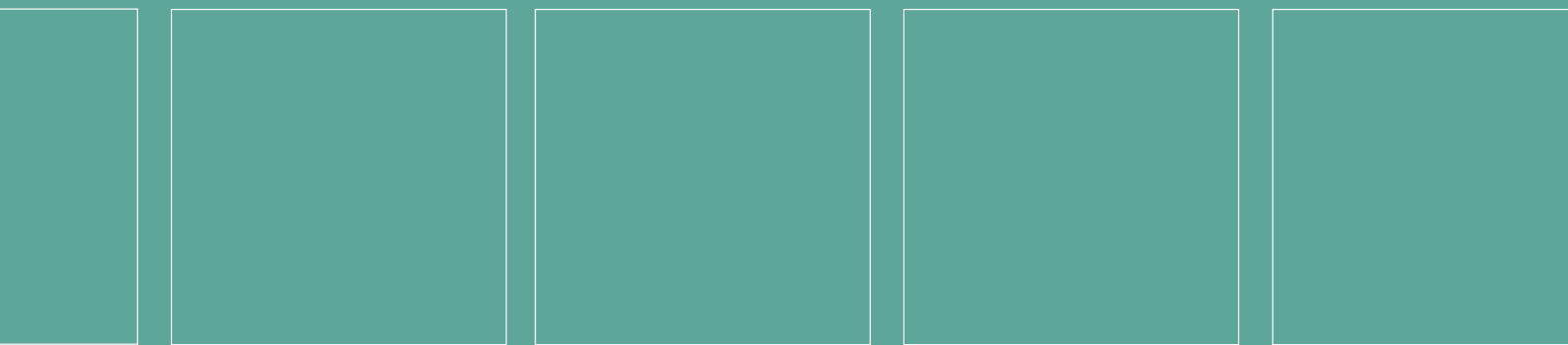


2008
annualreport



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Chairman's report

For year ending 30 June 2008

I begin this report with the familiar feeling of humility that constantly reminds me, I am only the replacement Chairman of that gentleman, David Steele, who led us from our earliest formation days until recently. David governed our Board, although suffering ill health and always led his volunteer committee and community from the front. The contribution David made to our community will be remembered as a time in our history that can never be forgotten and he will be missed. A job well done David and rest in peace.

In David's report for the year ending 30 June 2007, he reported, "Whilst we have yet to reach the breakeven point where our income exceeds our expenses, the gap is narrowing. Until this occurs we have to continue meeting the short fall which fortunately is being provided by way of an overdraft supplied by Bendigo Bank."

After two years, David was already very aware of the fact that we had significantly undercapitalised ourselves in the development of the prospectus. This is not an abnormal event and often occurs in the establishment of a new venture, where the recognisable cost factors are those that appear as the obvious elements that can be identified in "getting a ship sailing". However, a successful venture very soon after launch, has to face the cost of growth and increasing staff numbers and expanding the facility are just some of the items that appear as the venture develops.

David summed up the position and also made the following observation in his report. "Once we reach a position of positive cash flow, we will see a flow on of benefits to the local community, both in the payment of dividends to our loyal shareholders and, just as importantly, a distribution of a percentage of the profits to support the local community based organisations and their projects".

I will forward to each shareholder a detailed explanation of where we are placed financially and explain our planning to quickly pass that "break even point". This will be delivered to you before the end of October 2008, so that you can be fully aware of our plan by the Annual General Meeting scheduled for 21 November 2008.

Shareholders would be aware that our first Branch Manager, Casandra Brewis, who toiled relentlessly establishing the business side of the branch, together with training staff, has decided to move on. After three years she was offered a position with another financial organisation that she could not refuse. Casandra left the branch with all good wishes and understanding that the Board of Directors could offer. As it turned out, that event provided a wonderful opportunity for the branch, as we have now appointed Tony Gravas as the new Branch Manager.

Tony is one of few bankers with skills that can satisfy any level of client requirement. He is an extremely approachable Manager who takes great pleasure in being in contact with clients at any request for assistance or advice. He is already well liked by the staff, and has the complete confidence of the Board of Directors. Tony and the staff undertake voluntary work, being involved in community projects such as, Meals on Wheels, Beach clean ups, the Annual Oyster Festival, Rotary Club events and Peninsular Village Fetes.


Chairman's report continued

Tony has also re-organised the Branch Staff and has appointed Maree Richardson as a Supervisor, Kym Kelleher as the Customer Relations Officer, and Jodie O'Malley, Julie Pal, Johanna Dwyer, and Jenny Lowe-Trigg as Customer Service Officers. I am so proud of the staff with their smiling countenances, their friendly relationship with the clients, and their personal desire to participate in community activities. They give of themselves to our community with the graciousness that only people like them can produce.

The commitment of the Company Secretary, Brian Wright, must be acknowledged. Since day one, he has been the pivot around which we are maturing, a man of an indefatigable work load. Our Treasurer, Don Wilson, has left little unturned to advance the statistical financial data that must form part of the governance. Recently, Tony, Don and I enjoyed a wonderful experience at the National **Community Bank**[®] Conference in Bendigo, where besides plenty of work, we joined in the birthday celebrations to recognise Bendigo Bank's 150 years of service, and the **Community Bank**[®] network's 10th anniversary.

One of the best surprises to come out of the Conference was the advertising program developed by Bendigo Bank to promote our point of difference that "At the Bendigo it starts with U." The promotion was timed for release during the 2008 Olympic Games and I believe the advertisements are wonderful.

In conclusion, I should emphasise the "Branch's Book" has grown from \$25 million last year to almost \$40 million as this report goes to press. In addition, we have recently welcomed our 2,000th individual account holder, and the branch has a total of almost 3,000 accounts which includes personal, business and commercial accounts.



Don Leggett A.M. J.P.

Chairman

Manager's report

For year ending 30 June 2008

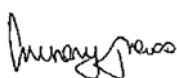
For those of you who have not visited the branch recently, I took over the helm as Branch Manager from Cassandra on 28 April 2008. I look forward to building on the great work that has already been done here at Ettalong Beach **Community Bank**[®] Branch and continuing to help customers achieve their financial and community goals. I would like to thank the Board for the opportunity to work and live here on the Coast.

The past year has seen changes within the branch, with staff movements being most notable. I would like to thank Kym and Maree who have continued to assist us in delivering the standard of banking service our shareholder and customer expect. There have been additions to the staff, with Julie, Johanna and Jodie joining the team. Each bring their own level of expertise which is assisting in the growth of the business.

Our challenge ahead is to continue to grow the business. We have had a great start to the year; we have secured a number of new clients, additionally we have earmark potential clients whose banking business we would like to secure.

Naturally the best way to grow the business is through our shareholders and customers; particularly you our shareholders who have supported the branch from the outset. I believe we can be advocates of the branch by encouraging our family, friends and neighbours to transfer their banking business to the Ettalong Beach **Community Bank**[®] Branch.

I look forward to a prosperous year for both you and the branch, and importantly ensuring we all meet our financial goals.



Tony Gravas
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:

Don Leggett

Chairman

Age: 80

Retired Business man

50 years of involvement with community groups in the Woy Woy & District area

Interest in shares: 5,001

Brian Wright

Company Secretary

Age: 61

Retired Banker

38 years experience in banking, specializing in Treasury operations & Financial Markets

Interest in shares: 11,001

Don Wilson

Treasurer

Age: 53

34 years as a CPA in public accounting, including

23 years as principal of Wilson Graham &

Associates in Woy Woy

Interest in shares: 5,000

Mathew Wales

Director

Age: 50

Director of Wales & Associates, Urban Design & Development Services for 18 years

President of Peninsular Chamber of Commerce

Interest in shares: 5,001

Mick Gage

Director

Age: 66

Retired banker

45 years experience in Commercial Trading & Savings Bank industry

Interest in shares: Nil

Debra Wales

Director

Age: 55

Director Wales & Associates, Urban Design & Development Services

Co-Ordinator Peninsular Main street Committee

Former Gosford City Councillor

Interest in shares: 5,001

Alan Gleeson

Director

Age: 60

Retired Accountant

Company Director, Business Management Advisor

Real Estate Property Developer

Interest in shares: Nil

Eric Leggett

Director

Age: 78

Retired Agronomist

Formerly Principal Agronomist (Remote Sensing) with Department of Agriculture

Past Director with Agristaff Credit Union

Interest in shares: 5,000

Directors' report continued

Simon Della Vedova

Director

Age: 30

Optometrist

Partner in local business, Bay Optical in

Ettalong Beach

Interest in shares: 3,001

David Steele (deceased 14 June 2008)

Chairman

Age: 55

Retired Solicitor

27 years Private Practise, including 25 years

at Woy Woy as a commercial legal specialist

Interest in shares: 1,001

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 Brian Wright. Brian was appointed to the position of Secretary on 16 July 2004.

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.

Operating results

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

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
(111,001)	(176,433)

Remuneration report**(a) Remuneration of Directors**

All Directors of the Company are on a voluntary basis, therefore no remuneration guidelines have been prepared.

(b) Remuneration of Executives

The Company aims to provide market-competitive compensation by offering a package of fixed pay benefits. There were no added incentives in place at 30 June 2008.

Details of remuneration

Tony Gravas - Branch Manager Within a range \$60,000 to \$80,000

Directors' report continued

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.

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' report continued

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
Don Leggett	8	7
Mick Gage	15	14
Brian Wright	15	15
Debra Wales	15	15
Don Wilson	15	15
Alan Gleeson	15	9
Mathew Wales	15	11
Eric Leggett	15	13
Simon Della Vedova	15	8
David Steele (deceased 14 June 2008)	14	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.

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 Ettalong Beach on 30 September 2008.



Don Leggett
Chairman



Brian Wright
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 Ettalong Beach 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.

A handwritten signature in black ink, appearing to read 'D Hutchings', is written over the second bullet point of the declaration.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 30th day of September 2008

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	396,519	281,741
Salaries and employee benefits expense		(264,349)	(255,074)
Advertising and promotion expenses		(9,883)	(6,718)
Occupancy and associated costs		(50,845)	(46,244)
Systems costs		(27,276)	(17,112)
Depreciation and amortisation expense	4	(37,453)	(37,341)
Interest expense	4	(17,006)	-
General administration expenses		(100,708)	(95,685)
Loss before income tax expense/credit		(111,001)	(176,433)
Income tax expense/credit	5	-	-
Loss for the period		(111,001)	(176,433)
Loss attributable to members of the entity		(111,001)	(176,433)
Earnings per share (cents per share)		c	c
- basic for profit for the year	18	(14.67)	(23.32)

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	1,577	511
Trade and other receivables	7	38,291	19,823
Total current assets		39,868	20,334
Non-current assets			
Property, plant and equipment	8	207,918	230,831
Intangible assets	9	21,000	33,000
Total non-current assets		228,918	263,831
Total assets		268,786	284,165
Liabilities			
Current liabilities			
Trade and other payables	10	66,806	32,704
Borrowings	11	158,846	94,840
Provisions	12	12,756	19,333
Total current liabilities		238,408	146,877
Non-current liabilities			
Provisions		4,091	-
Total non-current liabilities		4,091	-
Total liabilities		242,499	146,877
Net assets		26,287	137,288
Equity			
Issued capital	13	722,104	722,104
Accumulated losses	14	(695,817)	(584,816)
Total equity		26,287	137,288

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		381,426	274,226
Payments to suppliers and employees		(426,321)	(395,489)
Interest paid		(15,504)	(2,985)
Interest received		-	2,758
Net cash used in operating activities	15	(60,399)	(121,490)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,541)	-
Net cash used in investing activities		(2,541)	-
Net decrease in cash held		(62,940)	(121,490)
Cash at the beginning of the financial year		(94,329)	27,161
Cash at the end of the half-year	6(a)	(157,269)	(94,329)

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		137,288	313,721
Net loss for the period		(111,001)	(176,433)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Share issue costs		-	-
Total equity at the end of the period		26,287	137,288

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 (GST)

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 or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

Contributed equity

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

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:		
- margin income	218,722	159,473
- services commissions	87,322	55,818
- other revenue	90,475	63,692
Total revenue from operating activities	396,519	278,983
Non-operating activities:		
- interest received	-	2,758
Total revenue from non-operating activities	-	2,758
Total revenues from ordinary activities	396,519	281,741

Note 4. Expenses

Depreciation of non-current assets:		
- plant and equipment	12,356	12,265
- leasehold improvements	13,097	13,076
Amortisation of non-current assets:		
- franchise agreement	12,000	12,000
	37,453	37,341
Finance costs:		
- interest paid	17,006	2,985
Bad debts	2,044	2,047

Notes to the financial statements continued

	2008 \$	2007 \$
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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	(111,001)	(176,433)
Prima facie tax on loss from ordinary activities at 30%	(33,300)	(52,930)
Add tax effect of:		
- non-deductible expenses	3,600	3,600
- timing difference expenses	(448)	5,480
- other deductible expenses	(2,076)	(2,076)
Movement in deferred tax	(10,252)	
Future income tax benefit not brought to account	42,476	45,926
Income tax expense on operating loss	-	-
Future income tax benefits arising from tax losses are not recognised at reporting date as realisation of the benefit is not regarded as virtually certain. Future income tax benefit carried forward is:	195,468	163,244

Note 6. Cash assets

Cash at bank and on hand	1,577	511
---------------------------------	--------------	------------

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

6(a) Reconciliation of cash

Cash at bank and on hand	1,577	511
Bank overdraft	(158,846)	(94,840)
	(157,269)	(94,329)

Note 7. Trade and other receivables

Trade receivables	34,466	14,617
Prepayments	3,375	-
Rental bond	450	450
	38,291	15,067

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment		
Plant and equipment		
At cost	85,624	83,083
Less accumulated depreciation	(34,886)	(22,529)
	50,738	60,554
Leasehold improvements		
At cost	198,608	198,608
Less accumulated depreciation	(41,428)	(28,331)
	157,180	170,277
Total written down amount	207,918	230,831
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	60,554	72,819
Additions	2,541	-
Disposals		-
Less: depreciation expense	(12,357)	(12,265)
Carrying amount at end	50,738	60,554
Leasehold improvements		
Carrying amount at beginning	170,277	183,353
Additions		-
Disposals		-
Less: depreciation expense	(13,097)	(13,076)
Carrying amount at end	157,180	170,277
Total written down amount	207,918	230,831

Note 9. Intangible assets

Franchise fee		
At cost	60,000	60,000
Less: accumulated amortisation	(39,000)	(27,000)
	21,000	33,000

Notes to the financial statements continued

	2008 \$	2007 \$
Note 10. Trade and other payables		
Trade creditors	40,524	30,254
Other creditors & accruals	26,282	2,450
	66,806	32,704

Note 11. Borrowings

Bank overdraft	158,846	94,840
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The above bank overdraft facility is to be charged interest at the Bendigo Bank Limited's Business Solutions Non-Residential Security Interest Rate (currently 10.15% varying from time to time).

Note 12. Provisions

Employee provisions	16,847	19,333
Number of employees at year end	8	7

Note 13. Contributed equity

756,711 Ordinary shares fully paid of \$1 each (2007: 756,711)	756,711	756,711
Less: equity raising expenses	(34,607)	(34,607)
	722,104	722,104

Note 14. Accumulated losses

Balance at the beginning of the financial year	(584,816)	(408,383)
Net loss from ordinary activities after income tax	(111,001)	(176,433)
Balance at the end of the financial year	(695,817)	(584,816)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 15. 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	(111,001)	(176,433)
Non cash items:		
- depreciation	25,453	25,341
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- increase in receivables	(15,094)	(4,756)
- increase in other assets	(3,375)	-
- increase in payables	34,104	15,211
-increase/(decrease) in provisions	(2,486)	7,148
Net cash flows used in operating activities	(60,399)	(121,489)

Note 16. Auditors' remuneration

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

- audit & review services	4,000	3,600
- non audit services	2,165	-
	6,165	3,600

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

Don Leggett
Mick Gage
Brian Wright
Debra Wales
Don Wilson
Alan Gleeson
Mathew Wales
Eric Leggett
Simon Della Vedova
David Steele (deceased 14 June 2008)

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.

Directors shareholdings	2008	2007
Don Leggett	5,001	5,001
Mick Gage	-	-
Brian Wright	11,001	11,001
Debra Wales	5,001	5,001
Don Wilson	5,000	5,000
Alan Gleeson	-	-
Mathew Wales	5,001	5,001
Eric Leggett	5,000	5,000
Simon Della Vedova	3,001	3,001
David Steele (deceased 14 June 2008)	1,001	1,001

There was no movement in Directors shareholdings during the year.

Each share held is valued at \$1.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 18. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(111,001)	(176,433)

	2008 Number	2007 Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	756,711	756,711

Note 19. 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 20. Contingent liabilities

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

Note 21. 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 Ettalong Beach district, NSW.

Note 22. Registered office/principal place of business

The registered office and principal place of business is:

263-267 Ocean View Road,
Ettalong Beach NSW 2257

Note 23. 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.

Notes to the financial statements continued

Note 23. Financial instruments (continued)

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	-	-	-	-	-	-	-	-	-	1,577	511	N/A	N/A
Receivables	-	-	-	-	-	-	-	-	-	38,291	19,823	N/A	N/A
Financial liabilities													
Interest bearing liabilities	158,846	94,840	-	-	-	-	-	-	-	-	-	10.79	10.15
Payables	-	-	-	-	-	-	-	-	-	66,806	32,704	N/A	N/A

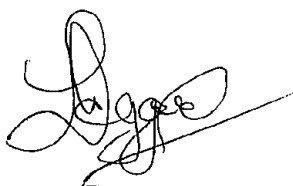
Director's declaration

In accordance with a resolution of the Directors of Ettalong Beach 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.



Don Leggett
Chairman



Brian Wright
Director

Signed on 30 September 2008.

Independent audit report



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INDEPENDENT AUDITOR'S REPORT

To the members of Ettalong Beach Financial Services Limited

We have audited the accompanying financial report of Ettalong Beach 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 directors' 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 directors' 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 directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

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 Ettalong Beach 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 directors' report comply with Accounting Standards AASB 124 Related Party Disclosures.



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

Dated this 30th day of September 2008

Ettalong Beach **Community Bank**[®] Branch
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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. (BMPAR9093) (10/08)

