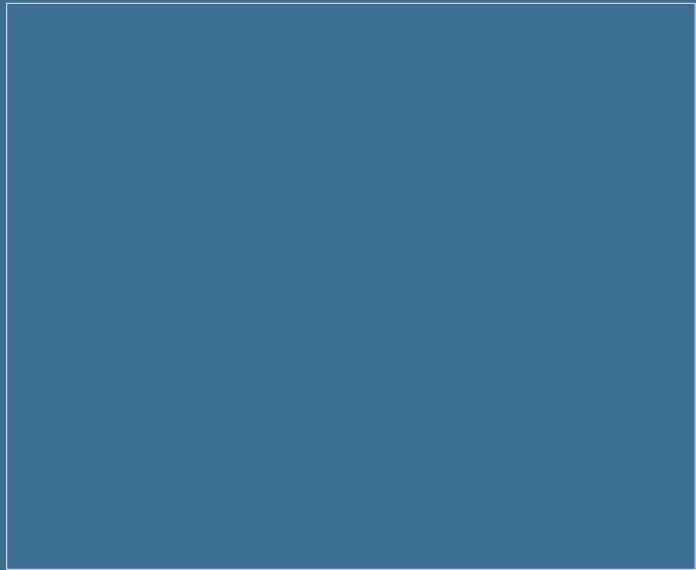
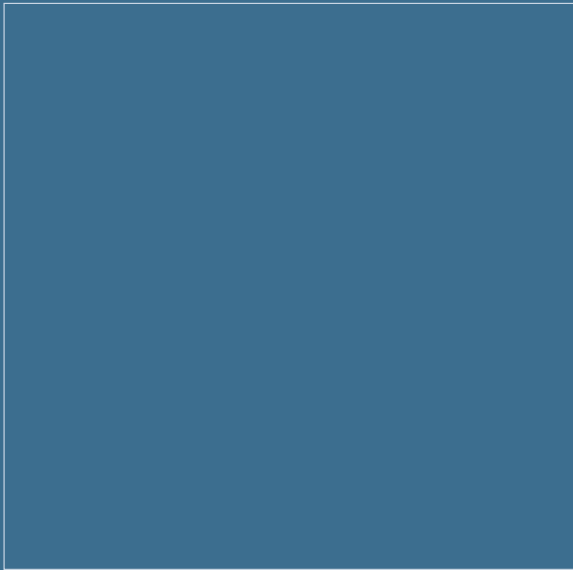


annual report | 2009



Flemington Financial
Services Limited
ABN 56 100 269 074

Flemington **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2009

The sixth year of the Company's operation has seen it reach the milestone of \$50 million in terms of loans and deposits an increase of almost \$10 million from last year.

This growth although not as good as the prior year (\$14 million) has allowed the Company over the year to operate more often than not in a profitable position than it has in the past and has assisted the Company in making inroads on its debt.

The Company has not been immune from the "world wide" economic downturn which commenced late last year. The economic down turn has impacted on the revenue earning capacity of the bank.

The Company at the end of last year was possibly looking towards declaring its first dividend, however as the effects of the economic downturn are still lingering, the payment of a dividend has been deferred for the short term.

The Board is appreciative of both the efforts of Grant Hopkinson, our Manager, and our branch staff.

The continued support, advice and assistance and faith in us as a Board of Directors, provided by the management of the Bendigo and Adelaide Bank Ltd is also most appreciated.

It is with the combined efforts of the Board, the Bendigo and Adelaide Bank Ltd management and "U" our customers, that the future success of the bank is assured.

No new community initiatives have been undertaken by the **Community Bank**[®] branch in the last 12 months, however, in conjunction with our **Community Bank**[®] branch neighbour Strathmore, in the next few months the Board will be seeking its first requests for grants from the community. Hopefully as a result of this, the community will become more aware of what the **Community Bank**[®] branch can do for the community and in return support the bank.

It is "U" our customers that with your continued support provides us as a Board the incentive to continue and improve on our efforts of the past.



Wayne Simpson

Chairman

Manager's report

For year ending 30 June 2009

After three years in the Manager's role I am pleased to provide the following report to shareholders.

At the end of June 2008 we had a total banking book of \$40 million. By June 2009 we reached our target of \$50 million. I'm very pleased to let everyone know that we are above budget for the current year and are now in profit each month.

As always there have been changes to the financial climate over the last 12 months, and I think we have done very well to continue to grow in this environment. Our next target is \$60 million at June next year and we are on track to reach this.

We have a relatively new team again at the branch with Cloris and Vicki leaving to move on in their careers. We now have Steve Besimi as our Customer Relationship Officer and Katie Delahunty joining Sarah as Senior Customer Service Officer.

The **Community Bank**[®] concept is not just about deposits and lending. Rather it is about engaging and supporting the community around us and again our focus for the coming 12 months is working on involving much more of the community in our efforts. The last 12 months has seen many more shareholders come into the branch for their banking needs and I believe we are becoming a first choice bank for many people in our community.

As always, a special thank you goes to the many shareholders who have supported the branch, not only over the last three years but since we opened. Your contribution to our growth is essential and cannot be understated.

The branch has grown greatly in the past year, reaching a milestone both in terms of our total deposits and lending, and in reaching a profitable position. We continue as a team in providing above average service to our customers. I look forward to the challenges in making our branch a success again over the next 12 months.



Grant Hopkinson
Branch Manager

Directors' report

For year ending 30 June 2009

Your Directors submit their report of the Company for the financial year ended 30 June 2009.

Directors

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

Wayne Simpson (Chairman)

Chartered Accountant

Shane Harrison (Treasurer)

Consultant

Mark Flynn (Company Secretary)

Commercial lawyer

Frank Dinoto

Hospitality worker

Matthew Lambelle

General Manager

John Versace

Manager - retail outlet

Sean Pinan

Project Manager

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

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

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

There have been no significant changes in the nature of these activities during the year.

Operating results

The profit from ordinary activities of the Company after providing for income tax for the financial year period ending 30 June 2009 \$23,226 (2008: -\$32,370).

Dividends

No dividend is currently recommended for payment.

Directors' report continued

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.

Significant events after the balance date

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.

Future developments

The Company will continue its policy to operate a Company **Community Bank**[®] branch under the Franchise agreement.

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 Managers 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 meetings held:	10
<hr/>	
Number of meetings attended:	
<hr/>	
Frank Dinoto	5
<hr/>	
Mark Flynn	2
<hr/>	
Shane Harrison (Treasurer)	7
<hr/>	
Matthew Lambelle	6
<hr/>	
Sean Pinan	8
<hr/>	
Wayne Simpson (Chairman)	10
<hr/>	
John Versace	9
<hr/>	

Company Secretary

Mark Flynn has been the Company Secretary of Flemington Financial Services Ltd since 2003.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

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

Specialist Audit Centre Pty Ltd
Apartment P1 "Arcadia"
228 The Avenue
Parkville VIC 3032

Directors' report continued



SPECIALIST AUDIT CENTRE PTY LTD

ABN: 62 134 128 359

CPA MEMBER NO: 126171

DIRECTOR: JAMES HILBERT

REG'D CO AUDITOR: 8944

Reg'd Co Auditor, Tax Agent

Member of the Australian Society of Certified Practising Accountants

Auditor's Independence Declaration

In relation to our audit of the Financial Report of Flemington Financial Services Ltd for the Financial year ended 30th June 2009, 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.



James Hilbert

Principal
SPECIALIST AUDITS PTY LTD
Apartment P1, "ARCADIA"
228 The Avenue,
PARKVILLE VIC 3052

228 THE AVENUE • PARKVILLE VIC • 3052
PHONE: (03) 9381 4666 MOBILE: 0438 266 922 FAX: 03 93814666

Signed in accordance with a resolution of the Board of Directors on 22 October 2009.



Wayne Simpson
Chairman

Financial statements

Detailed profit and loss statement For year ending 30 June 2009

	2009 \$	2008 \$
Income		
Gross margin	329,363	255,433
Upfront commission	2,909	2,257
Trailer products commission	98,177	79,980
Fee income	60,668	53,624
Market development fund	43,332	32,500
Total income	534,449	423,794
Expenses		
Advertising	-	278
Marketing	851	2,352
Amortisation - Franchise fees	11,477	10,901
ASIC compliance	1,065	59
ATM expenses	6,720	10,190
Administration costs	275	-
Audit fees	3,000	3,150
Bad debts	3,450	2,290
Bank charges		400
Board expenses	136	590
Cash delivery	7,877	4,802
Cleaning / rubbish removal	5,629	5,729
Credit check and search fees	-51	189
Depreciation	469	24,590
Donations	100	-
Electricity	7,527	8,067
Freight and delivery charges	6,580	6,501
IT expenses	18,507	21,293
Insurance	13,105	13,235

The accompanying notes form part of these financial statements.

Financial statements continued

	2009 \$	2008 \$
Detailed profit and loss statement (continued)		
Expenses (continued)		
Interest	32,502	32,637
Legal fees	3,602	73
LKS	501	400
Office supplies	-	50
Payroll expenses	10,114	8,830
Postage	1,327	2,216
Printing and stationery	9,385	7,297
Procedure errors	828	6,494
Rates - council	5,238	6,346
Rent	74,258	50,034
Repairs & maintenance - building	4,263	1,779
Repairs & maintenance - other	245	278
Salaries	210,808	203,323
Salary accruals and provisions	19,473	836
Security	4,729	2,347
Share register costs	280	66
Staff amenities	760	705
Sponsorship	1,947	100
Staff training	6,045	2,230
Sundry expenses	-120	-
Superannuation	19,340	17,446
Telephone	5,653	4,725
Beyond bank #1 expense	-	477
Travel accomodation & conference	196	-
Workcover	796	1,596
Other employee expenses	2,177	4,916
Uniform allowances	206	220
Total expenses	501,270	470,037
Profit (loss) from ordinary activities before income tax	33,180	-46,242

The accompanying notes form part of these financial statements.

Financial statements continued

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenue from ordinary activities	2	534,449	423,795
Depreciation and amortisation expense	3	-11,946	-35,492
Finance costs	3	-32,502	-32,637
Other expenses from ordinary activities		-456,821	-401,908
Operating profit/(loss) before income tax expense		33,180	-46,242
Income tax attributable to operating profit	4	9,954	-13,873
Operating profit/(loss) after income tax expense		23,226	-32,370
Retained profits (accumulated losses) at the beginning of the financial year		-637,471	-605,101
Total available for appropriation		-614,245	-637,471
Retained profits (accumulated losses) at the end of the financial year		-614,245	-637,471

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets			
Petty cash		200	200
		200	200
Current tax assets			
Deferred tax assets		256,012	265,966
		256,012	265,966
Total current assets		256,212	266,166
Non-current assets			
Leasehold improvements - at cost		146,336	146,336
Less: accumulated depreciation		-146,336	-146,336
Computer software - at cost		1,644	1,644
Less: accumulated depreciation		-1,462	-994
Fixture & fittings - at cost		21,808	21,808
Less: accumulated depreciation		-21,808	-21,808
Total non-current assets		182	650
Other			
Preliminary expenses		13,774	13,774
Less: accumulated amortisation		-13,774	-13,774
Other intangibles - franchise fee		107,424	107,424
Less: accumulated amortisation		-65,305	-53,828
Total other assets		42,119	53,596
Total assets		298,513	320,412

The accompanying notes form part of these financial statements.

Financial statements continued

	Note	2009 \$	2008 \$
Balance sheet (continued)			
Current liabilities			
Unsecured:			
Other creditors		-	1,183
Franchise fee - Bendigo and Adelaide Bank Ltd		39,049	50,534
		39,049	51,717
Financial liabilities			
Secured			
Bank - cheque a/c		247,191	291,323
		247,191	291,323
Current tax liabilities			
Gst clearing		4,112	-408
Tfn withholding tax		-334	-333
Amounts withheld from salary and wages		2,516	1,058
		6,294	317
Provisions			
Superannuation accrual		4,773	3,325
Provision for audit fees		3,000	3,150
Provision for annual leave		1,234	-165
Provision for sick leave		4,067	1,066
		13,074	7,376
Total current liabilities		305,608	350,733
Total liabilities		305,608	350,733
Net assets		-7,095	-30,321
Equity			
Share capital		606,550	606,550
Share application money		600	600
Retained earnings / (accumulated losses)		-614,245	-637,471
Total equity		-7,095	-30,321

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		534,449	421,504
Payments to suppliers and employees		-457,815	-363,724
Interest and other cost of finance		-32,502	-32,637
Net cash flows from/(used in) operating activities		44,132	25,143
Cash flows from investing activities			
Payment for intangible assets		-	-57,424
Payments for property, plant and equipment		-	-
Net cash flows from/(used in) investing activities		-	-57,424
Net Increase(decrease) in cash held		44,132	-32,281
Cash at the beginning of the year		-291,123	-258,842
Cash at end of the year		-246,991	-291,123

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, which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Accounting Standards Board and the requirements of the Corporations Act 2001.

The financial report covers Flemington Financial Services Ltd as an individual entity.

Flemington 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 by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Income tax

Income tax has been brought to account using the liability method of tax -effect accounting whereby the income tax expenses is based on the profit from ordinary activities adjusted for 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 an asset described as deferred tax assets at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Deferred tax assets in relation to tax losses are nor 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 tax legislation and the anticipation of the derivation of sufficient future assessable income and compliance with the conditions of deductibility imposed by the law.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Property, plant and equipment

Each class of property, plant and equipment are brought to account 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 that 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.

The cost of fixed assets constructed within Flemington Financial Serves Ltd includes the costs of materials and direct labour.

b. Depreciation

The depreciable life of all fixed assets including buildings and capitalised leased assets , but excluding freehold land, is depreciated on a straight line basis over the useful lives to Flemington Financial Services Ltd, commencing from the time the asset is held ready for use.

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
Building improvements	20%
Computer software	20%
Plant and equipment	20%

Intangibles

Franchise Fees are written off on a straight line basis over the period of the franchise agreement.

Employee entitlements

Provision is made for the liability for employee entitlements arising from the services rendered by the employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave, 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 their present value of the estimated future cash flows to be made for those entitlements.

Contributions are made by Flemington Financial Services Ltd to an employee superannuation fund and are charged as an expense when incurred.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Cash

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

Comparative figures

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

Revenue

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

Interest is recognised on a receipt basis.

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

	2009 \$	2008 \$
Note 2. Revenue		
Operating activities		
- Gross margin	329,363	255,432
- Upfront commission	2,909	21,257
- Trailor products commission	98,177	79,980
- Fee commission	60,668	53,624
- Market development fund	43,332	32,500
	534,449	442,793

Note 3. Profit from ordinary activities

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

Charging as an expense

Amortisation of non-current assets

Franchise fee	11,447	10,901
Total amortisation expense	11,447	10,901
Bad and doubtful debts	3,450	2,290

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 3. Profit from ordinary activities (continued)

Borrowing costs

- Other persons	35,202	32,637
Total borrowing costs	35,202	32,637

Depreciation of non-current assets

- Leasehold improvements	-	21,119
- Computer software	469	369
- Other	-	3,102
Total depreciating expenses	469	24,590

Note 4. Income tax expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30%	9,954	-13,878
Add tax effect of:		
- Non-deductible expenses	-	-
Income tax expense attributable to profit from ordinary activities	9,954	-13,878

Note 5. Cash assets

Other cash items

Petty cash	200	200
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Reconciliation of cash

Cash at the end of the year as shown in the statement of cash flows reconciled to items in the statement of financial position as follows:

- Cash	200	200
- Bank overdraft	-247,191	-291,323
	-246,991	-291,123

Notes to the financial statements continued

	2009 \$	2008 \$
Note 6. Interest bearing securities		
Current		
<hr/>		
Secured		
<hr/>		
- Bank overdraft	247,191	291,324
	247,191	291,324
<hr/>		
Total current and non current secured liabilities		
<hr/>		
- Bank overdrafts	247,191	291,324
	247,191	291,324
<hr/>		
Note 7. Contributed capital		
Ordinary shares at \$1.00 each fully paid	607,150	607,150
<hr/>		

Directors' declaration

In accordance with a resolution of the Directors of Flemington Financial Services Limited, I 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 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.



Wayne Simpson

Chairman

Signed at Flemington on 2 November 2009.

Independent audit report



SPECIALIST AUDIT CENTRE PTY LTD

ABN: 62 134 128 359

DIRECTOR: JAMES HILBERT

**Reg'd Co Auditor, Tax Agent
Member of the Australian Society of Certified Practising Accountants**

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FLEMINGTON FINANCIAL SERVICES LIMITED

Scope

I have audited the financial report of Flemington Financial Services Limited for the year ended 30th June 2009 comprising the Statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the director's declaration. The members of the governing body are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to its members.

Audit approach

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures include 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 in Australia (and relevant statutory and other requirements) so as to present a view which is consistent with our understanding of Flemington Financial Services Limited financial position, the results of its operations and its cash flows.

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


Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia. The financial position of Flemington Financial Services Limited as at 30th June 2009 and the results of its operations and its cash flows for the year then ended.

Date: 30th October 2009
Apartment P1, 228 The Avenue
PARKVILLE VIC 3052


Firm: Specialist Audits Pty Ltd
Auditor: James J Hilbert
Reg'd Auditor 8944

228 THE AVENUE • PARKVILLE VIC • 3052
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Franchisee: Flemington Financial Services Limited
325–327 Racecourse Road, Flemington VIC 3031
ABN: 56 100 269 074

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Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9020) (07/09)