

2008 annual report



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Chairman's report

For year ending 30 June 2008

The timing of the first report of the Swansea/Bicheno **Community Bank**[®] Company records a milestone that is the outcome of the efforts of a large number of people from our community and it is the start of the building phase for the **Community Bank**[®] Company.

During the financial year and to the date of this report we have:

- Completed our fundraising for our Company, Freycinet Coast Financial Services Ltd (FCFSL), and purchased the Bendigo Bank franchise for the Swansea and Bicheno **Community Bank**[®] branches.
- Established our first Board of Directors. All Directors are non executive honorary. All our initial Directors were involved, with many others, in the fund raising that established the project. The Directors are domiciled in the different areas of the community.
- Completed leased premises in Swansea and Bicheno. Swansea opened 19 March 2008 and Bicheno opened on 10 September 2008.
- Employed our Branch Manager, Lyn Mansfield and our staff, all recruited from the local community. All our staff have been trained and inducted by Bendigo and Adelaide Bank Limited.
- To achieve good corporate governance, strong internal control and to ensure the efficient operation of the **Community Bank**[®] Company we have:
 - > established a structure of Board committees and;
 - > put in place the necessary policies and procedures for the Board and Staff.

Now for some detail on our achievements - whilst we only had limited operations during the year I note that:

- The Swansea branch was opened for the past three months of the year and I can report that the business has been growing in line with our prospectus.
- There has been a number of one off outlays during the period. These were associated with our fundraising, establishing our branches and recruiting and training our staff. The details of these outlays are set out in the attached financial statements.
- Our Branch Manager and staff have settled into **Community Bank**[®] business well and Bendigo Bank advises that they are doing particularly well.

Whilst the business is still some way off profitability we have already started to make contributions back to the community:

- We sponsored the "Freycinet Award for Residents and Ratepayers" in the Glamorgan Spring Bay Council Art Prize competition.
- In conjunction with the State Government, Tasmanian Banking Services and Bendigo and Adelaide Bank we have established funding to support the operations of the four community vehicles in Swansea and

Chairman's report continued

Bicheno. (Bicheno Community Health Group car; Community Transport Services cars in Swansea and Bicheno and the May Shaw Health Centre Bus).

- In conjunction with Bendigo's Enterprise Foundation™ we have put in place a two year sponsorship of the Devil Island Project. We have also arranged for Bendigo and Adelaide Bank to place Devil Island Project collection boxes across their branch network.

By bringing full banking services to Swansea and Bicheno we kept business in the area and established a source of local capital assisting the local traders and future business development.

We have made a deliberate decision to retain a large Board so that we can ensure that the **Community Bank**® Company is up to date with all parts of the Freycinet Community:

- The Board has put in place a number of Committees:
 - > Marketing and Promotions convened by Mandy Burbury -

The purpose of the Marketing and Promotions Committee is to facilitate all promotional aspects of FCFSL.
 - > Human Resources convened by Jenny Logie -

The purpose of the Human Resources (HR) Committee is to monitor and administer all aspects of HR issues on behalf of the Board.
 - > Asset Management convened by Shayne Williams -

The purpose of the Asset Management Committee is to monitor the condition of, ensure appropriate maintenance of, and provide guidance and recommendation for all Company property.
 - > Audit and Governance convened by Ken Dean -

The purpose of the Audit and Governance Committee is to help ensure the correct and full accountability of both the Board and Management and to oversee Company compliance issues.
 - > Finance and Budget convened by Ken Dean -

The purpose of the Finance and Budget Committee is to allow for deeper examination of the financial aspects of the Company than normally afforded in the limited time allowed in a Board meeting.
 - > Nomination and Review committee convened by the Chair -

The objective of the Nominating and Review Committee is to ensure that FCFSL has available to it a Board with the appropriate competencies to enable it to effectively discharge its mandate.

The brief for the Nomination and Review in particularly as it assesses the ongoing performance of the Board and Committees as well as the performance of individuals. The Committee is also responsible for assessing potential Directors. This Committee also ensures that there is an annual independent assessment and feedback process conducted by a person separate from the Board and FCFSL.

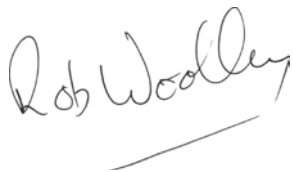
The Board are all honorary non executive Directors. We have a contract with Miranda Randall who is paid a fixed amount for Secretarial and Support Services which are in addition to her role as an honorary non executive Director.

Chairman's report continued

Our premises are modern and well located. It is a testament to the community importance that Heather Butler MHA opened the Swansea branch on behalf of the then Premier and that Bicheno was opened by the Premier David Bartlett MHA. Equally important is the involvement of children from the local schools and the Girl Guides. We have some quite delightful song comments from the local children who have taken us on as "their Bank".

I speak for the whole Board when I tell you that our next milestone is getting to consistent profitability followed by the payment of our first dividend.

The **Community Bank**[®] model is a powerful community force and the community can make it happen.

A handwritten signature in black ink that reads "Rob Woolley". The signature is written in a cursive style and is positioned above a short horizontal line.

Rob Woolley
Chairman

Manager's report

For year ending 30 June 2008

It is with great pleasure that I present my first report as Manager of the Swansea and Bicheno **Community Bank**[®] branches of Bendigo Bank.

Swansea **Community Bank**[®] Branch has been opened for three months and in that time we have opened 300 accounts and are holding funds of \$7,936,036.

The opening of Bicheno **Community Bank**[®] Branch in September has been a culmination of four years hard work by our Company Directors. Their assistance to myself and staff has been invaluable.

Our staff members, Cherie Hill, Suzanne Whytcross, Leissa Dane, Bianca Bongers and Susan Sinclair have presented themselves in a very professional manner. They have participated in training courses externally and ongoing training in the branch will continue.

I would personally like to thank all the staff for their support and I know that out in our community they are great ambassadors, promoting both the Swansea and Bicheno **Community Bank**[®] branches. For locals to see a friendly face when they enter our **Community Bank**[®] branches, can only enhance what we can offer our community.

As with any new business, the early days are hard work. Bendigo Bank now has more than 220 **Community Bank**[®] branches across Australia. Swansea and Bicheno have not had full time banking services for a long time and with the opening of both branches, the opportunity to return traditional banking services back to our communities can only ensure, once profit is achieved, a percentage returned to the community through grants to many organisations, and dividends to our shareholders.

Our long term plan has now started, and we look forward to the success of our **Community Bank**[®] branches. This can only happen with continued hard work from our staff and Board, the support of you, our shareholders, and people of the Freycinet Coast community.

The **Community Bank**[®] story will continue to grow and I am excited as to what it can offer the Swansea and Bicheno communities.



Lyn Mansfield
Branch 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 submit their report of the Company for the financial period 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 period are:

Robert Woolley

Chairman

Occupation: Company Director

(Appointed 15 August 2007)

Ann Browning

Director

Occupation: Community Nurse

(Appointed 15 August 2007)

Jennifer Crawford

Director

Occupation: Deputy Mayor GSBC

(Appointed 10 September 2007)

Kenneth Dean

Director

Occupation: Retired Chartered Accountant

(Appointed 15 August 2007)

Terence Johns

Director

Occupation: Forestry Consultant

(Appointed 15 August 2007)

(Resigned 30 June 2008)

Miranda Randall

Director

Occupation: Business Manager/Company Secretary

(Appointed 15 August 2007)

Reginald Waldren

Director

Occupation: Retired

(Appointed 15 August 2007)

John Austwick

Director

Occupation: Vigneron

(Appointed 15 August 2007)

Amanda Burbury

Director

Occupation: Company Director

(Appointed 15 August 2007)

Martin Crawford

Director

Occupation: Retired Businessman

(Appointed 10 September 2007)

Jeffrey Doyle

Director

Occupation: Retired Financial Planner

(Appointed 15 August 2007)

Jennifer Logie

Director

Occupation: Retired HR Consultant

(Appointed 15 August 2007)

Suzanne Vallance

Director

Occupation: Community Health Worker

(Appointed 15 August 2007)

(Resigned 30 June 2008)

Ian Wallace

Director

Occupation: Retired

(Appointed 15 August 2007)

Directors' report continued

Shayne Williams

Director

Occupation: Retired

(Appointed 15 August 2007)

Doug McKillop

Director

Occupation: Retired

(Appointed 15 August 2007)

(Resigned 10 September 2007)

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

Other than stated in this report no Director has a material interest in a contract or a proposed contract with the Company.

Principal activities

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

There has been no significant changes in the nature of these activities during the period.

Operating results

Operations have performed in line with expectations. The loss of the Company for the financial period after income tax benefit was \$190,098.

Dividends

No dividends were paid or declared during the period.

Incorporation

The Company was incorporated on 15 August 2007 and commenced operations on 19 March 2008.

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 period 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 period 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 providing banking services to the community.

Directors' benefits

During the period Miranda Randall (Company Secretary) received \$10,405 for secretarial and related services to the Company. This payment was made on normal commercial terms.

Directors' report continued

Ann Browning, Ken Dean, Jeff Doyle, Robert Woolley and Shayne Williams have an interest in an entity that owns a property which is proposed to house the Bicheno branch. Any payments to this entity are on normal commercial terms.

Other than above no Director has received or become entitled to receive, during or since the financial period, 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 meetings

The number of Directors meetings attended by each of the Directors of the Company during the period were:

Number of meetings held:	14
<hr/>	
Number of meetings attended:	
Robert Woolley (appointed 15 August 2007)	11
John Austwick (appointed 15 August 2007)	13
Ann Browning (appointed 15 August 2007)	9
Amanda Burbury (appointed 15 August 2007)	12
Jennifer Crawford (appointed 10 September 2007)	11
Martin Crawford (appointed 10 September 2007)	14
Kenneth Dean (appointed 15 August 2007)	11
Jeffrey Doyle (appointed 15 August 2007)	10
Terence Johns (appointed 15 August 2007, resigned 30 June 2008)	10
Jennifer Logie (appointed 15 August 2007)	10
Miranda Randall (appointed 15 August 2007)	13
Suzanne Vallance (appointed 15 August 2007, resigned 30 June 2008)	9
Reginald Waldren (appointed 15 August 2007)	13
Ian Wallace (appointed 15 August 2007)	7
Shayne Williams (appointed 15 August 2007)	10
Douglas McKillop (appointed 15 August 2007, resigned 10 September 2007)	-

Directors' report continued

Company Secretary

Miranda Randall has been the Company Secretary of Freycinet Coast Financial Services Limited since incorporation in 2007. Ms Randall's qualifications and experience include managing her own family business for a number of years.

Corporate governance

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

- (a) The establishment of an audit committee. Members of the audit committee are K Dean (Chairman), M Crawford and I Wallace;
- (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:

Richmond Sinnott & Delahunty

Chartered Accountants.

Directors' report continued

Richmond Sinnott & Delahunty Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

12 September 2008

The Directors
Freycinet Coast Financial Services Limited
C/O Miranda Randall
PO Box 110
BICHENO TAS 7215

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Freycinet Coast Financial Services Limited for the period 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.



Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Bicheno on 12 September 2008.



Robert Woolley
Director

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$
Revenue from ordinary activities	2	36,564
Employee benefits expense	3	(78,321)
Charitable donations and sponsorship		(610)
Depreciation and amortisation expense	3	(4,396)
Establishment and set up costs		(112,630)
Other expenses from ordinary activities		(65,042)
Loss before income tax benefit		(224,435)
Income tax benefit	4	(34,337)
Loss after income tax benefit		(190,098)
Earnings per share (cents per share)		
- basic for loss for the period	20	(16.23)
- diluted for loss for the period	20	(16.23)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$
Current assets		
Cash assets	6	712,151
Receivables	7	81,391
Total current assets		793,542
Non-current assets		
Property, plant and equipment	8	179,014
Deferred income tax asset	4	34,337
Intangible assets	9	9,737
Total non-current assets		223,088
Total assets		1,016,630
Current liabilities		
Payables	10	48,622
Provisions	11	4,318
Total current liabilities		52,940
Total liabilities		52,940
Net assets		963,690
Equity		
Share capital	12	1,153,788
Accumulated losses	13	(190,098)
Total equity		963,690

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$
Cash flows from operating activities		
Cash receipts in the course of operations		36,216
Cash payments in the course of operations		(284,946)
Interest received		240
Net cash flows used in operating activities	14b	(248,490)
Cash flows from investing activities		
Payment for intangible assets		(10,000)
Payments for property, plant and equipment		(183,147)
Net cash flows used in investing activities		(193,147)
Cash flows from financing activities		
Proceeds from issue of shares		1,153,788
Net cash flows from financing activities		1,153,788
Net increase in cash held		712,151
Add opening cash brought forward		-
Closing cash carried forward	14a	712,151

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$
SHARE CAPITAL		
Ordinary shares		
Balance at start of period		-
Issue of share capital		1,171,615
Share issue costs		(17,827)
Balance at end of period		1,153,788
Accumulated losses		
Balance at start of period		-
Loss after income tax benefit		(190,098)
Dividends paid		-
Balance at end of period		(190,098)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) 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 financial report was authorised for issue by the Directors on 12 September 2008.

(b) 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.

(c) Significant accounting policies

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Leasehold improvements	10%
Furniture & fittings	5-20%
Computer software	20%
Motor vehicles	15%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from 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 cash flow statement 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 operating cash flows.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Interest bearing liabilities

All loans are 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.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Contributed capital

Issued and paid up capital is 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.

Comparative figures

The entity commenced operations during the period, hence there are no comparative figures.

	2008
	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	15,787
- other revenue	-
Total revenue from operating activities	15,787

Non-operating activities:

- interest received	20,686
- other revenue	91
Total revenue from non-operating activities	20,777
Total revenue from ordinary activities	36,564

Note 3. Expenses

Employee benefits expense

- wages and salaries	46,630
- superannuation costs	4,103
- workers' compensation costs	840
- other costs	26,748
	78,321

Notes to the financial statements continued

	2008 \$
Note 3. Expenses (continued)	
Depreciation of non-current assets:	
- plant and equipment	4,133
Amortisation of non-current assets:	
- intangibles	263
	4,396

Note 4. Income tax expense

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

Prima facie tax on loss before income tax at 30%	(67,330)
Add tax effect of:	
- Non-deductible expenses	32,993
Current income tax benefit	(34,337)
Income tax benefit	(34,337)
Deferred income tax asset	
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	34,337

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	2,700
- Completion of feasibility study	6,000
- Accounting work for prospectus	3,000
	11,700

Note 6. Cash assets

Cash at bank and on hand	712,151
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Notes to the financial statements continued

	2008
	\$
Note 7. Receivables	
Interest receivable	20,446
Trade debtors	60,945
	81,391
Note 8. Plant and equipment	
Leasehold improvements	
At cost	59,062
Less accumulated depreciation	(1,477)
	57,585
Computer software	
At cost	8,345
Less accumulated depreciation	(417)
	7,928
Furniture and fittings	
At cost	84,481
Less accumulated depreciation	(2,239)
	82,242
Motor vehicle	
At cost	31,259
Less accumulated depreciation	-
	31,259
Total written down amount	179,014
Movements in carrying amounts	
Leasehold improvements	
Carrying amount at beginning of period	-
Additions	59,062
Disposals	-
Depreciation expense	(1,477)
Carrying amount at end of period	57,585

Notes to the financial statements continued

	2008
	\$
Note 8. Plant and equipment (continued)	
Computer software	
Carrying amount at beginning of period	-
Additions	8,345
Disposals	-
Depreciation expense	(417)
Carrying amount at end of period	7,928
Furniture and fittings	
Carrying amount at beginning of period	-
Additions	84,481
Disposals	-
Depreciation expense	(2,239)
Carrying amount at end of period	82,242
Motor vehicle	
Carrying amount at beginning of period	-
Additions	31,259
Disposals	-
Depreciation expense	-
Carrying amount at end of period	31,259

Note 9. Intangible assets

Franchise fee	
At cost	10,000
Less accumulated amortisation	(263)
	9,737

Notes to the financial statements continued

	2008
	\$
Note 10. Payables	
Trade creditors	45,130
GST payable	486
Other creditors and accruals	3,006
	48,622

Note 11. Provisions

Employee benefits	4,318
Number of employees at period end	7

Note 12. Share capital

1,171,615 Ordinary Shares fully paid of \$1 each	1,171,615
Less: Equity raising costs	(17,827)
	1,153,788

All the above shares were issued during the period ended 30 June 2008.

Note 13. Accumulated losses

Balance at the beginning of the financial period	-
Loss after income tax	(190,098)
Dividends	-
Balance at the end of the financial period	(190,098)

Notes to the financial statements continued

	2008 \$
Note 14. Cash flow statement	
(a) Reconciliation of cash	
Cash assets	712,151
(b) Reconciliation of loss after tax to net cash provided used in operating activities	
Loss after income tax	(190,098)
Non cash items	
- Depreciation	4,133
- Amortisation	263
Changes in assets and liabilities	
- (Increase) decrease in receivables	(81,391)
- (Increase) decrease in deferred tax asset	(34,337)
- Increase (decrease) in payables	48,622
- Increase (decrease) in provisions	4,318
Net cashflows used in operating activities	(248,490)

Note 15. Director and related party disclosures

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

- Robert Woolley (appointed 15 August 2007)
- John Austwick (appointed 15 August 2007)
- Ann Browning (appointed 15 August 2007)
- Amanda Burbury (appointed 15 August 2007)
- Jennifer Crawford (appointed 10 September 2007)
- Martin Crawford (appointed 10 September 2007)
- Kenneth Dean (appointed 15 August 2007)
- Jeffrey Doyle (appointed 15 August 2007)
- Terence Johns (appointed 15 August 2007, resigned 30 June 2008)
- Jennifer Logie (appointed 15 August 2007)
- Miranda Randall (appointed 15 August 2007)
- Suzanne Vallance (appointed 15 August 2007, resigned 30 June 2008)
- Reginald Waldren (appointed 15 August 2007)
- Ian Wallace (appointed 15 August 2007)
- Shayne Williams (appointed 15 August 2007)
- Douglas McKillop (appointed 15 August 2007, resigned 10 September 2007)

Notes to the financial statements continued

Note 15. Director and related party disclosures (continued)

Miranda Randall (Company Secretary) has received a fee for providing secretarial and related services to the Company. The amount paid during the period was \$10,405.

No other 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
Robert Woolley (appointed 15 August 2007)	20,001
John Austwick (appointed 15 August 2007)	6,001
Ann Browning (appointed 15 August 2007)	30,001
Amanda Burbury (appointed 15 August 2007)	5,001
Jennifer Crawford (appointed 10 September 2007)	3,001
Martin Crawford (appointed 10 September 2007)	10,001
Kenneth Dean (appointed 15 August 2007)	3,501
Jeffrey Doyle (appointed 15 August 2007)	20,001
Terence Johns (appointed 15 August 2007, resigned 30 June 2008)	6,001
Jennifer Logie (appointed 15 August 2007)	20,001
Miranda Randall (appointed 15 August 2007)	3,001
Suzanne Vallance (appointed 15 August 2007, resigned 30 June 2008)	5,001
Reginald Waldren (appointed 15 August 2007)	5,001
Ian Wallace (appointed 15 August 2007)	501
Shayne Williams (appointed 15 August 2007)	10,001
Douglas McKillop (appointed 15 August 2007, resigned 10 September 2007)	31,000

All shares were purchased during the period. Each share held has a paid up value of \$1 and is fully paid.

Note 16. Subsequent events

There have been no events after the end of the financial period that would materially affect the financial statements.

Note 17. Contingent liabilities

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

Notes to the financial statements continued

Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients.

The economic entity operates in one geographic area being Freycinet Coast, Tasmania.

Note 19. Corporate information

Freycinet Coast Financial Services Limited is a Company limited by shares incorporated in Australia.

The registered office is:

144 Tasman Highway,
Bicheno, TAS 7215

The principal place of business is:

1 Victoria Street,
Swansea TAS 7190

2008
\$

Note 20. Earnings per share

Basic earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Loss after income tax expense	(190,098)
Weighted average number of ordinary shares for basic and diluted earnings per share	1,171,615

Note 21. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount 2008 \$
Cash assets	712,151
Receivables	81,391
	793,542

The Company's exposure to credit risk is limited to Australia by geographic area. The balance of receivables includes an amount of \$69,726 due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

30 June 2008	Carrying amount \$	Contractual cash flows \$	1 year or less \$	over 1 to 5 years \$	more than 5 years \$
Payables	48,622	(48,622)	(48,622)	-	-
	48,622	(48,622)	(48,622)	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Variable rate instruments	Carrying amount 2008 \$
Financial assets	712,151
Financial liabilities	-
	712,151
The weighted average effective interest rate are:	
Cheque account	4.00%
Cash management account	4.50%

Notes to the financial statements continued

Note 21. Financial risk management (continued)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. This assumes all other variables remain constant.

(d) 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 period end.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the period ended 30 June 2008 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the period.

Director's declaration

In accordance with a resolution of the Directors of Freycinet Coast 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 2008 and of their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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.



Robert Woolley
Director

Signed at Bicheno on 12 September 2008.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FREYCINET COAST FINANCIAL SERVICES LIMITED

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Freycinet Coast Financial Services Limited, for the period ended 30 June 2008.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We 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 in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

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ABN 60 616 244 309

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Freycinet Coast Financial Services Limited is in accordance with:

- (a) 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 period ended on that date;
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 12 September 2008

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