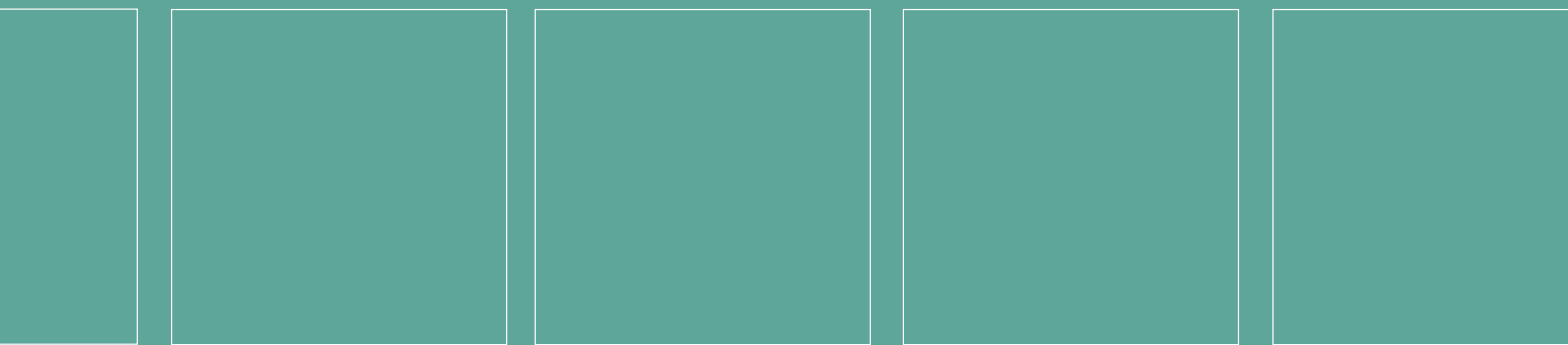


2008
annualreport



Contents

Chairman's report	2-3
Senior Manager's report	4
Corporate governance statement	5
Directors' report	6-10
Auditor's independence declaration	11
Financial statements	12-15
Notes to the financial statements	16-26
Directors' declaration	27
Independent audit report	28
Additional information	29-30

Chairman's report

For year ending 30 June 2008

As you will see from the attached financial results, this report signifies the progress of our Company in terms of solid growth. Who would have imagined that within eight years of opening the Laverton branch we would have more than \$200 million in balances and more than 15,000 accounts.

It is community minded people (our shareholders) who demonstrated through positive actions what could be achieved if the community stood as one.

Effective communication works both ways and we welcome feedback from our shareholders and customers on ways we can improve, or simply to let us know that we are heading in the right direction.

During the past eight years for Laverton, six years for Altona and three years for Point Cook, our branches have developed and are today considered to play a vital role in our community.

I take this opportunity on behalf of the Board of Directors to thank all our staff for the tremendous job they do. Without our competent cheerful staff, we would not be as successful as we are. The Board is confident that by continuing to deliver the high standard of service our customers are now accustomed to, our value within the community will continue to prosper.

The last 12 months have been very busy. We have continued to support our community groups through sponsorship and donations. It gives us great pleasure to annually come together with our communities as we help celebrate local festivals including Bayside Festival, Christmas by the Lake and the Laverton Festival.

We are proud to advise that over the past eight years our Company has contributed in excess of \$300,000 to our communities through these activities and too many more to mention.

Our Company committed to the "Altona, Altona Meadows, Laverton and Point Cook Community Grants Program" for the third year running. This year our Company contributed \$50,000 together with the Community Enterprise™ Foundation to community groups, enabling the development and enhancement to our local communities.

We are very proud of our achievements to date and are mindful of the importance you, the shareholders, have played by providing initial start up capital.

Perhaps, just as importantly, you are also a customer and continue to support us by taking up the banking and financial services the branches can offer you, your family and friends.

As our Company expands, it has become increasingly necessary for our Directors to increase their knowledge and skill level to enable us to take the next step with confidence.

Over the past 12 months, Directors have attended a strategic planning meeting, regional conferences, the Bendigo Bank National Conference and sub-committee meetings to increase their knowledge and skills.

Chairman's report continued

As our Company continues to grow we have found a need to establish Company offices to accommodate our Senior Bank Manager, our Company Secretary and for all our records and inventory. Our offices are now located at 26 Aviation Road, Laverton VIC 3028.

The Board of Directors works closely with Bendigo Bank staff. Representatives attend Board meetings from time to time and their input is most helpful and appreciated.

I would like to take this opportunity to thank my fellow Directors for their contribution and support during the year. Without their support this Company would not run as effectively.

In order for **Community Bank**[®] branches to continue to exist in the community, we still need to encourage more people to use our bank branches and to utilise all the services we offer for both personal and business use.

I look forward to meeting with shareholders at the Annual General Meeting.

Kind regards

A handwritten signature in black ink, appearing to read 'H. DaSilva', with a stylized flourish at the end.

Henry DaSilva
Chairman

Senior Manager's report

For year ending 30 June 2008

Hello to everyone for, yet another year has passed, and it's time for another Annual Report.

I'm sure you'll hear from others too however the good news is we continue to grow with over 15,000 accounts held and balances exceeding \$200 million.

Community Bank[®] reached the milestone of being 10 years old in 2008 and our first branch, Laverton/Altona Meadows has been there for most of that time. **Community Bank**[®], like our Company, and it's three branches, have come along way in those 10 years. I'm sure the next 10 years will be just as exciting and just as interesting a journey.

Rob Hunt, the CEO of Bendigo Bank has announced he'll be retiring soon, after a very long and successful career. His recent years in the top job have seen many innovations and these have changed our perception of banks I'm sure! - for the better!

I'm sure you would have seen our exciting commercials on TV during the recent Olympics with the simple message that COMMUNITY – It starts with “U”.

And how true that is. As shareholders of our **Community Bank**[®] branch way back in 2000 it did start with “U” so I always like to take this opportunity to thank you for allowing this wonderful enterprise to happen. Again, as always please let me thank our very hard working Directors who put in some very serious time to keep the wheels turning.

Lastly may I thank my staff, a very loyal and dedicated group. Of our current team of 19 two have been with us from the day Laverton opened for it's first day of trading back in July 2000. A further 9 of those have been with us for 6 years or more. Our newest member Nir Patel, who joined Laverton Branch Staff a couple of months ago, will also be with us for many years.

So in finishing I look forward not only to reporting to you again next year but also at the end of the next 10 years of **Community Bank**[®] in 2018.



John Dawson
Senior Manager

Corporate governance statement

For year ending 30 June 2008

The Board is comprised entirely of non executive independent Directors. The skills experience and composition of the Board is detailed in the Director's report. Details of the Director's shareholdings, their remuneration and any transactions which they have conducted with the Company are included in the Directors Report and Notes to the Financial Statements.

The Board has committed to a high standard of corporate governance, financial reporting and integrity throughout the Company's operations. The following portfolios have been established as subcommittees to assist and advise the Board.

- Corporate Governance
- Audit
- Finance and Asset Management
- Human Resources
- Marketing and Business Development
- Sponsorship and Promotions

Independent professional advice

Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the Company.

Identifying and managing business risks

The Board regularly monitors the operational and financial performance of the Company against budget and other key performance measures. The Board also receives advice on areas of operational and financial risks, and develops strategies in conjunction with management, to mitigate those risks.

Communication with shareholders

The Board of Directors aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the Company's activities and its state of affairs, including information necessary to assess the performance of the Directors.

Communication with shareholder is achieved through the distribution of the following information:

- The Annual Report distributed to all shareholders
- The Annual General Meeting to obtain shareholder approval for Board action as appropriate
- Announcements on the Bendigo Stock Exchange (BSX) website www.bsx.com.au
- Regular shareholder newsletter.

The Board strives to ensure that Company announcements via the BSX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner. The Board has appointed the Corporate Governance Committee to be responsible for the disclosure processes of the BSX.

Directors' report

For year ending 30 June 2008

The Directors present their report, together with the financial statements of the Hobson's Bay Community Financial Services Ltd for the year ended 30 June 2008.

Directors

The Directors of the Company at any time during the financial year are:

H Da Silva	M S Pernar	W M Gray	F J Porter
G Inserra	B J Cahoon	A D Shanahan	
R R Quail	G J Murdoch	M A Boyd	

Principal activities

During the year the Company continued to operate the Laverton / Altona Meadows **Community Bank**[®] Branch, Altona **Community Bank**[®] Branch and Point Cook **Community Bank**[®] Branch with the support of the Bendigo and Adelaide Bank Ltd.

Operating results

The Laverton Branch made a net profit for the year of \$457,695 (2007 \$325,660). The Altona Branch made a net profit for the year of \$23,553. (2007 \$90,293) The Point Cook Branch made a net loss for the year of (\$166,322) (2007 (\$197,134)) The overall net profit of the Company after providing for income tax was \$314,926 (2007 \$218,819).

Dividends

Dividends paid or declared for payment are as follows:

Ordinary dividend paid on 1 November 2007, as recommended in last year's report	\$126,282
The Directors have recommended payment of a dividend of 12 cents per share	\$168,380

Review of operations

The net assets of the Company have increased by \$384,926 from 01 July 2007 to \$1,709,357 as at 30 June 2008.

The Company has continued to grow with assets under management now exceeding \$197 million at the date of this report.

Significant changes in 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 year which have not been disclosed in this report.

After balance date events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' report continued

Future developments

The Company will continue to work towards its budget targets for the three branches at Laverton, Altona and Point Cook.

Environmental regulations

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

Information on Directors

Mr H DaSilva

Chairperson

Appointed Director 18 February 2000.

Original Steering Committee member. He is a local businessman and owner of the local Ray White Real Estate office.

Mr M S Pernar

Secretary

Appointed Director 18 February 2000.

Original Steering Committee member. He is into his seventh year as Manager of Laverton Community Centre. Involved in many local groups.

Mr W M Gray

Treasurer

Appointed 18 February 2000.

Original Steering Committee member. Ex-naval Officer, local resident who now works for IBM.

Mr G Inserra

Appointed Director on 18 February 2000.

Original Steering Committee member and local resident. He is also a respected community worker with membership of numerous organisations. Recently awarded AOM.

Mr B J Cahoon

Appointed Director 18 February 2000.

Original Steering Committee member. He is a local resident and part owner of the Double C Jeanery, a local institution.

Mr G J Murdoch (OAM)

Appointed Director at 2001 AGM.

Retired school principal, Councillor and former Mayor of Hobsons Bay. Recently awarded AOM.

Mr F J Porter

Appointed Director at 2001 AGM.

Many years involvement with Hobsons Bay Council. Justice of the Peace.

A D Shanahan

Appointed Director at 2001 AGM.

Clothing store proprietor, former accountant and current member of Rotary.

Directors' report continued

Mr R R Quail

Appointed 29 November 2005.

Appointed Director at 2005 AGM. I.T. consultant. Business owner for thirteen years. Involvement in community service. Resigned in June 2008.

Mr M A Boyd

Appointed 29 November 2005.

Appointed Director at 2005 AGM. Restaurateur. Business owner for eighteen years. Inaugural chairperson for Hobsons Bay Community Financial Services Ltd.

The Directors and their associates have the following shares in the Company as at the 30 June 2008.

Director		Associates	Total
Henry DaSilva	2,626		2,626
Wayne Gray	7,966	919	8,885
Denis Shanahan	625	1,250	1,875
Michael Boyd	2,346	656	3,002
Michael Pernar	1,399		1,399
Robert Quail	350	675	1,025
Frank Porter	22,688	5,140	27,828
Bruce Cahoon	12,876	2,000	14,876
Joe Inserra	6,563	11,001	17,564
Graeme Murdoch	1,250		1,250

Directors meetings

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. During the financial year, 11 meetings of Directors were held. Attendances were:

	Eligible to attend	Number attended
Mr H DaSilva (Chairperson)	11	10
Mr M S Pernar (Secretary)	11	9
Mr F J Porter	11	8
Mr G Inserra	11	10
Mr B J Cahoon	11	11
Mr W M Gray (Treasurer)	11	10
Mr G J Murdoch	11	8
Mr AD Shanahan	11	11
Mr R R Quail	10	9
Mr M A Boyd	11	10

Directors' report continued

Portfolio meetings

Meetings commenced in February 07

	Audit & corporate governance portfolio	Finance portfolio	Sponsorships and marketing portfolio	Business development portfolio	Human resources portfolio	Charitable trusts advisory committee
Total meetings held	7	10	9	11	10	2
Henry Da Silva	3	9	3	10		
Michael Pernar	7					
Wayne Gray		10				
Denis Shanahan	6	8		11		
Graeme Murdoch			9	7		2
Guiseppe Inserra			8		2	2
Bruce Cahoon			9			
Frank Porter				8	8	
Michael Boyd	7			5	6	
Robert Quail			7			1

Remuneration report

Total remuneration of Directors	2008	2007
Henry Da Silva	\$3,307.50	\$3,060.00
Michael Pernar	\$3,307.50	\$3,060.00
Wayne Gray	\$3,307.50	\$3,060.00
Frank Porter	\$3,307.50	\$3,060.00
Denis Shanahan	\$2,205.00	\$2,040.00
Graeme Murdoch	\$2,205.00	\$2,040.00
Guiseppe Inserra	\$2,205.00	\$2,040.00
Bruce Cahoon	\$2,205.00	\$2,040.00
Michael Boyd	\$2,205.00	\$2,040.00
Robert Quail	\$2,082.55	\$1,040.00

The Chairman, Company Secretary, Treasurer and Staffing Director were each paid \$3,307.50. The other Directors were paid at the rate of \$2,205 per annum. The Company does not pay Directors salaries and there are no performance conditions placed on Director's remuneration. Director's remuneration is set by the shareholders at the AGM.

Directors' report continued

Directors' and Auditors' insurance and indemnification

The Company has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the Company. This excludes conduct involving a wilful breach of duty in relation to the Company.

The Company has not during or since the end of the financial year, in respect of any person who is or has been an Auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred, including costs and expenses in successfully defending legal proceedings, or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred for the costs or expenses to defend legal proceedings.

Audit services

The Company's Auditor has not provided any non audit services during the year.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is included on page 11 of the report.

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



Henry DaSilva
Director



Michael Stephen Pernar
Director

Dated 22 September 2008.

Auditor's independence declaration

Auditor's independence declaration

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- i. No contraventions of the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contravention of any applicable code of professional conduct in relation to the audit.

Armstrong Partners



David Armstrong
Partner

Melbourne

22 September 2008.

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	2	2,216,927	1,861,390
Amortisation of franchise fee	3	(29,982)	(8,510)
Amortisation of leased assets	3	(164)	(3,122)
Depreciation of furniture & equipment	3	(41,117)	(38,394)
Employment expenses		(795,466)	(640,640)
Other expenses from ordinary activities		(888,267)	(855,291)
Total expenses from ordinary activities		(1,754,996)	(1,545,957)
Profit from ordinary activities before income tax		461,931	315,433
Income tax expenses relating to ordinary activities	5	(147,005)	(96,614)
Profit from ordinary activities after income tax		314,926	218,819
Net profit attributable to members after income tax		314,926	218,819
Earnings per share			
Basic & diluted earnings per share (cents per share)	10	22.44	15.59

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash assets	6	1,032,008	927,132
Receivables	7	212,048	173,838
Other	8	10,669	10,008
Total current assets		1,254,725	1,110,978
Non-current assets			
Property, furniture and equipment	9	861,228	756,502
Deferred tax asset	11	32,429	37,798
Intangible assets	12	144,899	55,000
Total non-current assets		1,038,556	849,300
Total assets		2,293,281	1,960,278
Current liabilities			
Payables	13	122,006	135,785
Tax liabilities	15	63,172	(6,141)
Provisions	16	65,379	189,172
Total current liabilities		250,557	318,816
Non-current liabilities			
Provisions	16	87,498	89,360
Interest-bearing liabilities	14	197,003	208,805
Tax liabilities	15	48,866	18,866
Total non-current liabilities		333,367	317,031
Total liabilities		583,924	635,847
Net assets		1,709,357	1,324,431
Equity			
Issued capital	17	1,130,008	1,130,008
Retained profits		465,328	150,402
Revaluation reserve		114,021	44,021
Total equity		1,709,357	1,324,431

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from Bendigo and Adelaide Bank Limited		2,121,258	1,772,250
Payments to suppliers and employees		(1,615,649)	(1,396,522)
Interest received		51,046	29,706
Interest and other costs of finance		(85,661)	(72,900)
Income tax paid		(62,146)	(108,514)
Net cash provided by (used in) operating activities	21b	408,848	224,020
Cash flow from investing activities			
Purchases of property, plant & equipment		(46,007)	-
Payment of franchise fees		(119,881)	-
Net cash provided by (used in) investing activities		(165,888)	-
Cash flow from financing activities			
Proceeds of issue of shares		-	150,000
Payments to share holders		(126,282)	(99,712)
Repayment of borrowings		(11,802)	(11,345)
Net cash provided by (used in) financing activities		(138,084)	38,943
Net increase (decrease) in cash held		104,876	262,963
Cash at the beginning of the year		927,132	664,169
Cash at the end of the year	21a	1,032,008	927,132

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Issued capital	Revaluation reserve	Retained profits	Total
Balance 1/7/06	980,008	44,021	160,365	1,184,394
Dividend paid during year			(102,500)	(102,500)
Profit attributable to members of the Company			218,819	218,819
Share issue	150,000			150,000
Balance 30/6/07	1,130,008	44,021	276,684	1,450,713
Dividend paid during year			(126,282)	(126,282)
Profit attributable to members of the Company			314,926	314,926
Revaluation increment		70,000		70,000
Balance 30/6/08	1,130,008	114,021	465,328	1,709,357

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of accounting policies

The significant accounting policies adopted in the preparation of this financial report are:

(a) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on a accruals basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets.

(b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amounts of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Franchise revenue

Franchise revenue is recognised when the services are provided.

Interest income

Interest income is recognised when it accrues.

(c) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Notes to the financial statements continued

Note 1. Statement of accounting policies (continued)

(c) Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

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 taxation legislation, and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on a valuation by Landlink Property Group Pty Ltd, independent valuers dated 12th March 2008.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the amount recoverable from these assets.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that ownership of the assets will be obtained or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Notes to the financial statements continued

Note 1. Statement of accounting policies (continued)

(f) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Dividends are brought to account in the profit and loss account when received.

(g) Franchise fee

The Franchise Fee is initially recorded at the amount, which the Franchisee paid the Franchisor. The Franchise Fee is amortised on a straight line basis over the life of the agreement.

The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

(h) Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The Company contributes to a superannuation fund as required by law. Contributions are charged against income as they are made.

(i) Cash

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

(j) Comparative figures

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

(k) Payables

Liabilities are recognised for amounts to be paid in the future for goods, or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

Notes to the financial statements continued

Note 1. Statement of accounting policies (continued)

(l) Receivables

Trade Debtors

The Bendigo and Adeliade Bank Limited is the Company's only trade debtor. Accounts are settled every 30 days and no provision has been made for any portion of the amount due to be doubtful.

(m) 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 Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	2008	2007
	\$	\$

Note 2. Revenue

Operating activities:

Franchise income	2,163,265	1,831,684
Interest revenue	51,046	29,706
Other operating revenue:		
- Other income	2,616	-
Total revenue from ordinary activities	2,216,927	1,861,390

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Profit from ordinary activities		
Profit (loss) from ordinary activities before income tax has been determined after:		
Charging as expense:		
Amortisation of non-current assets:		
- Franchise fee	29,982	8,510
- Leased assets	164	3,122
Total amortisation expenses	30,146	11,632
Bad and doubtful debts	6,413	35,703
Interest paid	19,978	19,451
Depreciation of non-current assets:		
- Plant and equipment	41,117	38,394

Note 4. Auditors' remuneration

Remuneration of the Auditor of the Company for:

Audit services	11,500	9,102
Other services	nil	nil
	11,500	9,102

Note 5. Income tax

The prima facie tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:

Operating profit/(loss) before income tax	461,931	315,433
Prima facie income tax payable on operating profit/(Loss) @ 30%	138,579	94,630
Add:		
Tax effect of:		
Non-deductible Amortisation	29,982	8,510
Other non allowable items	(20,987)	(5,957)
Capital works deduction	(569)	(569)
Income tax expense/(revenue) attributable to ordinary activities	147,005	96,614

Notes to the financial statements continued

	2008 \$	2007 \$
Note 6. Cash assets		
Bank accounts:		
- Cash at bank	355,694	293,085
- Share offer account	6,080	5,341
- Term deposits	669,746	628,016
- Cash on hand	488	690
	1,032,008	927,132

Note 7. Receivables

Current

Trade debtors	212,048	173,838
----------------------	----------------	----------------

Note 8. Other assets

Current

Prepayments	10,669	10,008
--------------------	---------------	---------------

Note 9. Property, plant and equipment

Land and buildings:

- At independent valuation	529,000	429,000
	529,000	429,000

Plant and equipment:

- At cost	598,390	552,383
- Less accumulated depreciation	(266,162)	(225,045)
	332,228	327,338

Leased plant and equipment:

- At cost	15,615	15,615
- Less accumulated amortisation	(15,615)	(15,451)
	-	164
	861,228	756,502

Notes to the financial statements continued

Note 9. Property, plant and equipment (continued)

	L & B \$000	Plant & equip \$000	Total \$000
Movements in carrying amounts			
Balance at 1 July 2006	429	369	798
Additions			
Disposals			
Revaluation Increment			
Depreciation Expense		(42)	(42)
Balance at 30 June 2007	429	327	756
Additions		46	46
Dosposals			
Revaluation Increment	100		100
Depreciation Expense		(41)	(41)
Balance at 30 June 2008	529	332	861

	2008 \$	2007 \$
--	------------	------------

Note 10. Earnings per share

Earnings used to calculate basic EPS	314,926	218,819
Number of ordinary shares used to calculate basic EPS	1,403,133	1,403,133

Note 11. Deferred tax assets

Deferred tax asset	32,429	37,798
The deferred tax asset is made up of the following estimated tax benefits:		
- timing differences	32,429	37,798
	32,429	37,798

Notes to the financial statements continued

	2008 \$	2007 \$
Note 12. Intangibles		
Franchise fee:		
- At cost	179,881	60,000
- Less accumulated amortisation	(34,982)	(5,000)
	144,899	55,000

Note 13. Payables

Current

Unsecured:

- Trade creditors	49,390	85,941
- Other creditors and accruals	72,616	49,844
Total current liabilities	122,006	135,785

Note 14. Interest-bearing liabilities

Current

Lease liability	-	-
-----------------	---	---

Non-current

Lease liability	-	-
Bank loan	197,003	208,805
	197,003	208,805

Note 15. Tax liabilities

Current

Current tax liability	12,781	(36,709)
GST payable	42,903	23,240
Amounts withheld from salary and wages	7,488	7,328
	63,172	(6,141)

Non-current

Deferred tax liability	48,866	18,866
-------------------------------	---------------	---------------

Notes to the financial statements continued

	2008 \$	2007 \$
Note 16. Provisions		
Current		
Dividend	-	2,958
Employee entitlements	65,379	59,932
	65,379	62,890
Non-current		
Employee entitlements	87,498	89,360
Aggregate employee entitlements liability	152,877	149,292
Number of employees at end of year	13	13

Note 17. Issued capital

1,403,133 ordinary shares	1,130,008	1,130,008
----------------------------------	------------------	------------------

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

At shareholder meetings each member is entitled to one vote either when a poll is called, or otherwise each shareholder has one vote on a show of hands.

Note 18. Related parties

The following transactions were made with related parties during the financial year. All transactions are on normal commercial terms unless otherwise stated.

Bannister Glen Pty Ltd, of which Mr H. Da Silva is a Director for rental of the Altona premises.	57,239	37,887
So 'n' So's Pty Ltd of which Mr Michael Boyd is a Director	2,247	1,648
Sanctuary Lakes Corporate Wear of which Mr Bruce Cahoon is the proprietor	1,996	6,340

Notes to the financial statements continued

	Note	2008 \$	2007 \$
Note 19. Dividends			
Proposed final fully franked ordinary dividend of 1,403,133 @ 12 cents per share			
(2007: 1,403,133 @ 9 cents per share)	17	168,380	126,282

Note 20. Segment information

The Company operates predominantly in the financial services sector within Australia.

Note 21. Cash flow information

A) Reconciliation of cash

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

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	355,694	293,085
Shares offer account	6,080	5,341
Term deposits	669,746	628,016
Cash on hand	488	690
	1,032,008	927,132

B) Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit/(loss) after income tax	314,926	218,819
Depreciation	41,117	38,394
Amortisation of franchise fee	29,982	(47,323)
Amortisation of leased assets	164	3,122
Adjustment for over provision of dividends	(2,958)	-
Increase/(decrease) in future income tax benefit	5,369	421
Increase/(decrease) in provision for income tax	49,490	(12,321)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 21. Cash flow information (continued)		
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(38,210)	(23,731)
(Increase) decrease in prepayments	(661)	(1,989)
Increase (decrease) in trade creditors and accruals	(13,779)	(11,891)
Increase (decrease) in other creditors	-	30,444
Increase (decrease) in lease liabilities	-	(8,204)
Increase (decrease) in employee entitlements	3,585	12,223
Increase (decrease) in sundry provisions	19,823	26,056
Net cash provided by operating activities	408,848	224,020

Director's declaration

The Directors of the Company declare that:

1. The financial statements, notes and cashflow statement.
 - (a) comply with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Law; and
 - (b) give a true and fair view of the financial position of the Company as at 30 June 2008 and of its performance for the year ended on that date.
2. The Chairman and Treasurer have each declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporation Act 2001;
 - b) the financial statements and notes for the financial year comply with Australian Accounting Standards; and
 - c) the financial statements and notes for the financial year give true and fair view.
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Henry DaSilva
Director



Michael Stephen Pernar
Director

22 September 2008.

Independent audit report

HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD
A.B.N. 39 091 661 166

INDEPENDENT AUDIT REPORT TO THE MEMBERS(PLEASE IGNORE)

Report on the Financial Report

We have audited the accompanying financial report of Hobson's Bay Community Financial Services Limited which comprises the balance sheet as at 30 June 2007, the income statement and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Audit Opinion

In our opinion the financial report of HOBSON'S BAY COMMUNITY FINANCIAL SERVICES LTD is in accordance with the *Corporations Act 2001*, including :

- (a) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (c) other mandatory professional reporting requirements in Australia.

Signed on:

22 September 2008.



David Armstrong Partners
Certified Practising Accountants
ABN 32 068 038 631

David Armstrong
Partner / Director

Hobsons Bay Community Financial Services Limited

Additional information

Substantial shareholders

Twenty largest shareholders		Ordinary shares
1.	Altona Sports Club	118,750
2.	Tino Ballan	60,550
3.	Pelns Superannuation Fund	56,250
4.	Farlie Family Superannuation Fund	47,126
5.	LJD Carpet Cleaning Super Fund	40,938
6.	Donald John Hallam.	31,875
7.	Laverton Community Centre	26,250
8.	Frank Porter	22,688
9.	Felicity Reid	20,625
10.	Schembri Corporate Investments	20,000
11.	Olive May Dawson	19,688
12.	John & Anna Belani	19,688
13.	John Belani Pty Ltd	19,688
14.	Alexander Boicos	18,750
15.	KA BE Engineering & Design Superannuation Fund	15,000
16.	Isobel Oldfield	13,125
17.	Laverton Medical Centre	13,125
18.	Vivienne Marie Avison	13,125
19.	Gary Avison	13,125
20.	Joseph & Gina Tullio	12,525

Additional information continued

Distribution of shareholders

The number of shareholders by size of holding is:

	Ordinary shares	
	Number of holders	Number of shares
1 - 1000	284	136,281
1,001 - 5,000	186	396,420
5,001 - 10,000	27	182,688
10,001 - 100,000	25	568,994
100,001 and over	1	118,750
Total	523	1,403,133

Location of share register

The Share Register is located at :

Community Corporate Centre
26 Aviation Road,
Laverton VIC 3028
Telephone: (03) 9369 8455.

Altona **Community Bank**[®] Branch
64 Pier Street, Altona VIC 3018
Phone: (03) 9398 8922

Point Cook **Community Bank**[®] Branch
Shop 24 Sanctuary Lakes Shopping Centre,
300 Point Cook Road, Point Cook VIC 3030
Phone: (03) 9395 7724

Laverton & Altona Meadows **Community Bank**[®] Branch
Shop 3, 28 Aviation Road, Laverton VIC 3028
Phone: (03) 9369 8455

Franchisee: Hobsons Bay Community Financial Services Limited
Unit B, 4 Pyke Street, Werribee VIC 3030
ABN 39 091 661 166

www.bendigobank.com.au

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8009) (08/08)

