

annual report 2009



Community Financial
Services Victoria Limited
ABN 51 092 756 351

Lang Lang and Pearcedale **Community Bank®** branches of Bendigo Bank
Koo Wee Rup, Narre Warren South and Tooradin & Coastal Villages
branches of Bendigo Bank

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Chairman's report

For year ending 30 June 2009

Once again it gives me great pleasure to report to shareholders and customers on behalf of the Board of Directors our Company's performance and activity for the financial year ending 30 June 2009.

The Company performance for year ending June 2009, has been pleasing given the extraordinary happenings due to the Global Financial Crisis and the effect it has had on worldwide banking institutions of which our partner Bendigo and Adelaide Bank Ltd was not immune.

Whilst our Footings (funds under management) grew considerably with regard to some products, our growth in some instances most certainly did not translate into greater profitability for our Company.

Further expansion of our Company network of branches in line with Company policy and future strategic planning saw us open our fifth branch on 8 May at Tooradin.

Given the costs associated with expansion, an increase of staff levels by 25% along with the global financial situation, an increase of Company net profit by 7.07% excluding income tax, sponsorships and donations was indeed a pleasing result.

The commitment by Directors to our Company has continued and we are indeed fortunate to have this dedicated group administering the Company on behalf of the shareholders. Many indicators point to the sound position we are in, none more than the continued strong returns to our community and the continued returns to our shareholders.

The Board acknowledges the performance of our Senior Manager, John Dwyer and our staff operating all five branches with the continued support of Bendigo and Adelaide Bank Ltd and their staff.

May I also on behalf of the Board acknowledge the performance of our Executive Officer, Tania Hansen for the continued passion and commitment she has shown to her position.



Max Papley
Chairman

Senior Manager's report

For year ending 30 June 2009

Our **Community Bank**® Company has passed the ten year milestone with flying colours. Our results for the 2008/2009 financial year have exceeded budget forecasts and we have expanded our network to include a fifth site at Tooradin.

Our deposits grew by 48% and our loans by 8%, giving us total growth of 28% on our entire book size. Our account numbers grew by 1,162 to now have nearly 14,500 accounts in total. This is a fantastic result given the tough economic conditions that prevailed for the second half of the year.

Staff

Staff numbers in our group grew from 22 to 30. We had several changes to our existing branch structure in both management and sales and service. The opening of our new branch at Tooradin has added five staff to our group. Branch Manager, Darryl Sutcliffe, comes to us following a long career with the Commonwealth Bank.

We have a group of very committed and capable branch staff and without their ongoing support we would not have achieved the results we did. I would like to thank our Branch Managers Darren Guinea, Richard Roach, Paul Jones, Hayley Burns and the newest addition, Darryl Sutcliffe, for their efforts over the past year.

I thank all of their staff for the ongoing commitment to both their own branches and our group as a whole. They provide first class customer service and always strive for the best outcomes for their customers. This customer focused approach will ensure our business continues to grow.

I would like to thank our very hard working Board of Directors for their commitment, enthusiasm and support over the last twelve months. It is due to their strength and passion that our Company finds itself in the strong position that it is today.

To our shareholders and especially our customers, I extend my gratitude and that of my team for your support of our business over the last year. It is your banking support that generates the income to enable us to provide funds to our communities.

I therefore strongly urge all our staff, shareholders, customers, Directors and our local communities to get behind your local branch and encourage your friends and families to support your **Community Bank**® branch. By doing this you are supporting your own community.



John Dwyer
Senior Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank®** branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank®** branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank®** branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – \$29 million paid out in community projects and nearly \$11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank® branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.



Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

Your Directors submit the financial report of the Company for the financial year ended 30 June 2009.

Directors

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

Maxwell William Papley

Chairman

Age: 69

Occupation: Retail Rural Merchandise Proprietor

Experience and expertise:

- Chairman CFSV Ltd since inception

Special responsibilities:

- Chairman of the Board

Interests in shares: 30,250 ordinary shares

Michael John Duff

Director

Age: 45

Occupation: Owner Operator/Company Director

Experience and expertise:

- KooWeeRup CFA Captain

Special responsibilities:

- Business Growth Sub Committee

- Grants & Sponsorship Sub Committee

Interests in shares: 30,000 ordinary shares

Douglas Hugh Hamilton

Deputy Chairman

Age: 72

Occupation: Grazier

Experience and expertise:

- Former Councillor Cardinia Shire

Special responsibilities:

- Audit & Shareholder Liaison Sub Committee

Interests in shares: 9,100 ordinary shares

Tania Lyn Hansen

Secretary

Age: 39

Occupation: Executive Officer/Company Secretary

Experience and expertise:

- Former Secretary of Lang Lang Town Committee

Special responsibilities:

- All Sub Committees

Interests in shares: 500 ordinary shares

Maxwell Arthur John Kneebone

Director

Age: 72

Occupation: Grazier

Experience and expertise:

- Member of Rotary Club

Special responsibilities:

- Asset Management Sub Committee

- Grants & Sponsorship Sub Committee

Interests in shares: 52,500 ordinary shares

John Munro Lyle

Director

Age: 58

Occupation: Self Employed Retail Proprietor

Experience and expertise:

- Finance and Banking Background

Special responsibilities:

- Finance & Budget Sub Committee

Interests in shares: 15,850 ordinary shares

Directors' report continued

Glenister Malcolm McGregor

Director

Age: 68

Occupation: Semi retired Grazier

Experience and expertise:

- Chairman of Lang Lang Town Committee
- Chairman Lang Lang Community Medical Centre

Special responsibilities:

- Audit & Shareholder Liaison Sub Committee

Interests in shares: 56,000 ordinary shares

Ronald James Witney

Director

Age: 50

Occupation: Pharmacist

Experience and expertise:

- 15 years Pharmacist in Pearcedale

Special responsibilities:

- Finance & Budget Sub Committee

Interests in shares: 17,200 ordinary shares

Gordon Lovell Sampson

Director (Resigned 30 October 2008)

Age: 73

Occupation: Retired Self Employed Electrician

Experience and expertise:

- Chairman of Lang Lang Town Committee
- Chairman of Lang Lang Historical Society

Special responsibilities:

- Asset Management Sub Committee

Interests in shares: 5,700 ordinary shares

Gordon Douglas Smale

Director

Age: 44

Occupation: Manufacturing Manager

Experience and expertise:

- Manager of electrical engineering Company
- President Pearcedale Tennis Club
- President Pearcedale Recreation Reserve

Special responsibilities:

- Business Growth Sub Committee
- Finance & Budget Sub Committee

Interests in shares: Nil ordinary shares

Meint Peter (Rudy) de Jong

Director (Appointed 30 October 2008)

Age: 62

Occupation: Company Director

Experience and expertise:

- Extensive business background
- President Rotary Club of Koo Wee Rup/Lang
Lang

Special responsibilities:

- Asset Management Sub Committee
- Business Growth Sub Committee

Interests in shares: 3,675 ordinary shares

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

Directors' report continued

Company Secretary

The Company Secretary is Tania Hansen. Tania was appointed to the position of Secretary on 16 September 2003. She holds a Bachelor Degree in Linguists and a Bachelor Degree in Behavioural Science. Previously Tania held the position of Treasurer and has a history in the banking sector. She has gained experience whilst involved at committee level on several local community committees.

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

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 of the Company for the financial year after provision for income tax was:

Year ended 30 June 2009 \$	Year ended 30 June 2008 \$
293,311	334,679

Remuneration report

The Board is responsible for the determination of remuneration packages and policies applicable to the Manager and all the staff. The Senior Manager is invited to the Board meeting as required to discuss performance and remuneration packages.

The Senior Manager is paid a base salary, which is \$96,782 including the use of a Company car with grossed FBT value of \$7,298. In addition, the Senior Manager receives a bonus if the Company exceeds the budget estimates established by the Board. During the year a bonus was paid of \$21,260, plus employer sponsored superannuation of \$10,708.

During the 2007 year the Board resolved to pay Max Papley \$40,000 for services performed in his role as 'Executive Chairman'. During the 2009 financial year Max invoiced the entity for \$10,000 for services performed as Executive Chairman. Max was paid a total of \$12,000 (2008: \$12,000) which included \$2,000 for Director Remuneration.

During the 2008 year the Board resolved to pay Tania Hansen \$45,000 (plus 9% SGC) for services performed in a role as 'Executive Officer', including, but not limited to, community and public relations, corporate affairs administration, accounts liaison and other Company Secretarial duties. During the 2009 financial year Tania was paid \$32,391 (2008: \$15,999) which included \$2,000 for Director Remuneration.

Directors' report continued

Directors' fees

For the year ended 30 June 2009, the Directors received total remuneration, as follows:

	\$
Maxwell William Papley	2,000
Michael John Duff	2,000
Douglas Hugh Hamilton	2,000
Tania Lyn Hansen	2,000
Maxwell Arthur John Kneebone	2,000
John Munro Lyle	2,000
Glenister Malcolm McGregor	2,000
Gordon Lovell Sampson (Resigned 30 October 2008)	2,000
Ronald James Witney	2,000
Gordon Douglas Smale	2,000

Dividends

	Cents	\$'000
Final dividends recommended:	17.5	128,166
Dividends paid in the year:		
- As recommended in the prior year report	17.5	128,166

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 year

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' report continued

Directors' benefits

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 18 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 Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Manager 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
Maxwell William Papley	11	11
Michael John Duff	11	9
Douglas Hugh Hamilton	11	6
Tania Lyn Hansen	11	11
Maxwell Arthur John Kneebone	11	8
John Munro Lyle	11	10
Glenister Malcolm McGregor	11	8
Gordon Lovell Sampson (Resigned 30 October 2008)	3	3
Ronald James Witney	11	7
Gordon Douglas Smale	11	8
Meint Peter (Rudy) de Jong (Appointed 30th October 2008)	8	8

Directors' report continued

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 11.

Signed in accordance with a resolution of the Board of Directors at Lang Lang, Victoria on 23 September 2009.



Maxwell William Papley
Chairman



Tania Lyn Hansen
Secretary

Auditor's independence declaration



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

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 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 23rd day of September 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	2,655,777	2,391,449
Salaries and employee benefits expense		(1,213,596)	(998,218)
Charitable donations, sponsorship, advertising & promotion		(363,357)	(334,651)
Occupancy and associated costs		(153,434)	(156,035)
Systems costs		(110,202)	(97,643)
Depreciation and amortisation expense	4	(58,951)	(49,316)
General administration expenses		(336,118)	(298,137)
Profit before income tax expense		420,119	457,449
Income tax expense	5	(126,808)	(122,770)
Profit for the period		293,311	334,679
Profit attributable to members of the entity		293,311	334,679
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	20	40.05	45.70
- dividends paid per share	19	17.5	14

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Assets			
Current assets			
Cash assets	6	299,290	459,829
Trade and other receivables	7	261,013	205,432
Total current assets		560,303	665,261
Non-current assets			
Property, plant and equipment	8	483,722	302,089
Intangible assets	9	355,361	234,936
Deferred tax assets	10	27,164	20,599
Total non-current assets		866,247	557,624
Total assets		1,426,550	1,222,885
Liabilities			
Current liabilities			
Trade and other payables	11	106,836	87,952
Current tax liabilities	12	83,880	93,801
Provisions	13	69,638	57,133
Total current liabilities		260,354	238,886
Non current liabilities			
Provisions	13	37,697	20,645
Total non current liabilities		37,697	20,645
Total liabilities		298,051	259,531
Net assets		1,128,499	963,354
Equity			
Issued capital	14	607,871	607,871
Retained profits	15	520,628	355,483
Total equity		1,128,499	963,354

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		2,829,370	2,369,518
Payments to suppliers and employees		(2,438,524)	(1,911,989)
Interest received		25,906	10,304
Income taxes paid		(143,294)	(65,036)
Net cash provided by operating activities	16	273,458	402,797
Cash flows from investing activities			
Payments for property, plant and equipment		(165,831)	(7,374)
Payments for intangible assets		(140,000)	-
Net cash used in investing activities		(305,831)	(7,374)
Cash flows from financing activities			
Dividends paid		(128,166)	(102,532)
Net cash used in financing activities		(128,166)	(102,532)
Net increase/(decrease) in cash held		(160,539)	292,891
Cash at the beginning of the financial year		459,829	166,938
Cash at the end of the half-year	6(a)	299,290	459,829

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Total equity at the beginning of the period		963,354	731,207
Net profit for the period		293,311	334,679
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity for the year		293,311	334,679
Dividends provided for or paid		(128,166)	(102,532)
Shares issued during period		-	-
Costs of issuing shares		-	-
Total equity at the end of the period		1,128,499	963,354

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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).

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Company's investment in each branch.

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Estimated impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(above). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Impairment of assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. 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. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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 or 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.

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.

Note 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 and Adelaide Bank Ltd.

Notes to the financial statements continued

Note 2. Financial risk management (continued)

(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 and Adelaide Bank Ltd mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Ltd 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 and Adelaide Bank Ltd mitigates this risk significantly.

(vi) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the year.

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 3. Revenue from ordinary activities

Operating activities:

- services commissions	2,631,870	2,379,534
- other revenue	-	-
Total revenue from operating activities	2,631,870	2,379,534

Non-operating activities:

- interest received	23,907	11,915
Total revenue from non-operating activities	23,907	11,915
Total revenues from ordinary activities	2,655,777	2,391,449

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	34,298	28,606
- motor vehicle	5,078	4,710

Amortisation of non-current assets:

- franchise agreement	19,575	16,000
	58,951	49,316

Finance costs:

Bad debts	3,495	3,967
Loss on disposal of property, plant & equipment	11,253	-

Note 5. Income tax expense

The components of tax expense comprise:

- Current tax	133,373	143,369
- Deferred tax on provisions	(6,565)	(20,599)
	126,808	122,770

Notes to the financial statements continued

	Note	2009 \$	2008 \$
Note 5. Income tax expense (continued)			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		420,119	457,449
Prima facie tax on profit from ordinary activities at 30%		126,036	137,235
Add tax effect of:			
- non-deductible expenses		5,954	4,800
- timing difference expenses		6,565	1,334
- investment deduction		(5,182)	-
Current tax		133,373	143,369
Movement in deferred tax	10	(6,565)	(20,599)
		126,808	122,770

Note 6. Cash assets

Cash at bank and on hand	57,711	244,238
Term deposits	241,579	215,591
	299,290	459,829

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

Cash at bank and on hand	57,711	244,238
Term deposit	241,579	215,591
	299,290	459,829

Note 7. Trade and other receivables

Trade receivables	237,524	188,617
Prepayments	23,489	16,815
	261,013	205,432

Notes to the financial statements continued

	2009 \$	2008 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	655,364	461,930
Less accumulated depreciation	(203,104)	(180,251)
	452,260	281,679
Motor vehicle		
At cost	33,751	31,782
Less accumulated depreciation	(2,289)	(11,372)
	31,462	20,410
Total written down amount	483,722	302,089
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	281,679	302,911
Additions		7,374
Less: depreciation expense	(34,298)	(28,606)
Carrying amount at end	247,381	281,679
Motor vehicle		
Carrying amount at beginning	20,410	25,120
Less: depreciation expense	(5,078)	(4,710)
Carrying amount at end	15,332	20,410
Total written down amount	262,713	302,089

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Intangible assets		
Franchise fee		
At cost	110,000	80,000
Less: accumulated amortisation	(75,480)	(63,752)
	34,520	16,248
Franchise process fee		
At cost	110,000	-
Less: accumulated amortisation	(7,667)	-
	102,333	-
Goodwill		
At cost	218,508	218,508
Total written down amount	355,361	234,756

Note 10. Deferred tax

Deferred tax asset		
Opening balance	20,599	-
Deferred tax on provisions	6,565	20,599
Closing balance	27,164	20,599

Note 11. Trade and other payables

Trade creditors	37,106	76,151
Other creditors & accruals	69,730	11,803
	106,836	87,954

Note 12. Tax liabilities

Income tax payable	83,880	93,801
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Notes to the financial statements continued

	2009 \$	2008 \$
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Note 13. Provisions

Current

Employee provisions	69,638	57,133
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Non current

Employee provisions	37,697	20,645
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Number of employees at year end	20	16
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Note 14. Contributed equity

732,375 Ordinary shares (2008: 732,375)

Opening balance	607,871	607,871
	607,871	607,871

Note 15. Retained earnings

Balance at the beginning of the financial year	355,483	123,336
Net profit from ordinary activities after income tax	293,311	334,679
Dividends paid	(128,166)	(102,532)
Balance at the end of the financial year	520,628	355,483

Note 16. Statement of cash flows

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

Profit from ordinary activities after income tax	293,311	334,679
Non cash items:		
- depreciation	39,376	33,316
- amortisation	19,575	16,000
- loss on disposal of fixed asset	11,253	-

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 16. Statement of cash flows (continued)

Changes in assets and liabilities:

- increase in receivables	(55,581)	(37,436)
- increase in other assets	(6,565)	(20,599)
- increase/(decrease) in payables	(57,468)	66,416
- increase in provisions	29,557	10,421
Net cash flows provided by operating activities	273,458	402,797

Note 17. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	4,500	4,000
- non audit services	1,875	1,100
	6,375	5,100

Note 18. Director and related party disclosures

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

Maxwell William Papley

Michael John Duff

Douglas Hugh Hamilton

Tania Lyn Hansen

Maxwell Arthur John Kneebone

John Munro Lyle

Glenister Malcolm McGregor

Ronald James Witney

Gordon Douglas Smale

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

Gordon Lovell Sampson (Resigned 30 October 2008)

Except for Maxwell Kneebone, no Director or related entity has entered into a material contract with the Company. Directors' fees have been paid as disclosed in the Directors' report.

Notes to the financial statements continued

Note 18. Director and related party disclosures (continued)

During the financial 2009 financial year Community Financial Services Victoria Limited made payments of \$62,742.21 (2008: \$54,887.22) to Maxwell Kneebone for rental of the branch premises at Lang Lang and Koo Wee Rup. The terms and conditions of the rental arrangements are on a commercial basis.

During the normal course of business operations, Community Financial Services Victoria Limited utilised services offered by local community business. Some of these transactions included businesses which some Directors have direct or indirect interest. These transactions are considered to be made at an arms length basis and are on normal commercial terms.

During the 2009 financial year Community Financial Services Victoria Limited made a payment to Larmax Trading of \$300.00 (2008: \$33.95). Director Max Papley is the owner of Larmax Trading. The purchase was made on normal commercial terms.

During the 2009 financial year Community Financial Services Victoria Limited made a payments to John Duff & Co of \$3,529.00 (2008: \$4,336.83) for the purchase of a motor vehicle fuel. Director Michael Duff is the owner of John Duff & Co. The purchases were made on normal commercial terms.

During the 2009 financial year Community Financial Services Victoria Limited made a payments to Pearcedale Village Supermarket of \$995.00 (2008: \$746.49) for the purchase of a minor supplies during the year. Director John Lyle is the owner of Pearcedale Village Supermarket. The purchases were made on normal commercial terms.

Also refer to note 23 for further related party transaction disclosures.

Directors' shareholdings	2009	2008
Maxwell William Papley	30,250	30,250
Michael John Duff	30,000	30,000
Douglas Hugh Hamilton	9,100	9,100
Tania Lyn Hansen	500	500
Maxwell Arthur John Kneebone	52,500	52,500
John Munro Lyle	15,850	15,850
Glenister Malcolm McGregor	56,000	56,000
Ronald James Witney	17,200	17,200
Gordon Douglas Smale	-	-
Meint Peter (Rudy) de Jong (Appointed 30 October 2008)	3,675	3,675
Gordon Lovell Sampson (Resigned 30 Octoer 2008)	5,700	5,700

There was no movement in Directors' shareholdings during the year.

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 19. Dividends paid

(a) Ordinary shares

Dividend for the year ended 30 June 2008 of 17.5 cents
(2007: 14 cents) per fully paid share paid on 12 December 2008
(2007: 14 December 2007).

Fully franked (2007: 100% franked) based on tax paid at 30%	128,166	102,533
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(b) Dividends not recognised at year end

In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 17.5 cents per fully paid ordinary share, (2008: 17.5 cents) fully franked based on tax paid at 30%. The aggregate amount proposed dividend expected to be paid in December 2009 out of retained profits at 30 June 2009, but not recognised as a liability at year end, is

128,166	128,166
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Note 20. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company
used in calculating earnings per share

293,311	334,679
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	2009 Number	2008 Number
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(b) Weighted average number of ordinary shares used as the
denominator in calculating basic earnings per share

732,375	732,375
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Note 21. 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.

Notes to the financial statements continued

Note 22. Contingent liabilities

During the year 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	13,377.60
Payable in 1 year or less	10,033.20
Payable in over 1 to 3 years	26,755.20
Payable in over 3 years	-
Total payable	50,166.00

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd. The economic entity operates in one geographic area being Lang Lang, Pearcedale, Koo Wee Rup, Narre Warren South, Tooradin and their surrounding districts of Victoria.

Geographic segments	Total revenue		Profit from ordinary activities after income tax		Net assets	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Lang Lang	668,091	727,168	21,126	160,363	313,075	248,075
Pearcedale	732,442	671,985	133,799	101,265	184,361	155,222
Koo Wee Rup	569,799	468,225	99,382	46,010	36,867	57,167
Narre Warren South	673,775	524,071	110,520	27,041	149,996	107,791
Tooradin	11,671	-	(71,516)	-	151,604	-
Unallocated					292,596	395,099
Total	2,655,778	2,391,449	293,311	334,679	1,128,499	963,354

Note 24. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
29 Westernport Road,	29 Westernport Road,
Lang Lang VIC 3984	Lang Lang VIC 3984

Notes to the financial statements continued

Note 25. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. 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 Balance Sheet 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					
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 %	2008 %
Financial assets												
Cash assets	57,711	244,238	-	-	-	-	-	-	-	-	0.025	0.05
Investment account	241,579	215,591	-	-	-	-	-	-	-	-	4.12	5.96
Receivables	-	-	-	-	-	-	-	-	261,013	188,617	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	106,836	87,954	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Community Financial Services Victoria 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 2009 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.

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



Maxwell William Papley
Chairman



Tania Lyn Hansen
Secretary

Signed on 23 September 2009.

Independent audit report



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 Community Financial Services Victoria Limited

We have audited the accompanying financial statements of Community Financial Services Victoria Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial 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 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 in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

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.

Independent audit report continued

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 directors' 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 on the Financial Report

In our opinion:

- 1) The financial report of Community Financial Services Victoria Limited is in accordance with the Corporations Act 2001 including
 - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Community Financial Services Victoria Limited for the year ended 30 June 2009, complies with section 300A if the Corporations Act 2001.



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

Dated this 23rd day of September 2009

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 8 September 2009.

1. Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has compiled policies and procedures that will govern our Company into the future. We believe that building policy framework will assist clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

2. Substantial shareholders – ten largest shareholders

The following table shows the 10 largest shareholders:

Shareholder	Number of shares	Percentage of capital
1. McGregor Sands Pty Ltd	45,000	6.14
2. Sea Leaf Products Pty Ltd	44,000	6.01
3. M & L Duff Pty Ltd	30,000	4.10
4. Garfield Super Fund	25,000	3.41
5. Seventy Second Colro Pty Ltd	25,000	3.41
6. Westernport Roadlines Super Fund	21,000	2.87
7. Lyle Staff Super Fund	15,850	2.16
8. Pauley Super Fund	11,235	1.53
9. Witney Super Fund	11,200	1.53
10. Colin Fell	10,250	1.40
	238,535	32.56

3. Voting rights

Each shareholder is entitled to 1 vote, irrespective of the number of shares held. There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

BSX report continued

4. Distribution of shareholders

The following table shows the number of shareholders, broken into various categories showing the total number of shares held:

Number of shares held	Number of shareholders
1 to 1,000	95
1,001 to 5,000	86
5,001 to 10,000	38
10,001 to 100,000	10
100,001 and over	–
Total shareholders	229

There are 14 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$0.83. There are no unquoted equity securities.

5. Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

The Board and Directors aim to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

The Board does have an Audit and Governance Committee.

6. Address and telephone number of the office which the securities register (share registry) is kept:

AFS & Associates Pty Ltd

61-65 Bull Street,

Bendigo VIC 3550

PO Box 454,

Bendigo VIC 3552

Phone: (03) 5443 0344

Fax: (03) 5443 5304

Email: afs@afsbendigo.com.au

7. Annexure 3A

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

Lang Lang **Community Bank®** Branch
29 Westernport Road, Lang Lang VIC 3984
Phone: (03) 5997 5019 Fax: (03) 5997 5024

Pearcedale **Community Bank®** Branch
Shop 4, Pearcedale Village Shopping Centre,
Baxter-Tooradin Road, Pearcedale VIC 3912
Phone: (03) 5978 7566 Fax: (03) 5978 7572

Koo Wee Rup branch
28 Station Street, Koo Wee Rup VIC 3981
Phone: (03) 5997 2266 Fax: (03) 5997 2299

Narre Warren South branch
Shop 8, Amberly Park Shopping Centre,
101 Seebeck Drive, Narre Warren South VIC 3805
Phone: (03) 8790 3411 Fax: (03) 8790 2532

Tooradin & Coastal Villages branch
Shop 2, 106 South Gippsland Highway, Tooradin VIC 3980
Phone: (03) 5998 3038 Fax: (03) 5998 3256

Franchisee: Community Financial Services Victoria Limited
29 Westernport Road, Lang Lang VIC 3984
ABN: 51 092 756 351

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9055) (08/09)

