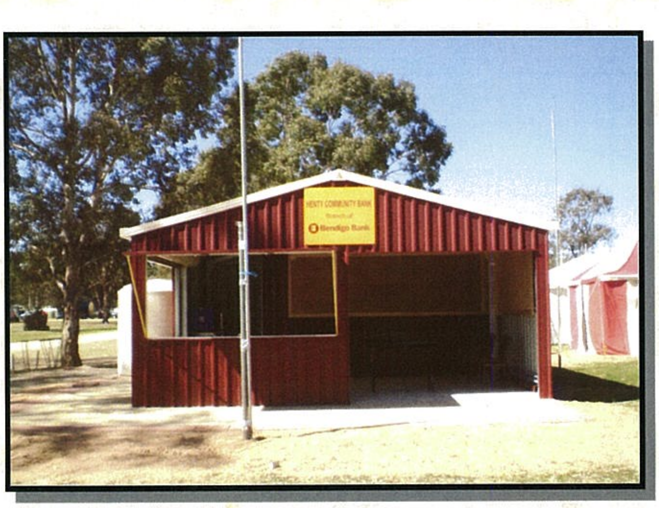
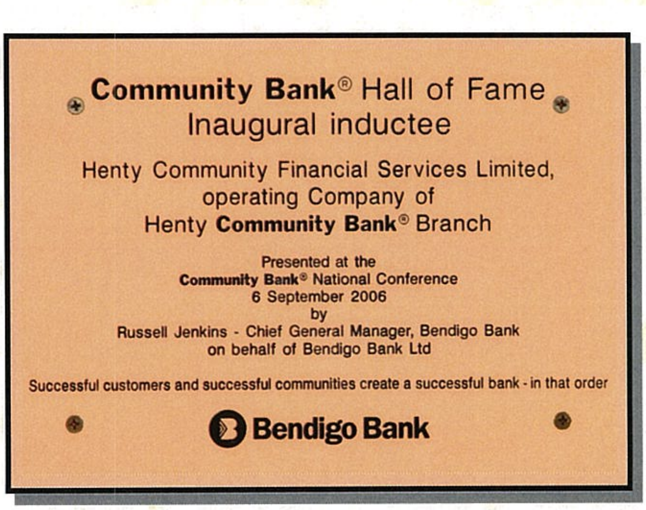
HENTY COMMUNITY FINANCIAL SERVICES LIMITED

ABN 20 084 864 835

Henty
Community Bank® Branch Bendigo Bank

2008 Annual Report





Board members: (Back from left to right) Kellie Penfold, Tom Treloar, Graham Booth, John Ellis & Brian Clancy.
(Seated from left to right) Ann Bahr & Milton Taylor

Staff members: (Back from left to right) Gaynor McLeish, Jan Wheeler, Jacinda Singe, Janette Hahn & Sharon Gardiner.
(Seated front) Trevor Bullock

Notice of Meeting

Henty Community Financial Services Incorporated
A.B.N. 20 084 864 835

Annual General Meeting

The Annual General Meeting of Shareholders of Henty Community Financial Services Incorporated will be held Thursday 30th October 2008 at 8:00 pm at the Henty Civic Centre, South Street, Henty.

Ordinary Business

Apologies
Confirmation of Minutes of A.G.M. 30th October 2007
Chairman's Report
Manager's Report
Adoption of Accounts
Appointment of Auditor – Richmond Sinnott & Delahunty
Report Distribution of Funds to Community Projects
Declaration of Dividend

Three Directors must retire in rotation at the Annual General Meeting but are eligible for re-election. They are:

Ann Bahr
Kellie Penfold
Milton Taylor

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Chairperson's Report

For year ending 30 June 2008

As this Annual Report covers the financial year 2007-2008 it falls within the first ten years of operation of our Community Bank.

It seems to me that it is an appropriate opportunity to record the achievements of the Branch bearing in mind that we opened for business 9th November 1998.

During that period we have only had two staff changes which in itself is unique in the banking industry.

Because of the nature of our business (finance), it is not possible to paint the ten year picture without using a lot of figures and tables.

In the period between 2001 and 30th June this year 2008, we have paid $152,523 in dividends to you the shareholders, ranging from 7 cents per share to 8 cents in 2002, 2003, 2004, 2005, and 9 cents in the last two years. We will be recommending a dividend of 10 cents this year at the Annual Meeting in late October.

Over the ten years our portfolio has steadily grown from $9,626,684 in April 1999 to $58,580,000 in June 2008 as the table below shows.

Progressive Portfolio Milestones

18th April 1999	$9,626,684
26th March 2000	$21,570,000
28th November 2000	$26,100,000
31st July 2001	$31,530,000
28th May 2002	$36,062,000
3rd February 2005	$40,000,000
28th February 2005	$45,000,000
5th January 2007	$52,700,000
12th October 2007	$56,500,000
30th June 2008	$58,580,000

As you would be aware we guaranteed a loan to Henty Community Civic Centre of $700,000 to enable them to finance the building of the Civic Centre. This together with the $365,000 that we also contributed brought our commitment to $1,065,000 of the total cost of $1.45M.

Chairperson's Report 30 June 2008 continued

The following table illustrates how we were able to repay that loan in 33 months.

Date	Drawdown	Balance	Repayment	Balance
Sept.05	$205,180.80	$205,180.80		
Oct.05	$182,253.44	$387,434.24		
Nov.05	$122,440.67	$509,874.91		
Dec.05	$190,125.09	$700,000.00		$700,000.00
Mar.06			$50,000.00	$650,000.00
July.06			$200,000.00	$450,000.00
July.07			$200,000.00	$250,000.00
Sept.07			$50,000.00	$200,000.00
July.08			$200,000.00	-0-

Interest payments over that period amounted to $90,804.60.

The following table details the organisations that received or are about to receive funding from your company during this first ten year period. Please take note that several will only receive their funding either later this year or early next year. They are firm commitments and we have the funds necessary in hand.

Schools	$5,901.00
Sporting bodies	$33,510.00
Hall & Buildings	$1,180,330.00
Miscellaneous	$6,775.00

Henty Tennis Club will be paid March/April 2009, Yerong Creek Hall will be paid $15,000 of the $20,000 when they build the auditorium, Henty Relocation of Smithy will be paid $10,000 each for 2009, 2010 and 2011.

If you take into consideration that we purchased No. 8 Sladen Street and it is free of debt the company has injected $1,538,238 into Henty & District Community over the ten year period.

A comparison of the last four years from and including 2005 shows an increase in income from $507,317 to $633,247, whilst expenditure ranged $501,728 to $554,617 showing that expenses rose by $4,990 the nett income rose by $59,466 over the year 2007-2008 to $633,247. Remember the "Expenses" includes the $228,494 contribution that we made to the community including the Civic Centre so that our true trading profit was $309,000. We also own two blocks of land in Lyne Street and 3,764 shares in Bendigo Bank.

Chairperson's Report 30 June 2008 continued

Having paid out the loan of the Civic Centre the Board has begun negotiations to purchase the "Police horse paddock" from the Department of Lands as the first step towards building a new modern medical centre together with a day-care centre attached.

Preliminary discussions have taken place with the Henty Medical Planning Committee when it was acknowledged that to attract and maintain medical professionals in our town we must be able to at least match or better facilities in other similar size communities.

Procuring the site is proving to be a long protracted exercise but is the first necessary step to progressing this project.

I am confident that with persistence we will bring this project to fruition.

It must be remembered that all of the afore mentioned achievements have only been possible because of three main contributors.

Firstly, because of the excellent management of Trevor Bullock as manager and his support staff of five enthusiastic and efficient staff, your branch has provided a first class friendly banking service.

Secondly, you the shareholders have continued to use your branch for your financial requirements and made it possible to reverse the normal loss of revenue earned from our town and district that occurs with the big four when all the profits are lost to our community.

I, together with the rest of the Board look back over these first ten years with a great deal of pride and satisfaction. As to the future, I see no reason to doubt that your branch will continue to prosper and consolidate its position.

What has been achieved is the result of a team effort, a team that I have had the unique privilege of leading as chairman. I wish to express my heartfelt thanks to my fellow Board Members for this opportunity and for their unfailing support over these first ten years.

The Board has always pursued a policy of decision making by free and frank debate before arriving at decisions as to how we respond to requests for financial assistance from numerous public institutions, sporting bodies, schools etc.

We have learnt by experience that recipient bodies must be prepared to contribute to their project as well as our contribution for it to be fully appreciated.

As well we have to be able to legally claim a tax advantage by making the contribution a promotional cost so as to minimise our liability of 30% tax. Every dollar we pay in tax is a dollar we cannot distribute to the community.

Chairperson's Report 30 June 2008 continued

I hastily add that the same sentiments can be expressed about our staff. They regard our branch as "their shop" and do everything possible to attain the highest level of customer service. We, the Board, are very proud of all of them and sincerely thank them.

Finally, I wish to record our complete satisfaction with our parent partner, Bendigo Bank.

Whilst we have had differences now and then, we have always resolved them in an amicable manner and enjoyed their absolute support in delivering the very best of banking facilities.

This particularly applies to Tim Butt, Wayne Simpson, John Walton, John Norman and Chris Bone of the State Branch structure, and their back up staff.

As for the Head Office, Robert Hunt, Russell Jenkins, Robert Musgrove and Peter English together with their office assistants have from day one supported and encouraged us to the maximum. Thank you sincerely.

Milton W Taylor
Chairperson
Henty Community Financial Services Ltd.

Manager's Report

For year ending 30 June 2008

This year reaches another milestone for your Bank in that on 9/11/2008, we will have been operating for 10 years.

In that period (to 30/6/2008), we have gone from business startup to achieving an operating surplus of $309,000 before sponsorship, donations and tax. This represents an increase of 33% over last years result.

All this has been, and is achieved, through the support of shareholders and/or customers.

I am also sure that these results and your individual results will be much better when it rains.

I wish to thank both the Staff and Board for their support over the past 12 months, and hope (and pray) for a substantial seasonal turnaround in the short term.

Trevor Bullock
Manager

Director's Report

For year ending 30 June 2008

Your Directors submit the financial report of the company for the financial year ended 30 June 2008.

Directors

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

Milton Wallace Taylor CBE
Chairman
Retired Farmer

John Bruce Ellis
Director
Real Estate Agent

Erica Ann Bahr
Director
Farmer

Graham Charles Booth
Director
Retailer

Brian Gerard Clancy
Director
Farmer

Kellie Ann Penfold
Director
Journalist

Thomas Leonard Treloar
Director
Retired School Teacher

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 banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was $54,675 (2007: $8,620).

	Year Ended 30 June 2008	
Dividends	**Cents**	**$**
Dividends paid in the year:		
- Interim for the year	9	24,083

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.

Likely Developments

The company will continue its policy of providing banking services to the community.

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.

Director's Report 30 June 2008 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:	13
Number of Meetings Attended:	
Milton Wallace Taylor CBE	13
John Bruce Ellis	11
Erica Ann Bahr	11
Graham Charles Booth	9
Brian Gerard Clancy	11
Kellie Ann Penfold	10
Thomas Leonard Treloar	11

Company Secretary

Erica Bahr has been the company secretary of Henty Community Financial Services Ltd for 9 years. Erica is a farmer and has been involved in Henty community activities for several years.

Corporate Governance

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

(a) Director approval of operating budgets and monitoring of progress against these budgets;

(b) Ongoing Director training; and

(c) 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

10 Forest Street
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

Auditor's Independence Declaration

In relation to our audit of the financial report of Henty 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.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
10 September 2008

Signed in accordance with a resolution of the Board of Directors at Henty, New South Wales on 10 September 2008

Milton Wallace Taylor CBE, Chairperson

Financial Statements For year ending 30 June 2008

INCOME STATEMENT

	Notes	2008 $	2007 $
Revenue from ordinary activities	2	647,939	576,412
Employee benefits expense	3	(203,340)	(197,713)
Depreciation and amortisation expense	3	(8,110)	(8,765)
Charitable donations and sponsorship		(229,465)	(216,717)
Administration and other expenses from ordinary activities		(126,188)	(137,219)
Profit before income tax expense		80,836	15,998
Income tax expense	4	(26,161)	(7,378)
Profit after income tax expense		54,675	8,620
Earnings per share (cents per share)			
- basic for profit for the year	23	20.43	3.22
- diluted for profit for the year	23	20.43	3.22
- dividends paid per share	22	9.00	9.00

BALANCE SHEET

	Notes	2008 $	2007 $
Current Assets			
Cash assets	6	278,323	239,521
Receivables	7	63,812	56,272
Other financial assets	8	2,398	2,396
Total Current Assets		344,533	298,189
Non-Current Assets			
Property, plant and equipment	9	166,467	160,225
Other financial assets	8	14,887	11,137
Intangible assets	10	683	2,683
Total Non-Current Assets		182,037	174,045
Total Assets		526,570	472,234
Current Liabilities			
Payables	11	13,448	9,126
Current tax liability	12	18,230	-
Provisions	13	30,178	28,986
Total Current Liabilities		61,856	38,112
Total Liabilities		61,856	38,112
Net Assets		464,714	434,122
Equity			
Share capital	14	267,585	267,585
Retained earnings	15	197,129	166,537
Total Equity		464,714	434,122

CASH FLOW STATEMENT

	Notes	2008 $	2007 $
Cash Flows From Operating Activities			
Cash receipts in the course of operations		690,007	621,134
Cash payments in the course of operations		(615,855)	(605,645)
Interest received		6,977	8,652
Dividends received		873	730
Income tax paid		(3,015)	(3,374)
Net cash flows from operating activities	16b	78,987	21,497
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(12,352)	(3,091)
Payments for investments (shares)		(3,750)	(730)
Net cash flows used in investing activities		(16,102)	(3,821)
Cash Flows From Financing Activities			
Dividends paid		(24,083)	(24,083)
Net cash flows used in financing activities		(24,083)	(24,083)
Net increase / (decrease) in cash held		38,802	(6,407)
Add opening cash brought forward		239,521	245,928
Closing cash carried forward	16a	278,323	239,521

STATEMENT OF CHANGES IN EQUITY

	2008 $	2007 $
SHARE CAPITAL		
Ordinary shares		
Balance at start of year	267,585	267,585
Issue of share capital	-	-
Share issue costs	-	-
Balance at end of year	267,585	267,585
RETAINED EARNINGS		
Balance at start of year	166,537	182,000
Profit after income tax expense	54,675	8,620
Dividends paid	(24,083)	(24,083)
Balance at end of year	197,129	166,537

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 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 10 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

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2007 financial statements.

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.

Investments

Investments in listed shares are recorded at cost.

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.

Land and buildings are measured at fair value less accumulated depreciation.

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

Class of Asset	*Depreciation Rate*
Plant & Equipment	5.00% - 33.33%
Buildings	2.50%

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.

Revaluations
Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

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.

1. Basis of preparation of the Financial Report (continued)

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.

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.

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

1. Basis of preparation of the Financial Report (continued)

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.

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.

2. Revenue from ordinary activities	**2008** $	**2007** $
Operating activities		
- services commissions	634,735	560,863
- other revenue	-	-
Total revenue from operating activities	634,735	560,863
Non-operating activities:		
- interest received	6,977	8,652
- dividends received	1,245	1,041
- rental revenue	4,955	5,856
- other revenue	27	-
Total revenue from non-operating activities	13,204	15,549
Total revenue from ordinary activities	647,939	576,412

3. Expenses

Employee benefits expense		
- wages and salaries	185,165	178,075
- superannuation costs	16,983	16,221
- other costs	1,192	3,417
	203,340	197,713

Notes to the Financial Statements Year ended 30 June 2008

3. Expenses (continued)	2008 $	2007 $
Depreciation of non-current assets:		
- plant and equipment	2,933	3,588
- buildings	3,177	3,177
Amortisation of non-current assets:		
- intangibles	2,000	2,000
	8,110	8,765
Bad debts	1,574	-

4. Income Tax Expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 30%	24,250	4,799
Add tax effect of:		
- Non-deductible expenses	1,911	2,579
Current income tax expense	26,161	7,378
Income tax expense on operating profit	26,161	7,378

5. Auditors' Remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	3,650	3,650

6. Cash Assets

Cash at bank and on hand	278,323	239,521

7. Receivables

Income tax refund	-	4,544
Cash balance dividend reinvestment plan	6	4
Trade debtors	63,806	51,724
	63,812	56,272

	2008	2007
8. Other Financial Assets	$	$
Current		
Prepayments	2,398	2,396
Non-Current		
Listed shares at cost	14,887	11,137

Listed shares are readily saleable with no fixed term. There would be no material capital gains tax payable if these assets were sold at reporting date.

Quoted market value at balance date of investments listed on a prescribed stock exchange was $19,281 (2007: $21,143).

9. Property, Plant and Equipment

Land		
Freehold land at cost	46,625	46,625
Buildings		
At cost	135,638	127,086
Less accumulated depreciation	(29,428)	(26,251)
	106,210	100,835
Plant and equipment		
At cost	63,697	59,897
Less accumulated depreciation	(50,065)	(47,132)
	13,632	12,765
Total written down amount	166,467	160,225

Movements in carrying amounts

Building		
Carrying amount at beginning of year	100,835	104,012
Additions	8,552	-
Disposals	-	-
Depreciation expense	(3,177)	(3,177)
Carrying amount at end of year	106,210	100,835
Plant and equipment		
Carrying amount at beginning of year	12,765	13,262
Additions	3,800	3,091
Disposals	-	-
Depreciation expense	(2,933)	(3,588)
Carrying amount at end of year	13,632	12,765

10. Intangible Assets

At cost	87,200	87,200
Less accumulated amortisation	(86,517)	(84,517)
	683	2,683

11. **Payables**	**2008** **$**	**2007** **$**
Trade creditors	7,865	5,001
GST payable	5,583	4,125
	13,448	9,126

12. Current Tax Liability

Current income tax	18,230	-

13. Provisions

Employee benefits	30,178	28,986
Number of employees at year end	6	6

14. Share Capital

267,585 Ordinary Shares fully paid of $1 each	267,585	267,585

15. Retained Earnings

Balance at the beginning of the financial year	166,537	182,000
Profit after income tax	54,675	8,620
Dividends paid	(24,083)	(24,083)
Balance at the end of the financial year	197,129	166,537

16. Cash Flow Statement

(a) *Reconciliation of cash*

Cash assets	278,323	239,521

(b) *Reconciliation of profit after tax to net cash provided from/(used in) operating activities*

Profit after income tax	54,675	8,620
Non cash items		
- Depreciation	6,110	6,765
- Amortisation	2,000	2,000
Changes in assets and liabilities		
- (Increase) decrease in receivables / prepayments	(12,086)	(1,511)
- Increase (decrease) in payables	4,322	(1,485)
- Increase (decrease) in provisions	1,192	3,417
- Increase (decrease) in tax provision	22,774	3,691
Net cashflows from / (used in) operating activities	78,987	21,497

17. Director and Related Party Disclosures

The names of directors who have held office during the financial year are:
Milton Wallace Taylor CBE
John Bruce Ellis
Erica Ann Bahr
Graham Charles Booth
Brian Gerard Clancy
Kellie Ann Penfold
Thomas Leonard Treloar

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings	**2008**	**2007**
Milton Wallace Taylor CBE	2,500	2,500
John Bruce Ellis	1,000	1,000
Erica Ann Bahr	250	250
Graham Charles Booth	-	-
Brian Gerard Clancy	750	750
Kellie Ann Penfold	500	500
Thomas Leonard Treloar	1,500	1,500

There was no movement in directors shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

18. Subsequent Events

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

19. Contingent Liabilities

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

20. Segment Reporting

The economic entity operates in the financial services sector were it provides banking services to its clients. The economic entity operates in one geographic area being Henty, NSW.

21. Corporate Information

Henty Community Financial Services Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of business is: 8 Sladen Street, Henty NSW 2658

22. Dividends paid or provided for on ordinary shares

	2008 $	2007 $
(a) Dividends paid during the year		
Franked dividends - 9 cents per share (2007: 9 cents per share)	24,083	24,083
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2007: 30%)	161,483	168,781
- Franking credits that will arise from the payment / (refund) of income tax payable as at the end of the financial year	18,230	(4,544)
	179,713	164,237

The tax rate at which dividends have been franked is 30% (2007: 30%).

23. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (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:

	2008	2007
Profit after income tax expense	54,675	8,620
Weighted average number of ordinary shares for basic and diluted earnings per share	267,585	267,585

24. 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 is assisted in the area of risk management by an internal audit function.

(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	2007
	$	$
Cash assets	278,323	239,521
Receivables	63,812	56,272
Listed shares at cost	14,887	11,137
	357,022	306,930

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2007: nil 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.

24. 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	13,448	(13,448)	(13,448)	-	-
	13,448	(13,448)	(13,448)	-	-
30 June 2007					
Payables	9,126	(9,126)	(9,126)	-	-
	9,126	(9,126)	(9,126)	-	-

(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:

	Carrying Amount	
	2008	2007
Fixed rate instruments	$	$
Financial assets	142,095	168,658
Financial liabilities	-	-
	142,095	168,658
Variable rate instruments		
Financial assets	136,228	70,863
Financial liabilities	-	-
	136,228	70,863

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. For the analysis performed on the same basis as at 30 June 2007 there was also no impact. As at both dates this assumes all other variables remain constant.

24. Financial risk management (continued)

(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 year 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.

There are no 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 year 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 year.

Director's Declaration

In accordance with a resolution of the directors of Henty Community 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 year 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.

Milton Wallace Taylor CBE, Chairperson

Signed at Henty, New South Wales on 10 September 2008.

Independent Audit Report

For year ending 30 June 2008

Richmond Sinnott & Delahunty

Chartered Accountants

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HENTY COMMUNITY FINANCIAL SERVICES LIMITED

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 Henty Community Financial Services Limited, for the year 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.

Independent Audit Report continued

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 Henty Community 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 year ended on that date; and
- (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: 10 September 2008

10 Forest Street Bendigo 3550. PO Box 30 Bendigo. 3552 Ph: 03 5443 1177. Fax 03 5444 4344. Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Auditor's Independence Declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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

10 September 2008

The Directors
Henty Community Financial Services Limited
8 Sladen Street
HENTY NSW 2658

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Henty Community Financial Services Limited for the 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.

W Sinnott

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

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(Henty ImageTech Oct. 2008)