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</tr>
</tbody>
</table>
Your directors present their report on Korean Community Financial Service Limited, the company for the year ended 30 June 2015.

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

- Sook Jin Lee Kwak
- Moon Ki Kim
- Sun Do Kim
- Joon Young Lee
- Chang Soo Yoon
- Paul Soon Jae Kwon
- Jong Wook Lee (Appointed on 23/02/15)
- Yoon Sin Lee (Resigned on 30/09/14)
- Young Soo Gong (Resigned on 07/05/15)
- Hong Heo (Resigned on 07/05/15)
- Kenneth Park (Resigned on 30/09/14)

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

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

No significant change in the nature of these activities occurred during the year.

Dividends Paid or Recommended
Dividend of $0.04 per ordinary share has been declared during the financial year. Dividend of $43,989 was paid during the year which relates to dividend declared in the previous and current financial years. As at the balance date, $18,417 is still payable to the shareholders in respect of dividend previously declared.

Review of Operations
The profit for the financial year after providing for income tax amounted to $74,015 (2014: $63,875). Despite increased costs incurred by the franchisor which has been passed on to the company, it was offsetted by increased sales and other overhead costs savings. The profit result was considered satisfactory given the current ever-intensifying competitive environment in both Strathfield and the financial market.

Financial Review
The net assets have been increased by 10.6% from 2014 to 2015 financial year. This is largely due to increase in cash balances and fixed assets. The company will maintain strong financial position including healthy working capital ratio.
Significant Changes in State of Affairs
During the financial year there have been no significant changes in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

Events Subsequent to Reporting Date
There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has 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 financial years.

Future Developments
Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Environmental Issues
The company’s operations are not regulated by any significant Commonwealth or State environmental legislation. The nature of the company’s business does not give rise to any significant environmental issues.

Information on Directors

Chang Soo Yoon
Executive Director and Chairman
Age: 67
Experience: Chairman of Korean Community Financial Services Limited with 38 years of experience in banking industry
Interest in shares: 20,000 ordinary shares of Korean Community Financial Services Limited

Joon Young Lee
Non-Executive Director and Company Secretary
Age: 41
Experience: Managing Director of GongJu Holding Pty Ltd
Interest in shares: 35,000 ordinary shares of Korean Community Financial Services Limited

Sook Jin Lee Kwak
Non-Executive Director and Marketing & Sponsorship Committee Member
Age: 53
Experience: Managing Director of Jae My Holdings Pty Limited
Interest in shares: 30,000 ordinary shares of Korean Community Financial Services Limited
Information on Directors (CONT’D)

Sun Do Kim
Non-Executive Director and Marketing & Sponsorship Committee Member
Age: 56
Experience: Managing Director of Sun Do Motors
Interest in shares: 48,000 ordinary shares of Korean Community Financial Services Limited

Moon Ki Kim
Non-Executive Director and Human Resources Committee Member
Age: 61
Experience: Managing Director of New-Tech C & C Pty Limited
Interest in shares: 5,000 ordinary shares of Korean Community Financial Services Limited

Paul Soon Jae Kwon
Non-Executive Director and Governance Committee Member
Age: 54
Experience: PSK legal lawyers
Interest in shares: 10,000 ordinary shares of Korean Community Financial services Limited

Jong Wook Lee
Non-Executive Director and Treasurer
Age: 43
Experience: Accounting

Directors' Benefits
No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which the 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.
Directors Meetings
The numbers of Directors’ meeting attended by each of the Directors of the company during the year were:

<table>
<thead>
<tr>
<th>Directors' Name</th>
<th>No. of Meetings Eligible Attend</th>
<th>No. of Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chang Soo Yoon</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Moon Ki Kim</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Sun Do Kim</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Sook Jin Lee Kwak</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Joon Young Lee</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Paul Soon Jae Kwon</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Jong Wook Lee</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Yoon Sin Lee</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Young Soo Gong</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Hong Heo</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Kenneth Park</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

Share Options
No options were granted nor shares issued as a result of the exercise of options during the financial year or since the end of the financial year. No unissued shares are subject to options as at the date of this report.

Indemnification of Officer or Auditor
The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs of expenses to defend legal proceedings; with the exception of the following matter:

During the year the company paid a premium to insure the directors listed in this report against liabilities for the costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of directors of the company. The terms of the policy prohibit disclosure of the premium paid.

Proceedings on Behalf of the 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.
Company Secretary

The following person held the position of company secretary at the end of the financial year: Joon Young Lee - Managing director of GongJu Holding Pty Ltd.

Auditor's Independence Declaration

The auditor's independence declaration under Section 307C of the Corporations Act 2001 forms part of this Directors Report and is attached on page 7.

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

Chang Soo Yoon
Chairman

Dated at Sydney this 26th day of October 2015
AUDITOR’S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001

As lead auditor of Korean Community Financial Services Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Frank Vrachas
Partner

Rothsay Chartered Accountants

Sydney, 26 October 2015
<table>
<thead>
<tr>
<th>Notes</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2</td>
<td>1,051,169</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>3 (a)</td>
<td>(208,586)</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td>842,583</td>
</tr>
<tr>
<td>Borrowing costs expense</td>
<td>3 (b)</td>
<td>-</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td></td>
<td>(389,673)</td>
</tr>
<tr>
<td>Occupancy costs expense</td>
<td></td>
<td>(173,419)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td></td>
<td>(163,324)</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td></td>
<td>116,167</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>4</td>
<td>(42,152)</td>
</tr>
<tr>
<td>Net profit after income tax</td>
<td></td>
<td>74,015</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td>74,015</td>
</tr>
<tr>
<td>Profit attributable to members</td>
<td></td>
<td>74,015</td>
</tr>
<tr>
<td>Total comprehensive income attributable to members</td>
<td></td>
<td>74,015</td>
</tr>
</tbody>
</table>
# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>266,221</td>
<td>220,284</td>
</tr>
<tr>
<td>Trade and other receivable</td>
<td>6</td>
<td>93,179</td>
<td>95,610</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td>359,400</td>
<td>315,894</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>7</td>
<td>39,891</td>
<td>39,891</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>8</td>
<td>141,336</td>
<td>115,101</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>9</td>
<td>24,346</td>
<td>36,520</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>10</td>
<td>12,270</td>
<td>12,667</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td></td>
<td>217,843</td>
<td>204,179</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>577,243</td>
<td>520,073</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>11</td>
<td>53,690</td>
<td>57,641</td>
</tr>
<tr>
<td>Current tax payable</td>
<td></td>
<td>14,098</td>
<td>24,281</td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>12</td>
<td>17,803</td>
<td>17,000</td>
</tr>
<tr>
<td>Provisions</td>
<td>13</td>
<td>28,049</td>
<td>23,378</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td></td>
<td>113,640</td>
<td>122,300</td>
</tr>
<tr>
<td><strong>NON CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>12</td>
<td>53,655</td>
<td>20,342</td>
</tr>
<tr>
<td>Provisions</td>
<td>13</td>
<td>11,754</td>
<td>17,360</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT LIABILITIES</strong></td>
<td></td>
<td>65,409</td>
<td>37,702</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>179,049</td>
<td>160,002</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>398,194</td>
<td>360,071</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>14</td>
<td>897,300</td>
<td>897,300</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td></td>
<td>(499,106)</td>
<td>(537,229)</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>398,194</td>
<td>360,071</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
## Statement of Changes in Equity

**For the Year Ended 30 June 2015**

<table>
<thead>
<tr>
<th></th>
<th>Share Capital $</th>
<th>Accumulated Losses $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2014</strong></td>
<td>897,300</td>
<td>(537,229)</td>
<td>360,071</td>
</tr>
<tr>
<td><strong>Profit / (Losses) for the year</strong></td>
<td></td>
<td>74,015</td>
<td>74,015</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>897,300</td>
<td>(463,214)</td>
<td>434,086</td>
</tr>
<tr>
<td><strong>Transaction with owners in their capacity as owners</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend declared during the year</td>
<td></td>
<td>(35,892)</td>
<td>(35,892)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2015</strong></td>
<td>897,300</td>
<td>(499,106)</td>
<td>398,194</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Share Capital $</th>
<th>Accumulated Losses $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2013</strong></td>
<td>897,300</td>
<td>(565,211)</td>
<td>332,089</td>
</tr>
<tr>
<td><strong>Profit / (Losses) for the year</strong></td>
<td></td>
<td>63,875</td>
<td>63,875</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Comprehensive income for the year</strong></td>
<td>897,300</td>
<td>(501,336)</td>
<td>395,964</td>
</tr>
<tr>
<td><strong>Transaction with owners in their capacity as owners</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend declared during the year</td>
<td></td>
<td>(35,893)</td>
<td>(35,893)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2014</strong></td>
<td>897,300</td>
<td>(537,229)</td>
<td>360,071</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
KOREAN COMMUNITY FINANCIAL SERVICES LIMITED
ABN 52 099 137 541

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

CASH FLOW FROM OPERATING ACTIVITIES
Receipts from customers and franchisor 1,029,642 916,034
Interest received 7,490 9,334
Other income received 13,410 -
Payments to suppliers and employees (893,419) (868,674)
Interest paid (2,638) (3,601)
Income tax paid (51,938) (20,692)

Net cash provided by operating activities 15(b) 102,547 32,401

CASH FLOW FROM INVESTING ACTIVITIES
Payments for plant and equipment (60,374) -
Proceeds from sale of plant and equipment 13,636 -

Net cash used in investing activities (46,738) -

CASH FLOW FROM FINANCING ACTIVITIES
Dividends paid (43,989) (29,920)
Proceeds of borrowings 60,500 -
Repayments of borrowings (26,383) (16,314)

Net cash used in financing activities (9,872) (46,234)

Net increase/(decrease) in cash held 45,937 (13,833)

Cash at beginning of financial year 220,284 234,117

Cash at end of financial year 15(a) 266,221 220,284

The accompanying notes form part of these financial statements.
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Korean Community Financial Services Limited.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 to which they apply. 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. They have been consistently applied unless otherwise stated.

The financial report except for the statement of cash flows 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 statements were authorised for issue on the 26th October 2015 by the directors of Korean Community Financial Services Ltd.

(a) Income Tax

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

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 a business combination, where there is no effect on the 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.

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 taxation 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.
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

(b) Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis or fair value less where applicable, any accumulated depreciation and impairment losses.

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

Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<table>
<thead>
<tr>
<th>Class of fixed asset</th>
<th>Depreciation rates</th>
<th>Depreciation basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture &amp; Equipment</td>
<td>5%-11%</td>
<td>Diminishing Value</td>
</tr>
</tbody>
</table>

(c) Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(d) Cash and Cash Equivalent

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than 14 days and net of bank overdrafts.

(e) Revenue and Other Income

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

(f) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument’s category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the ‘finance income’ or ‘finance costs’ line item respectively.

(g) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

(h) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets:

* acquired principally for the purpose of selling in the near future
* designated by the entity to be carried at fair value through profit or loss upon initial recognition or
* which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CON’T)

(j) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets.

Purchases and sales of available-for-sale investments are recognised on settlement date.

The investment is reported at cost less any impairment charges, as its fair value cannot currently be reliably estimated.

All other available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(k) Financial Liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

(I) Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(m) Financial Assets at Amortised Cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.
(n) Available-for-sale Financial Assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(o) Impairment of Non-Financial Assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(p) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

(r) Impairment of Assets

At each reporting date, the company reviews 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 asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s 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, the company estimates the recoverable amount of cash-generating unit to which the asset belongs.

(s) Intangibles

Franchise fees paid for the right to use the brand name and operating systems of the franchisor are recognised as an intangible asset. The asset is recognised initially at cost and amortised over a period of 5 years representing the term of the franchise agreement.

(t) Goods and Services 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 expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(u) Payment Terms

Receivables and payables are non-interest bearing and generally have payment terms between 30 and 90 days. Receivables are recognised and carried at original invoice 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 future for goods and services received, whether or not billed to the company.

(v) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on short-term and long-term borrowings.

(w) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the company’s option, and any dividends are discretionary.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.
(x) Leases
Leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership that are transferred to the company, are classified as finance leases.

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

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

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

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

(y) Going Concern
The financial report has been prepared on a going concern basis, which assumes that the company will be able to pay its debts as and when they fall due. The directors have based this assessment on the following:

- The franchisor Bendigo Bank Ltd agreed to continue to financially support Korean Community Financial Services Ltd over 2014/2015 financial year by way of appropriate working capital and/or term debt facilities.
- For the year ended 30 June 2015, the company has realised a profit after income tax of $74,015 and net assets of $398,194.

(z) Critical Accounting Estimates and Judgements
The directors evaluate estimates and judgements incorporated into 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 within the company.

Key estimates – Impairment
The company assesses impairment at each reporting date by evaluating conditions specific to the company 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.
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

(aa) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards. The company does not believe that those future requirements and their impact on the company will be significant. Further assessments will be made each year. The company’s assessment of new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below.

<table>
<thead>
<tr>
<th>Standard Name</th>
<th>Application date</th>
<th>Impact</th>
<th>Expected impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6 / AASB 2013-9 / AASB 2014-1 / AASB 2014-7 / AASB 2014-8</td>
<td>1 January 2018</td>
<td>Significant revisions to the classification and measurement requirements for financial assets including removal of impairment testing of assets measured at fair value.</td>
<td>The entity has not yet determined the magnitude of any changes which may be needed.</td>
</tr>
<tr>
<td>AASB 15 Revenue from contracts with customers</td>
<td>1 January 2017</td>
<td>AASB 15 introduced a five step process revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.</td>
<td>The change in revenue may cause changes to the timing and amount of revenue recorded in the financial reports.</td>
</tr>
<tr>
<td>AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</td>
<td></td>
<td></td>
<td>The entity has not yet determined the magnitude of any changes which may be needed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Some additional disclosures may be needed.</td>
</tr>
</tbody>
</table>
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) New Accounting Standards for Application in Future Periods (CONT'D)

<table>
<thead>
<tr>
<th>Standard Name</th>
<th>Application date</th>
<th>Impact</th>
<th>Expected impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</td>
<td>1 January 2016</td>
<td>This standard amends AASB 116 and AASB 138 relate to recognition of revenue based method to depreciate and amortise tangible and intangible assets.</td>
<td>Since the entity does not use revenue based method to depreciate or amortise their assets, the adoption of these standards will not have any impact.</td>
</tr>
</tbody>
</table>

(ab) Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.8 The directors are satisfied that the services disclosed below did not compromise the external auditor’s independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.
NOTE 2: REVENUE
Operating activities
- Service fees 1,028,061 952,559
- Interest 23,108 9,334

1,051,169 961,893

NOTE 3: PROFIT FOR THE YEAR
Profit / (losses) from ordinary activities before income tax
expenses (income tax revenue) has been determined after
Expenses:
(a) Cost of sales:
- Share of fixed overhead costs of franchisor 208,586 186,837
(b) Borrowing costs:
- Other persons - 320
(c) Depreciation and amortisation of non-current assets
- Furniture and equipment 10,925 12,846
- Motor vehicle 11,785 10,561
- Franchise fees 12,173 12,173

34,883 35,580
(d) Rental expense on operating leases 121,906 117,013
(e) Wages and salaries 328,543 330,869
NOTE 4: INCOME TAX EXPENSE

A. The components of tax expense comprise:

- Current tax expense 41,755 41,255
- Deferred tax expense/(benefit) 397 (1,674)

42,152 39,581

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

Prima facie income tax payable on profit from ordinary activities before income tax at 30% 34,850 31,037
Add:
Tax effect of:
- Other non-allowable items 6,857 7,594
- Under provision for income tax in prior years 445 950

Income tax expense attributable to entity 42,152 39,581

C. Deferred income tax (Refer to Note 10)
Deferred income tax at 30 June 2015 as follows:
Closing balance of current and non-current provisions 12,270 12,221
Non-deductible motor vehicle depreciation - 446
Deferred Income tax asset 12,270 12,667

D. Balance of franking credits 96,889 60,449

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank and in hand 266,221 220,284

266,221 220,284
NOTE 6: RECEIVABLES

CURRENT

Trade debtors 93,179 94,686
Other receivables - 924

93,179 95,610

Trade receivables are non-interest bearing receivables and the terms are generally within 30 days. Trade receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. No provision was required at the end of 30 June 2015.

Other receivables related to costs reimbursable to the company from outside parties.

There are no balances within trade and other receivables that contain assets that are past due and not impaired. It is expected these balances will be received when due.

NOTE 7: OTHER ASSETS

NON-CURRENT

Deposits paid 8,266 8,266
Bank guarantee 31,625 31,625

39,891 39,891

NOTE 8: PLANT AND EQUIPMENT

(a) Plant and equipment

At cost 316,260 316,260
Less accumulated depreciation (243,727) (232,802)

72,533 83,458

(b) Motor vehicle

At cost 89,859 93,767
Less accumulated depreciation (21,056) (62,124)

68,803 31,643

Total plant and equipment 141,336 115,101
NOTE 8: PLANT AND EQUIPMENT (CONT'D)

(c) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

<table>
<thead>
<tr>
<th></th>
<th>Plant &amp; Equipment</th>
<th>Motor Vehicle</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>83,458</td>
<td>31,643</td>
<td>115,101</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>60,374</td>
<td>60,374</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(11,429)</td>
<td>(11,429)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td></td>
<td>(10,925)</td>
<td>(11,785)</td>
</tr>
<tr>
<td></td>
<td>(10,925)</td>
<td>(11,785)</td>
<td>(22,710)</td>
</tr>
<tr>
<td>Carrying amount at end of year</td>
<td>72,533</td>
<td>68,803</td>
<td>141,336</td>
</tr>
</tbody>
</table>

NOTE 9: INTANGIBLE ASSETS

NON-CURRENT
Franchise fees at cost | 60,865 | 60,866 |
Less accumulated amortisation | (36,519) | (24,346) |

2015 | 2014
$   | $   
24,346 | 36,520

NOTE 10: DEFERRED TAX ASSETS

Deferred tax assets (refer to Note 4(c)) | 12,270 | 12,667 |

2015 | 2014
12,270 | 12,667

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT
Trade creditors | 18,601 | 13,592 |
Other payables | 110 | 269 |
GST and payroll deduction liabilities | 16,562 | 17,266 |
Dividend payable | 18,417 | 26,514 |

53,690 | 57,641
### NOTE 12: INTEREST BEARING LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease liability</td>
<td>17,803</td>
<td>17,000</td>
</tr>
<tr>
<td><strong>NON-CURRENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease liability</td>
<td>53,655</td>
<td>20,342</td>
</tr>
<tr>
<td></td>
<td>71,458</td>
<td>37,342</td>
</tr>
</tbody>
</table>

### NOTE 13: PROVISIONS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>28,049</td>
<td>23,378</td>
</tr>
<tr>
<td><strong>NON-CURRENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>11,754</td>
<td>17,360</td>
</tr>
<tr>
<td>(a) Aggregate employee benefits liability</td>
<td>39,803</td>
<td>40,738</td>
</tr>
<tr>
<td>(b) Number of employees at year-end</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

### NOTE 14: CONTRIBUTED EQUITY

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fully paid ordinary shares</strong></td>
<td>897,300</td>
<td>897,300</td>
</tr>
<tr>
<td></td>
<td>897,300</td>
<td>897,300</td>
</tr>
<tr>
<td><strong>(a) Issued Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>897,300</td>
<td>897,300</td>
</tr>
<tr>
<td></td>
<td>897,300</td>
<td>897,300</td>
</tr>
</tbody>
</table>
NOTE 14: CONTRIBUTED EQUITY (CONT’D)

(b) Fully Paid Ordinary Shares

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.

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

(c) Unpaid Ordinary Shares

Unpaid ordinary shares are not entitled to a vote when a poll is called.

(d) Dividend Paid

Fully franked dividend declared and/or paid during the year 35,892 35,892

(e) Capital Management

Management controls the capital of the company in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year.
NOTE 15: CASH FLOW INFORMATION

(a) Reconciliation of cash
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at hand</td>
<td>266,221</td>
<td>220,284</td>
</tr>
</tbody>
</table>

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit from ordinary activities after income tax</td>
<td>74,015</td>
<td>63,875</td>
</tr>
<tr>
<td>Non-cash flows in profit from ordinary activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>22,710</td>
<td>23,407</td>
</tr>
<tr>
<td>Amortisation</td>
<td>12,173</td>
<td>12,173</td>
</tr>
<tr>
<td>Gain on sale of plant and equipment</td>
<td>(2,208)</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) / decrease in receivables</td>
<td>1,507</td>
<td>(11,736)</td>
</tr>
<tr>
<td>(Increase) / decrease in deferred tax assets</td>
<td>397</td>
<td>(1,674)</td>
</tr>
<tr>
<td>Increase / (decrease) in payables</td>
<td>(5,112)</td>
<td>(61,882)</td>
</tr>
<tr>
<td>Increase / (decrease) in provisions</td>
<td>(935)</td>
<td>8,238</td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>102,547</td>
<td>32,401</td>
</tr>
</tbody>
</table>

NOTE 16: CAPITAL & LEASING COMMITMENTS

(a) Operating lease
Non-cancellable operating leases contracted for but not capitalised in the financial statements

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- not later than 1 year</td>
<td>136,810</td>
<td>130,295</td>
</tr>
<tr>
<td>- later than 1 year but not later than 5 years</td>
<td>201,390</td>
<td>338,199</td>
</tr>
<tr>
<td></td>
<td>338,200</td>
<td>468,494</td>
</tr>
</tbody>
</table>

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require minimum lease payments shall be increased by 3% in years 2, 4 and 5 and 5% in year 3.
However, the above annual rent increment is subject to negotiation with the lessor.
NOTE 16: CAPITAL & LEASING COMMITMENTS (CONT’D)

(b) Finance lease

Payable:
- not later than 1 year 17,803 17,000
- later than 1 year but not later than 5 years 53,655 20,342

Minimum lease payments 71,458 37,342
Less : future finance charge (9,095) (2,984)

Present value of minimum lease payments 62,363 34,358

The finance lease relates to motor vehicles purchased on 15 October 2012 and 11 February 2015.

NOTE 17: FINANCIAL RISK MANAGEMENT


The company’s financial instruments consist mainly of overdraft facility with its franchisor, short-term investments, accounts receivable and payable, loans to or from franchisor, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for company operation.

The company does not have any derivative instruments at 30 June 2015.

I. Treasury Risk Management

The board of directors meet on a regular basis to analyse financial risk exposures and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The directors’ overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

II. Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

*Interest rate risk*

The economic entity’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follow:
### Note 17: Financial Risk Management (Cont’d)

<table>
<thead>
<tr>
<th>Weighted Average Effective Interest Rate %</th>
<th>Non-Interest Bearing $</th>
<th>Fixed Interest Rate $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>45,606</td>
<td>- 220,615</td>
<td>266,221</td>
</tr>
<tr>
<td>Receivables</td>
<td>133,070</td>
<td>-</td>
<td>133,070</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>178,676</strong></td>
<td><strong>220,615</strong></td>
<td><strong>399,291</strong></td>
</tr>
</tbody>
</table>

#### Financial Liabilities
- Trade creditors and other payables: 95,445
- Lease liabilities: 7.50% ~ 71,458
- Employee Entitlements: 39,803

**Total Financial Liabilities**: 135,248

**Net Financial Assets/(Liabilities)**: 43,428

| 30 June 2014                              |                        |                        |         |
| Cash                                      | 25,998                 | 194,286                | 220,284 |
| Receivables                               | 134,577                | -                      | 134,577 |
| **Total Financial Assets**                | **160,575**            | **194,286**            | **354,861** |

#### Financial Liabilities
- Trade creditors and other payables: 81,922
- Lease liabilities: 7.50% ~ 37,341
- Employee Entitlements: 40,738

**Total Financial Liabilities**: 122,660

**Net Financial Assets/(Liabilities)**: 37,915
NOTE 17: FINANCIAL RISK MANAGEMENT (CONT’D)

Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The total overdraft facility is $100,000 and is unused as at 30 June 2015.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There is no material amounts of collateral held as security at 30 June 2015.

Credit risk is managed on a company basis and reviewed regularly by the board of directors. It arises from exposures to customers as well as through certain deposits with financial institutions.

The board of directors monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

- customers that do not meet the group’s strict credit policies may only purchase in cash or using recognised credit cards.

With the exception of the franchisor, the company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Price risk

The company is not exposed to any material commodity price risk.

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at year end.
NOTE 17: FINANCIAL RISK MANAGEMENT (CONT’D)

b. Sensitivity Analysis

Interest Rate Risk
The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis:

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate applicable to the overdraft, with all the other variables remaining constant, would be as follow:

<table>
<thead>
<tr>
<th>Change in profit after tax</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>--- Increase in interest rate by 2%</td>
<td>-1,480</td>
<td>-1,278</td>
</tr>
<tr>
<td>--- Decrease in interest rate by 2%</td>
<td>1,480</td>
<td>1,278</td>
</tr>
</tbody>
</table>

Change in equity

<table>
<thead>
<tr>
<th>Change in profit after tax</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>--- Increase in interest rate by 2%</td>
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<tr>
<td>--- Decrease in interest rate by 2%</td>
<td>1,480</td>
<td>1,278</td>
</tr>
</tbody>
</table>

NOTE 18: RELATED PARTY DISCLOSURES

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

Sook Jin Lee Kwak
Moon Ki Kim
Sun Do Kim
Joon Young Lee
Chang Soo Yoon
Paul Soon Jae Kwon
Jong Wook Lee (Appointed on 23/02/15)
Yoon Sin Lee (Resigned on 30/09/14)
Young Soo Gong (Resigned on 07/05/15)
Hong Heo (Resigned on 07/05/15)
Kenneth Park (Resigned on 30/09/14)

The directors may from time to time hold deposit and loan accounts with the franchisor that are originated by the company. The directors are subject to the same terms and conditions as other arm’s length customers.

Except for the above, no other directors or related entity entered into a material contract or transactions with the company during the year.
NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

The total of remuneration of Key Management Personnel (KMP) of the company during the year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>50,000</td>
<td>64,997</td>
</tr>
<tr>
<td>Other long-term benefits</td>
<td>15,700</td>
<td>6,035</td>
</tr>
<tr>
<td>Total KMP compensation</td>
<td>65,700</td>
<td>71,032</td>
</tr>
</tbody>
</table>

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has 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 financial years.

NOTE 21: CHANGE IN ACCOUNTING POLICY

A number of accounting standards have been issued or amended during or since the end of the year which will only apply for future years. It is not expected that the amendments will impact the financial results of the company in future years.

NOTE 22: COMPANY DETAILS

The registered office of the company is:
Korean Community Financial Services Limited
44 The Boulevarde
Strathfield  NSW

NOTE 23: CONTINGENCIES LIABILITIES AND CONTINGENT ASSETS

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2015 (30 June 2014: None) except for bank guarantees of $31,625 (2014: $31,625) for operating leases.
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 33 are in accordance with the Corporations Act 2001:
   
   (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   
   (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company;

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.

[Signature]

Chang Soo Yoon
Chairman

Dated at Sydney this 26th day of October 2015
INDEPENDENT AUDITOR’S REPORT

To the members of Korean Community Financial Services Limited


We have audited the accompanying financial report of Korean Community Financial Services Limited which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

Directors’ Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company’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 the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Korean Community Financial Services Limited, would be in the same terms if given to the directors as at the time of this auditor’s report.
Opinion

In our opinion:

(a) the financial report of Korean Community Financial Services Limited 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 2015 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Rothsay Chartered Accountants

Frank Vrachas
Partner

Sydney, 26 October 2015