

Mt Evelyn & Districts **Community Bank**® Branch
37 Wray Crescent, Mount Evelyn VIC 3796
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Franchisee: Mt Evelyn & Districts Financial Services Limited
37 Wray Crescent, Mount Evelyn VIC 3796
ABN: 93 096 782 240

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9027) (07/09)

annual report 2009

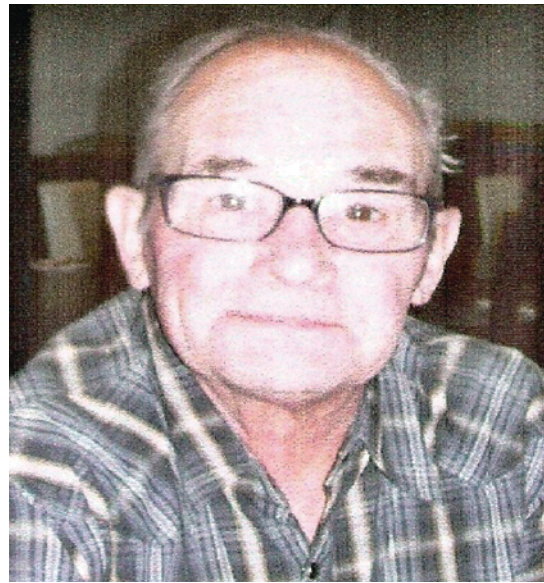


Mt Evelyn & Districts
Financial Services Limited
ABN 93 096 782 240

Mt Evelyn & Districts **Community Bank**® Branch

Vale

Brian John Hewett



1/2/1938 – 22/6/2009

In grateful appreciation for Brian's invaluable assistance
both as an original Steering Committee member, and
as a Director and Vice-Chairman.

(Brian resigned from the Board on 25/10/07)

Fondly remembered, sadly missed.

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Chairman's report

For year ending 30 June 2009

It is with pleasure and pride that I am able to present our eighth Annual Report – in our seventh year of operation.

Once again the year has been an outstanding success, ongoing proof of the community's acceptance of 'Our Bank' and the embracing of the **Community Bank**[®] concept. Our growth has gone from 5,546 accounts with a value of \$102 million as at 30 June 2008 to over 5,920 accounts with an account value of \$120 million as at 30 June 2009. At the time of writing (early September) these figures have grown to exceed 6,020 accounts and \$125 million.

Once again, it has been a year of continued growth and success. We had cause to celebrate the launch of a campaign to establish a **Community Bank**[®] branch in Montrose, and also to receive the prestigious Bendigo Bank "Hall of Fame" Award (refer elsewhere in this report). We also celebrated our seventh birthday in May.

The Board has continued to develop our Policies document, a recommended initiative by Bendigo and Adelaide Bank Ltd whereby policies, procedures, strategies, guidelines etc can be laid down by your current Board for the benefit of future Boards and their members.

The year also saw the opening of the 237th **Community Bank**[®] branch. This figure has now exceeded 240. We were the 62nd **Community Bank**[®] branch. This is proof indeed of the acceptance of the **Community Bank**[®] concept across Australia, and Bendigo and Adelaide Bank Ltd certainly deserves the praise and accolades it receives for the introduction of such an innovative concept.

The year has seen us consolidate our financial position, and our solid accumulated profitability has seen us continue to dispense dividends to shareholders, announce our fourth major grants program and also continue to participate in several community orientated initiatives (refer elsewhere in this report).

Our strong growth and profitability is very pleasing, and I extend sincere thanks and appreciation on behalf of my fellow Directors to Branch Manager David Watt, and the team for their hard work and dedication.

Our seventh full financial year has been outstanding and the future is even more promising. We cannot rest on our laurels as there is still a lot more to be done. We will continue to reward our shareholders and support our community in every feasible way possible. To assist us in this regard, we ask you to spread the word to your friends, neighbours and relatives about 'Our Bank'.

We take pride in our friendly personal service and commitment, and trust that you can help our ongoing growth with referrals to our Branch Manager, David Watt and the branch team. Telephone 9737 1833. Our branch hours are Mon - Fri 9.00am - 5.00pm and Sat 9.00am - 12 noon.

Should you have any queries or suggestions regarding any aspect of 'Our Bank', please do not hesitate to contact me on 9736 1425 or mobile 0417 594 963, or Jill Rule on 9736 3635 (AH) or mobile 0403 369 774 (BH).

Chairman's report continued

Current position

As mentioned previously, this is our seventh report for a full financial year. Our figures to date are very pleasing and we are confident that our solid and steady growth will continue.

Most of our business has 'walked in the door' as the community in general continues to seek alternatives to their financial institutions; however, inquiries from prospective customers not only from within Mt Evelyn but from outside districts as well are increasing markedly.

We are also aware of current and future marketing needs and this work is continuing.

Future growth

We expect new business to continue to come to our Bank. We must encourage as much new business as possible, and it is important that Board members, shareholders, residents and businesses refer as many new customers as possible to our skilled staff. As our business grows, we will be able to maintain and improve profitable trading, and continue our stated aims of returning dividends to shareholders and contributing to projects within the general community.

Your Board is currently looking at and evaluating options not only in business development and/or expansion but in areas of 'beyond banking'. We will only consider options that are of benefit to the community, our shareholders and be based around the **Community Bank®** concept.

Business expansion

Early in 2009, your Board and branch began working in conjunction with a dedicated group of volunteers to establish a **Community Bank®** branch in Montrose. The Steering Committee, very capably headed by Gareth Little-Hales, meets on a weekly basis and reports on a monthly basis to the Board. Both Gareth and Gai Williams (refer elsewhere in this report) have been elected by our Board to be Directors.

The progress of the Montrose project has been very pleasing and encouraging. The pledge campaign is continuing, and the feasibility study survey is now completed with results to be evaluated at the time this Report goes to print. Progressive indicators are very positive. The proposal for the Montrose branch is for it to be under the control of your Company, as is the Mt. Evelyn **Community Bank®** Branch.

There are numerous advantages to the proposal, including one Company, one Board of Directors, staff sharing, etc. There are obvious cost advantages also.

The Montrose branch will have its own 'badging', identity, Manager and profit distribution.

Shares in the Montrose branch will be available when the Prospectus is issued, however, 'Pledging' for shares is available at present.

Barring unforeseen circumstances, we are planning opening of a **Community Bank®** branch in Montrose in late February/March 2010.

Understandingly, and with the foregoing in mind, we need to consider a change to our Company name and structure. See next item.

Chairman's report continued

Company name change

Our Company name Mt. Evelyn & Districts Financial Services Ltd is cumbersome, bureaucratic and somewhat misleading in that some believe it is more appropriate for a finance Company. It is also restrictive and unfair for other localities, for example Montrose, to operate under.

I have proposed to our Board that a far more befitting name would be Yarra Ranges Community Enterprise Ltd. All Directors have agreed to this, and we have reserved that title with ASIC. The name change now needs ratification by shareholder majority.

Company restructure

With the Montrose branch proceeding our Board needs to consider a restructure of the Company. Basically, this will mean a larger shareholder base, and a current valuation of our Company. We will be able to provide further information in this regard at the AGM.

Staff

We are very proud of our staff. David Watt, our Branch Manager, is a very dynamic force heading a very dedicated and customer friendly team.

They have worked tirelessly and have put in some very long hours. Their efforts have been a major contribution to the branch's success.

Our staff have established an excellent working relationship and built up quite a reputation for clear, helpful advice to our customers.

We believe friendly personal customer service is essential, and we have maintained a very high level of service that the branch is constantly complimented on. Call in to our branch and introduce yourself on a first name basis. Remember, our staff are an integral part of our community and are here to help and advise us.

Bendigo and Adelaide Bank Ltd

Our relationship with our partner is excellent. We are very mindful that they have the skill and expertise. Both Board and staff are continually dealing and referring to Bendigo and Adelaide Bank Ltd and our working relationship is one of the highest professional degree.

Bendigo and Adelaide Bank Ltd also provides us with on-going training and updates for staff, and regular conferences and meetings for branch management and Board Directors.

On a personal note, I have the highest praise and admiration for Bendigo and Adelaide Bank Ltd and its

Community Bank® team.

I have had involvement with the **Community Bank®** concept for ten years of its 11 year history. From Chief General Manager Russell Jenkins, General Manager Robert Musgrove and the entire staff, I have received nothing but the most friendly help, advice, encouragement and support in every way possible, and it gives me extreme pleasure and satisfaction to know that this 'family' atmosphere will continue for the benefit of us all.

Chairman's report continued

Bendigo and Adelaide Bank Ltd's growth has been quite phenomenal over the past few years and they are truly national. This years **Community Bank**® Conference was essentially a celebration of achievement, community and what lies ahead. The Conference had in excess of 300 attendees and I was honoured and delighted to be invited to present a session on our Partnership Forum initiative and involvement.

The establishment of a Regional Office and Business Centre in Boronia and the assignment of Regional Manager, Alison Burr, to the Yarra Valley region has been of enormous help and benefit. Alison has been with us since early 2006 and is our 'minder'. She has done a fantastic job for us, and it is a pleasure to work with her and to have her as our partner's representative. Many thanks to Alison and her team.

Global financial crisis

I include a report from Russell Jenkins, Chief General Manager (refer page 13).

Board of Directors

We have a hardworking dedicated Board of Directors. All of us are local identities, and therefore have a good knowledge of our community's needs and desires.

The Board meets monthly and has contributed invaluable time and expertise to the efficient running of the Company.

Under the Rules of our Constitution, it is necessary for a third of our Board to stand down at each AGM. Jillian Rule, Margi Sank and Craig Keithley have elected to stand down and have offered themselves for re-election.

I am pleased to advise that the Board has accepted applications from Gareth Little-Hales and Gai Williams to join us as Directors. Both Gareth and Gai bring a wealth of knowledge and enthusiasm. These appointments need to be ratified by our shareholders, and I certainly endorse this action and welcome both to the team.

On a sad note, I reluctantly advise that Arch Carswell resigned from the Board effective from 31 March 2009. Arch had been with us as a founding member of our original Steering Committee. His input, dedication, support and assistance has been invaluable. I have trouble putting adequate superlatives together for this gentleman and true friend, so I will summarise by saying that we will all be forever grateful for Arch's outstanding contribution to the establishment of 'Our Bank'. We all wish Arch and his wife Pauline good health and all the very best for the future. Huge thanks Arch.

"Hall of Fame" Award

At Bendigo and Adelaide Bank Ltd's Annual State Conference held in Hobart in April 2009, we were delighted to be awarded the prestigious "Hall of Fame" Award.

The Award is in recognition of our achievements, commitment to community and service.

It was indeed an honour to receive the Award, and we share it with you – our shareholders and customers for your wonderful support.

We were only the 3rd **Community Bank**® Company in Australia to receive the Award.

Chairman's report continued

Special mentions

- Community Grants Program - This program has been established to seek applications for grants for registered charitable organisations and not-for-profit community groups and organisations who are working to benefit, develop and enhance the Mt. Evelyn and Districts community.

The program was widely advertised and applications were invited during August. Successful applicants will be announced at the AGM.

- The grants program is in conjunction with the Community Enterprise™ Foundation, the charitable arm of Bendigo and Adelaide Bank Ltd. It is endorsed by the ATO as a Deductible Gift Recipient (DGR) and Income Tax Exempt Charity (ITEC). This enables the Foundation to provide tax deductions to those donors who make gifts (contributions and donations) to the fund. By employing the Foundation to assist us in our Community Grants Program, we are providing a thoughtful, strategic and most importantly, a tax-effective means of giving to charitable organisations and projects.
- Youth Initiatives - As youth is a large and integral part of our community, we have allowed in excess of \$50,000 to support and assist our young people. This money is set aside and will be allocated in the form of grants that will not only be of benefit to the youth itself, but also to the community.
- Joint Sponsorship Program - We have joined in an arrangement with other **Community Bank®** branches in our region and Bendigo and Adelaide Bank Ltd's Regional Office whereby we evaluate and participate in (where appropriate) in joint sponsorships of programs and initiatives that support the wider community.

Some of these include:

- Police and Citizens Day (in support of Variety)
- Life Education Victoria
- Monkami Centre
- Champs Program (Maroondah Hospital)
- Sporting groups and organisations
- Events, appeals and charities
- Partnership Forum - This initiative involves essentially the collaboration of the region's **Community Bank®** branches, Bendigo and Adelaide Bank Ltd's Regional Office, Shire of Yarra Ranges, State and Federal Governments. The Partnership evaluates and participates in (where appropriate) projects that are of benefit to the wider community. An obvious advantage of this scheme is the broader range of funding availabilities, and a much larger scope of projects we may be able to address. A program that eventuated from early discussion of the forum was the recent highly successful 'Ban the Bulb' program. This initiative has attracted attention and interest Australia wide.
- There have been several proposals tabled for discussion and consideration throughout the year. Understandably, these were 'put on hold' due to the devastating bushfires that affected us in one way or another in February 2009. Our focus was to assist those who had been severely impacted in the way of personal and property loss by tragedy and trauma.

Chairman's report continued

Our branch and community contributed in excess of \$55,000 toward a Bendigo and Adelaide Bank Ltd national appeal which raised \$8,000,000.

The Partnership Forum will continue its efforts regarding the aftermath of the bushfires, and we are working together with all levels of government in many aspects of bushfire recovery. This work may take three to five years.

- Projects and initiatives - We are constantly considering any project or initiative that would be of benefit to the community. Bendigo and Adelaide Bank Ltd endorses and encourages us in this regard, and we welcome any input or suggestions for a facility or service that is lacking in Mt. Evelyn and Districts, and Montrose.
- Dividends - An announcement will be made at the AGM.

I include in my report, a previous statement from Alison Burr on behalf of Bendigo and Adelaide Bank Ltd – a statement that we were very proud and honoured to receive:

“Mount Evelyn and Districts **Community Bank**® Branch holds a special place in the history of the **Community Bank**® concept and we cherish the bond that exists with your Board. On behalf of Bendigo and Adelaide Bank Ltd, I thank your Board for the effort that you have made and the courage of your community and Directors in helping to pioneer a movement that has grown to become a significant force in Australian banking.

Your efforts in funding community projects is tangible evidence of your commitment to providing benefits for the wider community, and demonstration of what can be achieved by harnessing the existing economic capability within communities.

Bendigo and Adelaide Bank Ltd looks forward to the continued success of the Mount Evelyn and Districts **Community Bank**® Branch and the further enrichment of our relationship and your community.”

Special thanks to:

- The Board of Directors
- David Watt and the branch team
- The community, traders and businesses of Mt Evelyn and Districts – our customers
- Our shareholders, without whose support ‘Our Bank’ would not have been possible
- Bendigo and Adelaide Bank Ltd, especially Regional Manager Alison Burr and her team
- The Shire of Yarra Ranges for their support of the **Community Bank**® concept



Allan Grundy
Chairman

Chairman's resignation

I suppose our story is similar in many respects to all **Community Bank**® branch stories. Each one may have started off for a different reason, but each one is for the same end result in mind, and each one is destined to become a page in local history.

Having always been community conscious, I set about finding something new and innovative for my community. This was way back in 1999, ten years ago! Mt Evelyn, a quiet village outer-east of Melbourne, with a reasonably static population of approximately 9,500 has always been a community orientated town, but I felt it needed a bit of a spark.

I had begun to notice brief media articles about a rapidly contagious outbreak of an affliction known as the **Community Bank**® concept?? At the very same time, not-so-brief articles regarding closures of the 'majors' in obscene numbers were also catching my eye.

I decided to look into this new phenomena and, not knowing it would practically obsess me for the next decade, began to make enquires and try to determine if it would be appropriate for my town.

I decided to follow the progress of a **Community Bank**® project to learn more, and I settled on Warburton – another town in the Shire of Yarra Ranges. I made myself known to members of their Steering Committee and became firm friends with Ian De Le Rue and Don Vickers, who became their inaugural Chairman and Secretary respectively.

This was really the start of it all. I was impressed with the passion and dedication of all who were involved with the project, and indeed of the whole community. I decided this is what I wanted for my town!

At the Warburton opening in February 2000, I approached Russell Jenkins with the big question, "How do I go about this for Mt Evelyn?". In true RJ fashion, he handballed me to Robert Musgrove to whom I posed the same question. Robert Musgrove had nobody to handball me to, so we exchanged details with Robert promising to send me a letter. After joining in with the Warburton celebrations, I went home with the thought, "Oh well, so much for that."

But Robert was a man true to his word and in a few days I received a letter from him that prompted me to get the ball rolling.

I could go on and on about what happened next, but it is not an unfamiliar story. We all know about the various processes, for example formation of a steering committee (including the 'press-ganging' of volunteers), feasibility, premises, public meetings, due diligence, prospective launch, Company incorporation, employment of Branch Manager and staff, branch opening, etc.

I quote an excerpt from my Chairman's Report of our first Annual Report.

4 May 2002 is a very significant date in the local history of Mt Evelyn. That is the day when we celebrated, prophetically in glorious sunshine, the official opening of Mt Evelyn & Districts **Community Bank**® Branch – 'Our Bank'.

In this brief article (as it is nigh on impossible to condense ten years into a few lines), I have only mentioned what "I" first mooted as an idea and have headed, to this very day.

Chairman's resignation continued

None of what has been achieved would have happened without the enormous support of many, many others. The original Steering Committee members, our Board of Directors, Branch Management and staff, and of course Bendigo Bank with Tammy White as our original Development Officer, to today's 'colleague' type relationship with our Regional Office headed by Regional Manager Alison Burr and Customer & Community Manager Natalie Goold.

Our shareholder and customer base is extremely pleasing. 73% of our shareholders bank with us. Growth has also been very pleasing. Over the 'journey' we have grown to \$125 million in account value with over 6,000 accounts.

We purchased our premises in 2002-03, have supported our community by means of sponsorships and grants to the sum of \$735,000 and paid healthy dividends totalling \$291,000.

We pride ourselves on what has been achieved, what we have to offer, service, and ability to work with others. And, of course, there is still a lot to do!

Back in 1999-2000 I thought, "Yes, this will be good for Mt Evelyn". I had no idea just how good! We are the essential business in Mt Evelyn with involvement in virtually everything that happens. Not only do we strongly support our community, we have added to the vibrancy and economy of Mt Evelyn. We are indeed the focal point!

We not only work closely with our community, but also with local, state and federal governments, Bendigo and Adelaide Bank Ltd through our Regional Office, and other **Community Bank**® branches in our Shire. All of which we enjoy happy and meaningful relationships with.

We have instigated and/or participated in many joint initiatives such as Partnership Forum, Joint Sponsorship Committee, Youth Learner Driver Training Programs and Youth Affairs.

The acceptance of 'our bank' and those that are behind it has been phenomenal. In the early days, I had no idea of the praise, appreciation and accolades I personally would receive, and I have found it quite humbling to be on the receiving end of such awards and rewards – including an 'Australian of the Year' award! This is not what we do these things for.

The journey has, of course, also had it's hard times, what with stress, angst, frustration etc. but it's all been worth it. The good, happy and pleasing times certainly outweigh.

The dream is a reality!

I now feel that after ten years of hard work that I have done my bit, and it is time for a new face at the helm. I have certainly loved what I have been involved in, and have been passionate and loyal. My role has been very demanding, literally thousands of meetings of which I am proud to say I have never missed one in ten years! I have been a presenter at conferences, a speaker and a mentor. Most important to me, I have made countless numbers of friends. In a sense, my resignation is one of reluctance as I do not wish to lose sight of those friends, or my colleagues within the Bendigo and Adelaide Bank Ltd family, and most especially my wonderful friends and colleagues on my Board, and also my wonderful friends and colleagues at the branch – David and the team. All of these people I love very dearly and I thank them for all their respect and support over the years.

Chairman's resignation continued

My successor is our Vice-Chair who officially takes over from me on 30 October. Jill is very community conscious, a local identity, and has years of experience with us. Her passion will certainly take us forward and I know she will receive the respect and support that I have enjoyed.

Finally, and most importantly, I thank my lovely wife Colleen, who has helped and supported me over the entire 10 years. Her endurance and understanding of my role, workload, erratic hours, frustrations etc has been amazing.

A sincere thank-you to everyone.



Allan Grundy

Chairperson-elect's report

Firstly, I would like to thank the Board for electing me to the Chair position. I am greatly honoured by your confidence in me to carry out the required duties.

On behalf of the Board I would like to thank Allan for the inordinate amount of work that he has put in over the last ten years. A lot of the success and outstanding growth of our Bank can definitely be attributed to Allan's passion and dedication. Allan was the foundation member of the original Steering Committee to evaluate the possibility of a **Community Bank®** branch in Mt Evelyn. This soon became a probability and eventually on 3 May 2002 a reality. Allan can leave knowing that he has been an integral part of an amazing achievement for our community which will be a legacy for future generations. Thank you Allan for having the vision and the interests of our local community at heart in your endeavours. I know how proud you are of 'Our Bank'. The organisations, clubs, schools, etc. that have benefited from grants and sponsorships from Mt. Evelyn & Districts **Community Bank®** Branch may not have been able to pursue some of their improvements and programs without our assistance.

Allan, you will be greatly missed. We, (the Board of Directors) have enjoyed immensely the relationship, both professionally and socially that has developed with you over the years. We hope that you will now be able to enjoy some of your personal interests and have a well deserved holiday.

Good luck Allan and Colleen with all that you choose to do and we wish you good health and happiness for the future.

Our **Community Bank®** branch has continued to show growth despite the recent economic difficult times in the financial world. Our continued growth this year has again enabled us to allocate a substantial amount to our grants and sponsorships program of \$90,000, whilst still paying our shareholders a very healthy dividend. We are forging strongly ahead with our plans to open a second branch in Montrose. All indicators show that the community has embraced this, both with their Pledges and positive feedback.

We believe there is great potential there for a very successful **Community Bank®** branch in Montrose. Hopefully, all things moving ahead as projected, this should happen in the first half of next year.

As the Chairperson;

- I will continue to work closely with the Board to carry out our duties and responsibilities in line with corporate governance.
- I will endeavour to preserve the good working relationship that has evolved within our Board.
- I will work closely with our Branch Manager and liaise with him when necessary to ensure that operational procedures are met at all times.
- I look forward to working in conjunction with our Bendigo and Adelaide Bank Ltd Regional Manager to ensure that our branch and Board is operating at the highest level and that all requirements are being met.
- I promise to continue to support our community and to always have the shareholder's interests at heart.
- And I will continue to explore business expansion opportunities to promote ongoing growth in our Company.

Yours sincerely,



Jill Rule

Manager's report

For year ending 30 June 2009

Our **Community Bank**[®] branch has now been open for seven and a half years. In that time, the branch has consistently met proposed business expansion levels and the total business sits at around \$120 million. The community of Mount Evelyn should be proud of the effort that went into creating its own **Community Bank**[®] branch and the way it has supported the branch once the front doors were opened back in May 2002.

I would like to thank Allan Grundy and the Board of Directors, our shareholders and Alison Burr and the Bendigo and Adelaide Bank Ltd Regional team for their on going support as the branch moves forward into the future.

This is a perfect opportunity to farewell Arch Carswell as a Director of the Mount Evelyn and District Financial Services Ltd. On behalf of the branch team, we would like to thank Arch for his support over the journey.

On a personal note, I would like to thank Arch for his support, but more importantly for his friendship and inspiration. Allan and your Directors work tirelessly for the benefit of their community, and Arch has been right at the forefront and has provided countless hours of assistance to Allan and his fellow Directors, myself personally, and the branch team as a whole.

We wish Arch and his wife Pauline all the very best for the future.

I would also like to acknowledge the efforts of our dedicated staff. Kevin, our Customer Relationship Manager, Leanne, our Customer Service Supervisor, Bev and Melissa, our Customer Relationship Officers along with our Customer Service Officers, Sandra, Lynne, Jan, Susan and Kaye. The team has set an example of service clearly above and beyond the call of duty.

The branch is moving toward an exciting era where, with continuing steady growth, we will look to expand our community grant and community sponsorship programs. We have already returned significant funds back to our community, and will look to increase this over many years to come.

One of the strengths of our **Community Bank**[®] branch is the support of the Board of Directors and the shareholders.



David Watt
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 are:

Allan Alexander Grundy

Chairman
Operations Manager - Retired
Director since 11 May 2001

Janette Christine Simmons

Director
Manager
Director since 11 May 2001

James Justin Chapman

Director
Manager
Director since 19 December 2007

Craig Keithley

Director
Police Officer
Director since 28 May 2002

Gareth Little-Hales

Director
Environmental Health Officer
Director since 30 October 2008

Margaret Calder Sank

Treasurer
Accountant
Director since 11 May 2001

Jillian Lorraine Rule

Director
Retailer
Director since 11 May 2001

Arch Campbell Carswell

Director
Contractor
Director since 11 May 2001
Resigned 31 March 2009

Albert Buitenhuis

Secretary
Horticulturist
Director since 18 November 2004

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

No Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

The principal activities of the Company during the course of the financial year were in providing **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.

Directors' report continued

Operating results

The profit of the Company for the financial year after provision for income tax was \$125,015 (2008: \$93,237).

Dividends	Year ended 30 June 2009	
	Cents per share	\$
Dividends paid in the year:		
- Final dividend for the year ended 30 June 2008	12.3	86,409

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.

Significant events after the balance date

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 providing banking services to the community.

Directors' benefits

Other than stated below 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. 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.

Prior to 1 November 2008 no Directors' fees were paid as the positions were held on a voluntary basis. Monthly payment of Directors commenced on 1 December 2008 in arrears. Directors will only receive payments after six months of service.

Directors' report continued

Director remuneration for the year ended 30 June 2009

	Primary benefits salary & fees 2009 \$	Primary benefits salary & fees 2008 \$
Allan Alexander Grundy	7,000	-
Margaret Calder Sank	2,917	-
Janette Christine Simmons	1,167	-
Jillian Lorraine Rule	2,917	-
Gareth Little-Hales (appointed 30 October 2008)	-	-
Arch Campbell Carswell (resigned 31 March 2009)	1,167	-
Craig Keithley	1,167	-
Albert Buitenhuis	2,917	-
James Justin Chapman	1,167	-

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 Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

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

Directors' report continued

Directors' meetings

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

Number of meetings held:	13
Number of meetings attended:	
Allan Alexander Grundy	13
Margaret Calder Sank	12
Janette Christine Simmons	10
Jillian Lorraine Rule	12
Gareth Little-Hales (appointed 30 October 2008)	8
Arch Campbell Carswell (resigned 31 March 2009)	5
Craig Keithley	11
Albert Buitenhuis	13
James Justin Chapman	12

Company Secretary

Albert Buitenhuis has been the Company Secretary of Mt Evelyn & Districts Financial Services Ltd since 18 November 2004. Albert Buitenhuis is a horticulturist and his experience includes business and industry experience and ongoing professional development.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Margi Sank Allan Grundy, Albert Buitenhuis and Craig Keithley;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

Directors' report continued

Richmond Sinnott & Delahunty Chartered Accountants



172 McIvor Road
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsd advisors.com.au

Auditor's independence declaration

In relation to our audit of the financial report of Mt Evelyn & Districts Financial Services Ltd for the financial year ended 30 June 2009, 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.

Warren Sinnott
Partner

Richmond Sinnott & Delahunty

6 August 2009

Signed in accordance with a resolution of the Board of Directors at Mt Evelyn, Victoria on 6 August 2009.

Allan Alexander Grundy
Chairman

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenue from ordinary activities	2	1,090,930	998,917
Employee benefits expense	3	(461,291)	(387,440)
Depreciation and amortisation expense	3	(31,870)	(33,125)
Finance costs	3	(17)	(18)
Charitable donations and sponsorship		(197,482)	(252,289)
Administration & other expenses from ordinary activities		(221,052)	(191,097)
Profit before income tax expense		179,218	134,948
Income tax expense	4	54,203	41,711
Profit after income tax expense		125,015	93,237
Earnings per share (cents per share)			
- basic for profit for the year	24	17.80	13.27
- diluted for profit for the year	24	17.80	13.27
- dividends paid per share	23	12.30	6.35

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets	6	341,055	259,530
Receivables	7	107,610	93,097
Current tax refundable	4	-	8,373
Other assets	8	4,666	4,664
Total current assets		453,331	365,664
Non-current assets			
Property, plant and equipment	9	441,403	461,461
Deferred income tax asset	4	21,713	19,088
Intangible assets	10	29,449	37,743
Total non-current assets		492,565	518,292
Total assets		945,896	883,956
Current liabilities			
Payables	11	40,885	44,898
Current tax payable	4	16,373	-
Interest bearing liabilities	12	225	208
Provisions	13	69,618	58,661
Total current liabilities		127,101	103,767
Non-current liabilities			
Other liabilities	14	2,500	2,500
Total non-current liabilities		2,500	2,500
Total liabilities		129,601	106,267
Net assets		816,295	777,689
Equity			
Share capital	15	695,010	695,010
Retained earnings	16	121,285	82,679
Total equity		816,295	777,689

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			
Cash receipts in the course of operations		1,141,250	1,034,303
Cash payments in the course of operations		(948,130)	(895,199)
Interest paid		(17)	(18)
Interest received		10,414	10,105
Income tax paid		(32,082)	(70,483)
Net cash flows from operating activities	17b	171,435	78,708
Cash flows from investing activities			
Payments for property, plant and equipment		(1,018)	(8,055)
Payments for intangible assets		(2,500)	-
Net cash flows used in investing activities		(3,518)	(8,055)
Cash flows from financing activities			
Proceeds from borrowings		17	18
Dividend paid		(86,409)	(44,609)
Net cash flows used in financing activities		(86,392)	(44,591)
Net increase / (decrease) in cash held		81,525	26,062
Add opening cash brought forward		259,530	233,468
Closing cash carried forward	17a	341,055	259,530

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 \$
Share capital			
Ordinary shares		695,010	695,010
Balance at start of year		-	-
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		695,010	695,010
Retained earnings			
Balance at start of year		82,679	34,051
Profit after income tax expense		125,015	93,237
Dividends paid		(86,409)	(44,609)
Balance at end of year		121,285	82,679

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 6 August 2009.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with

International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Income tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Buildings	2.5%
Leasehold improvements	2.5%
Plant & equipment	2.5 - 40%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Revaluations (continued)

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve. An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the 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 cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Comparative figures

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

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Interest bearing liabilities

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

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions 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 capital

Issued and paid up capital is 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.

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 2. Revenue from ordinary activities

Operating activities

- services commissions	1,080,516	988,812
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Non-operating activities

- interest received	10,414	10,105
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Total revenue from ordinary activities	1,090,930	998,917
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Note 3. Expenses

Employee benefits expense

- wages and salaries	402,087	323,382
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- superannuation costs	46,470	39,980
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- workers' compensation costs	1,113	1,372
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- other costs	11,621	22,706
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	461,291	387,440
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Depreciation of non-current assets:

- property, plant and equipment	21,076	22,567
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Amortisation of non-current assets:

- intangibles	10,794	10,558
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	31,870	33,125
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Finance costs

- Interest paid	17	18
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Bad debts	3,428	3,329
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Notes to the financial statements continued

	2009 \$	2008 \$
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Note 4. Income tax expense

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

Prima facie tax on profit from ordinary activities at 30%	53,766	40,484
Add tax effect of:		
- Non-deductible expenses	3,062	5,245
- Prior year under provision of tax	-	1,227
Current income tax expense	56,828	46,956
Origination and reversal of temporary differences	(2,625)	(5,245)
Deferred income tax benefit	(2,625)	(5,245)
Income tax expense	54,203	41,711
Deferred income tax asset		
Future income tax benefits arising from temporary differences are recognised at reporting date as realisation of the benefit is regarded as probable.	21,713	19,088
Tax liabilities		
Current tax payable / (refundable)	16,373	(8,373)

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

• Audit or review of the financial report of the Company	3,650	3,650
• Share registry services	2,806	-
	6,456	3,650

Note 6. Cash assets

Cash at bank and on hand	341,055	259,530
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 7. Receivables		
Commission receivable	107,610	93,097
Note 8. Other assets		
Prepayments	4,666	4,664
Note 9. Property, plant and equipment		
Land at cost	118,611	118,611
Buildings		
At cost	247,903	246,885
Less accumulated depreciation	(39,518)	(33,359)
	208,385	213,526
Building improvements		
At cost	58,641	58,641
Less accumulated depreciation	(7,097)	(5,631)
	51,544	53,010
Plant and equipment		
At cost	172,727	172,727
Less accumulated depreciation	(109,864)	(96,413)
	62,863	76,314
Total written down amount	441,403	461,461
Movements in carrying amounts		
Buildings		
Carrying amount at beginning of year	213,526	219,684
Additions	1,018	-
Disposals	-	-
Depreciation expense	(6,159)	(6,158)
Carrying amount at end of year	208,385	213,526

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 9. Property, plant and equipment (continued)

Building improvements

Carrying amount at beginning of year	53,010	54,476
Additions	-	-
Disposals	-	-
Depreciation expense	(1,466)	(1,466)
Carrying amount at end of year	51,544	53,010

Plant and equipment

Carrying amount at beginning of year	76,314	83,202
Additions	-	8,055
Disposals	-	-
Depreciation expense	(13,451)	(14,943)
Carrying amount at end of year	62,863	76,314

Note 10. Intangible assets

Preliminary costs

At cost	2,500	-
Less accumulated amortisation	(500)	-
	2,000	-

Franchise renewal fees

At cost	51,467	51,467
Less accumulated amortisation	(24,018)	(13,724)
	27,449	37,743
	29,449	37,743

Note 11. Payables

Trade creditors	10,991	22,848
Other creditors and accruals	29,894	22,050
	40,885	44,898

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 12. Interest bearing liabilities

Current

Bank loan	225	208
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The loan has a variable interest rate with a term of 15 years. It is secured by a charge over the land and buildings for which the loan was incurred.

Note 13. Provisions

Employee benefits	69,618	58,661
Number of employees at year end	10	9

Note 14. Other liabilities

Non current

Shire loan	2,500	2,500
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Note 15. Share capital

695,010 shares fully paid of \$1	695,010	695,010
7,500 shares issued for \$0	7,500	7,500

Equity comprises 702,510 fully paid \$1 paid shares. In recognition for shareholders who contributed to pre-incorporation funds to enable the feasibility study to be completed, 7,500 fully paid shares were issued with no consideration paid by the shareholders at the rate of one additional share for each \$1 contributed.

Note 16. Retained earnings

Balance at the beginning of the financial year	82,679	34,051
Profit after income tax	125,015	93,237
Dividends paid	(86,409)	(44,609)
Balance at the end of the financial year	121,285	82,679

Notes to the financial statements continued

	2009 \$	2008 \$
Note 17. Statement of cash flows		
(a) Reconciliation of cash		
Cash assets	341,055	259,530
(b) Reconciliation of profit from ordinary activities after tax to net cash from operating activities		
Profit from ordinary activities after income tax	125,015	93,237
Non cash items		
- Depreciation	21,076	22,567
- Amortisation	10,794	10,558
Changes in assets and liabilities		
- (Increase) / decrease in receivables/other assets	(14,515)	(4,039)
- Increase / (decrease) in payables	(4,013)	(32,088)
- Increase / (decrease) in provisions	10,957	17,245
- Increase / (decrease) in tax payable	24,746	(23,527)
- (Increase) / decrease in deferred tax asset	(2,625)	(5,245)
Net cash flows from operating activities	171,435	78,708

Note 18. Related party disclosures

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

Allan Alexander Grundy

Margaret Calder Sank

Janette Christine Simmons

Jillian Lorraine Rule

Gareth Little-Hales (appointed 30 October 2008)

Arch Campbell Carswell (resigned 31 March 2009)

Craig Keithley

Albert Buitenhuis

James Justin Chapman

Notes to the financial statements continued

Note 18. Related party disclosures (continued)

Other than detailed below no Director or related entity has entered into a material contract with the Company.

Prior to 1 November 2008 no Directors' fees were paid as the positions were held on a voluntary basis.

Monthly payment of Directors commenced on 1 December 2008 in arrears. Directors will only receive payments after six months of service.

Director remuneration for the year ended 30 June 2009

	Primary benefits salary & fees 2009 \$	Primary benefits salary & fees 2008 \$
Allan Alexander Grundy	7,000	-
Margaret Calder Sank	2,917	-
Janette Christine Simmons	1,167	-
Jillian Lorraine Rule	2,917	-
Gareth Little-Hales (appointed 30 October 2008)	-	-
Arch Campbell Carswell (resigned 31 March 2009)	1,167	-
Craig Keithley	1,167	-
Albert Buitenhuis	2,917	-
James Justin Chapman	1,167	-

Directors' shareholdings	2009	2008
Allan Alexander Grundy	6,876	6,876
Margaret Calder Sank	5,001	5,001
Janette Christine Simmons	938	938
Jillian Lorraine Rule	27,876	27,876
Gareth Little-Hales (appointed 30 October 2008)	-	-
Arch Campbell Carswell (resigned 31 March 2009)	3,938	3,938
Craig Keithley	500	500
Albert Buitenhuis	7,000	7,000
James Justin Chapman	-	-

Other than stated below, each share held has a paid up value of \$1 and is fully paid.

Notes to the financial statements continued

Note 18. Related party disclosures (continued)

The following Directors shares were issued for \$0.

	2009	2008
Allan Alexander Grundy	1,875	1,875
Janette Christine Simmons	938	938
Arch Campbell Carswell (resigned 31 March 2009)	938	938

Note 19. Subsequent events

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

Note 20. Contingent liabilities

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

Note 21. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Mt Evelyn, Victoria.

Note 22. Corporate information

Mt Evelyn & Districts Community Financial Services Ltd is a Company limited by shares incorporated in Australia. The Company was listed on the Bendigo Stock Exchange on 18 August 2006.

The registered office and principal place of business is:

Registered office	Principal place of business
20 Kemp Avenue,	Shop 2/35-39 Wray Crescent,
Mt Evelyn VIC 3796	Mt Evelyn VIC 3796

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 23. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

(i) Previous year final		
Franked dividends - 12.3 cents per share (2008: 6.35 cents per share)	86,409	44,609
	86,409	44,609

(b) Franking credit balance

The amount of franking credits available for the subsequent financial year are:

• Franking account balance as at the end of the financial year	91,595	96,545
• Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	16,373	(8,373)
	107,968	88,172

The tax rate at which dividends have been franked is 30% (2008: 30%).

Note 24. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	125,015	93,237
Weighted average number of ordinary shares for basic and diluted earnings per share	702,510	702,510

Notes to the financial statements continued

Note 25. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2009	2008
	\$	\$
Cash assets	341,055	259,530
Receivables	107,610	93,097
	448,665	352,627

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2008: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the financial statements continued

Note 25. Financial risk management (continued)

(b) Liquidity risk

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2009					
Payables	40,885	(40,885)	(40,885)	–	-
Other liabilities	2,500	(2,500)	-	–	(2,500)
Interest bearing liabilities	225	(225)	(225)	–	-
	43,610	(43,610)	(41,110)	–	(2,500)
30 June 2008					
Payables	44,898	(44,898)	(44,898)	–	-
Other liabilities	2,500	(2,500)	-	–	(2,500)
Interest bearing liabilities	208	(208)	(208)	–	-
	47,606	(47,606)	(45,106)	–	(2,500)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Notes to the financial statements continued

Note 25. Financial risk management (continued)

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2009	2008
	\$	\$
Fixed rate instruments		
Financial assets	183,492	173,179
Financial liabilities	-	-
	183,492	173,179
Variable rate instruments		
Financial assets	157,563	86,351
Financial liabilities	(225)	(208)
	157,338	86,143

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) 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 year end.

(e) 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.

Notes to the financial statements continued

Note 25. Financial risk management (continued)

(e) Capital management (continued)

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.

Directors' declaration

In accordance with a resolution of the Directors of Mt Evelyn & Districts Financial Services Limited, I 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 their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.



Allan Alexander Grundy
Chairman

Signed on 6 August 2009.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



172 McIvor Road
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
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Independent Audit Report

to the Members of Mt Evelyn & Districts Financial Services Limited

Scope

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the Directors' declaration for Mt Evelyn & Districts Financial Services Limited, for the year ended 30 June 2009.

The Directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, 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 audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the Directors.

Independent audit report continued

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the Directors and management of the Company.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Mt Evelyn & Districts Financial Services Limited is in accordance with:

(a) 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 year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants



W. J. SINNOTT

Partner

Bendigo

Date: 6 August 2009

BSX report

Share Information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 1 September 2009, which is within 6 weeks of this report being sent to 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	203
1,001 to 5,000	102
5,001 to 10,000	17
10,001 to 100,000	7
100,001 and over	0
Total shareholders	329

Each of the above shareholders are 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.

There are 22 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 \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Giuliano Sciore & Marisa Sciore	25000	3.56
Simon George Miller	20000	2.85
Eda Paige	20000	2.85
Jillian Lorraine Rule <Rule Super Fund A/C>	20000	2.85
Richard Everritt Thorne	20000	2.85
John Schneider <Schneider Family Superfund A/C>	13000	1.85
Lloyd Albert Harrington	12000	1.71
Eileen Hillary Bowen	10000	1.42
Roy Charles Donaldson	10000	1.42
Dova Eng Co P/L <Superannuation Fund A/C>	10000	1.42
	160,000	23

BSX report continued

Registered office and principal administrative office

The registered office of the Company is located at:

20 Kemp Avenue,
Mt Evelyn VIC 3796
Phone: (03) 9736 1425

The principal administrative office of the Company is located at:

Shop 2/ 35-39 Wray Crescent,
Mt Evelyn VIC 3796
Phone: (03) 9737 1833

Security register

The security register (share register) is kept at:

Ricmond Sinnott & Delahunty Pty Ltd
Woodbury Court,
172-176 McIvor Road,
Bendigo VIC 3552
Phone: (03) 5443 1177

Company Secretary

Albert Buitenhuis has been the Company Secretary of Mt Evelyn and Districts Financial Services Ltd since 18 November 2004. Albert Buitenhuis is a horticulturist and his experience includes business and industry experience and ongoing professional development.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Margi Sank, Allan Grundy, Albert buitenhaus and Craig Keithley;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

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.