

**MANDURAH COMMUNITY  
FINANCIAL SERVICES LIMITED**  
(Formerly Halls Head Community Financial Services Ltd)  
ABN 56 098 081 308

**Financial Report for the  
half-year ended 31 December 2004**

**C O N T E N T S**

Directors' Report
Auditor's Independence Declaration
Independent Review Report
Directors' Declaration
Statement of Financial Performance
Statement of Financial Position
Statement of Cash Flow
Notes to the Financial Statements

**MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED****DIRECTORS' REPORT**

The directors of the Company submit the financial report for the half-year ended 31 December 2004.

**Directors**

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

*Allan Jeffrey Raynor*  
*Adam Hollyock*  
*Karen Maureen Hadida*  
*Edmund Howson*  
*Brian Desmond McLean*  
*Peter Drown*  
*David Waddell*  
*Christine Ellen Steer*  
*Ian Ilsley*

**Review of Operations**

The principal activity and focus of the Company's operations during the period was the operation of, Mandurah Bank Branch of Bendigo Bank, pursuant to a franchise agreement.

The amount of the profit from ordinary activities of the Company after income tax was \$53,277 for the half-year ended 31 December 2004.

**Auditor's Independence Declaration**

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from RSM Bird Cameron Partners, the Company's auditors. The declaration is included at page 2 of the financial report.

Signed in accordance with a resolution of directors

  
Director

Dated this *14<sup>th</sup>* day of *March* 2005.

# RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9101  
www.rsmi.com.au

## Auditor's Independence Declaration

to the Directors of Mandurah Community Financial Services Limited

In relation to our review of the interim financial report of Mandurah Community Financial Services Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*RSM Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants

Perth, WA

Dated: *11 March 2005*

J A KOMNINOS  
Partner

'Liability is limited by the Accountants'  
Scheme pursuant to the NSW  
Professional Standards Act 1994'

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

RSM Bird Cameron Partners is an  
independent member firm of RSM  
International, an affiliation of independent  
accounting and consulting firms.

# RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9101  
www.rsmi.com.au

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED

### Scope

#### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Mandurah Community Financial Services Limited ("the Company") for the half-year ended 31 December 2004.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes the responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

#### *Review approach*

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- Inquiries of Company personnel; and
- Analytical procedures applied to the financial data.

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.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

### Independence

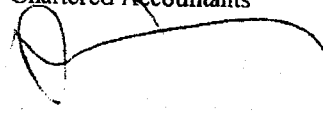
In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

### Statement

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 the Company is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*RSM Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants



J A KOMNINOS  
Partner

Perth, WA


Dated: *11 March 2005*

**MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED****DIRECTORS' DECLARATION**

The directors of the Company declare that:

- 1) The financial statements and notes set out on pages 6 to 10 are in accordance with the Corporations Act 2001, including:
  - (a) comply with the Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001;
  - (b) give a true and fair view of the Company's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the half-year ended 31 December 2004.
- 2) At the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

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



Director

Dated this 4<sup>th</sup> day of March 2005.

# MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED

## STATEMENT OF FINANCIAL PERFORMANCE

For the half-year ended 31 December 2004

	Note	31 December 2004	31 December 2003
Revenue from ordinary activities		322,447	229,974
Employee benefits expense		(152,383)	(117,662)
Depreciation and amortisation expenses		(20,693)	(16,531)
Borrowing costs		-	(1)
Other expenses from ordinary activities	2	(96,094)	(92,199)
Profit from ordinary activities before income tax		53,277	3,581
Income tax expense relating to ordinary activities		-	-
Profit from ordinary activities after income tax expense attributable to members		53,277	3,581
Total revenue expenses and valuation adjustments attributable to members and recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with owners as owners		53,277	3,581
Basic earnings per share (cents)		9.0	0.6
Diluted earnings per share (cents)		9.0	0.6

The accompanying notes form part of these financial statements

# MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2004

	31 December 2004	30 June 2004
<b>CURRENT ASSETS</b>		
Cash	217,836	110,286
Receivables	60,988	57,649
Other	9,925	9,926
<b>TOTAL CURRENT ASSETS</b>	<u>288,749</u>	<u>177,861</u>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	59,389	72,082
Intangible assets	20,833	25,833
Other	6,500	9,500
<b>TOTAL NON CURRENT ASSETS</b>	<u>86,722</u>	<u>107,415</u>
<b>TOTAL ASSETS</b>	<u>375,471</u>	<u>285,276</u>
<b>CURRENT LIABILITIES</b>		
Payables	40,475	14,212
Provisions	30,780	22,024
<b>TOTAL CURRENT LIABILITIES</b>	<u>71,255</u>	<u>36,236</u>
<b>NON CURRENT LIABILITIES</b>		
Provisions	5,821	3,921
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>5,821</u>	<u>3,921</u>
<b>TOTAL LIABILITIES</b>	<u>77,076</u>	<u>40,157</u>
<b>NET ASSETS</b>	<u>298,395</u>	<u>245,119</u>
<b>CONTRIBUTED EQUITY</b>		
Contributed equity	590,033	590,033
Accumulated losses	(291,638)	(344,914)
<b>TOTAL EQUITY</b>	<u>298,395</u>	<u>245,119</u>

The accompanying notes form part of these financial statements



**MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED****STATEMENT OF CASH FLOWS****For the half-year ended 31 December 2004**

	<b>31 December 2004</b>	<b>31 December 2003</b>
Cash flows from operating activities		
Receipts from customers	317,775	218,040
Payments to suppliers and employees	(211,557)	(193,848)
Interest received	1,332	1,178
Borrowing costs paid	-	(1)
Net cash used in operating activities	107,550	25,369
Net increase / (decrease) in cash held	107,550	25,369
Cash held at the beginning of the financial period	110,286	81,078
Cash held at the end of the financial period	217,836	106,447

The accompanying notes form part of these financial statements

**MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED****NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS****For the half-year ended 31 December 2004****1. BASIS OF PREPARATION****(a) Accounting policies applied**

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of Corporation Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

**(b) International Financial Reporting Standards (IFRS)**

The Company will be required to adopt Australian Accounting Standards Board (AASB) equivalents to International Financial Reporting Standards (IFRS), in its financial statements for its half year ending 31 December 2005 and full year ending 30 June 2006. At these dates a first time adopter of Australian equivalent IFRS will be required to restate its comparative financial statements using all IFRS, except for AASB4 Insurance Contracts, AASB132 Financial Instruments: Disclosure and Presentation, and AASB139 Financial Instruments: Recognition and Measurement. For the Company, this means the preparation of a notional opening balance sheet in accordance with IFRS as at 1 July 2004, with the majority of restatement adjustments being made, retrospectively, against the balance of accumulated profits/losses.

During the period the Directors and their advisers continued work assessing the likely impact of the new standards. The assessment has included the identification and the potential impact of the adoption of IFRS.

Key accounting policy changes identified to date include the following:

**Income Tax**

Currently, the Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australia equivalent to IAS 12, the Company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather the effects of the timing and permanent differences between taxable income and accounting profit.

# MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED

## NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2004

### Intangible Assets

Under the Australian equivalent to IAS 38 "Intangible Assets", formation costs and franchise fees must be expensed. This will result in a change in the Company's current accounting policy which allows for the capitalisation of formation costs and franchise fees. Under the new policy, all formation costs and franchise fees will be written off as incurred. On transition, all currently recognised formation costs and franchise fees will be adjusted against opening accumulated profits/losses as they will not meet the recognition requirements under IFRS.

(c) Comparative information

Where required by Accounting Standards, comparative figures are adjusted to conform with changes in presentation in the current financial period.

(d) Company name

During the reporting period the Company changed its name from Halls Head Community Financial Services Limited to Mandurah Community Financial Services Limited.

### 2. OTHER EXPENSES FROM ORDINARY ACTIVITIES

	31 December 2004	31 December 2003
	\$	\$
Administration	53,192	47,466
IT equipment lease and running costs	13,500	15,388
Rental for premises	<u>29,402</u>	<u>29,345</u>
	<u>96,094</u>	<u>92,199</u>

### 3. EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2004, no event has arisen that would be likely to materially affect the operations of the Company or its state of affairs.

### 4. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date.

### 5. SEGMENT INFORMATION

The Company operates in the financial services sector as a branch of the Bendigo Bank at Halls Head in Western Australia.