

2008 annual report



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Chairman's report

For year ending 30 June 2008

It is comforting to see the increasing strength of the Company as it establishes itself as a driver and service provider in the community. In November this year the Fairy Meadow **Community Bank**[®] Branch celebrates its fifth anniversary, and in that time we have established more than 3,000 accounts and have over \$57 million under management.

Our profit from ordinary activities (before income tax) for the 2007/2008 financial year was just under \$79,000, and when compared to the previous year (-\$20,672), represents a turnaround of almost \$100,000. Whilst we are yet to declare a dividend, I plan on making an announcement at this year's annual general meeting regarding this issue.

During the year there were a number of Director resignations and on behalf of the Board I'd like to wish them well for the future. We are now actively recruiting suitable Directors to fill those vacancies.

In the last 12 months we have made donations to a number of organisations and sporting groups through our market development fund. Some of our more notable sponsorships include;

- Aerial patrol – We are now in our second year of a three year sponsorship along with other **Community Bank**[®] branches in the region.
- Raise the Gong – We have recently commenced a three year sponsorship

No doubt many of you watched the Beijing Olympics and saw Bendigo Bank's new advertising campaign, "It starts with U", which highlights the ethos of the **Community Bank**[®] concept.

If you're not part of this movement yet, or if you know other people who should get involved, make sure you recommend them to the Fairy Meadow **Community Bank**[®] Branch.

In closing, I would like to thank the tireless effort of my fellow Board members for their continued input and support of our **Community Bank**[®] branch.



Flavio Corbanese
Chairman

Manager's report

For year ending 30 June 2008

Over the past 12 months we have seen an incredible change in the continuing evolution of the finance industry. At the beginning of the financial year (July 07), we experienced strong competition in the market. Financial institutions were very aggressive offering very competitive rates to "win the business" at all costs.

At present, we are seeing the share market being very volatile, fuel prices increasing, general living expenses rising and the Reserve Bank lifting the official cash rate a number of times which has impacted on our personal lives and your **Community Bank**[®] branch.

With everything that we have experienced in this current economic climate, I am pleased that your **Community Bank**[®] branch achieved the following.

- a) Our funds under management stands at \$57.316mil, we grew our book \$7.363mil and achieved 98.3% of budget.
- b) We achieved 104.80% in income against budget.
- c) We were 1.06% below budget in our expenditure.
- d) The Branch opened 517 new accounts, total number being 3,057.

It is astonishing to realise that we are fast approaching our 5th birthday and in that time we have achieved many milestones. However, we continue to look forward and under the guidance and support of the Board of Directors, we have again, given ourselves a challenging target for the ensuing financial year 2008/09.

With the current economic climate currently being experienced, we look forward to your continued support to maintain our growth and profit. It is your personal recommendation to your family and friends, that your **Community Bank**[®] branch is an alternative solution for their banking needs, offering personal service and competitive products that will ensure our future growth and prosperity.

It is also wonderful to see that as we continue to grow, we increase our resources and therefore the ability to increase the support for our local community by way of financial and general assistance.

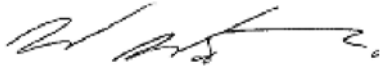
This year we have celebrated the 150th year anniversary of Bendigo Bank and the 10th year anniversary of the first **Community Bank**[®] branch being established. In the past 12 months, Bendigo Bank and Adelaide Bank merged. We now have more than 400 retail branches in every State and Territory. This has ensured that the Bendigo Bank is in a strong position to provide continued support and commitment to our customers and the local communities.

We have been fortunate to have had no staff changes over the past 12 months. The staff professionalism and quality of service has been rated very highly in a number of surveys, which were conducted by Bendigo Bank over the past 12 months. This level of service can only be achieved by the enthusiasm and commitment demonstrated by our team, which ensures that our customers are serviced at the highest

Manager's report continued

standards. I personally appreciate the support and contribution that the staff has given to me and to the Fairy Meadow **Community Bank**[®] Branch.

I would also like to acknowledge the support and effort that the Board has given throughout the year to ensure the continued success of the branch.



Bill Watts

Manager

Bendigo Bank Ltd report

For year ending 30 June 2008

Celebrating 10 years of the **Community Bank**[®] Network

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank**[®] branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank**[®] concept. It is a significant milestone for Bendigo Bank and our **Community Bank**[®] partners.

The number of **Community Bank**[®] branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank**[®] branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders. Behind those numbers are hundreds of stories of **Community Bank**[®] branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**[®] branches are helping improve the economic and social prospects of their local communities. Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners. The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank**[®] model has been instrumental, and for that we thank you. And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**[®] network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.



Russell Jenkins

Chief General Manager Retail & Distribution

Directors' report

For year ending 30 June 2008

Your Directors present this report on the Company for the financial year ended 30 June 2008.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Name of Director	Period as Director	Qualifications, experience	Special responsibilities
Flavio Corbanese	20/03/ 2003	Superannuation Consultant	Chairman
Anne Ellicott	20/03/ 2003	Retired	Treasurer/Secretary
Paul Jewell	20/03/2003	Business Operator	
Silvana Repaci	20/03/2003 -10/06/2008	Business Operator	
Leigh Stewart	20/03/2003-18/02/2008	Real Estate Consultant	
Lucia Zanetti	20/03/2003	Interpreter	
Arthur Raymond	31/08/2004-01/06/2008	Tax Agent	
Ron Reeves	12/08/2006	Accountant	
Valerio Zanotto	12/09/2007-04/03/2008	Business Operator	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' Meetings

List of Directors and Board Meetings for the year ended 30 June 2008.

Name of Director	Number attended
Flavio Corbanese Chairman	11 of 11
Anne Ellicott Treasurer/Secretary	11 of 11
Paul Jewell	8 of 11
Silvana Repaci (Resigned 10/06/2008)	6 of 10
Leigh Stewart (Resigned 18/02/2008)	0 of 7
Lucia Zanetti	11 of 11
Arthur Raymond (Resigned 01/06/2008)	10 of 11
Ron Reeves	8 of 11
Valerio Zanotto (Resigned 4/03/2008)	1 of 3

Directors' report continued

Operating result

The loss of the Company for the financial year after providing for income tax amounted to:

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
72,395.31	(20,672.69)

Review of operations

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

- The profit of \$72,395.31 is largely attributable to the increase in business as per the Company projections.
- The total business of the branch at 30 June 2008 was \$57,316,000.

Significant changes in the state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Company during the course of the year were the operation of a Bendigo Bank **Community Bank**[®] Franchise. No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which 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 subsequent financial years.

Future developments

The Company expects to maintain the present status and increase its level of operations and hence there are no likely developments in the operations in future financial years.

Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Directors' report continued

Options

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.

Directors' interests in shares of the Company or related bodies corporate

The particulars of shares held by the Directors of the Company in the Company or in related bodies corporate which are required to be declared in the register of Directors' share holdings are as follows:

Name of Director		Share holding
Flavio Corbanese	Chairman	1751
Anne Ellicott	Treasurer/Secretary	1501
Paul Jewell		10,001
Silvana Repaci		2501
Lucia Zanetti		8251
Arthur Raymond		500

Indemnifying Officer or Auditor

The Company has paid premiums to insure all the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors of the Company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was \$3,706.90.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors' report continued

The Directors received the following declaration from the Auditor of the Company:

Auditors independence declaration

In relation to our audit of the financial report of Fairy Meadow Community Financial Services Ltd for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the Auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Murray Reid

RM Chartered Accountants

Wollongong NSW

Signed in accordance with a resolution of the Board of Directors:



Flavio Corbanese

Director



Paul Jewell

Director

Signed at Fairy Meadow on 19 September 2008.

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Classification of expenses by function			
Other revenues from ordinary activities	2	567,903.27	453,632.82
Borrowing costs expense	3	(2,602.64)	(7,154.60)
Occupancy expenses		(34,442.88)	(33,593.76)
Salaries		(237,688.95)	(220,251.20)
Depreciation and amortisation expenses	3	(19,360.00)	(21,392.00)
Superannuation expenses		(21,080.73)	(21,553.86)
Other operating expenses		(180,332.76)	(170,360.09)
Profit (loss) from ordinary activities before income tax	3	72,395.31	(20,672.69)
Income tax revenue relating to ordinary activities			
Net profit (loss) attributable to members of the Company		72,395.31	(20,672.69)
Total changes in equity other than those resulting from transactions with owners as owners			
		72,395.31	(20,672.69)
Opening retained profits		(522,136.08)	(501,463.39)
Net profit (loss) attributable to members of the Company		72,395.31	(20,672.69)
Closing retained profits		(449,740.77)	(522,136.08)
Earnings per share (cents per share)			
- basic for profit/(loss) for year		(66.13)	(76.78)
- diluted for profit/(loss) for year		10.64	(3.04)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash assets	4	60,994.16	350.00
Receivables	5	50,195.98	42,247.42
Total current assets		111,190.14	42,597.42
Non-current assets			
Property, plant and equipment	7	157,366.83	174,226.83
Intangible assets	8	4,000.00	16,000.00
Other	6	23,541.27	30,562.95
Total non-current assets		184,908.10	220,789.78
Total assets		296,098.24	263,387.20
Current liabilities			
Payables	9	22,503.46	17,781.60
Interest-bearing liabilities	10		52,894.35
Current tax liabilities	11	10,547.00	8,112.00
Total current liabilities		33,050.46	78,787.95
Non-current liabilities			
Provisions	12	32,779.55	26,726.33
Total non-current liabilities		32,779.55	26,726.33
Total liabilities		65,830.01	105,514.28
Net assets		230,268.23	157,872.92
Equity			
Contributed equity	13	680,009.00	680,009.00
Retained profits / (accumulated losses)		(449,740.77)	(522,136.08)
Total equity		230,268.23	157,872.92

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 flow from operating activities			
Receipts from customers		559,049.30	444,245.05
Payments to suppliers and employees		(440,530.00)	(410,360.99)
Interest received		121.85	
Interest and other costs of finance		(2,602.61)	(7,154.60)
Net cash provided by (used in) operating activities (note 2)		116,038.51	26,729.46
Cash flow from investing activities			
Payment for:			
Payments for property, plant and equipment		(2,500.00)	(2,076.75)
Net cash provided by (used in) investing activities		(2,500.00)	(2,076.75)
Net increase (decrease) in cash held		113,538.51	24,652.71
Cash at the beginning of the year		(52,544.35)	(77,197.06)
Cash at the end of the year (note 1)		60,994.16	(52,544.35)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	2008 \$	2007 \$
Note 1. Reconciliation of 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.		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank	3,210.36	(52,894.35)
Bendigo rental income account	776.87	
Investment account	55,087.55	
Rental bond account BC01	1,569.38	
Cash on hand	350.00	350.00
	60,994.16	(52,544.35)

Note 2. Reconciliation of net cash provided by/used in operating activities to operating profit after income tax

Operating profit after income tax	72,395.31	(20,672.69)
Depreciation	19,360.00	21,392.00
Amortisation	19,021.68	19,021.68
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(7,948.56)	(8,944.62)
Increase (decrease) in trade creditors and accruals	1,390.33	2,230.73
Increase (decrease) in other creditors	3,331.53	1,057.44
Increase (decrease) in employee entitlements	6,053.22	9,435.92
Increase (decrease) in sundry provisions	2,435.00	3,209.00
Net cash provided by operating activities	116,038.51	26,729.46

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Fairy Meadow Community Financial Services Ltd as an individual entity. Fairy Meadow Community Financial Services Ltd is a Company limited by shares, incorporated and domiciled in Australia.

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 following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

Income tax

Future income tax benefits have not been brought to account because realisation of the asset is not assured beyond 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.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

a) Plant and equipment

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

The cost of fixed assets constructed within Fairy Meadow Community Financial Services Ltd includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

b) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Fairy Meadow Community Financial Services Ltd 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 the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Depreciation rate %
• Leasehold improvements	10 %
• Plant and equipment	10 - 30 %
• Other plant and equipment	10 - 15 %

Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Intangibles

Establishment costs have been amortised over 15 years on a straight line rate. Franchise fees are amortised over the period of the franchise on a straight line amount of 20% per year.

Employee entitlements

Provision is made for the 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 out flows to be made for those entitlements.

Contributions are made by Fairy Meadow Community Financial Services Ltd to an employee superannuation fund and are charged as expenses when incurred.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Comparative figures

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

Revenue

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

	2008	2007
	\$	\$

Note 2. Revenue

Operating activities:

Rents	2,609.09	
Interest revenue	121.85	

Other operating revenue:

- Gross receipts	565,126.87	452,495.36
- Other income	45.46	1,137.46
	567,873.86	453,632.82

Note 3. Profit from ordinary activities

Profit (loss) from ordinary activities before income tax has been determined after:

Charging as expense:

Amortisation of non-current assets:

- Preliminary expenses	2,119.92	2,119.92
- Other intangibles	12,000.00	12,000.00
- Share issue expenses	4,901.76	4,901.76
Total amortisation expenses	19,021.68	19,021.68

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Profit from ordinary activities (continued)		
Bad and doubtful debts	783.56	443.15
Borrowing costs:		
- Other persons	2,602.61	7,154.60
Total borrowing costs	2,602.61	7,154.60
Depreciation of non-current assets:		
- Plant and equipment	19,360.00	21,392.00
Total depreciation expenses	19,360.00	21,392.00

Note 4. Cash assets

Bank accounts:		
Cash at bank	3,210.36	
Bendigo rental income account	776.87	
Investment account 1203	55,087.55	
Rental bond account BC01	1,569.38	
Other cash items:		
- Cash on hand	350.00	350.00
	60,994.16	350.00
Reconciliation of cash:		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
- Cash	60,994.16	350.00
- Bank overdrafts (see also Note 10)		(52,894.35)
	60,994.16	(52,544.35)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 5. Receivables		
Current		
Trade debtors	50,195.98	42,247.42
	50,195.98	42,247.42

Note 6. Other assets

Non current		
Preliminary expenses	31,800.00	31,800.00
Less: accumulated amortisation	(9,892.96)	(7,773.04)
Share issue expenses	24,509.11	24,509.11
Less: accumulated amortisation	(22,874.88)	(17,973.12)
	23,541.27	30,562.95

Note 7. Property, plant and equipment

Leasehold improvements:

- At cost	180,027.71	180,027.71
- Less: accumulated depreciation	(63,323.00)	(50,855.00)
	116,704.71	129,172.71

Plant and equipment:

- At cost	87,889.12	85,389.12
- Less: accumulated depreciation	(47,227.00)	(40,335.00)
	40,662.12	45,054.12
	157,366.83	174,226.83

Note 8. Intangible assets

Other intangibles:

- At cost	60,000.00	60,000.00
- Less: accumulated amortisation	(56,000.00)	(44,000.00)
	4,000	16,000.00

Notes to the financial statements continued

	2008 \$	2007 \$
Note 9. Payables		
Unsecured:		
- Trade creditors	10,853.25	9,462.92
- Other creditors	11,650.21	8,318.68
	22,503.46	17,781.60

Note 10. Borrowings

Current		
Secured*:		
- Bank overdrafts		52,894.35
		52,894.35

Note 11. Tax liabilities

Current		
GST clearing	10,547.00	8,112.00
	10,547.00	8,112.00

Note 12. Provisions

Non current		
Employee entitlements*	32,779.55	26,726.33
	32,779.55	26,726.33

There were 6 employees at the end of the year.

Provision for employee entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value and future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note: Statement of significant account policies.

Notes to the financial statements continued

	2008 \$	2007 \$
Note 13. Contributed capital		
Ordinary shares at \$1.00 each fully paid	680,009.00	680,009.00

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 14. Remuneration & retirement benefits

Directors' remuneration

Total compensation comprises;

There was no remuneration paid to Directors during the financial year.

Note 15. Superannuation commitments

The Company has registered as an employer of the fund nominated by each employee. Contributions to the funds are based on a percentage of employees gross remuneration and are made by the employer. Contributions to the plan will not exceed the permitted levels prescribed by the income tax legislation from time to time.

Note 16. Auditors' remuneration

Remuneration of the Auditor of the Company for:

Auditing or reviewing the financial report	1,500.00	1700.00
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Notes to the financial statements continued

Note 17. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at year end.

Credit risk

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

Director's declaration

In accordance with a resolution of the Directors of Fairy Meadow Community Financial Services Ltd we state that:

1. In the opinion of the Directors
 - a. The Statement of Financial Performance of the Company is drawn up so as to give a true and fair view of the loss of the Company for the financial year ended 30 June 2008;
 - b. The Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 June 2008; and
 - c. At the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
2. The Company in respect of the financial year to which those accounts relate:
 - a. Has kept such accounting records as correctly record and explain the transactions and financial position of the Company;
 - b. Has kept its accounting records in such a manner as would enable true and fair accounts of the Company to be prepared from time to time; and
 - c. Has kept its accounting records in such a manner as would enable the accounts of the Company to be conveniently and properly audited in accordance with the Corporations Law.
3. The accounts to which this statement relates have been properly prepared by a competent person.

On behalf of the Board



Flavio Corbanese
Director



Paul Jewell
Director

Signed at Fairy Meadow on 19 September 2008.

Independent audit report

Scope

We have audited the financial report, being the Statement by Directors, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of Fairy Meadow Community Financial Services Ltd for the financial year ended 30 June, 2008. 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 and other mandatory professional reporting 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 its operations and its cash flows.

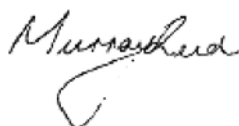
The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Fairy Meadow Community Financial Services Ltd is in accordance with:

1. the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Company's financial position as at 30 June, 2008 and of its performance for the year ended on that date; and
 - (b) complying with Accounting Standards and the Corporations Regulations; and
2. other mandatory professional reporting requirements.

Signed on :



Murray Reid

R M Chartered Accountants

Victoria Street, Wollongong

Fairy Meadow **Community Bank**[®] Branch
39 Princes Highway, Fairy Meadow, NSW 2519
Phone: (02) 4284 8277 Fax: (02) 4284 7869

Franchisee: Fairy Meadow Community Financial Services Limited
39 Princes Highway, Fairy Meadow, NSW 2519
Phone: (02) 4284 8277 Fax: (02) 4284 7869
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