, Secretary

Dated this 13th day of March 2009.

INDEPENDENT AUDITOR'S REPORT

To the members of Community Financial Services Victoria Limited

We have reviewed the accompanying half year financial report of Community Financial Services Victoria Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half year then ended and other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity'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*. As the auditor of Community Financial Services Victoria Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

Independence

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

Auditor's Opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Community Financial Services Victoria Limited is not in accordance with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the consolidated entity's financial position at 31 December 2008 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Report* and the *Corporations Regulations 2001*



DAVID HUTCHINGS

ANDREW FREWIN & STEWART

61-65 Bull Street, Bendigo, 3550

Dated this 3rd day of March 2008