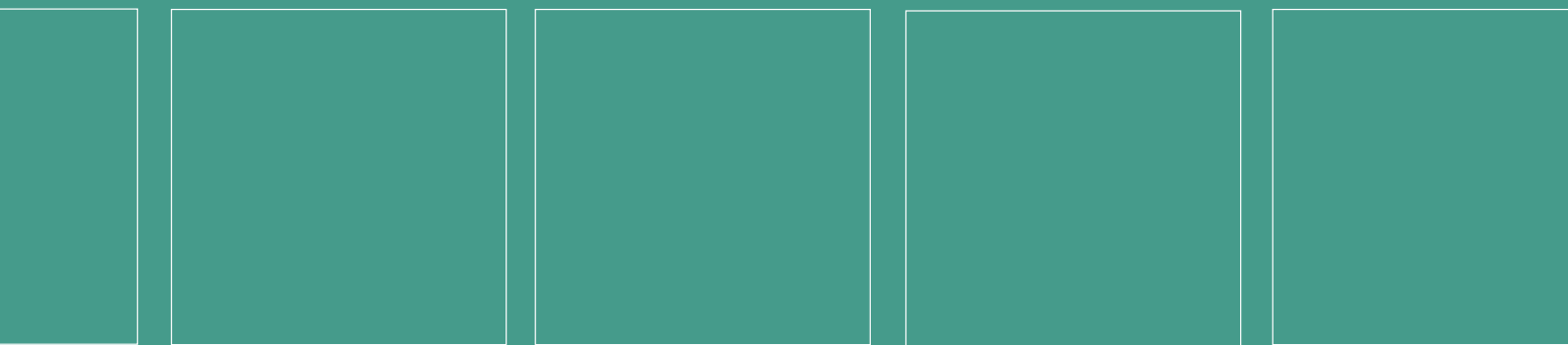


2008
annualreport



Contents

Chairman's report	2-3
Manager's report	4-5
Directors' report	6-10
Auditor's independence declaration	11
Financial statements	12-15
Notes to the financial statements	16-28
Directors' declaration	29
Independent audit report	30-31
BSX report	32-33

Chairman's report

For year ending 30 June 2008

It is with pleasure that I present this 3rd annual report to our shareholders on the 2nd full year of operations for the Cobden & Districts Community Finance Limited.

First up I must say thank you to our Manager and staff at Cobden & Camperdown, you all have been great ambassadors for us and go out of your way to support our bank and make sure that our customers and shareholders are receiving friendly, helpful service and doing business in the Community Bank way.

I also would like to thank our voluntary Directors James, Gayle, Margaret, Michael, Stuart, Greg, Don, Andrew, Trevor Clark, Milton and Peter. Your help and dedication is greatly appreciated. The amount of work and time placed into promoting and supporting our Bank is a valuable asset to our growth and success.

The last 12 months has been very busy for our staff and Directors with our growth in net managed fund steadily growing. In our original feasibility study we had that we would break even in our 3rd year of operation and this target is still on track to be achieved.

Of significance this last 12 months is the opening of our Camperdown Customers Service Centre on the 14th January 2008. This service centre is located inside the new Betta Electrical shop in Camperdown and is providing full Bendigo Banking facilities to our Camperdown customers. The centre is open all banking hours Monday to Friday and as per Cobden our Manager Peter Hall is available at both locations on request. To date the opening of the Service Centre is proving to give us greater exposure in our district for our **Community Bank**[®] model allowing us to show the people of Camperdown and District just what benefits are available to them through banking with us.

Of even greater significance is the fact that the Community Banks of Cobden and Camperdown have now invested into our communities in excess of \$23,000 by way of support to our Schools, Kindergartens, Hospitals, Recreation Reserves, and Various Clubs. This money has come out of the Community Development fund that is provided to us by the Bendigo Bank and is based on the total Funds under management. The formula for more support is simple. More customers equals more funds under management equals more money for us to invest in our community.

This is what the Community Bank model is all about. There is no other community owned, operated business that is purely in existence to support the growth and development of our districts, through the profits generated from the business we can work with and provide support to our Community as we have been doing over the last 24 months.

However no matter how good the model the basis of our success is that we need everybody to open Savings accounts, Cheque accounts Loan Accounts, Credit Cards, Investment account use our Insurance products and just give us a go at providing your financial and banking services. I firmly believe that you will enjoy the experience of banking with your Community Bank and best of all seeing the profits from that partnership going back into your Community.

Chairman's report continued

What now. The next 12 months will see us further grow our managed funds, we will grow our customer numbers and we will provide even more support to our Community. This will not just happen, we need everybody, that is our Shareholders, Customers, Employees & Directors to spread the word of what the Community Bank is all about and what we have already done for our Communities.

We need everyone to talk to the Community and promote the Community Bank. If there is one take home message I would like to see, it should be "This Community Bank is good for me, good for my family and friends and good for our Community".



Trevor J Gardner
Chairman

Manager's report

For year ending 30 June 2008

Another year has passed and we continue to grow, slowly but surely. I take this opportunity to thank all shareholders of the Cobden and Districts **Community Bank**[®] Branch for their support, but also remind you the journey is far from over.

We need the proactive support of all shareholders and customers to continue to grow and reach the stage where we are self supporting and therefore achieve our target of being able to assist our communities to prosper.

We have continued to support clubs, schools and services throughout the district to a level few businesses in the area could claim. To date we have 'donated' approximately \$26,000 since we opened our doors in Cobden. As more and more organizations become aware of our dedication to provide support throughout the community and fully understand the **Community Bank**[®] concept, this figure will grow markedly.

With the acquisition of the Camperdown Service Centre situated in the Beta Electrical store in Manifold St, Camperdown, we now have a very strong presence in the district. One that needs to be taken advantage of for the benefit of all customers, shareholders and staff alike. We take pride in the fact we have returned banking to the customer service focus once delivered by all, and this is obviously appreciated by customers throughout our district.

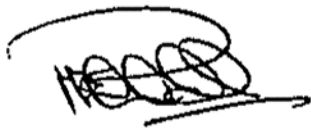
Our staff, namely Helen Walker, Deirdre Harper, Cath Umland and Rebecca Rockliff at Cobden, and Wendy Brooks, Margaret McMaster and Nicole Perryman at Camperdown are keen to provide a service which is second to none. Indeed, don't be surprised if you receive a friendly courtesy phone call from them just to ensure you are happy with the way we are handling your affairs. It is an extension of the service and follow up our **Community Bank**[®] branch is determined to provide to set us apart from the rest.

I would also like to thank our voluntary Board of Directors who have dedicated so much of their personal time to ensure our long term success. They are all busy people within our community, but are forever on hand to provide assistance with the operation of the business. Their ability to maintain focus at all times on their roles within the Board and the promotion of our branches has been a wonderful support to me and will no doubt be rewarded in the near future.

It would be remiss of me not to acknowledge the support of my Regional Manager, Gary Attrill, Operations Manager Melissa Pearce, Elizabeth Gerber and Gaylene Smyth from State Support in Geelong. From a personal point of view, I thank you all. We are always encountering different problems as we grow, and these people all make themselves available at a moment's notice. Nothing is too much trouble.

Manager's report continued

The **Community Bank**[®] concept is a successful and prospering concept throughout the country. We have the support network of many **Community Bank**[®] branches who have been through this process already. We are also well supported by Bendigo Bank. The challenges remain but with continued promotion of the **Community Bank**[®] branch we will prosper. We only require further support from within the community to become one of this district's strongest businesses. When that occurs, our district's clubs and services will thrive.

A handwritten signature in black ink, appearing to read 'Peter Hall', with a horizontal line underneath.

Peter Hall
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:

Trevor John Gardner

Chairman

Age: 55

Business Manager

Chairperson Cobden Golf Club for 4 years; Manager of CopRice for 8 years; Chairperson of ATMA for 7 years; Bank Manager for 15 years.

Special responsibilities: Chairman, Marketing

Interest in shares: 1,001

James Alfred Green

Treasurer

Age: 47

Civil Engineer

President for 8 years of the Cobden Football Netball Club; Previous National Secretary of Apex Australia for 2 years; previous State President of Apex Australia for 1 year.

Special responsibilities: Treasurer

Interest in shares: 4,001

Gayle Patricia Kelson

Secretary

Age: 55

Administration/Support Officer

Filled President and Secretary roles for both Playgroup and Kindergarten; Cobden Primary School integration and teachers aide for 13 years; receptionist Colac College for 5 years.

Special responsibilities: Secretary, Shareholdings

Interest in shares: 1,001

Trevor John Clarke

Director

Age: 37

Owner / Operator

Special responsibilities: Sponsorship

Interest in shares: 3,001

Stuart James Dawson

Director

Age: 47

Carpenter

Local Golf Club Captain for 9 years.

Special responsibilities: Marketing

Interest in shares: 6,001

Michael David Hinkley

Director

Age: 51

Farmer / Contractor

Member of the local football club committee.

Special responsibilities: Shareholders & Client Sub Committee

Interest in shares: 2,001

Directors' report continued

Donald Francis Howard

Director
Age: 52
Farmer / Director
Director of Goulburn Co-Op Limited.
Special responsibilities: Sponsorship
Interest in shares: 3,001

Milton John Parlour

Director
Age: 58
Real Estate Agent
Past Corangamite Shire councillor; current President of Progressing Cobden.
Special responsibilities: Marketing & Public Relations
Interest in shares: 2,001

Gregory Leigh Suter

Director
Age: 37
Cabinet Maker
Self employed cabinet maker managing own business since 1993.
Special responsibilities: Public Relations
Interest in shares: 5,001

Margaret Emily McDonald

Director
Age: 57
Retired
Legal conveyancer for 30 years.
Special responsibilities: Business Policy Review
Interest in shares: 1,001

Andrew Keith Suter

Director
Age: 65
Retired
Involved in the local CFA; past President of South Purrumbete Primary School and Cobden 1st Scouts Group.
Special responsibilities: Human Resources
Interest in shares: 6,501

Rodney Peter Giblett

Director
Age: 60
Retired
Currently involved in the Red Cross; previously involved in the Cobden Apex Club and Cobden Football Club Committee.
Special responsibilities: Marketing and Shareholders & Client Sub Committee
Interest in shares: nil

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

The Company Secretary is Gayle Kelson. Gayle was appointed to the position of Secretary on 9 January 2006.

Gayle has no previous Company Secretary experience.

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 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 loss of the Company for the financial year after provision for income tax was:

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
(122,878)	(157,767)

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. 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
Trevor John Gardner	12	11
James Alfred Green	12	8
Gayle Patricia Kelson	12	12
Trevor John Clarke	12	8
Stuart James Dawson	12	9
Michael David Hinkley	12	6
Donald Francis Howard	12	7
Margaret Emily McDonald	12	9
Milton John Parlour	12	11
Andrew Keith Suter	12	7
Gregory Leigh Suter	12	6
Rodney Peter Giblett	12	6

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.

Directors' report continued

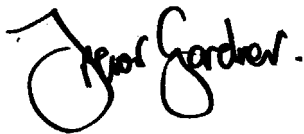
The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- 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.

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 11.

Signed in accordance with a resolution of the Board of Directors at Cobden, Victoria on 22 September 2008.



Trevor John Gardner
Chairman



James Alfred Green
Director

Auditor's independence declaration



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ABN 51 061 795 337

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Cobden & Districts Community Finance 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 22nd day of September 2008

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	227,638	105,060
Salaries and employee benefits expense		(244,417)	(194,133)
Advertising and promotion expenses		(11,632)	(4,782)
Occupancy and associated costs		(29,640)	(25,513)
Systems costs		(26,771)	(34,313)
Depreciation and amortisation expense	4	(10,743)	(9,311)
General administration expenses		(79,975)	(61,505)
Loss before income tax credit		(175,540)	(224,497)
Income tax credit	5	52,662	66,730
Loss for the period		(122,878)	(157,767)
Loss attributable to members of the entity		(122,878)	(157,767)
Earnings per share (cents per share)		¢	¢
- basic for profit for the year	21	(16.95)	(21.76)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Assets			
Current assets			
Cash assets	6	100	162,952
Trade and other receivables	7	27,265	8,498
Total current assets		27,365	171,450
Non-current assets			
Property, plant and equipment	8	176,843	160,622
Intangible assets	9	6,000	8,000
Deferred tax assets	10	167,728	115,067
Total non-current assets		350,571	283,689
Total assets		377,936	455,139
Liabilities			
Current liabilities			
Trade and other payables	11	48,951	17,706
Borrowings	12	7,057	-
Provisions	13	17,417	10,044
Total current liabilities		73,425	27,750
Total liabilities		73,425	27,750
Net assets		304,511	427,389
Equity			
Issued capital	14	698,455	698,455
Accumulated losses	15	(393,944)	(271,066)
Total equity		304,511	427,389

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		213,752	90,313
Payments to suppliers and employees		(365,652)	(295,739)
Interest paid		(24)	-
Interest received		6,979	10,424
Net cash used in operating activities	16	(144,945)	(195,002)
Cash flows from investing activities			
Payments for property, plant and equipment		(24,964)	(22,479)
Net cash used in investing activities		(24,964)	(22,479)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	6,300
Net cash provided by financing activities		-	6,300
Net decrease in cash held		(169,909)	(211,181)
Cash at the beginning of the financial year		162,952	374,133
Cash at the end of the half-year	6(a)	(6,957)	162,952

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		427,389	578,856
Net loss for the period		(122,878)	(157,767)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		-	6,300
Total equity at the end of the period		304,511	427,389

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

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 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 Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo 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 Bank Limited mitigates this risk significantly.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Revenue from ordinary activities		
Operating activities:		
- services commissions	223,152	90,654
- other revenue	56	1,354
Total revenue from operating activities	223,208	92,008
Non-operating activities:		
- interest received	4,430	13,052
Total revenue from non-operating activities	4,430	13,052
Total revenues from ordinary activities	227,638	105,060

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	2,312	1,642
- leasehold improvements	6,431	5,669
Amortisation of non-current assets:		
- franchise agreement	2,000	2,000
	10,743	9,311
Finance costs:		
- interest paid	23	-
Bad debts	303	-

Note 5. Income tax expense

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

Operating loss	(175,540)	(224,497)
Prima facie tax on loss from ordinary activities at 30%	(52,662)	(67,349)

Notes to the financial statements continued

	Note	2008 \$	2007 \$
Note 5. Income tax expense (continued)			
Add tax effect of:			
- non-deductible expenses		-	600
- timing difference expenses		-	1,613
- blackhole expenses		-	(1,594)
Income tax expense on operating loss	10.	(52,662)	(66,730)

Note 6. Cash assets

Cash at bank and on hand		100	162,952
		100	162,952

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		100	162,952
Overdraft	12.	(7,058)	-
		(6,958)	162,952

Note 7. Trade and other receivables

Trade receivables		18,989	7,288
Prepayments		8,276	1,210
		27,265	8,498

Note 8. Property, plant and equipment

Plant and equipment

At cost		28,783	25,457
Less accumulated depreciation		(3,954)	(1,642)
		24,829	23,815

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment (continued)		
Leasehold improvements		
At cost	164,114	142,476
Less accumulated depreciation	(12,100)	(5,669)
	152,014	136,807
Total written down amount	176,843	160,622
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	23,815	25,457
Additions	3,326	-
Less: depreciation expense	(2,312)	(1,642)
Carrying amount at end	24,829	23,815
Leasehold improvements		
Carrying amount at beginning	136,807	140,476
Additions	21,638	2,000
Less: depreciation expense	(6,431)	(5,669)
Carrying amount at end	152,014	136,807
Total written down amount	176,843	160,622

Note 9. Intangible assets

Franchise fee

At cost	10,000	10,000
Less: accumulated amortisation	(4,000)	(2,000)
	6,000	8,000

Notes to the financial statements continued

	2008 \$	2007 \$
Note 10. Deferred tax		
Deferred tax asset		
Opening balance	115,067	48,337
Future income tax benefits attributable to losses	52,662	66,730
Closing balance	167,729	115,067

Note 11. Trade and other payables

Trade creditors	39,392	8,549
Other creditors & accruals	9,559	9,157
	48,951	17,706

Note 12. Borrowings

Bank overdraft	7,057	-
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Note: The Company has an approved overdraft facility to be funded progressively. The progressively funded overdraft limits are as follows:

- \$50,000 until 30 September 2008;
- then \$100,000 until 31 December 2008;
- then \$150,000 ongoing, subject to annual review.

The overdraft facility is interest free for the first 6 months until 6 December 2008 at which time interest will be charged the current commercial interest rates as per agreement with Franchisor. The overdraft is secured by a fixed and floating charge over the Company's assets.

Note 13. Provisions

Employee provisions	17,417	10,044
Number of employees at year end	5	5

Notes to the financial statements continued

	2008 \$	2007 \$
Note 14. Contributed equity		
725,012 Ordinary shares fully paid of \$1 each (2007: 725,012)	725,012	725,012
Less: equity raising expenses	(26,557)	(26,557)
	698,455	698,455

Note 15. Accumulated losses

Balance at the beginning of the financial year	(271,066)	(113,299)
Net loss from ordinary activities after income tax	(122,878)	(157,767)
Balance at the end of the financial year	(393,944)	(271,066)

Note 16. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(122,878)	(157,767)
Non cash items:		
- depreciation	8,743	7,311
- amortisation	2,000	2,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(18,767)	19,644
- increase in other assets	(52,661)	(66,730)
- increase/(decrease) in payables	31,245	(6,585)
-increase in provisions	7,373	7,125
Net cash flows used in operating activities	(144,945)	(195,002)

Note 17. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	4,000	4,000
- non audit services	350	-
	4,350	4,000

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:

Trevor John Gardner
James Alfred Green
Gayle Patricia Kelson
Trevor John Clarke
Stuart James Dawson
Michael David Hinkley
Donald Francis Howard
Margaret Emily McDonald
Milton John Parlour
Andrew Keith Suter
Gregory Leigh Suter
Rodney Peter Giblett

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

Director Gregory Suter is the owner of Cobden Kitchens & Joinery. During the 2008 financial year Cobden & Districts Community Finance Limited and Bendigo and Adelaide Bank Limited engaged Cobden Kitchens & Joinery to participate in the completion of the fit out of the Camperdown Customer Service Centre. The total amount payable to Cobden Kitchens & Joinery relating to the fit out was \$26,383.24 of this amount Cobden & Districts Community Finance Limited paid \$ 13,661.24. The purchase was made on normal commercial terms.

Directors shareholdings	2008	2007
Trevor John Gardner	1,001	1,001
James Alfred Green	4,001	4,001
Gayle Patricia Kelson	1,001	1,001
Trevor John Clarke	3,001	3,001
Stuart James Dawson	6,001	6,001
Michael David Hinkley	2,001	2,001
Donald Francis Howard	3,001	3,001
Margaret Emily McDonald	1,001	1,001
Milton John Parlour	2,001	2,001
Andrew Keith Suter	6,501	6,501
Gregory Leigh Suter	1	1
Rodney Peter Giblett	-	-

There was no movement in Directors shareholdings during the year. Each share held is valued at \$1.

Notes to the financial statements continued

Note 19. Earnings per share

	2008 \$	2007 \$
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(122,878)	(157,767)

	2008 Number	2007 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	725,012	725,012

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 Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Cobden, Camperdown and surrounding district, Victoria.

Note 23. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
37 Curdie Street, Cobden VIC 3266	37 Curdie Street, Cobden VIC 3266

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					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	-	26,543	-	-	-	-	-	-	-	-	0.05	0.05
Deposits at call	100	136,409	-	-	-	-	-	-	-	-	0	6.27
Receivables	-	-	-	-	-	-	-	-	18,909	4,659	N/A	N/A
Financial liabilities												
Interest bearing liabilities	7,057	-	-	-	-	-	-	-	-	-	0	N/A
Payables	-	-	-	-	-	-	-	-	48,950	17,706	N/A	N/A

Director's declaration

In accordance with a resolution of the Directors of Cobden & Districts Community Finance 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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act.

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



Trevor John Gardner
Chairman



James Alfred Green
Director

Signed on 22 September 2008.

Independent audit report



Chartered Accountants & Business Advisors

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61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
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ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Cobden & Districts Community Finance Limited

We have audited the accompanying financial report of Cobden & Districts Community Finance 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.

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 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 Cobden & Districts Community Finance 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 22 day of *September* 2008

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 9 September 2008, 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	159
1,001 to 5,000	95
5,001 to 10,000	14
10,001 to 100,000	2
100,001 and over	
Total shareholders	270

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 105 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.

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Mr I & C Benallack	10000	1.38%
Mr I & D Denney	10000	1.38%
Mr B & M Finlayson	10000	1.38%
Mrs J Finlayson	10000	1.38%
Mr N & M Fisher	11001	1.52%
Mr L & T Green	10000	1.38%
Mr D & D Gribble	40000	5.52%
Mr F Hodgson	10000	1.38%
Martillack Holding Pty Ltd	10000	1.38%
Mr M Newell	10000	1.38%
	131,001	18.07%

BSX report continued

Registered office and principal administrative office

The registered office of the Company is located at:

37 Curdie Street,
Cobden VIC 3266
Phone (03) 5595 1191

The principal administrative office of the Company is located at:

37 Curdie Street,
Cobden VIC 3266
Phone (03) 5595 1191

Security register

The security register (share register) is kept at:

Level 3, 60 Carrington Street,
Sydney, NSW 2000
Phone (02) 8216 5513

Company Secretary

Gayle Kelson has been the Company Secretary of Cobden & Districts Community Financial Services Ltd for 2 years.

Gayle Kelson qualifications and experience include Admin / Supply Officer at South West Healthcare Camperdown.

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 Trevor Gardner, Gayle Kelson, James Green, Milton Parlour, Don Howard, Margaret McDonald, Trevor Clarke, Greg Suter, Andrew Suter, Stuart Dawson, Peter Giblett.
- (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.

Cobden & Districts **Community Bank**[®] Branch
37 Curdie Street, Cobden VIC 3266
Phone: (03) 5595 1191 Fax: (03) 5595 1149

Franchisee: Cobden & Districts Community Finance Limited
37 Curdie Street, Cobden VIC 3266
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www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8069) (09/08)

