



Fern Tree Gully & Rowville
Financial Services Ltd
ABN 88 093 823 708

Ferntree Gully and Rowville
Community Bank[®] branches of Bendigo Bank

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Chairman's report

For year ending 30 June 2009

This has certainly been a very interesting year with the major world wide economic downturn having an effect on financial institutions worldwide.

Despite the doom and gloom which has been bandied around through all media the continued support of the people of Fern Tree Gully and Rowville has contributed to a very good 2008/2009 year with growth continuing in an unprecedented manner resulting in our total business reaching \$169 million and over 10,500 accounts.

During the year the people of Fern Tree Gully and Rowville have continued with their ongoing support of our branches. This support has enabled both Fern Tree Gully and Rowville to trade profitably; which has enabled your **Community Bank**[®] branch to continue to financially support our local community in many projects.

In February Victoria suffered the disastrous bush fires. As soon as it realised just how serious the bushfires were your **Community Bank**[®] branch purchased a generator which was made available at no cost to a farmer who had suffered in the bushfires. The generator was lent to him for as long as he required it. Upon the return of the generator it was offered to the local Country Fire Authority brigades.

To date, the Fern Tree Gully and Rowville **Community Bank**[®] branches have contributed and pledged a total of \$927,000 in local grants and sponsorships thereby boosting the Knox economy and paid dividends to shareholders at the same time!

Your Directors have recommended 12 cents per share dividend to be paid.

The Fern Tree Gully & Rowville **Community Bank**[®] branches remain committed to our local community and are proud to be involved with and support many organisations each year.

None of the above would have been possible without the continuing hard work of our management team and their staff! John in his role of General Manager has ensured the business at both branches is conducted in a professional, efficient and courteous manner. Tina and Campbell have demonstrated a commitment to the bank and the local community. As the branches have continued to grow so has the requirement for our management team to be in attendance at functions after hours. Under their leadership the staff continues to demonstrate the word "community" by their friendly and courteous manner when dealing with you the customer.

Your Directors continue to work diligently as you can see from the figures above. While your **Community Bank**[®] branches have continued to grow so have the time requirements expected from Directors. Their role in ensuring the overall management responsibilities while also planning for the future requires additional responsibilities.

Chairman's report continued

The time expectations of Directors from Bendigo and Adelaide Bank Ltd are continuing to increase thereby adding to the time Directors must devote to **Community Bank**[®] Company business.

Thank you to the many shareholders and clients who continue to support the **Community Bank**[®] concept. With the continued support of all involved in our **Community Bank**[®] branches I am confident our business will continue to grow and benefit our community.



Hurtle Lupton O.A.M., J.P.

Chairman

General Manager's report

For year ending 30 June 2009

Once again the citizens of Fern Tree Gully and Rowville have continued their support of our Bank. Not only do the local communities support us, others not in our area also support us due to the reputation we have. We even have interstate and overseas customers.

This is where our sponsorship of different clubs gets our message to the greater community.

This support has helped us continue to grow by \$39.5 million in the past 12 months, an extraordinary amount considering the economic conditions over the past 12 months.

Once again we will be holding a grants night where organisations that normally don't get support will be recognised by your bank with funds to help their cause.

Some of the amounts are not large, however to the groups it can mean they can purchase equipment they need now not in the future.

This is what we are about, helping those who help us. Yes we do give priority in funding to our customers; banking with us ensures we make profits that we can then distribute.

We aim to continue to be a leader in community enhancement.

Some of the groups that have continued to benefit from your support during the year include special children's schools, schools, pre schools, sporting clubs, elderly citizen's services and various other community groups.

These groups represent a wide cross section of our communities.

They all put a lot of time and commitment into making our communities the best places in which to live and work.

We are proud to be able to assist them in their activities.

We have also formed a forum with the other Bendigo Bank branches in Knox along with Knox City Council, Federal Government and State Government representatives to look at what initiatives we can share to enhance our community.

We take suggestions from the public and various groups for projects that we may take a part in. If you or any one in a community group has a project they want to put forward just tell them to let me know and I will inform them how to go about getting the project on our agenda.

As shareholders we can proudly recommend our bank to others with the confidence they will receive service and attention second to none. Also, their banking will help us to continue our community service.

Once again I would like to thank the staff, who are led by Tina Leslie and Campbell Connell for their commitment to your Bank.

General Manager's report continued

They go above and beyond what they are paid for to attend local functions and promote the bank at every opportunity.

I also pass on my thanks to Bendigo and Adelaide Bank Ltd who continue to support us, especially from the Yarra Valley Region, Alison Burr, Natalie Gould, the business bankers Katie Hauptman, Terry Knight and State General Manager Scott Elkington. They have gone out of their way to assist us in promoting our branches.

Last but not least are your Board members, led by Hurtle Lupton, who continue to put in unpaid hours to promote your bank within the community and guide the business to ensure your assets are protected.

Most would not be aware of the time that is put into ensuring your bank is represented in the community. Some times Hurtle and I are in each other's Company four days or evenings a week at meetings or functions promoting your bank and the community message.



John Surridge
General Manager

Ferntree Gully Manager's report

For year ending 30 June 2009

Another year has flown by and your bank branch continues to grow, proving that the community of Fern Tree Gully and Districts is well and truly deserving of its reputation of supporting its own.

At 30 June 2009 we have 7,241 accounts opened with combined loans and deposits totalling almost \$113.7 million an increase from last year of a massive \$26.5 million. A job well done to all.

As you can see from the various reports, funds are continually flowing back into the community and this will continue to be ongoing for as long as we have your support.

It is incredible that we have been able to achieve the business levels we have, and I would like to take this opportunity in thanking all our shareholders and customers for continuing to support their **Community Bank**[®] branch and also welcoming our new customers.

I would like to thank the Board for the hours they put in on a voluntary basis to promote our bank branch and the community of Fern Tree Gully and Districts. They, along with their predecessors, should be commended on taking a concept, which many thought would not work, and making it a reality.

I would especially like to thank General Manager, John SurrIDGE for his continued guidance and support throughout the year, and the staff who are all so dedicated to the success of your **Community Bank**[®] branch.

As shareholders, you can be assured that the staff and the Board will not be resting on the results that been achieved so far, but will continue to promote your branch so that you can be proud of being associated with the remarkable success story.



Tina Leslie
Manager

Rowville Manager's report

For year ending 30 June 2009

What a year it has been at the Rowville **Community Bank**[®] Branch. By the time this report goes to print we will have celebrated our 5th Birthday and our business continues to grow. I have had some dealings with our shareholders this year and it has been great to put some faces to the many names I have had to deal with in my role in arranging some share transfers.

At the Rowville **Community Bank**[®] Branch we have increased our funds under management well past the \$50.0 million mark and at the close of the financial year we had \$56.7 million, an increase of \$13.4 million. The number of accounts has also grown from 2,981 to 3,349. As we continue in the new financial year our business is increasing with the support of the local traders and businesses along with the residents of Rowville. These results are something we can be proud of given the times we have experienced over the last 12 months.

The donations and sponsorships have continued to flow back into the community with many of the sporting clubs, schools and kinder's benefiting. There are also many community groups that have also received some help from our **Community Bank**[®] branch. It is indeed a pleasure to be associated with the many volunteers who keep these groups operating year in year out. Our banking in schools program continued this year at Heany Park P.S. and we received over 30 letters from the children thanking us for our visit, again another satisfying and proud moment to be associated with the **Community Bank**[®] branch. The community sporting clubs have continued to support the **Community Bank**[®] branch and we will continue to support them.

Thanks must always go to our staff and management who continue to support me as Manager, in particular our general manger Mr John Surrige. John's expertise is appreciated and his support invaluable. Thanks also to Tina Leslie Branch Manager at Ferntree Gully who has been a great support and so very patient.

To the Board of Directors who volunteer their time and expertise to our **Community Bank**[®] branches. Thank you, it is a pleasure to work with you.

As the new financial year continues I urge all shareholders to get behind their **Community Bank**[®] branch. Encourage your friends and neighbours to support your/their **Community Bank**[®] branch.



Campbell Connell
Manager

Marketing Director's report

For year ending 30 June 2009

This year's Marketing activities have focused on increasing our brand awareness, especially targeted to our own **Community Bank**[®] branches. As in previous years the task is shared between Bendigo and Adelaide Bank Ltd and Fern Tree Gully and Rowville Financial Services P/L.

At the national level the year began with the introduction of the "It begins with U" community campaign ran by Bendigo and Adelaide Bank Ltd during the 2008 Beijing Olympics. The "U" is now a feature image along with the Bendigo Bank logo, across all posters, newsletters and websites. The aim is to create a strong association between U and the Bendigo Bank within the community.

At the local level, we have changed the method we communicate our own message. When new customers open accounts, we ask them how they came to know of the two **Community Bank**[®] branches. The highest sources of reference are our existing customers, local branch itself, and the links to the community. Areas of least influence included print media advertising, Taking this on board we have redirected our funding away from print media, and focused on direct communication, via the introduction of a new Community Company based web site and electronic newsletter.

Income

The Marketing budget is a combination of Bendigo and Adelaide Bank Ltd provided funds, via the Marketing Development Fund and Company funds. The Olympic campaign saw every branch contribute \$7,000 toward the National exposure. As we have two **Community Bank**[®] branches, \$14,000 was retained by Bendigo and Adelaide Bank Ltd for this purpose. The income received from the MDF was budgeted at \$93,000, less the \$14,000 retained, totalling \$79,000. Direct Company funds are used to support the incentive scheme, and our community contribution to Illoura.

Expenses

Marketing activities are divided into four broad segments, Advertising, Sponsorship, Donations, and General.

Advertising:

We have reduced our expenses on Print media, and direct mail newsletters and have directed these funds toward the new Company website and electronic newsletter. As such we have redefined the website and newsletter as Advertising expenses rather than General expenses

Sponsorship:

This is our largest expense. The criteria must show a benefit back to the **Community Bank**[®] branches.

Donations:

Used primarily to supplement our Sponsorship activities

General marketing includes such items as the posters, banners, and promotional items.

The total expenses for Marketing, was on budget.

Marketing Director's report continued

Our plan for 2009/2010 year will be to expand and enhance the Company website, continue with the e-newsletter, increase branch foot traffic, and remain focused on our direct community links with our existing and new customers.

Yours Sincerely



Etienne Clauw
Marketing Director

Finance report

For year ending 30 June 2009

This financial year has produced an excellent result given the global financial crisis, and the competitive disadvantage our **Community Bank**[®] branches find themselves due to the higher cost of funding relative to the major banks, due to the Federal Governments deposit guarantee. The Company continues on the sustained growth pattern from last year, in both business turnover and profitability, highlighted by:

- Total ordinary operating income: \$1,614,000 a 6% increase on the previous financial year, and a 40% increase over the last 3 financial years.
- Total ordinary operating profit before tax: \$335,000 an 11% increase on the previous financial years, and a 2,193% increase over the last 3 financial years.
- Return on shareholder funds before tax of 26.2%
- Retained profits per share of \$0.58
- Declaration of a \$0.10 dividend per share
- Approximate net realisable asset coverage of \$1.19 per share

The Rowville **Community Bank**[®] Branch, for the first time has produced a cash operating profit for an entire financial year, well in excess of budget forecasts. This has permitted constant repayments of the internal loan to the Company, the balance of which is now under \$650,000, 7% less than at the end of the previous financial year.

The Rowville **Community Bank**[®] Branch continues producing consistent solid results, generating sufficient income to fund the completion of the extensions to the Station St premises.

The Station St property combined with the \$475,000 in cash reserves provides on a very conservative valuation, more than sufficient realisable assets to cover the value of shareholders investments.

As the Company progresses into the future, the key financial objectives will continue to be to:

- Protect and increase shareholder value through consistent annual dividend payments, and increasing the net realisable asset coverage per share.
- Increase the profitability of the Rowville **Community Bank**[®] Branch, enabling a continuous reduction in the internal loan to the Company.
- Expand local community engagement by growing the social dividend through increasing grants and donations to worthwhile local projects and causes which in the long run increase community goodwill to the Company providing increasing revenue and profit growth.

I look forward to the challenge of continuing the role of Finance Director into the future.



Darren Pearce
Finance Director

Directors' report

For year ending 30 June 2009

Your Directors present this report on the Company for the financial year ended 30 June 2009.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Name of Director	Meetings attended	Meetings held
Graeme McEwin	10	11
Roy Bragge	11	11
Darren Pearce	11	11
Emilia Cursaro (resigned during the year)	0	5
Hurtle Lupton	10	11
Etienne Clauw	7	11
Phillip Reibelt	8	11
Desmond Higginbotham	9	11

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating result

The profit of the Company for the financial year after providing for income tax amounted to:

Year ended 30 June 2009 \$	Year ended 30 June 2008 \$
229,936	174,939

Review of operations

A review of the operations of the Company during the financial year and the results of those operations showed an overall profit before income tax of \$335,426.

Significant changes in the state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Company during the course of the year were **Community Bank**[®] branches operating in Ferntree Gully and Rowville. No significant change in the nature of these activities occurred during the year.

Directors' report continued

After balance date events

No matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

During the year the Directors have provided for and paid dividends of \$78,075.00 (\$0.10 per share).

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors' interests in shares of the Company or related bodies corporate

The particulars of shares held by the Directors of the Company in the Company or in related bodies corporate which are required to be declared in the register of Directors' shareholdings are as follows:

Name of Director	Shareholding
Graeme McEwin	5,000
Roy Bragge	1,500
Darren Pearce	500
Emilia Cursaro	1,000
Hurtle Lupton	1,000
Etienne Clauw	0
Phillip Reibelt	0
Desmond Higginbotham	1,000

Directors' report continued

Directors' benefits

No Director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company 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 or related body corporate.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an Officer or Auditor of the Company.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

International Financial Reporting Standards (IFRS)

"Since the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the Company's financial report has been prepared in accordance with those standards.

Auditors independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

Signed in accordance with a resolution of the Board of Directors:



Hurtle Lupton
Director



Darren Pearce
Director

Dated: 25 September 2009.

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Classification of expenses by nature			
Revenues from ordinary activities	2	1,614,054	1,450,788
Borrowing costs expense	3	-979	-7,797
Bad and doubtful debts	3	-813	-700
Depreciation and amortisation expenses	3	-41,160	-43,853
Other expenses from ordinary activities		-1,235,676	-1,172,540
Profit from ordinary activities before income tax			
Income tax expense relating to ordinary activities	4	-105,490	-50,959
Net profit attributable to members of the Company		229,936	174,939

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	475,010	325,352
Total current assets		475,010	325,352
Non-current assets			
Property, plant and equipment	7	910,971	857,896
Intangible assets	8	1,578	13,578
Total non-current assets		912,549	871,474
Total assets		1,387,560	1,196,826
Current liabilities			
Payables	9	33,843	25,239
Financial liabilities	10	9,734	8,726
Current tax liabilities	11	109,846	80,585
Total current liabilities		153,423	114,551
Total liabilities		153,423	114,551
Net assets		1,234,136	1,082,275
Equity			
Contributed equity	12	780,750	780,750
Retained profits		453,386	301,525
Total equity		1,234,136	1,082,275

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	2009 \$	2008 \$
Cash flow from operating activities		
Receipts from customers	1,576,016	1,450,415
Payments to suppliers and employees	-1,189,138	-1,087,916
Interest received	9,233	15,042
Interest and other costs of finance	-980	-7,797
Income tax refunded	4,213	4,249
Income tax paid	-89,376	-112,363
Net cash provided by (used in) operating activities (note 2)	309,968	261,631
Cash flow from investing activities		
Purchase of non-current assets	-82,235	-275,134
Net cash provided by (used in) investing activities	-82,235	-275,134
Cash flow from financing activities		
Dividends paid	-78,075	-62,460
Net cash provided by (used in) financing activities	-78,075	-62,460
Net increase (decrease) in cash held	149,658	-75,963
Cash at the beginning of the year	325,352	401,314
Cash at the end of the year (note 1)	475,010	325,352

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	2009 \$	2008 \$
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Note 1. Reconciliation of cash

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

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	229,121	167,217
Investment account	245,389	157,635
Deposit bonds	500	500
	475,010	325,352

Note 2. Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit (loss) after tax	229,936	174,939
Depreciation	20,160	22,853
Amortisation	21,000	21,000
Increase/(decrease) in provision for income tax	20,326	-57,154
(Profit) / loss on sale of property, plant and equipment		
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:	0	71,683
Increase (decrease) in trade creditors and accruals	17,538	27,343
Increase (decrease) in loans	1,008	967
Net cash provided by operating activities	309,968	261,631

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Retained profits \$	Issued & paid up capital \$	Total \$
Balance at 30/06/2007	189,046	780,750	969,796
Profit attributable to the members	174,939		174,939
shares issued during the year		0	0
Subtotal	363,985	780,750	1,144,735
Dividends paid or provided for	-62,460		-62,460
Balance at 30/06/2008	301,525	780,750	1,082,275
Profit attributable to the members	229,936		229,936
shares issued during the year		0	0
Subtotal	531,461	780,750	1,312,211
Dividends paid or provided for	-78,075		-78,075
Balance at 30/06/2009	453,386	780,750	1,234,136

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Statement of significant accounting policies

The financial report covers Fern Tree Gully & Rowville Financial Services Ltd as an individual entity. Fern Tree Gully & Rowville Financial Services Ltd is a Company limited by shares, incorporated and domiciled in Australia.

(A) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report of Fern Tree Gully & Rowville Financial Services Ltd comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

(B) Accounting policies

Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Income tax (continued)

The amount of Benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

a) Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

b) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The cost of fixed assets constructed within Fern Tree Gully & Rowville Financial Services Ltd includes the cost of materials, direct labor, borrowing costs and an appropriate proportion of fixed and variable overheads.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

c) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Fern Tree Gully & Rowville Financial Services Ltd commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to Fern Tree Gully & Rowville Financial Services Ltd are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over their estimated useful lives or over the term of the lease

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight - line basis over the life of the lease term.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Financial instruments

a) Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

b) Financial assets at fair value through profit and loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

c) Loans and receivables

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

d) Held-to-maturity investments

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

e) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

f) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

g) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Financial instruments (continued)

h) Impairment

At each reporting date, the Directors assess whether there is objective evidence that financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Impairment of assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Investments in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Company's share of post-acquisition reserves of its associates.

Intangibles

a) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

b) Research and development expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Employee benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Provisions

Provisions are recognised when Fern Tree Gully & Rowville Financial Services Ltd has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

Cash and cash equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative figures

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

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally.

Key estimates - impairment

The Directors assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

	2009	2008
	\$	\$

Note 2. Revenue

Operating activities:

Other sales revenue (including banking)	1,590,807	1,493,508
Rents	14,015	13,920
Interest revenue	9,233	15,043
	1,614,055	1,522,471

Non-operating activities:

Profit (loss) on disposal of property, plant & equipment	0	-71,683
	1,614,055	1,450,788

Notes to the financial statements continued

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

Profit (loss) from ordinary activities before income tax has been determined after:

Charging as expense:

Amortisation of non-current assets	21,000	21,000
Bad and doubtful debts	813	700
Depreciation of non-current assets	20,160	22,853
Interest and borrowing costs	980	7,797

Note 4. Income tax

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

Current tax	104,912	55,209
Under provision in respect of prior years	578	-4,249
Income tax expense attributable to profit from ordinary activities	105,490	50,959

Note 5. Dividends

Dividends provided for or paid	78,075	62,460
	78,075	62,460

Note 6. Cash assets

Bank accounts:

Cash at bank	229,121	167,217
Investment account	245,389	157,635

Other cash items:

Deposit bonds	500	500
	475,010	325,352

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 6. Cash assets (continued)

Reconciliation of cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

- Cash	475,010	325,352
	475,010	325,352

Note 7. Property, plant and equipment

Buildings:

- At cost	754,138	678,929
	754,138	678,929

Leasehold improvements:

- At cost	46,644	46,645
- Less: accumulated depreciation	-44,800	-35,800
	1,844	10,845

Plant and equipment:

- At cost	253,991	246,965
- Less: accumulated depreciation	-99,002	-78,842
	154,989	168,123
	910,972	857,897

Note 8. Intangible assets

Franchise fees:

- At cost	110,000	110,000
- Less: accumulated amortisation	-108,422	-96,422
	1,578	13,578

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Payables		
Trade creditors	24,024	6,880
Sundry creditors	9,819	18,360
	33,843	25,240

Note 10. Borrowings

Bank loans	9,734	8,726
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Note 11: Tax liabilities

GST payable	24,765	24,217
Taxation	65,911	45,585
PAYG withholding payable	19,096	9,974
Superannuation payable	74	810
	109,846	80,586

Note 12. Contributed capital

Ordinary shares at \$1.00 each fully paid	780,750	780,750
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Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 13. Company Details

The registered office of the Company is 67 Station Street, Ferntree Gully VIC 3156.

Directors' declaration

The Directors of the Company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations; and
 - (b) give 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;
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Hurtle Lupton
Director



Darren Pearce
Director

Dated: 25 September 2009.

Independent audit report

FERN TREE GULLY & ROWVILLE FINANCIAL SERVICES LTD

ABN 88 093 823 708

Independent Auditor Report

Report on the financial report

We have audited the accompanying financial report of FERN TREE GULLY & ROWVILLE FINANCIAL SERVICES LTD for the year ended 30 June 2009 as set out herein.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements" that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Independent audit report continued

FERN TREE GULLY & ROWVILLE FINANCIAL SERVICES LTD

ABN 88 093 823 708

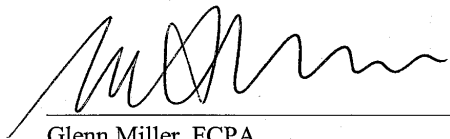
Independent Auditor Report

Auditor's Opinion

In our opinion:

- (a) the financial report of FERN TREE GULLY & ROWVILLE FINANCIAL SERVICES LTD is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date, and complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
 - (ii) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Signed on : 25.9.09



Glenn Miller, FCPA

Nickless Miller Pty Ltd

110 Drummond Street, Oakleigh

Auditor's independence declaration

FERN TREE GULLY & ROWVILLE FINANCIAL SERVICES LTD

ABN 88 093 823 708

Auditor's Independence Declaration

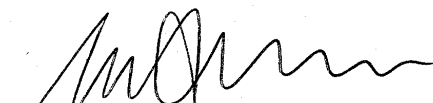
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To THE DIRECTORS OF: FERN TREE GULLY & ROWVILLE FINANCIAL SERVICES LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been :

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the Audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

Glenn Miller, FCPA
Nickless Miller Pty Ltd
110 Drummond Street, Oakleigh



Signed on : 25.9.09

Additional statement

For year ending 30 June 2009

	2009	2008
	\$	\$
Income		
Gross margin	951,083	958,528
Commission	13,165	13,115
Trailer commission	315,129	219,890
Fee income	228,761	216,975
Market development fund	82,666	84,999
Interest received	9,233	15,042
Profit (loss) on sale of assets	0	-71,683
Rent received	14,015	13,920
Total income	1,614,055	1,450,788
Expenses		
Accountancy	38,569	46,461
Advertising, marketing & sponsorship	70,068	73,515
Amortisation	21,000	21,000
Bad debts	813	700
Bank fees & charges	378	1,767
Bendigo and Adelaide Bank Ltd fees	83,201	91,650
Board expenses	14,137	7,865
Cleaning	24,321	17,305
Couriers	13,709	13,759
Depreciation	20,160	22,853
Donations	5,477	5,305
Equipment replacements	1,191	584
Filing fees	1,000	1,577
Fines	0	1,927
Heat, light & power	10,654	9,035
Insurance	28,612	22,560

Additional statement continued

	2009 \$	2008 \$
Expenses		
Interest	980	7,797
Legal fees	365	488
Payroll tax	9,819	15,707
Postage	3,015	5,569
Printing & stationery	20,471	19,880
Procedural errors	1,507	-1,347
Rates & land taxes	5,200	5,056
Rent on land & buildings	97,888	97,454
Repairs & maintenance	4,008	12,902
Salaries	675,343	602,946
Security	3,666	4,116
Share registry	4,331	5,397
Staff training	7,705	6,600
Sundry expenses	18,292	18,663
Superannuation	73,015	67,236
Telephone	17,536	16,247
Workcover insurance	2,196	2,313
Total expenses	1,278,629	1,224,889
Profit from ordinary activities before income tax	335,426	225,898

Ferntree Gully **Community Bank**[®] Branch
67 Station Street, Fern Tree Gully VIC 3156
Phone: (03) 9756 0332 Fax: (03) 9756 0301

Rowville **Community Bank**[®] Branch
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1100 Wellington Road, Rowville VIC 3178
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Franchisee: Ferntree Gully & Rowville Financial Services Limited
67 Station Street, Fern Tree Gully VIC 3156
ABN 88 093 823 708

www.bendigobank.com.au
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9068) (09/09)

