



Acacia Ridge
Financial Services Limited
ABN 73 116 060 916

Acacia Ridge Community Bank® Branch

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Chairman's report

For year ending 30 June 2009

I am pleased to present the fourth annual report for our Company, for the year ended 30 June 2009.

Acacia Ridge **Community Bank**[®] Company will be four years old on 23 November this year. This has been a year where the Company has registered a profit! As at the 30 June, we had 150 shareholders with a total shareholding of \$534,487. We have business of more than \$50 million on our books.

The vision for the Acacia Ridge **Community Bank**[®] Branch is to provide a highly professional and reliable, but flexible and innovative family-orientated local service. It will reinvest funds to build the local economy in such a way that the whole community benefits and becomes stronger. We wish to be instrumental in revitalising Acacia Ridge, and to generate such a strong sense of community that people will feel 'left out' if they do not participate and bank with us.

The present year

Financially, our income was 0.3% better than budget and our operating expenses were 0.7% over budget, resulting in a modest profit for the year.

Scott Northfield was our Branch Manager during the financial year 08-09 and did an excellent job to produce the result during a difficult financial climate. Bettina McMahon has taken over from Scott and we welcome back Bettina who was there at the beginning of our **Community Bank**[®] campaign and was largely responsible for the bank starting on a healthy financial base. She has vowed to 'finish' the job she started.

Our customer service officers are Rhys, Debbie, Annikah and Jasmin.

At present, we have five original board members. There were no resignations during the year and Linda and I were re-elected at the last Annual General Meeting. Earle Johnston joined the Board and is Chairman of our Marketing Committee. Margot Kohonen is a member of our Marketing Committee and we thank her for her expertise.

In the past 12 months, we have sponsored a number of sporting club activities, school events and local events in our area. Sponsorship of the Inala PCYC provides use of a 22 seater bus for our local school's use and promotion of the bank both at the facility and on the bus. We continue to sponsor the local YMCA Early Childhood Centre with a Breakfast Club.

The future

The goals of the Company are to continue to grow the business, return a dividend to its shareholders and increase sponsorship of local community groups and events. Increasing sponsorship will also assist growth of the business. With a new and experienced Branch Manager on board with new initiatives, this can only assist the branch to achieve its goals.

Remember that the **Community Bank**[®] Branch is a full service bank and by transferring your business over you will assist the branch to become more profitable. This will return dividends to you, as shareholders and enrich the community. Bettina and her team can make the process easy and the rewards are waiting.

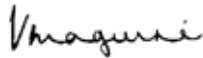
Chairman's report continued

In conclusion

I wish to thank all account holders, shareholders, our staff and my fellow Board members for their on-going support in growing the business and in achieving our goals. Acacia Ridge will continue to be enriched by these efforts.

I invite you all to join us for the Annual General Meeting on Wednesday 18 November at 10am at the Ridge Community Church in the Elizabeth Street Shopping Centre. Morning tea will be served after the meeting and it's a good opportunity to meet with your Directors and Bendigo and Adelaide Bank staff and share your ideas and visions for Acacia Ridge.

Become part of the Acacia Ridge success story, bank with us!



Vicki Maguire

Chairman

Manager's report

For year ending 30 June 2009

On the 23 November 2009 Acacia Ridge **Community Bank**[®] Branch of Bendigo Bank will celebrate its 4th birthday, another milestone we look forward to with great anticipation.

This year has been another year of growth and consolidation. Over the past 12 months, the book has grown by more than 12% to a total of more than \$50 million. Our customer numbers continue to grow. We have achieved our first profit!

As I started with the Branch on the 14 July 2009, I can not take any credit for the achievements for the year. I would like to acknowledge the efforts of the previous Branch Manager, Scott Northfield and his team Rhys, Debra, Annikah and Jasmin. Without their continued support, commitment and effort the branch would not have been able to achieve the results and success of the past year.

I would also like to thank you, the shareholders, and in particular those shareholders who have shown total support and commitment to your bank by banking with your **Community Bank**[®] Branch.

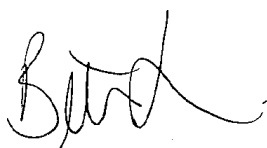
If you still have business at other financial institutions I urge you to make the move. As your needs evolve, you'll find a banking solution for each stage of your life at your **Community Bank**[®] Branch.

Help your **Community Bank**[®] Branch become more profitable, return more dividends to you as a shareholder and help your Community thrive and prosper by reinvesting our profits back into the local area.

It would be remiss of me not to acknowledge the efforts and support of our Board of Directors. Chairman Vicki Maguire and her team spend tireless unpaid hours being advocates of your **Community Bank**[®] Company. Without their continued support, commitment and effort your **Community Bank**[®] Company would not have been able to achieve the results and success since its inception on the 23 November 2004.

In conclusion, I thank the board for the opportunity to be part of Acacia Ridge **Community Bank**[®] Branch. I look forward to working for you, the shareholders, and growing the Acacia Ridge **Community Bank**[®] Branch.

Whatever you need in a bank, you'll find it at Acacia Ridge **Community Bank**[®] Branch of Bendigo Bank



Bettina McMahon

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank**[®] branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank**[®] branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank**[®] branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – \$29 million paid out in community projects and nearly \$11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank[®] branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.



Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

Your Directors submit their report of the Company for the financial year ended 30 June 2009.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Victoria Louise Maguire

Chairman

Age: 60

Licensed Post Office Operator

Involved in small businesses since 1982. Holds a MA in Psychology from University of Sydney. Involved in the local neighbourhood planning Committee.

Member of the Audit Committee and Member of the Marketing Committee.

Interest in 50,001 shares

Linda Anne Beaumont

Secretary

Age: 50

Pharmacist

Small business operator since 1999. Holds a Bachelor in Pharmacy from the University of Queensland. Previously involved with the local softball association.

Marketing Committee.

Interest in 15,001 shares

Mark Ledwidge

Director

Age: 53

Optometrist

Small business owner for 14 years. Holds a Bachelor in Optometry from Queensland University of Technology and is an active member of the Rotary Club.

Member of the Governance Committee.

Interest in 10,001 shares

Peter Geoffrey Henderson

Treasurer

Age: 63

Accountant

Involved in banking, finance and accounting since 1962. Small business owner for 17 years. Holds a Bachelor of Business degree, as well as Graduate Diplomas in Finance and Investment and Business. Current Chairman of Drug Awareness & Relief Foundation Australia and Chairman of DrugArm Australasia. Previous Member of Wesley Hospital Board. Current Director of Public Companies the IOR Group Ltd and the IOR Friendly Society Ltd.

Chairman of the Governance, Administration, and Human Resources Committee.

Interest in 24,001 shares

Directors' report continued

Paul Douglas Knight

Director

Age: 35

Chiropractor

Small business owner since 1998. Holds a Double Degree in Chiropractic at RMIT in Melbourne and is a member of the Rotary Club of Archerfield.

Member of the Governance Committee and Human Resources Committee.

Interest in 15,001 shares

Earle Alexander Johnston

(Appointed 30 November 2008)

Director

Age: 42

Senior Business Analyst.

Chairman of the Marketing Committee.

Interest in nil shares.

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

No Directors have material interests in contracts or proposed contracts with the company, except for Victoria Maguire who is the sole director of the landlord of the premises occupied by the bank; and Peter Henderson whose firm provides accounting services to the Company.

Company Secretary

The Company Secretary is Linda Anne Beaumont. Linda was appointed to the position of Secretary on 2 September 2005. Linda is an accredited Community Pharmacist focussing on Home Medicine Reviews. She has started her own pharmacy business.

Principal activities

The principal activities of the company during the course of the financial year were in facilitating **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Directors' report continued

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was:

	Year ended 30 June 2009 \$	Year ended 30 June 2008 \$
	19,627	(46,778)

Remuneration report

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

The Company will continue its policy of facilitating banking services to the community.

Environmental regulation

The Company is not subject to any significant environmental regulation.

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 a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 18 to the financial statements. 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' report continued

Indemnification and insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Manager of the Company except where the liability arises out of conduct involving the lack of good faith.

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

Directors' meetings

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

Number of Board meetings		
	eligible to attend	Number attended
Victoria Louise Maguire	11	11
Peter Geoffrey Henderson	11	9
Linda Anne Beaumont	11	11
Paul Douglas Knight	11	9
Mark Ledwidge	11	11
Earle Alexander Johnston (Appointed 30 November 2008)	7	7

Non audit services

The Company may decide to employ the auditor on assignments additional to their statutory duties where the Auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Directors' report continued



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Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Acacia Ridge Financial Services Limited

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

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

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 8 day of September 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	3	521,082	379,981
Salaries and employee benefits expense		(250,058)	(222,999)
Charitable donations, sponsorship, advertising & promotion		(18,282)	(14,851)
Occupancy and associated costs		(74,395)	(68,727)
Systems costs		(21,032)	(19,275)
Depreciation and amortisation expense	4	(16,955)	(18,714)
Finance costs	4	(3,192)	(1,140)
General administration expenses		(109,351)	(101,436)
Profit/(Loss) before income tax (expense)/credit		27,817	(67,161)
Income tax (expense)/credit	5	(8,190)	20,383
Profit/(Loss) for the period		19,627	(46,778)
Profit/(Loss) attributable to members of the entity		19,627	(46,778)
Earnings per share (cents per share)		c	c
- basic for profit for the year	19	3.67	(8.75)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Assets			
Current assets			
Cash assets	6	10,655	-
Trade and other receivables	7	11,161	15,723
Total current assets		21,816	15,723
Non-current assets			
Property, plant and equipment	8	112,744	112,132
Intangible assets	9	2,821	4,827
Deferred tax assets	10	119,702	127,892
Total non-current assets		235,267	244,851
Total assets		257,083	260,574
Liabilities			
Current liabilities			
Trade and other payables	11	17,652	10,448
Borrowings	12	-	30,322
Total current liabilities		17,652	40,770
Total liabilities		17,652	40,770
Net assets		239,431	219,804
Equity			
Issued capital	14	512,373	512,373
Accumulated losses	15	(272,942)	(292,569)
Total equity		239,431	219,804

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash Flows From Operating Activities			
Receipts from customers		529,976	373,148
Payments to suppliers and employees		(476,467)	(425,665)
Interest paid		(3,192)	(1,140)
Interest received		-	122
Net cash provided by/(used) in operating activities	16	50,317	(53,535)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(9,340)	-
Net cash used in investing activities		(9,340)	-
Net increase/(decrease) in cash held		40,977	(53,535)
Cash at the beginning of the financial year		(30,322)	23,213
Cash at the end of the half-year	6(a)	10,655	(30,322)
		10,655	-
		-	(30,322)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Total equity at the beginning of the period		219,804	266,582
Net profit/(loss) for the period		19,627	(46,778)
Net income/expense recognised directly in equity		-	-
Total income and expense recognised by the entity for the year		19,627	(46,778)
Dividends provided for or paid		-	-
Shares issued during period		-	-
Costs of issuing shares		-	-
Total equity at the end of the period		239,431	219,804
		-	-

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

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

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the diminishing value method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Borrowings

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

Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(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 and are subsequently measured at amortised cost using the effective interest rate method.

(ii) 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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the entity 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.

Leased 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.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the financial statements continued

Note 2. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

Notes to the financial statements continued

Note 2. Financial risk management (continued)

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the year.

	2009	2008
	\$	\$

Note 3. Revenue from ordinary activities

Operating activities:

- services commissions	519,548	379,623
- other revenue	1,534	236
Total revenue from operating activities	521,082	379,859

Non-operating activities:

- interest received	-	122
Total revenue from non-operating activities	-	122
Total revenues from ordinary activities	521,082	379,981

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	5,046	4,836
- leasehold improvements	9,905	11,876

Amortisation of non-current assets:

- franchise agreement	2,006	2,002
	16,957	18,714

Finance costs:

- interest paid	3,182	1,140
Bad debts	9,451	4,117

Notes to the financial statements continued

	2009 \$	2008 \$
--	------------	------------

Note 5. Income tax expense

The components of tax expense comprise:

- Deferred tax	(243)	244
- Future income tax benefit attributable to losses	-	(20,987)
- Recoupment of prior years losses	7,437	-
- Under provision in respect to prior years	996	360
	8,190	(20,383)

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

Operating profit	27,817	(67,161)
Prima facie tax on profit from ordinary activities at 30%	8,345	(20,148)
Add tax effect of:		
- non-deductible expenses	602	600
- timing difference expenses	-	(1,327)
- blackhole expenses	(1,510)	(112)
Current tax	7,437	(20,987)
Movement in deferred tax	10.	(243)
	7,194	(20,743)

Note 6. Cash assets

Cash at bank and on hand	10,655	-
	10,655	-

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash

Cash at bank and on hand	10,655	-
Overdraft	-	(30,322)
	10,655	(30,322)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 7. Trade and other receivables		
Trade receivables	5,005	10,689
Prepayments	5,756	4,634
Other	400	400
	11,161	15,723

Note 8. Property, plant and equipment

Plant and equipment

At cost	39,768	24,207
Less accumulated depreciation	(19,976)	(14,930)
	19,792	9,277

Leasehold improvements

At cost	140,412	140,412
Less accumulated depreciation	(47,460)	(37,555)
	92,952	102,857

Total written down amount **112,744** **112,134**

Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	9,277	14,113
Additions	15,561	-
Less: depreciation expense	(5,046)	(4,836)
Carrying amount at end	19,792	9,277

Leasehold improvements

Carrying amount at beginning	102,857	114,733
Less: depreciation expense	(9,905)	(11,876)
Carrying amount at end	92,952	102,857
Total written down amount	112,744	112,134

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Intangible assets		
Franchise fee		
At cost	10,000	10,000
Less accumulated amortisation	(7,179)	(5,173)
	2,821	4,827

Note 10. Deferred tax

Deferred tax		
- Opening balance	127,892	107,510
Deferred tax on provisions	243	(244)
Future income tax benefits attributable to losses	-	20,987
Recoupment of prior year losses	(7,437)	-
Under provision in relation to prior years	(996)	(360)
Rounding	-	(1)
- Closing balance	119,702	127,892

Note 11. Trade and other payables

Trade creditors	14,074	6,626
Other creditors & accruals	3,579	3,822
	17,653	10,448

Note 12. Borrowings

Current		
Bank overdrafts	-	30,322
	-	30,322

Notes to the financial statements continued

	2009 \$	2008 \$
Note 13. Leases		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	47,375	44,775
— between 12 months and 5 years	11,844	59,219
— greater than 5 years	-	-
	59,219	103,994

The branch premises lease is a non-cancellable lease with a five-year term. The lease has two renewal options both with 5 year terms, the first renewal is due 28 September 2009. Rent payable monthly in advance and is increased annually by CPI.

Note 14. Contributed equity

534,487 Ordinary shares fully paid of \$1 each (2008: 534,487)	534,487	534,487
Less: equity raising expenses	(22,114)	(22,114)
	512,373	512,373

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each shareholder has the right to vote at a general meeting.

On a show of hands or a poll, each shareholder attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a shareholder and has also been appointed as proxy for another shareholder) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a shareholder and one vote for each other shareholder that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each shareholder only one vote, regardless of the number of shares held, is to reflect the nature of the Company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank**[®] have the same ability to influence the operation of the Company.

Notes to the financial statements continued

Note 14. Contributed equity (continued)

(b) Dividends

Generally, dividends are payable to shareholders in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the Company.

"In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the Company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a shareholder has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual shareholders, but that such a result may be necessary to enforce the prohibition.

Notes to the financial statements continued

	2009 \$	2008 \$
Note 15. Retained earnings/accumulated losses		
Balance at the beginning of the financial year	(292,569)	(245,791)
Net profit/(loss) from ordinary activities after income tax	19,627	(46,778)
Balance at the end of the financial year	(272,942)	(292,569)

Note 16. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to		
net cash provided by/(used in) operating activities		
Profit/(Loss) from ordinary activities after income tax	19,627	(46,778)
Non cash items:		
- depreciation	14,951	16,712
- amortisation	2,006	2,002
Changes in assets and liabilities:		
- (increase)/decrease in receivables	4,562	(4,343)
- (increase)/decrease in other assets	8,190	(20,383)
- increase/(decrease) in payables	983	(745)
Net cashflows provided by/(used in) operating activities	50,319	(53,535)

Note 17. Auditors' remuneration

Amounts received or due and receivable by the		
Auditor of the Company for:		
- audit & review services	4,200	4,000
- non audit services	2,481	1,100
	6,681	5,100

Notes to the financial statements continued

Note 18. Director and Related party disclosures

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

Victoria Louise Maguire

Peter Geoffrey Henderson

Linda Anne Beaumont

Paul Douglas Knight

Mark Ledwidge

Earle Alexander Johnston (Appointed 30 November 2008)

Except for Victoria McGuire and Peter Henderson no Director or related entity has entered into a material contract with the Company.

Victoria McGuire is a Director of J Lander Pty Ltd, J Lander Pty Ltd own the premises occupied by the bank. During the financial year the total benefit J Lander Pty Ltd received was \$55,059 (2008: \$57,951).

Peter Henderson is a Partner at Peter Henderson & Associates accounting firm, Acacia Ridge Financial Services Limited used the services of Peter Henderson & Associate's during the financial year, the total benefit Peter Henderson & Associates received for the financial year was \$4,990 (2008: \$4,356).

Directors shareholdings	2009	2008
Victoria Louise Maguire	50,001	50,001
Peter Geoffrey Henderson	24,001	24,001
Linda Anne Beaumont	15,001	15,001
Paul Douglas Knight	15,001	15,001
Mark Ledwidge	10,001	10,001
Earle Alexander Johnston (Appointed 30 November 2008)	-	-

There was no movement in Directors' shareholdings during the year.

	2009	2008
	\$	\$

Note 19. Earnings per Share

(a) Profit attributable to the ordinary equity holders

of the Company used in calculating earnings per share

19,627

(46,778)

	2009	2008
	<u>Number</u>	<u>Number</u>

(b) Weighted average number of ordinary shares used

as the denominator in calculating basic earnings per share

534,487

534,487

Notes to the financial statements continued

Note 20. Events occurring after the balance sheet date

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

Note 21. Contingent liabilities

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

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being Acacia Ridge, Queensland.

Note 23. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office

Shop 5, 28 Elizabeth Street

Acacia Ridge QLD 4110

Principal place of business

Shop 5, 28 Elizabeth Street

Acacia Ridge QLD 4110

Notes to the financial statements continued

Note 24. Financial Instruments

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 the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	10,655	-	-	-	-	-	-	-	-	-	-	N/A
Receivables	-	-	-	-	-	-	-	-	5,405	11,089	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	30,322	-	-	-	-	-	-	-	-	11.87	8.32
Payables	-	-	-	-	-	-	-	-	14,074	6,626	N/A	N/A

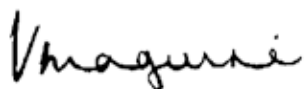
Director's declaration

In accordance with a resolution of the Directors of Acacia Ridge Financial Services Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Victoria Louise Maguire, Chairman



Peter Geoffrey Henderson, Treasurer

Date signed 8 September 2009

Independent audit report



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61-65 Bull Street
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www.afsbendigo.com.au
ABN 31 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Acacia Ridge Financial Services Limited

We have audited the accompanying financial statements of Acacia Ridge Financial Services Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 controls 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 the Accounting Standard AASB 101 Presentation of Financial Statements that the financial report, comprising the financial statements and notes, complies 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. 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 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 our 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, we consider internal controls 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independent audit report continued

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion on the Financial Report

In our opinion:

- 1) The financial report of Acacia Ridge Financial Services Limited is in accordance with the Corporations Act 2001 including
 - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Acacia Ridge Financial Services Limited for the year ended 30 June 2009, complies with section 300A if the Corporations Act 2001.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 8 day of September 2009

BSX report

Share Information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 30 September 2009, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	86
1,001 to 5,000	44
5,001 to 10,000	14
10,001 to 100,000	6
100,001 and over	nil
Total shareholders	150

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 15 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

BSX report continued

BSX report (continued)

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Bruce Andrew Chadfield <Medidraft Super Fund>	50,000	9.39
Genereale Pty Ltd <Antonieff Family Super Fund>	50,000	9.39
Victoria Louise Maguire & Dr James Lewis Lander <Tennyson Super Fund A/C>	48,000	9.01
Michael O'Hagan & Linda O'Hagan <O'Hagan Family S/F A/C>	20,000	3.76
Peter Douglas Smith & Robyn Deneice Smith	20,000	3.76
Linda Anne Beaumont & Philip Richard Whiteoak <Elizabeth St Pharmacy, Acacia Ridge A/C>	15,000	2.82
Samuel Ancri & Aliza Ancri	10,000	1.88
Bardera Pty Ltd	10,000	1.88
Ronald James Butler	10,000	1.88
Jean Margaret Ledwidge	10,000	1.88
	243,000	46

Registered office and principal administrative office

The registered office of the Company is located at:

28 Elizabeth Street
Acacia Ridge Qld 4110
Phone: (07) 3255 6773

The principal administrative office of the Company is located at:

28 Elizabeth Street
Acacia Ridge Qld 4110
Phone: (07) 3255 6773

Security register

The security register (share register) is kept at:

AFS & Associates, 61-65 Bull Street
Bendigo VIC 3550
Phone: (03) 5443 0344

BSX report continued

BSX report (continued)

Company Secretary

Linda Beaumont has been the Company Secretary of Acacia Ridge Financial Services Ltd for 4 years.

Linda Beaumont's qualifications and experience include attendance at Director Education courses including Accidental Company Secretary, AICD course, Financial analysis, etc. Been involved on other committees, Chairman of UQ Softball Club, Treasurer of South Brisbane Softball Association Inc 1998-99, Treasurer Elizabeth St Community Centre Inc (2006-2008), Managing partner Elizabeth St Chemmart Pharmacy (1999-2007).

Corporate governance

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

- (a) The establishment of an audit committee. Members of the audit committee are
Peter Henderson, chairman; Paul Knight; Vicki Maguire; Mark Ledwidge
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3A

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.

Acacia Ridge **Community Bank**[®] Branch
Shop 5, 11-28 Elizabeth Street, Acacia Ridge QLD 4110
Phone: (07) 3255 6773

Franchisee: Acacia Ridge Financial Services Limited
28 Elizabeth Street, Acacia Ridge QLD 4110
Phone: (07) 3255 6773
ABN: 73 116 060 916

www.bendigobank.com.au/public/acacia_ridge
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR9008) (07/09)