Adelaide Plains
Financial Services Ltd
ABN 50 088 304 581

2008 annualreport





Contents

Chairman's report

For year ending 30 June 2008

I reflect on our achievements as we approach our 10th anniversary since the opening of our **Community Bank®** branch in Virginia in 1999. In those early days, many critics and sceptics doubted and questioned the viability of the community owning and operating a bank, especially when many of the major institutions were closing branches, and here we were opening one. Our town will be eternally grateful for the confidence and faith of those early shareholders, who put there support behind the new venture. We must also acknowledge the many Directors who have served on our Board throughout those years.

Our story and success is now shared by more than 220 **Community Bank®** branches in every states and territory of Australia. None of this would have been possible if not for the foresight of Rob Hunt and Bendigo Bank, the initial risk it took and the confidence it put in the **Community Bank®** model has ensured the success of each and every **Community Bank®** branch that's opened since.

Most of us may not be aware of the impact this has had on those communities, sharing the prosperity that has seen many millions of dollars be retained and distributed locally. Within the Virginia district including Elizabeth, more than $300,000 has been contributed over the past nine years to local groups and projects through community grants. This has been made possible by customers doing their banking with our **Community Bank®** branches that can return the profits generated by our customer's business back to the community which supports it.

This may be the last opportunity we have to thank our pioneer, Rob Hunt, Managing Director of Bendigo and Adelaide Bank Limited, who will retire next year. Thanks to all the Bendigo Bank team for their assistance and we're proud to see Bendigo Bank celebrate its 150th anniversary at the same time we mark 10 years of the **Community Bank®** model.

Performance

Virginia Branch - We have achieved an 8% growth on our footing (deposits and loans from which our income is derived) and our profit has increase substantially. This is the fortunate aspect of our business, is the ability to control of our expenditure which can be and was pruned to achieve a higher level of expected result for the 2007-2008 financial year. We have budgeted for this growth to continue 2008-2009.

Elizabeth Branch - Initially the year started slowly, until December 2007. After losing two senior loans Officers in succession we were fortunate to reinstate Amie Casey, previously at our Virginia **Community Bank®** Branch. After undergoing the required training, Amie has been appointed Senior Loans and Assistant Branch Manager at the Elizabeth **Community Bank®** Branch.

Elizabeth is now in its third year of operation, spending its first two years as a sub branch and the last year as a **Community Bank®** Branch, and the business in footings has grown 40%. We confidently anticipate over the next 12 months a 50% increase in those footings which will return positive cash flow, to our bottom line.

Angle Vale ATM – Although the ATM installation was only completed in January this year, the acceptance and the current high level of usage has been outstanding and I am sure our Bendigo customers within the area appreciate the convenience.

Chairman's report continued

From a Company perspective our current combined profit before tax was in excess of $100,000 this represents a 5 fold increase over the previous financial year and this is after putting $50, 000 into the Bendigo Foundation Fund for future community projects.

Of course this would not be possible without our dedicated and loyal staff in both our branches under the leadership of Alf Sobczak our Senior Branch Manager. Through their combined efforts and experience they continue to offer not only exceptional service but a complete range of banking products that best suits our customers and their business needs.

We now have more than 4300 customers. I am sure you our shareholders and customers will join the Board in encouraging and congratulating them on this fine achievement.

Dividend

As a result of this year's profit the Board has announced a dividend of 3 cents per share payable after the Annual General Meeting (AGM).

Sponsorships and Community Grants – More than $38,000 has been distributed towards sponsorship throughout our local community during the 2007-2008 financial year, although there were no major community projects that qualified during the last financial year your Board has decided to set aside $50,000 in reserves to build on this each year in provisioning for future community projects.

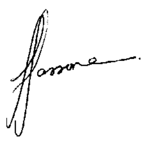
Board of Directors - As Chairman I would like to again thank all my fellow Directors for the support and contribution throughout the past financial year and to also take this opportunity to acknowledge all our past Directors. As you are aware Directorship on our Board is voluntary and quite often is a juggle between work and family commitments. Only through their dedication, loyalty and commitment we have achieved the current level of success.

There are 10 Director positions on our Board; our Company constitution requires that a maximum of three Directors must retire at each AGM, being Frank Tassone and Jo Hanrahan with another three other positions currently vacant. During the year we invite potential Directors as observers to the Board meetings with the anticipation that they will become Director.

Frank Tassone has offered himself for re-election, Jo Hanrahan is currently on leave of absence. I encourage all shareholders who may wish to be considered for Directorship to register their nomination by the due date on the Directors Nomination Form, which you will find enclosed. There will be no nominations accepted on the night of the AGM, only voting will take place.

To the many now customers and you our shareholders, the ambassadors of our local **Community Bank®** branches, the Board thanks you for your support and the continual promotion of your **Community Bank®** branches. To those who are still to experience the "Bendigo Way" this is your investment, your bank, your staff and the levels of our future success starts with "U" in our community.

As Chairman of the Board I invite and encourage you our shareholders to attend the AGM to be held on 14 November 2008 at Northern Sound System, 73 Elizabeth Way in Elizabeth.



Frank Tassone

Chairman

Manager's report

For year ending 30 June 2008

We have experienced some challenges this financial year and our performance has had negative growth in the last quarter. Even so, Virginia **Community Bank®** Branch has a total book value of $86.0M in combined deposits and lending with Elizabeth **Community Bank®** Branch holding a total book value of $24.0M. This gives us total footings for our two **Community Bank®** branches of $110.0M. If we compare this figure to the 30 June 2007 we have grown our overall business by $9.0M. The total number of accounts now stands at 4,370 (Virginia) and 1,500 (Elizabeth).

On average, the Customer Service Officers (CSO's) at the Virginia **Community Bank®** Branch process 4,000 transactions per month, with the CSO's at Elizabeth Branch processing 2,100 transactions. The Automatic Teller Machine at Virginia **Community Bank®** Branch processes a further 3,300 transactions per month and the Elizabeth **Community Bank®** Branch machine processes 2,800 per month. To better service our communities we installed a new Automatic Teller Machine at the Angle Vale Shopping Centre which is currently processing 3,000 transactions per month.

Our outlook for the next financial year is to grow our business by 9% at Virginia **Community Bank®** Branch and 50% at Elizabeth **Community Bank®** Branch.

I would like to thank the staff at both branches for their continuing support and their professionalism. They are all exceptional and have a fantastic relationship with all our valued customers, providing a personalised service rarely seen nowadays.

Our Friendly Staff

Alf Sobczak – Senior Branch Manager

Virginia Branch

Lynne Harding – Customer Service Supervisor

Rebecca Mills – Lending Officer

Sharon Gliese - CSO

Deidrie Wallace - CSO

Debra Peake – CSO

Elizabeth Branch

Amie Casey – Assistant Manager

Michelle Bristow – CSO

Robyn Ward - CSO

Martine Herreen - CSO

Kylie Cleland - CSO

I would also like to thank the customers and the shareholders for their current and ongoing support of both branches. Without a combined effort by all involved it would make it impossible to achieve our goals and support the local communities in the way that we do.

Alf Sobczak

Senior Branch Manager

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

Directors

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

Francesco Carlo Tassone
Chairman
Age: 57
Local business proprietor with over 40 years experience in the area. Diploma in Financial Markets, Affiliate member of the Australian Securities & Investment Institute. Bendigo Bank mentor to **Community Bank®** branches in SA & NT. Appointed to the Bendigo Strategic Advisory Board as representative for SA & NT.

Leigh Kenneth Hall
Secretary
Age: 55
Corporate General Manager with UnitingCare Wesley Adelaide. Previously worked in the Local Government, Banking and Manufacturing industries.

Dino Musolino
Director
Age: 47
Local businessman/owner operator. Currently Director of 3 other companies. Elected member of Playford Local Government for past 11 years. Director of the Adelaide Produce Market.

Timothy James Corrigan
Director
Age: 47
Local business/owner operator. Past experience as store manager for Woolworths Supermarkets and Foodland. Sales & Marketing, Virginia Horticultural Centre.

Dennis John Cook
Director
Age: 63
Local business proprietor, mechanical design. Occupational Health and Safety consultant, former Human Resource Manager and State Manager recruitment.

Jo Anne Hanrahan
Director
Age: 49
Human Resource Officer at RAAF base Edinburgh Salisbury.

Robert James Zerella
Director (Appointed 9 November 2007)
Age: 68
Retired, former Managing Director of Zerella Holdings Pty Ltd. Currently patron of Central Districts Football Club and sponsor of the Junior Football Development Academy.

Martin David Lindsell
Director (Appointed 9 November 2007)
Age: 64
Professional photographer, Public Relations Manager and Post Office. Involved with Local Government for 14 years - currently Mayor, City of Playford.

Luca Chesini
Director (Appointed 9 November 2007)
Age: 27
Local business owner/operator with family having business in the area for over 20 years. Degree in Civil Engineering with Honours.

Rodney John Gibb
Secretary (Resigned 9 November 2007)
Age: 62
Has experience in running and managing small to medium business. Currently Chairman of Directors of National Security Association of Australia Limited.

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

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

Company Secretary

Leigh Hall was appointed to the position of Company Secretary of Adelaide Plains Financial Services Limited on 9 November 2007, following the resignation of Rodney Gibb. Leigh is General Manager with the City of Playford responsible for city development, social planning, community development, civil operations and place management of the Elizabeth Regional Centre.

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.

Operating results

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

Year ended 30 June 2008 $	Year ended 30 June 2007 $
89,037	2,927

Remuneration report

No Director or Secretary of the Company receives payment for services as a 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.

	Year ended 30 June 2008	
Dividends	**Cents**	**$**
Final dividends recommended:	3	58,951

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.

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
Francesco Carlo Tassone	12	12
Leigh Kenneth Hall	12	11
Dino Musolino	12	7
Timothy James Corrigan	12	11
Dennis John Cook	12	8
Jo AnneHanrahan (leave of absense)	12	4
Robert James Zerella (Appointed 9 November 2007)	7	4
Martin David Lindsell (Appointed 9 November 2007)	7	5
Luca Chesini (Appointed 9 November 2007)	12	11
Rodney John Gibb (Resigned 9 November 2007)	5	2

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

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors at Virginia, South Australia on 29 September 2008.

Francesco Carlo Tassone	**Leigh Kenneth Hall**
Chairman	**Secretary**

Auditor's independence declaration

AFS
partners in success
Chartered Accountants & Business Advisors

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Adelaide Plains 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 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; 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 29th day of September 2008

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenues from ordinary activities	3	1,109,197	906,471
Salaries and employee benefits expense	4	(544,009)	(496,709)
Advertising and promotion expenses		(25,919)	(22,356)
Occupancy and associated costs		(152,451)	(138,556)
Systems costs		(43,661)	(44,397)
Finance costs	4	(2,392)	(10,708)
Depreciation and amortisation expense	4	(48,204)	(29,433)
Other expenses		(190,571)	(149,827)
Profit before income tax expense		**101,990**	**14,484**
Income tax expense	5	(12,953)	(11,557)
Profit for the period		**89,037**	**2,927**
Profit attributable to members of the entity		**89,037**	**2,927**

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Current assets			
Cash assets	6	442,726	441,359
Trade and other receivables	7	124,098	64,397
Total current assets		**566,824**	**505,755**
Non-current assets			
Property, plant and equipment	8	371,213	400,756
Intangible assets	9	53,515	72,176
Deferred tax assets	10	22,274	-
Total non-current assets		**447,002**	**472,932**
Total assets		**1,013,826**	**978,688**
Current liabilities			
Trade and other payables	11	52,577	143,254
Interest bearing liabilities	12	6,313	5,777
Current tax liabilities	5	31,496	11,557
Provisions	13	103,117	48,909
Total current liabilities		**193,503**	**209,497**
Non-current liabilities			
Interest bearing liabilities	12	19,457	25,770
Provisions	13	35,381	8,022
Total non-current liabilities		**54,838**	**33,792**
Total liabilities		**248,341**	**243,288**
Net assets		**765,485**	**735,399**
Equity			
Issued capital	14	628,458	628,458
Retained profits	15	137,028	106,941
Total equity		**765,485**	**735,399**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities			
Receipts from customers		1,191,178	897,777
Payments to suppliers and employees		(1,098,100)	(799,998)
Interest received		20,846	21,514
Interest & finance costs		(2,256)	(10,508)
Income taxes paid		(15,290)	-
Net cash provided by operating activities	**16**	**96,378**	**108,785**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(53,321)
Proceeds from sale of property, plant and equipment		-	12,518
Payments for intangible assets		(60,000)	-
Net cash used in investing activities		**(60,000)**	**(40,803)**
Cash flows from financing activities			
Proceeds from issue of shares		(25,000)	155,950
Proceeds from borrowings		-	36,719
Repayment of borrowings		(6,446)	(295,700)
Payment of share issue costs		(3,565)	(13,156)
Dividends paid		-	(3,653)
Net cash used in financing activities		**(35,011)**	**(119,840)**
Net increase/(decrease) in cash held		**1,367**	**(51,858)**
Cash at the beginning of the financial year		441,359	493,217
Cash at the end of the financial year	**6(a)**	**442,726**	**441,359**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Note	2008 $	2007 $
Total equity at the beginning of the period		735,399	602,815
Net profit for the period		89,037	2,927
Correction provisions (prior year)		-	15,418
Dividends provided for or paid		(58,951)	-
Shares issued during period		-	130,960
Cost of issuing shares		-	(16,721)
Total equity at the end of the period		**765,485**	**735,399**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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 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.

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

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

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

Intangibles

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.

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 straight line 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 straight line 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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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.

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 of 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.

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

	2008 $	2007 $

Note 3. Revenue from ordinary activities

Operating activities		
- services commissions	952,190	813,170
- other revenue	20,072	8,954
Total revenue from operating activities	**972,262**	**822,124**
Non-operating activities:		
- interest received	36,208	21,514
- rental revenue	36,560	12,833
- other revenue	64,167	50,000
Total revenue from non-operating activities	**136,935**	**84,347**
Total revenue from ordinary activities	**1,109,197**	**906,471**

Note 4. Expenses

Employee benefits expense		
- wages and salaries	451,778	418,133
- superannuation costs	39,984	36,651
- fringe benefits tax	1,263	2,217
- workers' compensation costs	2,322	2,409
- other costs	48,662	37,300
	544,009	**496,709**
Depreciation of non-current assets:		
- plant and equipment	29,543	13,772
Amortisation of non-current assets:		
- intangibles	18,661	15,661
	48,204	**29,433**
Finance costs:		
- Interest paid	2,392	10,508
- Borrowing costs	-	200
	2,392	**10,708**

	Note	2008 $	2007 $

Note 5. Income tax expense

	Note	2008 $	2007 $
The components of tax expense comprise:			
- Current tax		31,496	11,557
- Deferred tax on provisions		(22,274)	-
- Recoupment of prior year tax losses		-	-
- Future income tax benefit attributable to losses		-	-
- Under provision in respect to prior years		3,731	-
		12,953	**11,557**
The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:			
Operating profit		101,990	14,484
Prima facie tax on profit from ordinary activities at 30%		30,597	4,345
Add tax effect of:			
- non-deductible expenses		1,200	748
- timing difference expenses		2,288	6,464
- other deductible expenses		(2,589)	-
Current tax		31,496	11,557
Movement in deferred tax	10.	(22,274)	-
Under provision in respect to prior years		3,731	-
		12,953	**11,557**
Tax liabilities			
Current tax payable		**31,496**	**11,557**

Note 6. Cash assets

	Note	2008 $	2007 $
Cash at bank and on hand		32,750	67,611
Term deposits		409,976	373,748
		442,726	**441,359**

Notes to the financial statements continued

	2008 $	2007 $

Note 6. Cash assets (continued)

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	32,750	67,611
Term deposit	409,976	373,748
	442,726	**441,359**

Note 7. Trade and other receivables

Trade debtors	116,368	64,397
Prepayments	7,730	-
	124,098	**64,397**

Note 8. Property, plant and equipment

Leasehold improvements		
At cost	357,640	357,640
Less accumulated depreciation	(34,815)	(17,421)
	322,825	**340,219**
Plant and equipment and vehicles		
At cost	108,490	108,490
Less accumulated depreciation	(60,102)	(47,953)
	48,388	**60,537**
Total written down amount	**371,213**	**400,756**
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	340,220	341,419
Additions	-	7,737
Disposals	-	-
Depreciation expense	(17,394)	(8,936)
Carrying amount at end of year	**322,826**	**340,220**

	2008 $	2007 $

Note 8. Property, plant and equipment (continued)

Plant and equipment and vehicles

	2008 $	2007 $
Carrying amount at beginning of year	60,536	42,648
Additions	-	45,584
Disposals	-	(16,825)
Depreciation expense	(12,149)	(10,871)
Carrying amount at end of year	**48,387**	**60,536**
Total written down amount	**371,213**	**400,756**

Note 9. Intangible assets

	2008 $	2007 $
Franchise fee		
At cost	70,000	70,000
Less accumulated amortisation	(61,505)	(57,505)
	8,495	**12,495**
Preliminary expenses		
At cost	129,392	129,392
Less accumulated amortisation	(84,372)	(69,711)
	45,020	**59,681**
Total intangible assets	**53,515**	**72,176**

Note 10. Deferred tax

Deferred tax asset

	2008 $	2007 $
Opening balance	-	19,961
Future income tax benefits attributable to losses	-	-
Recoupment of prior year tax losses	-	(9,485)
Deferred tax on provisions	22,274	(10,476)
Closing balance	**22,274**	**-**

Notes to the financial statements continued

	2008 $	2007 $

Note 11. Trade and other payables

Trade creditors	4,208	80,875
Other creditors and accruals	48,369	62,379
	52,577	**143,254**

Note 12. Interest bearing liabilities

Current:		
Hire purchase liability	6,313	5,777
	6,313	5,777
Non-current:		
Hire purchase liability	19,457	25,770
	19,457	**25,770**

Note 13. Provisions

Current:		
Provision for employees annual leave	44,166	48,908
Provision for Dividend	58,951	-
	103,117	**48,908**
Non-current:		
Provision for employees long service leave	**35,381**	**8,022**
Number of employees at year end	**12**	**12**

Note 14. Issued capital

1,965,035 Ordinary shares fully paid (including bonus shares)	671,610	671,610
Less: equity raising expenses	(43,152)	(43,152)
	628,458	**628,458**

	2008 $	2007 $

Note 15. Retained earnings

	2008 $	2007 $
Balance at the beginning of the financial year	106,941	88,596
Net profit from ordinary activities after income tax	89,037	2,927
Dividends	(58,951)	-
	137,028	**91,523**
Correction provisions (prior year)	-	15,418
Balance at the end of the financial year	**137,028**	**106,941**

Note 16. Cash flow statement

Reconciliation of profit after tax to net cash provided by operating activities

	2008 $	2007 $
Profit after income tax	89,037	2,927
Non cash items		
- Depreciation	29,543	13,772
- Amortisation	18,661	15,661
Changes in assets and liabilities		
- (Increase)/decrease in receivables	(59,033)	12,820
- Increase/(decrease) in payables	(2,110)	19,246
- Increase/(decrease) in provisions	22,616	12,841
- Increase/(decrease) in tax provisions	(2,336)	31,518
Net cash flows from/(used in) operating activities	**96,378**	**108,785**

Note 17. Auditors' remuneration

Amounts received or due and receivable by MGI Caulfield & Co Pty Ltd

	2008 $	2007 $
- audit & review services	1,480	2,800
- non audit services	-	-
	1,480	**2,800**

	2008 $	2007 $

Note 17. Auditors' remuneration (continued)

Amounts received or due and receivable by Andrew Frewin & Stewart for:		
- audit & review services	4,000	-
- non audit services	1,680	-
	5,680	**-**

Note 18. Director and related party disclosures

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

Frank Tassone

Rodney Gibb

Dino Musolino

Tim Corrigan

Dennis Cook

Leigh Hall

Jo Hanrahan

Luca Chesini

Martin Lindsell

Robert Zarella

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

	2008 $	2007 $
- Francessco Tassone is a partner in the partnership between IA & P Tassone Nominees Pty Ltd and The Trustee for the Virginia Trust which owns the property, Virginia Shopping Centre, where the Virginia Branch, Shop 7, is located and collects rental income and recoveries	49,696	47,891
- Rodney Gibb is a Director of R & B Security Services Pty Ltd which provides security monitoring and security systems to the Company (Virginia Branch only). (Resigned 9 November 2007).	2,345	7,156

No Director's fees have been paid as the positions are held on a voluntary basis.

Note 18. Director and related party disclosures (continued)

Directors shareholdings	2008	2007
Frank Tassone	106,000	106,000
Rodney Gibb	43,500	43,500
Dino Musolino	45,000	45,000
Tim Corrigan	4,500	4,500
Dennis Cook	26,550	26,550
Leigh Hall	1	1
Jo Hanrahan	1	1
Luca Chesini	1	-
Martin Lindsell	1	-
Robert Zerella	1	-

There was no movement in Directors' shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

Note 19. Dividends paid or provided for on ordinary shares

	2008 $	2007 $
(a) Dividends proposed and recognised as a liability		
Franked dividends - 3 cents per share (2007: nil cents)	58,951	-
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the beginning of the financial year at 30%	117,734	102,445
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	31,496	15,289
- Franking credits attributable to payment of proposed dividend of 3 cents per share, fully franked	(25,265)	-
	123,965	**117,734**

The tax rate at which dividends have been franked is 30% (2007: 30%).

Dividends proposed will be franked at a rate of 30% (2007: 30%).

Notes to the financial statements continued

Note 20. Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

Note 21. Subsequent events

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

Note 22. Contingent liabilities

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

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited. The economic entity operates in one geographic area being the Adelaide Plains district, South Australia.

Note 24. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
20D William Street, Norwood SA 5067	Virginia Shopping Centre, Shop 7/Old Port Wakefield Road, Virginia SA 5112
	Shop 1/3 Elizabeth Way, Elizabeth SA 5112

Note 25. 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

			Fixed interest rate maturing in									
Financial instrument	**Floating interest rate**		**1 year or less**		**Over 1 to 5 years**		**Over 5 years**		**Non interest bearing**		**Weighted average effective interest rate**	
	2008 $	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**	**2008 $**	**2007 $**	**2008 %**	**2007 %**
Financial assets												
Cash assets	32,750	67,611	-	-	-	-	-	-	-	-	0.5	0.5
Term deposits	409,975	373,748									6.3	5.7
Receivables		-	-	-	-	-	-	-	124,099	64,397	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	25,770	31,547	-	-	-	-	7.6	7.6
Trade and other payables	-	-	-	-	-	-	-	-	52,577	143,254	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Adelaide Plains 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 2008 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.

Francesco Carlo Tassone
Chairman

Leigh Kenneth Hall
Secretary

Signed on 29 of September 2008.

Independent audit report

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partners in success

Chartered Accountants & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the members of Adelaide Plains Financial Services Limited

We have audited the accompanying financial report of Adelaide Plains Financial Services Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors 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 that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

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 and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

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.

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 director's 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

In our opinion:

1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Adelaide Plains Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.

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

Dated this 29th day of September 2008

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