

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
ABN 54 090 252 627
Directors' Report

Your Directors submit their report of the company for the half year ended 31 December 2007.

Directors

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

Mr G M Vickers
Company Secretary

Mrs C L Aulich
Account Manager

Mr M Magee
Truck Body Builder

Ms E R Fox
Student Counsellor

Mr L B Marshall
Retired Maintenance Manager

Mr R McKail
Governance manager

Mr R J Woods
Environmental Consultant

Mr B J Sharman (Appointed 18 September 2007)
Administrative Officer

Mrs J D Hall (Appointed 18 September 2007)
Retired Shop Proprietor

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

Principal activities

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

Review and results of operations

Operations have continued to perform in line with expectations. During this period the company paid Donations and Community payments of \$54,919 (2006: \$90,939). The net profit of the company for the financial period was \$72,025 (2006: \$40,802).

Significant changes in the state of affairs

The company changed its name from Warburton Community Financial Services Ltd to Upper Yarra Community Enterprise Ltd on 2 November 2007. On 7 November 2007, the company made a bonus issue of shares to its current shareholders at the ratio of 2:1. The total number of bonus shares issued was 800,000. In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Matters subsequent to the end of the reporting period

The company opened a second branch in Yarra Junction on 25 February 2008. An issue of 730,250 shares, with a paid up value of \$1 per share, was made to raise capital for the new branch. These shares were issued on 13 February 2008. The total number of shares on issue is now 1,930,250. There are no other matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

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Directors' Report**

Auditor Independence Declaration

The directors received the following independence declaration from the auditor of the company

Richmond Sinnott & Delahunty
Chartered Accountants



172-176 McIvor Rd
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 review of the financial report of Upper Yarra Community Enterprise Ltd for the half year ended 31 December 2007, 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
Bendigo
3 March 2008

Signed in accordance with a resolution of the Directors at Warburton, Victoria on
3 March 2008.

Rodney McKail, Chairman

Upper Yarra Community Enterprise Ltd
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Condensed Income Statement
for the half-year ended 31 December 2007

	Note	2007 \$	2006 \$
Revenue from ordinary activities		460,280	429,442
Other revenue		9,671	7,558
Salaries and employee benefit expense		(193,245)	(170,973)
Depreciation and amortisation expense		(10,329)	(8,029)
Borrowing cost expense		(6,631)	(8,250)
Donations and community payments		(54,919)	(90,939)
Other expenses from ordinary activities		<u>(100,997)</u>	<u>(99,813)</u>
Profit from ordinary activities before income tax expense		103,830	58,996
Income tax expense relating to ordinary activities		<u>31,805</u>	<u>18,194</u>
Net profit		<u><u>72,025</u></u>	<u><u>40,802</u></u>
Earnings per share (cents per share)			
- basic for profit for the half year		11.35	10.20
- diluted for profit for the half year		11.35	10.20
- dividends paid per share	6	12.00	9.00

Upper Yarra Community Enterprise Ltd
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Condensed Balance Sheet
as at 31 December 2007

	31-Dec 2007 \$	30-Jun 2007 \$
Current Assets		
Cash assets	328,060	335,913
Sundry debtors	36,731	-
Prepayments	1,628	-
Receivables	87,975	81,630
Total Current Assets	<u>454,394</u>	<u>417,543</u>
Non-Current Assets		
Property, plant and equipment	614,141	614,782
Intangibles	4,460	5,509
Total Non-Current Assets	<u>618,601</u>	<u>620,291</u>
Total Assets	<u>1,072,995</u>	<u>1,037,834</u>
Current Liabilities		
Payables	57,412	41,727
Interest bearing liabilities	59,488	59,488
Current tax liability	25,711	3,145
Provisions	36,452	39,367
Total Current Liabilities	<u>179,063</u>	<u>143,727</u>
Non-Current Liabilities		
Interest bearing liabilities	111,485	135,685
Total Non-Current Liabilities	<u>111,485</u>	<u>135,685</u>
Total Liabilities	<u>290,548</u>	<u>279,412</u>
Net Assets	<u>782,447</u>	<u>758,422</u>
Equity		
Issued capital	400,000	400,000
Retained earnings	382,447	358,422
Total Equity	<u>782,447</u>	<u>758,422</u>

Upper Yarra Community Enterprise Ltd
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Condensed Cash Flow Statement
for the half-year ended 31 December 2007

	2007	2006
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	499,963	463,417
Cash payments in the course of operations	(420,778)	(428,399)
Interest received	9,671	7,558
Borrowing costs	(6,631)	-
Income tax refunded/(paid)	<u>(9,239)</u>	<u>37,447</u>
Net cash flows from (used in) operating activities	<u>72,986</u>	<u>80,023</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	<u>(8,639)</u>	<u>(9,723)</u>
Net cash flows from (used in) investing activities	<u>(8,639)</u>	<u>(9,723)</u>
Cash Flows From Financing Activities		
Repayment of borrowings	(24,200)	(27,071)
Dividends paid	<u>(48,000)</u>	<u>(36,000)</u>
Net cash flows from (used in) financing activities	<u>(72,200)</u>	<u>(63,071)</u>
Net increase (decrease) in cash held	(7,853)	7,229
Opening cash brought forward	<u>335,913</u>	<u>337,133</u>
Closing cash carried forward	<u><u>328,060</u></u>	<u><u>344,362</u></u>

Upper Yarra Community Enterprise Ltd
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Condensed Statement of Changes in Equity
for the half-year ended 31 December 2007

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2007	400,000	358,422	758,422
Net profit for the period	-	72,025	72,025
Issue of share capital	-	-	-
Equity dividends	-	(48,000)	(48,000)
As at 31 December 2007	<u>400,000</u>	<u>382,447</u>	<u>782,447</u>

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2006	400,000	324,634	724,634
Net profit for the period	-	40,802	40,802
Issue of share capital	-	-	-
Equity dividends	-	(36,000)	(36,000)
As at 31 December 2006	<u>400,000</u>	<u>329,436</u>	<u>729,436</u>

Upper Yarra Community Enterprise Ltd
(formerly Warburton Community Financial Services Ltd)
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Notes to the Financial Statements
for the half-year ended 31 December 2007

1. Basis of preparation of the Half-Year Financial Report

(a) Basis of accounting

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of Upper Yarra Community Enterprise Ltd as at 30 June 2007. It is also recommended that this half year financial report be considered together with any public announcements made by Upper Yarra Community Enterprise Ltd during the half year ended 31 December 2007 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

(b) Statement of compliance

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

(c) Summary of significant accounting policies

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2007 financial statements.

2. Significant changes in the state of affairs

The company changed its name from Warburton Community Financial Services Ltd to Upper Yarra Community Enterprise Ltd on 2 November 2007. On 7 November 2007, the company made a bonus issue of shares to its current shareholders at the ratio of 2:1. The total number of bonus shares issued was 800,000. In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

3. Events subsequent to Reporting Date

The company opened a second branch in Yarra Junction on 25 February 2008. An issue of 730,250 shares, with a paid up value of \$1 per share, was made to raise capital for the new branch. These shares were issued on 13 February 2008. The total number of shares on issue is now 1,930,250. There have been no other events subsequent to reporting date that would materially effect the financial statements at the reporting date.

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Notes to the Financial Statements
for the half-year ended 31 December 2007

4. Contingent Assets and Liabilities

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

5. 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 Upper Yarra Valley, Victoria.

6. Dividends Paid	2007	2006
	\$	\$
<i>Dividends paid during the half year</i>		
Final franked dividend for the year ended 30 June 2007 of 12 cents (2006: 9 cents franked)	48,000	36,000
<i>Dividends proposed and not recognised as a liability</i>		
Interim franked dividend for the year ended 30 June 2008	-	-

7. Director and Related Party Disclosures

The names of directors who have held office during the half year ended 31 December 2007 are:

Mr G M Vickers
Mrs C L Aulich
Mr M Magee
Mr L B Marshall
Ms E R Fox
Mr R J Woods
Mr R McKail
Mr B J Sharman (Appointed 18 September 2007)
Mrs J D Hall (Appointed 18 September 2007)

The company hired Mr G Vickers, to perform services in relation to secretarial and treasurer operations for the Board. The amount paid to Mr G Vickers was \$30,525 for the half year ended 31 December 2007 (2006: \$22,833).

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

Directors shareholdings	<u>2007</u>	<u>2006</u>
Mr G M Vickers	1,500	500
Mrs C L Aulich	300	100
Mr M Magee	6,000	2,000
Mr L B Marshall	-	-
Ms E R Fox	-	-
Mr R J Woods	-	-
Mr R McKail	-	-
Mr B J Sharman (Appointed 18 September 2007)	-	-
Mrs J D Hall (Appointed 18 September 2007)	-	-

There was no movement in directors shareholdings during the period other than the 2:1 bonus share issue made on 7 November 2007.

**Upper Yarra Community Enterprise Ltd
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Directors Declaration
for the half-year ended 31 December 2007**

In accordance with a resolution of the directors of Upper Yarra Community Enterprise Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company:
 - (i) give a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134, "Interim Financial Reporting" and the Corporations Regulations 2001; 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.

On behalf of the Board

Rodney McKail, Chairman

Signed in Warburton on this 3rd day of March 2008