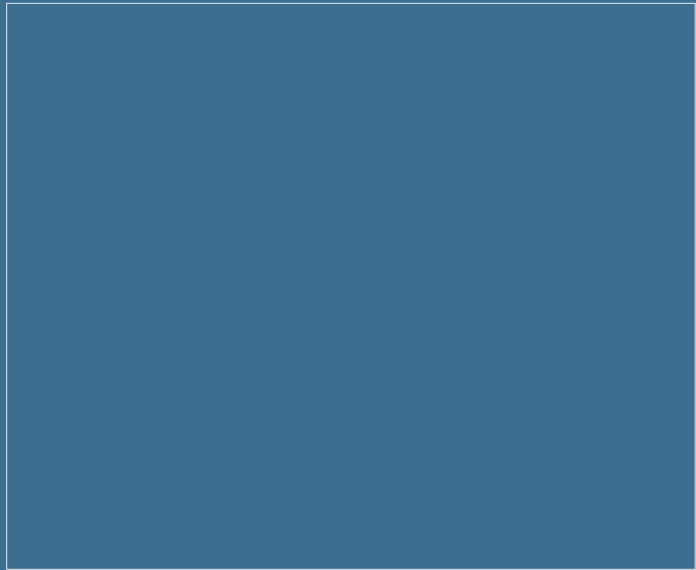
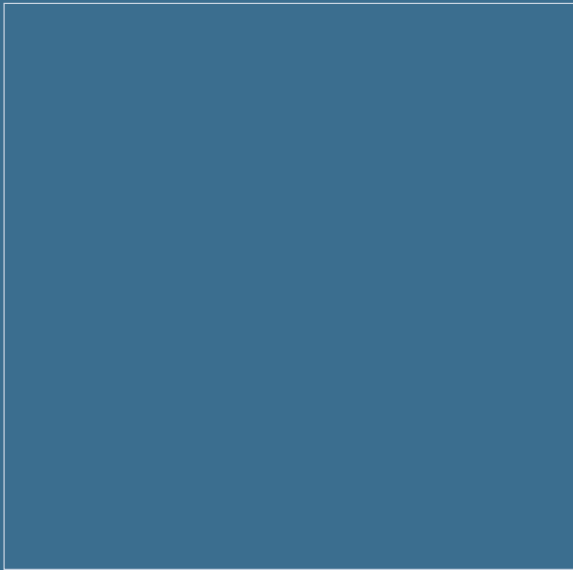


annual report | 2009



East Malvern Community
Financial Services Limited
ABN 27 089 542 174

East Malvern **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2009

It is again my pleasure to report on another year of the Bank's growth in what has been a most difficult and challenging environment, reflected in our solid albeit lower result.

The financial year just past will surely remain firmly embedded in the memories of every adult that has lived through it. The Global Financial Crises (GFC) for our Company created a tale of two distinct halves. The first half culminated in a significant mark-to-market adjustment to account for unrealised losses in our investments, as the GFC took its toll on all equity markets around the globe. Towards the end of the first half we saw a quick succession of reductions in official interest rates and liquid wholesale markets start to impact on our net interest margin with branch revenue falling 8% from the prior half despite our banking business growing by an exceptionally strong 17%.

In the second half, a rapidly deteriorating net interest margin produced a further 15% reduction in branch revenue over the preceding half while underlying banking business grew by a still historically very high 9% as depositors chased the safety and reliable income from fixed term deposits. During the second half equity markets bottomed out and began a strong recovery that has continued subsequent to year end. Throughout the year, cash investment earnings remained comparatively steady.

As a consequence of the turmoil and uncertainties caused by the GFC, the Company took action to contain costs and in particular to temporarily reduce the amount of sponsorship spending. However, this is only expected to a one-off interruption to the normal year on year growth we have seen in our sponsorship program.

The end result saw underlying branch profit before tax for the year fall by \$121,000 or 28%, a net investment loss of \$98,000 remaining relatively constant compared to the prior year and the value of community sponsorships falling by \$98,000 to a still very respectable \$174,000 (\$272,000 (2008)) in the current year.

Operating results (\$'000)	1H08	2H08	Total 2008	1H09	2H09	Total 2009
Community Bank® branch						
Branch revenue	466	524	990	483	409	892
Branch operating profit	208	221	429	191	117	308
Operating margin	45%	42%	43%	40%	29%	35%
Investment income						
Cash investment earnings	34	12	46	28	24	52
Mark-to-market adjustment	(50)	(75)	(125)	(151)	1	(150)
Operating profit before sponsorships and tax	192	158	350	68	142	210
Sponsorships			(272)			(174)
Net profit before tax			78			36

Chairman's report continued

Having come through what has been an extremely difficult year, I am pleased to advise that from late in the second half our net interest margin along with the performance of our investment Sponsorship Fund have both shown substantial improvement which has continued on subsequent to year end. While still early in the new financial year, the December 2009 half should see a significant improvement in pre-tax operating results both from the branch and investment earnings over the recently completed June 2009 half.

Your Board has paid an interim dividend of 6 cents (7 cents 2008), and has resolved to pay a final dividend of 7 cents per share (8 cents 2008) both fully franked, making 13 cents (15 cents 2008) for the year, payable on 31 October 2009 to all shareholders as at 30 September 2009.

As we enter our tenth year of operation it is worthwhile reflecting on what the business has achieved since its inception. Some pertinent facts are:

Initial capital	\$ 394,000	
<hr/>		
Cumulative return to the community and shareholders as at 30 June 2009		
Sponsorship payments	\$ 910,000	59.7%
Dividends paid to shareholders	\$ 313,000	20.5%
Retained earnings	\$ 302,000	19.8%
Total	\$1,525,000	100%

Over the last nine years there has been an almost four fold return on our original capital with just on 60% returned to the community, 20% to shareholders by way of fully franked dividends and 20% retained by the Company to grow and expand the operations of the business.

The Company remains in a very sound position and continues to grow. At the 2009 Annual General Meeting I expect to be able to announce the recipient of the one millionth dollar from our sponsorship program. This is a key milestone the Board is planning to celebrate in what will be our 10th anniversary year.

Community sponsorships

Community sponsorships continue to be a major focus of the Company. Our standing and reputation in the community was recognised this year when I was awarded the Stonnington Citizen of the Year 2009 – Community Service, which was an acknowledgment of the high profile and broad reach of the Company's sponsorship program to over 70 organisations.

Branch operations and staff

As previously mentioned, one of the consequences of the GFC was a substantial growth in term deposits as customers sort the relative safety and security of bank deposits. Accordingly this area of our business almost doubled in size to \$51.7 million, with the remainder of the banking business was held in a stable position, despite intense competition in the retail banking market and the desire of many customers to pay down debt as and when they could.

Overall, business volumes grew by \$23.8 million or 28.5% over the past 12 months, which in any normal year would be an exceptional achievement.

Chairman's report continued

Our business levels can be categorised as follows:

Product	2009 \$m	2008 \$m
Savings accounts	9.7	7.7
Term deposits/bills	51.2	27.4
Statement accounts	17.0	18.0
Loan business	24.3	23.3
Off balance sheet business	5.0	7.0
Total	107.2	83.4

The branch is now operating as a very cohesive unit which I am sure you each notice whenever you visit the branch. Their good work has protected our other business volumes while coping with the significant inflow of deposit business. I can report that business growth in the new financial year has remained good.

Bendigo and Adelaide Bank Ltd

As the **Community Bank**[®] network throughout Australia continues to expand within the overall activities of Bendigo and Adelaide Bank Ltd, I would like to acknowledge their continuing support and encouragement, and their focused attention to the needs of their customers.

Professional advice

I acknowledge the Company Secretary Ric Sykes, and our Legal Advisor Phil Carey, for their professional advice during the year.

Board of Directors

The Board continues to provide unstinting dedication and I acknowledge the time and energy they provide.

The Board comprises of:-

Peter W. Norman – Chairman

Stuart E. Martyn – Deputy Chairman

Ric Sykes – Company Secretary

Kenneth R. Blackshaw

Cheryl S. Newsom

Philip C. Carey

Michael Arbon

Todd Foster (appointed 25 August 2009)

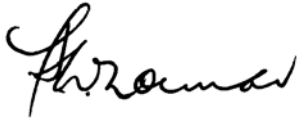
I welcome the recent addition of Todd Foster to the Board and look forward to introducing him at the Annual General Meeting.

Chairman's report continued

Finally, I would like to thank those who are currently supporting our **Community Bank**[®] branch with their banking business and look forward to that continuing support in the future.

Our branch has always provided a high level of quality service and the Bendigo Bank product range continues to expand and is very competitive.

I welcome any shareholder or local resident who does not currently bank with us to come and experience the great service we deliver at our **Community Bank**[®] branch as its ongoing strength and vitality provide the ability for the Company to expand the community sponsorship program.



Peter Norman
Chairman

Sponsorship committee report

For year ending 30 June 2009

The Company is proud of its community citizenship and is pleased to be in a position to fulfil the pledge to return a proportion of profit back to the community. Our community sponsorship program is in its sixth year of operation. Approved sponsorships together with donations and other community contributions have now exceeded \$910,000 since the branch was established.

Our contributions are aimed at improving the ability of community organisations to deliver services that they provide. We will continue to participate as actively as we can in this area and respond to requests for sponsorship where benefits are available to significant sections of our community.

During the last financial year, the Company was proud to have supported a wide cross section of community organisations, 41 in all, for a variety of initiatives with a total value of \$173,976 (\$272,165 (2008)).

Sport

Organisation

- All Saints Tennis Club
- Caulfield Grammarians Football Club
- Chadstone Synners Disability Team
- Malvern Baseball Club
- Malvern Cricket Club
- Malvern City Football Club
- Malvern District Auskick
- Malvern Lacrosse Club
- Malvern Sports & Recreational Club
- Old Xaverians Football Club
- Prahran Amateur Football Club
- Prahran Cricket Club
- St.Andrews Gardiner Cricket Club
- St. Finbars Tennis Club
- St. Kevins O.B. Football Club
- Swinburne Uni. Football Club
- Timberwolves Basketball Club
- Tooronga East Malvern Hockey Club
- Tooronga District Cricket Club
- Tooronga Malvern Football Club

Outcome

Development of Encouragement Program
Upgrade change rooms
Sports gear
Remediation of batting cage
New practice nets
Sports gear & equipment
New PA. equipment
Recruiting and coaching program
Refurbishment & recovering of furniture
Clubhouse improvements
Sponsor - Community Sports Program
Replacement of sight screens
New scoreBoards
Resurfacing tennis courts
Club sponsorship
Sports equipment
Training coaches, equipment
Sports equipment
Resurfacing practice wickets
New equipment

Sponsorship committee report continued

Education

Organisation

- Gardiner Pre-school
- Korowa Parents Association
- Serrell Street Kindergarten
- Solway Primary School
- St. Roch's Primary School
- Sunnyside Kindergarten

Outcome

- Playground shade sails
- Sponsorship of school fair
- Computer & sandpit covers
- Creation of sustainable kitchen garden
- Refurbishment of playground area
- Fencing and landscaping playground

Community

Organisation

- East Malvern Probus Club
- Golden Days Radio
- Humpty Dumpty Playgroup
- Malvern Artists' Society
- Malvern Historical Society
- Malvern Special Needs Playgroup
- May Armstrong Childcare
- Nirvana Playgroup
- St. John's Church
- Stonnington Library
- Stonnington Symphony
- Stonnington Toy Library

- Charlton College
- Rotary Club of Alexandra
- Wandong Rural Fire Brigade

Outcome

- Sponsorship of community activities
- New facility fit out
- Replacement of toys
- Sponsorship of art show
- Producing books of local history
- Playground improvements
- Sponsorship of Childrens Market
- New computer equipment
- Tower restoration
- Childrens Books Program
- Recital sponsorship
- Upgrade of equipment

- Work Experience Program
- Bushfire relief
- Replacement of equipment



Ric Sykes

Director and Sponsorship Committee member

Directors' financial report

For year ending 30 June 2009

The net profit of the Company for the financial year after providing for income tax amounted to \$21,795 (\$50,032 (2008)).

A review of the operations of the Company during the financial year and the results of those operations were as follows:

- The principal activity of the Company during the financial year was **Community Bank**[®] branch operating under a franchise with Bendigo and Adelaide Bank Ltd.
- No significant change in the nature of these activities occurred during the year.
- The Company will continue with its policy of providing banking services to the community.
- Dividends paid during the year were, a final dividend for 2008 of 8 cents (fully franked), an interim dividend for 2009 of 6 cents (fully franked), and the Board has recommended a final dividend of 7 cents (fully franked) to be paid on 31 October 2009 to all shareholders as at 30 September 2009.
- 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.
- No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.
- No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is in or has been an Officer or Auditor of the Company.

Signed in accordance with a resolution of the Board of Directors on 27 August 2009.



Ric Sykes

Director and Company Secretary

Secretary's report

For year ending 30 June 2009

Use of the Company seal

The Company seal was not used during the year.

Directors attendance at Board meetings

Eleven Board meetings were conducted during the year. The attendance was:

Peter Norman	10
Ric Sykes	7
Stuart Martyn	8
Ken Blackshaw	11
Cheryl Newsom	11
Philip Carey	9
Michael Arbon	8



Ric Sykes

Director and Company Secretary

Financial statements

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash	17 (a)	32,745	107,833
Accounts receivable	5	87,005	89,299
Investments	6	181,312	167,742
Total current assets		301,062	364,924
Non-current assets			
Investments	7	406,311	531,020
Property, plant and equipment	8	34,294	45,005
Intangibles	9	2,000	4,000
Deferred tax assets	10	59,667	14,701
Total non-current assets		502,272	594,726
Total assets		803,334	959,650
Current liabilities			
Accounts payable	11	505	1,823
Provisions	12	68,241	71,274
Other	13	25,012	179,137
Total current liabilities		93,758	252,234
Non-current liabilities			
Provisions	14	13,595	-
Total non-current liabilities		13,595	-
Total liabilities		107,353	252,234
Net assets		695,981	707,416
Shareholder's equity			
Share capital	15	394,310	394,310
Accumulated profits	15	301,671	313,106
Total shareholder's equity		695,981	707,416

The accompanying notes form part of these financial statements.

Financial statements continued

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Margin income	2	719,916	825,517
Fee income		146,924	141,406
Commission income		25,393	23,169
Interest income		14,148	8,566
Dividends and other investment income		(112,323)	(87,246)
Total income		794,058	911,412
Personnel expenses		311,940	311,789
Building occupancy expenses		77,048	76,381
Depreciation and amortisation		12,711	5,625
Sponsorships and donations		173,936	272,165
Other office expenses		182,030	163,388
Bad debt expense	2	546	4,352
Interest expense	2	-	30
Total expenses		758,211	833,730
Operating profit		35,847	77,682
Income tax expense	3	14,052	27,650
Operating profit after income tax		21,795	50,032
Dividends declared	4	(51,260)	(59,146)
Accumulated profits at the beginning of the financial year		313,106	322,220
Prior period over accrual of income tax		18,030	-
Accumulated profits at the end of the financial year		301,671	313,106
Earnings per share		5.5 cents	12.7 cents

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ending 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		894,527	969,758
Payments to suppliers and employees		(873,211)	(783,917)
Dividends and other investment income		27,913	27,952
Interest received		14,148	8,566
Interest paid		-	(30)
Income tax paid		(44,568)	(57,345)
Net operating cash flows	17 (b)	18,809	164,984
Cash flows from investing activities			
Furniture / fittings / motor vehicles		-	(34,602)
Investment in sponsorship fund (ASX listed sec)		(25,175)	(125,398)
Redemption / (investment) in term deposits		(13,569)	105,528
Net investing cash flows		(38,744)	(57,472)
Cash flows from financing activity			
Payment of dividends on ordinary shares		(55,203)	(59,147)
Net investing cash flows		(55,203)	(59,147)
Net increase/(decrease) in cash held		(75,138)	51,365
Cash at the beginning of the financial year		107,883	56,518
Cash at the end of the financial year	17 (a)	32,745	107,883

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ending 30 June 2009

	Issued capital \$	Retained earnings \$	Total \$
At 30 June 2007	394,310	322,220	716,530
Profit for the year		50,032	50,032
Dividends declared		(59,146)	(59,146)
At 30 June 2008	394,310	313,106	707,416
Prior period over accrual of income tax		18,030	18,030
Profit for the year		21,795	21,795
Dividends declared		(51,260)	(51,260)
At 30 June 2009	394,310	301,671	695,981

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Law, which includes applicable Accounting Standards. Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board have also been complied with. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

Income tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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

Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or Director's valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, are depreciated on straight line basis over the estimated useful lives to the entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

Intangibles

Franchise fees are amortised over the useful life, being a period of 5 years.

Employee entitlements

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

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue is recognised net of the amount of goods and services tax.

Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received.

Financial instruments included in equity

Ordinary share capital is recorded at the value of the consideration received. The costs of issuing shares are charged against the share capital. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Financial instruments included in liabilities

Borrowings are recorded at the amount received on advance from the lender.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Financial instruments included in assets

Trade debtors are initially recorded at the amount of contracted sale proceeds.

Provision for doubtful debts are recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. Any provision established is based on a review of all outstanding amounts at balance date. A specific provision is maintained for identified doubtful debts, and a general provision is maintained in respect of receivables which are doubtful of recovery but which have not been specifically identified.

Bank deposits and short term bank bill investments are carried at cost and interest revenue is recognised on an effective yield basis.

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

	2009 \$	2008 \$
Note 2. Profit and loss items		
Margin income	719,916	825,517
Fee income	146,924	141,406
Commission income	25,393	23,169
Interest income	14,148	8,566
Dividends and other investment income	(112,323)	(87,246)
Total income	794,058	911,412

Operating result is after charging the following expenses:

Depreciation:

Depreciation of :

– Fixtures and fittings	3,149	2,995
– Motor vehicles	7,562	630
Amortisation of		
– Establishment fees	2,000	2,000
Total depreciation and amortisation	12,711	5,625

Notes to the financial statements continued

	2009 \$	2008 \$
Note 2. Profit and loss items (continued)		
Bad debt expense	546	4,352
Interest expense	-	30
Other operating expense items:		
Provision for employee entitlements	14,221	15,984
Operating lease rentals	60,650	55,086

Note 3. Income tax

Income tax expense

The difference between the income tax benefit in the financial statements and the prima facie income tax benefit is reconciled as follows:

Operating profit	35,847	77,682
Prima facie tax expense	10,754	23,305
Tax effect of permanent and other differences:	3,082	4,345
Prior period under accrual	216	-
Total income tax expense attributable to operating profit	14,052	27,650

The value of franking credits as at 30 June 2009 was \$224,610 (\$199,032 2008).

Note 4. Dividends paid and payable

Dividends paid

Fully franked interim dividend (7 cents per share)	-	27,601
Fully franked interim dividend (6 cents per share)	23,658	-

Dividends proposed

Fully franked final dividend (8 cents per share)	-	31,545
Fully franked final dividend (7 cents per share)	27,602	-

Total dividends paid and payable	51,260	59,146
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 5. Accounts receivable (current)		
Accounts receivable	85,292	89,299
Sundry receivable	1,713	-
Provision for doubtful debts	-	-
Total accounts receivable (current)	87,005	89,299
Note 6. Investments (current)		
Term deposits	181,311	167,742
Total investments (current)	181,311	167,742
Note 7. Investments (non-current)		
Sponsorship Fund (ASX listed securities) at cost	605,200	580,025
Market value adjustment	(198,889)	(49,005)
Total investments (non-current)	406,311	531,020
Note 8. Property, plant and equipment		
Furniture and fittings at cost	15,743	15,743
Less accumulated depreciation	(6,866)	(3,717)
Total fixtures and fittings, net	8,877	12,026
Motor vehicles at cost	33,609	33,609
Less accumulated depreciation	(8,192)	(630)
Total motor vehicles, net	25,417	32,979
Total property, plant and equipment, net	34,294	45,005

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Intangibles		
Franchise fee at cost	60,000	60,000
Training fee at cost	50,000	50,000
Total establishment fees at cost	110,000	110,000
Less accumulated depreciation	(108,000)	(106,000)
Total establishment fees, net	2,000	4,000
Total intangibles, net	2,000	4,000

Note 10. Deferred tax asset

Temporary differences	59,667	14,701
Total deferred tax assets	59,667	14,701

Note 11. Accounts payable (current)

Trade creditors – unsecured	505	1,823
Total accounts payable (current)	505	1,823

Note 12. Provisions (current)

Employee entitlements	34,779	34,153
Dividends on ordinary shares	28,876	37,240
Income tax	4,586	(119)
Total provisions (current)	68,241	71,274

Note 13. Other (current)

Net GST collected/(paid)	14,562	15,739
Accruals	7,500	160,214
Miscellaneous	2,950	3,184
Total other liabilities (current)	25,012	179,137

Notes to the financial statements continued

	2009 \$	2008 \$
Note 14. Provisions (non-current)		
Employee entitlements	13,595	-
Total provisions (non-current)	13,595	-

Note 15. Share Capital

Paid up capital

Beginning of the financial year	394,310	394,310
Ordinary shares fully paid	394,310	394,310

Movement in shares on issue

Beginning of the financial year	394,310	394,310
Ordinary shares fully paid	394,310	394,310

Movement in retained earnings

Accumulated profits at the beginning of the financial year	313,106	322,220
Prior period over accrual of income tax	18,030	-
Operating profit after income tax expense	21,795	50,032
Dividends paid / payable	4 (51,260)	(59,146)
Accumulated profits at the end of the financial year	301,671	313,106

Note 16. Commitments

Operating lease expenditure contracted for is payable as follows:

Not later than one year	43,863	55,759
Later than one year but not later than five years	10,293	59,106
	54,156	114,865

Notes to the financial statements continued

	2009 \$	2008 \$
Note 17. Notes to the statement of cash flows		
(a) Reconciliation of cash		
For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank	32,745	107,883
	32,745	107,883
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax		
Operating profit after income tax	21,795	50,032
Adjustments for non-cash income and expense items:		
Franking credits received	(9,648)	(10,200)
Depreciation	10,711	3,625
Amortisation	2,000	2,000
(Increase) / decrease in assets:		
Market value adjustment	149,884	125,398
Accounts receivable	2,294	(21,481)
Deferred tax asset	(44,966)	(14,701)
(Decrease) / increase in liabilities:		
Accounts payable	(1,318)	(1,700)
Provisions and other liabilities	(111,943)	32,011
Net cash from operating activities	18,809	164,984

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 18. Directors' remuneration

The number of Directors who were paid, or were due to be paid remuneration (including brokerage, commissions, bonuses, retirement payments and salaries), directly or indirectly from the Company or any related corporation, as shown in the following bands, were: 6 (6 in 2008).

The aggregate remuneration of all Directors was:	30,000	30,000
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Note 19. Financial instruments

(a) Interest rate risk exposures

The Company is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the Company, together with effective interest rates as at balance date.

2009	Floating interest rate (a)	Fixed rate 1 year or less	Non- interest bearing	Total	Average interest rate	
					Floating	Fixed
Financial assets						
Cash (i)	32,745			32,745	0.1%	
Accounts receivables			87,005	87,005		
Term deposits		181,311		181,311		2.5%
	32,745	181,311	87,005	301,061		
Financial liabilities						
Accounts payable			505	505		
			505	505		

Notes to the financial statements continued

Note 19. Financial instruments (continued)

(a) Interest rate risk exposures (continued)

2008	Floating interest rate (a)	Fixed rate 1 year or less	Non- interest bearing	Total	Average interest rate	
					Floating	Fixed (ii)
Financial assets						
Cash (i)	107,883			107,883	3.4%	
Accounts receivables			89,299	89,299		
Term deposits		167,742		167,742		7.85%
	26,802	336,687	64,605	428,094		
Financial liabilities						
Accounts payable			1,823	1,823		
			1,823	1,823		

(i) The floating interest rate represents the rate applicable to the instrument at balance date.

(ii) The fixed interest rate represents the contract rates in place at balance date.

	2009 \$	2008 \$
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Note 20. Remuneration of Auditors

The following total remuneration was received, or is due and receivable, by the Auditors of the Company in respect of:

- Auditing the financial statements	2,500	3,019
- Other services	650	454
Total remuneration of Auditors	3,150	3,473

Note 21. Related party disclosures

Transactions undertaken on commercial terms and conditions

P Norman – business development consulting	1,432	-
K Blackshaw – business development consulting	-	5,000
EZ Enterprise Pty Ltd (R Sykes) – accounting fee	1,500	1,500
Total related party payments	2,932	6,500

Notes to the financial statements continued

Note 22. Subsequent events

There have been no events after balance date which are likely to have a significant effect on the operations of the Company.

Note 23. Segment information

The Company operates predominantly in one industry, the financial services industry. All operations are carried out in East Malvern, Victoria.

Note 24. Contingent liabilities

The Company is not aware of any contingent liability as at the date of this financial report.

Directors' declaration

The Directors of the Company declare that:

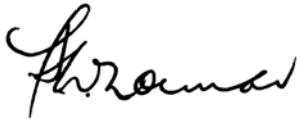
1. The financial statements and notes

(a) comply with applicable Accounting Standards and the Corporations Law; and

(b) give a true and fair view of the financial position at 30 June 2009 and performance for the year ended on that date of the Company.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Peter Norman
Chairman



Ric Sykes
Director and Company Secretary

Dated this 27 August 2009

Independent audit report

To the members of the East Malvern Community Financial Services Limited.

Scope

We have audited the financial report being the Director's Declaration, Profit & Loss Statement, Balance Sheet and Notes to the Financial Statements of East Malvern Community Financial Services Limited for the period 1 July 2008 to the 30 June 2009. The Company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of East Malvern Community Financial Services Limited is in accordance with:

(a) the Corporations Law including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

John Creffield

53 Blackwood Street,
Carnegie VIC 3163

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John Creffield

Principal

18/08/2009

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