



annual report **2012**

Lockhart & District
Financial Services

ABN 14 099 918 680

Contents

Chairman's report	2
Manager's report	4
Directors' report	5
Auditor's independence declaration	7
Financial statements	8
Notes to the financial statements	12
Directors' declaration	19
Independent audit report	20

Chairman's report

For year ending 30 June 2012

This is my tenth annual report as Chairman of Lockhart & District Financial Services Limited and it's appropriate to reflect on the journey the bank has taken as we approach our ten year anniversary in October this year. Back in 2002 when the major banks were closing their branches in small towns like Lockhart our **Community Bank**[®] branch was set up with three major goals. Firstly to secure full time banking facilities for our district, secondly to pay dividends to our shareholders who funded the establishment of the bank and thirdly to distribute profits made by the branch back to the community that supports it with their banking business.

I am pleased to say that all those three objectives have been achieved with our branch operating 9.00am to 5.00pm five days per week with a full time Manager, over \$200,000 in dividends paid to our shareholders and close to \$500,000 distributed back to district projects and organisations.

Thanks to the support of **Community Bank**[®] customers the Australia-wide network has now returned more than \$80 million to support and strengthen local communities and we have played our part in that impressive figure. Our grants have ranged from major contributions to large projects such as the restoration of the Showground Grandstand and resurfacing of the Boree Creek tennis courts down to smaller donations such as helping The Men's Shed and Can-Assist with their insurance premiums each year. All the district schools and most sporting clubs have received infrastructure grants over the last ten years. In that period we have also had 60 Learner and P Plate drivers attend our sponsored safe driving course. Another economic benefit to the district has been the salary and wages paid to local staff of our **Community Bank**[®] branch over the last ten years nearing \$2 million.

This year has not been an easy one as all banks now face higher funding costs following changes in the economic environment triggered by the Global Financial Crisis. We support our partner Bendigo and Adelaide Bank in its decision making and believe it is committed to striking a fair balance between all stakeholders – borrowers, depositors, shareholders and the wider communities - when it sets interest rates.

I am pleased to report however for the 2011/12 year a profit before tax and community grants of \$194,664 which is another pleasing result.

Community grants

This year our grants and pledges again went to a large number of health, educational and sporting facilities right throughout the district and totalled \$46,000. We also contributed \$40,000 to Bendigo and Adelaide Bank's Community Enterprise Foundation™ and this added to the \$25,000 contributed last year will go towards a large community project sometime in the future.

Staff

In February this year our Manager Clare Hamson went on maternity leave and I wish to thank Sarah Smyth for stepping up and taking on the role of Acting Branch Manager and capably keeping the wheels turning. We look forward to welcoming Clare back to her role early next year. We welcomed Julie McRae to our staff in March and she has been quick to learn the Bendigo way of offering friendly efficient service at the front counter. To Carol Smith, Doreen Sawle and Jacinda Singe, I offer a big thank you for their valuable contribution on behalf of the Board.

Board

In May this year the Board received the resignation of Trevor Day who had served as a Director since the establishment of the **Community Bank**[®] branch. On behalf of the Board I wish to thank Trevor for his contribution and also for his generous offer to take on the role of the branch's voluntary handyman.

Chairman's report (continued)

Dividends

To celebrate our tenth anniversary I am pleased to announce that the Board have declared a special one off dividend of 10% to be paid to shareholders in October.

We do have a limited amount of shares available and anyone interested in purchasing shares in our **Community Bank**[®] branch should contact Marea Urquhart or enquire at the branch.

Tenth birthday celebrations

On Friday 19 October we will be celebrating our 10th Birthday with a gala street party for the whole district. The main street will be closed from 4.00pm to 10.00pm and entertainment will be provided by top Wagga group The Groove Factorie. Free barbeques will also be provided and we are hoping for everyone to come along and enjoy the night.

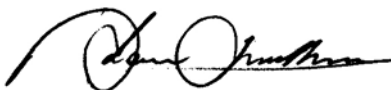
Final Chairman's report

As this is my last report as Chairman, after 10 years I have a lot of people to thank. Firstly, our customers, who through their support have enabled our **Community Bank**[®] branch to give strong financial support to the whole district. To our shareholders who funded the establishment of the branch and to our partner Bendigo and Adelaide Bank for their support. Thanks also to our Manager Clare Hamson, our Acting Manager Sarah Smyth and all our staff for their dedication in providing friendly and efficient service.

To our Secretary Chris Mackey and Treasurer Heidi Gooden a big thank you for the many hours of voluntary work to ensure the smooth running of our branch. The same goes for the other members of the Board Phil Bouffler, Marea Urquhart, Ken Hogan and Warren Jones.

I will be passing the role of Chairman on to Philip Bouffler and I wish him all the best in the role.

In conclusion I would like to say that our **Community Bank**[®] branch has come a long way in 10 years but it could go a long way further in the next 10. The simple message is by bringing business to the **Community Bank**[®] branch, you are supporting your district. As the slogan says "Bank with us and everybody benefits."



Shane Trotter
Chairman

Manager's report

For year ending 30 June 2012

It gives me great pleasure to present this Manager's report as relieving Branch Manager whilst Clare Hamson is on maternity leave. What a special year it is as we approach our tenth birthday. An event we should all celebrate as a huge achievement, started 12 years ago by the original steering committee who had the vision and drive to establish Lockhart's own **Community Bank**[®] branch.

First of all, many congratulations to Clare, Ben and Mitchell, on the safe arrival of beautiful Caitlin Erica born on 9 March. Clare will be back at work in February 2013 and we look forward to welcoming her back.

It has been a challenging 12 months for all Australian banks, high funding costs and low demand for credit has been felt across the sector. Locally we also have felt these effects with less borrowing and a reliance on savings rather than credit.

This is evident in our figures for the 2012 financial year, which are slightly lower than 2011 but none-the-less still show strong growth in new customer numbers bringing their banking business across to Lockhart & District **Community Bank**[®] Branch. Despite the tough economic year we are still posting a strong profit on a monthly basis and have continued to make donations and sponsorships to many local organisations throughout the year. With current high grain prices due to a poor U.S. harvest here's hoping we will have a great 2012 harvest for our local farmers.

After nearly ten years it is wonderful to see the number of new customers we still attract to our branch and the additional business they bring with them, which in turn helps us return more funds to the community. Since the inception of the **Community Bank**[®] model 14 years ago, the **Community Bank**[®] network has grown to 295 branches that have returned more than \$80 million in community contributions to local organisations, \$13 million in NSW/ACT alone.

In February we hosted a business seminar in Lockhart with guest speakers presenting on maximizing your business performance, an overview of current financial markets, and the progression of your business in uncertain times. This was organised by Lockhart & District **Community Bank**[®] Branch as a way of investing back in the community and also supporting local businesses with valuable information and skills.

In March, Lockhart was again badly affected by floods for the second time in 18 months. Many homes and farms were inundated with repair works still in progress six months later. The very best of community spirit was evident with many individuals and groups going from house to house helping with the cleanup, providing food, drinks and moral support.

May saw the NSW State **Community Bank**[®] Conference held in Wagga Wagga with some 200 representatives of **Community Bank**[®] branches from across ACT and NSW. Board members volunteer their time and it was wonderful to see so many make the effort to attend this event.

In February this year we welcomed Julie McRae to our team, she has settled in quickly to the Bendigo way and has become an asset to the branch along with Carol Smith, Doreen Sawle and Jacinda Singe who continue to offer excellent service, 9.00am – 5.00pm, Monday-Friday to the customers and community of Lockhart. Thank you for all your hard work and assistance throughout the year.

Thank you also to the Board of Directors of Lockhart & District Financial Services who do a tremendous job of managing the running of the company and a personal thanks for giving me the opportunity to take on the roll of Relieving Branch Manager for 12 months.



Sarah Smyth
Relieving Branch Manager

Directors' report

For the financial year ended 30 June 2012

The Directors present their report together with the accounts of Lockhart & District Financial Services Limited for the year ended 30 June 2012.

Directors

The names of Directors who held office during or since the end of the year are:

Philip James Bouffler	Heidi Eveline Gooden
Trevor Howard Day	Christine Mackey
Kenneth John Hogan	Shane Cornell Trotter
Warren Noel Jones	Marea Katherine Urquhart

Principal activities

The principle 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.

Result

The net profit of the company for the financial year after provision for income tax was \$56,193 (2011 \$42,655).

Short and long term objectives

Our short term objective is to continue to offer **Community Bank**[®] services to the Lockhart & district community. Our long term objective is to achieve increased returns for shareholders and further support the community through various sponsorship arrangements.

Key performance indicators

Key performance indicators used by the company to monitor performance include:

- Monthly financial accounts, budgets and forecasts
- Monthly revenue analysis
- Monthly reports from Bendigo and Adelaide Bank.

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the reporting 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.

Directors interests and benefits

Since the end of the previous financial year no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by the company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

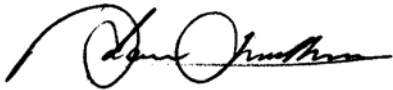
Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Dated at Wagga Wagga this 24 September 2012

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'S C Trotter', written over a horizontal line.

S C Trotter
Director

Auditor's independence declaration

AUDITORS INDEPENDENCE DECLARATION

As lead auditor for the audit of Lockhart & District Financial Services Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

(a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) No contraventions of any applicable code of professional conduct in relation to the audit.

John L Bush & Campbell
Chartered Accountants

Peter King
Partner

Wagga Wagga
24 September 2012

Financial statements

Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from ordinary activities	2	613,817	600,743
Employee expenses		(257,699)	(234,615)
Administration expenses		(136,525)	(146,606)
Depreciation and amortisation		(24,929)	(23,511)
Sponsorship		(114,602)	(135,075)
Net profit from ordinary activities before income tax expense		80,062	60,936
Income tax expense relating to ordinary activities	3	23,869	18,281
Net profit from ordinary activities after related income tax expense		56,193	42,655
Total change in equity other than those resulting from transactions with owners as owners		56,193	42,655
Earnings per share		10.22 cents	7.76 cents

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

Statement of financial position as at 30 June 2012

	Note	2012 \$	2011 \$
Current assets			
Cash	5	352,622	302,947
Receivables	6	51,368	53,419
Other financial assets	7	4,210	1,698
Tax assets	8	8,648	18,699
Total current assets		416,848	376,763
Non-current assets			
Property, plant & equipment	9	183,076	188,801
Other financial assets	7	9,866	21,866
Total non-current assets		192,942	210,667
Total assets		609,790	587,430
Current liabilities			
Payables	10	30,966	23,665
Provisions	11	12,755	11,379
Tax liabilities	12	3,468	-
Total current liabilities		47,189	35,044
Non current liabilities			
Provisions	11	13,126	9,603
Total non current liabilities		13,126	9,603
Total liabilities		60,315	44,647
Net assets		549,475	542,783
Equity			
Contributed equity	13	550,009	550,009
Retained profits	14	(534)	(7,226)
Total equity		549,475	542,783

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2012

	Economic entity		
	Issued capital \$	Retained earnings \$	Total \$
Balance as at July 1 2010	550,009	(380)	549,629
Profit for period	-	42,655	42,655
Dividend paid	-	(49,501)	(49,501)
Balance as at June 30 2011	550,009	(7,226)	542,783
Profit for period	-	56,193	56,193
Dividend paid	-	(49,501)	(49,501)
Balance as at June 30 2012	550,009	(534)	549,475

The accompanying Statement of Changes in Equity form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Cash receipts in the course of operations		675,185	657,427
Cash payments in the course of operations		(568,805)	(660,522)
Net cash used by operating activities	15(ii)	106,380	(3,095)
Cash flows from investing activities			
Purchase of plant and equipment		(7,204)	(25,558)
Purchase of shares		-	-
Net cash used in investing activities		(7,204)	(25,558)
Cash flows from financing activities			
Payment of dividends		(49,501)	(49,501)
Net cash used in financing activities		(49,501)	(49,501)
Net increase / (decrease) in cash held		49,675	(78,154)
Cash at the beginning of the financial year		302,947	381,101
Cash at the end of the financial year	15(i)	352,622	302,947

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the accounts.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Statement of significant accounting policies

The significant policies that have been adopted in the presentation of these financial statements are:

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with the Accounting Standards, other pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on the basis of historical costs and does not take into account changing money values nor current valuations of the non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income tax

The company adopts the liability method of tax effect accounting whereby the income tax expense is based on profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a deferred tax asset.

Deferred tax assets are not brought to account unless it is probable that the benefit will be realised.

(c) Property, plant and equipment

Freehold land and buildings are brought to account on the cost basis.

Plant and equipment are measured on the cost basis.

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity.

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

Class of fixed asset	Depreciation rate
Buildings	2.5%
Plant and equipment	20-40%

(d) Intangibles

Franchise fees

The company has entered into a five year franchise agreement with Bendigo and Adelaide Bank for an initial 5 year term.

(e) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Contributions are made by the company entity to employee superannuation funds and are charged as expenses when incurred.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

(f) Revenue

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

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

(g) Comparative Figures

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

	2012 \$	2011 \$
Note 2. Revenue		
Operating activities		
Fees	42,196	40,378
Gross margin	313,557	297,041
Trailers	176,444	195,947
Upfront commission	3,892	4,338
Market development	50,000	50,000
	586,089	587,704
Non-operating activities		
Interest	20,123	13,039
Other Income	7,605	
	613,817	600,743

Note 3. Income tax expense

The prima faise tax on profit ordinary activities

before income tax and after permanent differences	23,869	18,281
	23,869	18,281

Note 4. Profit from ordinary activities

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

(a) Expenses

Amortisation of intangibles	12,000	12,000
Auditors remuneration - auditing accounts	7,000	7,000
Auditors remuneration - other services	5,050	5,700
Depreciation of non-current assets	12,929	11,511

Notes to the financial statements (continued)

	2012	2011
	\$	\$
Note 5. Cash assets		
Cash at bank	352,622	302,947
	352,622	302,947

Note 6. Receivables

Trade debtors	51,368	53,419
	51,368	53,419

Note 7. Other financial assets

Current

Prepayments	4,210	1,698
	4,210	1,698

Non-current

Current franchise fee	60,000	60,000
Less: accumulated amortisation	(55,134)	(43,134)
	4,866	16,866
Southern Agventure shares - at cost	5,000	5,000
	9,866	21,866

Note 8. Tax assets

Provisions for income tax	-	15,195
Deferred tax assets	8,648	3,504
	8,648	18,699

Note 9. Property, plant and equipment

Land - at cost	27,258	27,258
Buildings - at cost	154,863	154,863
Less: accumulated depreciation	(37,780)	(33,869)
	117,083	120,994
Plant and equipment - at cost	118,501	111,297
Less: accumulated depreciation	(79,766)	(70,748)
	38,735	40,549
	183,076	188,801

Notes to the financial statements (continued)

Note 9. Property, plant and equipment (continued)

(b) Movement in carrying amounts

	Freehold land	Building	Plant & equipment	Total
Balance at the beginning of year	27,258	120,994	40,549	188,801
Additions	-	-	7,204	7,204
Depreciation	-	(3,911)	(9,018)	(12,929)
Balance at the end of year	27,258	117,083	38,735	183,076

	2012 \$	2011 \$
Note 10. Payables		
Trade creditors	16,927	11,552
GST payable	14,039	12,113
	30,966	23,665

Note 11. Provisions

Current

Employee entitlements	12,755	11,379
------------------------------	---------------	---------------

Non-current

Employee entitlements	13,126	9,603
------------------------------	---------------	--------------

Note 12. Tax liabilities

Provisions for income tax	3,468	-
	3,468	-

Note 13. Contributed equity

550,009 fully paid ordinary shares	550,009	550,009
---	----------------	----------------

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 14. Retained profits		
Retained profits at the beginning of the financial year	(7,226)	(380)
Net profit / (loss) from ordinary activities	56,193	42,655
Dividend paid	(49,501)	(49,501)
Retained profits at the end of the financial year	(534)	(7,226)

Note 15. Cash flow information

(i). Reconciliation of cash

For the purpose of the statement of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the Statements of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	352,622	302,947
---------------------	----------------	----------------

(ii). Reconciliation of operating profit to net cash used in operating activities:

Profit / (loss) for year:	56,193	42,655
Non cash flows recorded in ordinary activities		
Amortisation	12,000	12,000
Depreciation	12,929	11,511
Net cash provided / (used) in operating activities before changes in assets and liabilities during the year		
(Increase) / decrease in other assets	(2,512)	1,078
(Increase) / decrease in receivables	2,051	(1,897)
(Increase) / decrease in tax assets	(5,144)	(18,699)
Increase / (decrease) in payables	7,301	(15,808)
Increase / (decrease) in tax liabilities	18,663	(38,025)
Increase / (decrease) in provisions	4,899	4,090
Net cash used in operating activities	106,380	(3,095)

Note 16. Segment reporting

The economic entity operates predominately in one business and geographical segment being the provision of finance services.

Notes to the financial statements (continued)

Note 17. Related party transactions

There were no related party transactions between the company and Directors during the year.

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

Philip James Bouffler	Christine Mackay
Trevor Howard Day	Heidi Eveline Gooden
Kenneth John Hogan	Shane Cornell Trotter
Warren Noel Jones	Marea Katherine Urquhart.

Note 18. Company details

The registered office of the company is:

Lockhart & District Financial Services Limited
98 Green Street,
lockhart NSW 2656

Note 19. Financial instruments

Financial risk management

The company's activities expose it to a variety of financial risks including credit, interest rate and liquidity risks. The company does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risks. Further, due to the nature of the company's investments and other financial instruments it is not exposed to significant price risks.

Fair values

The carrying amounts and estimated fair values of financial assets and financial liabilities held at balance date are the same.

Market risk – sensitivity analysis

The company's financial assets which are subject to interest rate risk comprise cash on hand, at bank and on call, and term deposits which are generally short term and are held to maturity. Therefore the company does not consider that a change in risk variable (interest) would have a significant effect on profit or equity.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the entity.

Notes to the financial statements (continued)

Note 19. Financial instruments (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash or credit facilities to meet the operating requirements of the company. This is managed through committed undrawn facilities and prudent cash flow management.

The exposure to interest rate risk, which is the risk that financial instruments will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of consolidated financial assets and financial liabilities, is as follows:

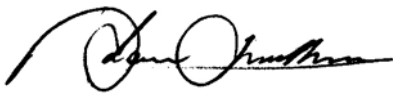
	Weighted Av Interest rate		Floating interest rate		Non-interest bearing		Total	
	2012 %	2011 %	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Financial assets								
Cash at bank	4.55	4.25	352,622	302,947			352,622	302,947
Receivable assets					51,368	53,419	51,368	53,419
Total financial assets			352,622	302,947	51,368	53,419	403,990	353,366
Financial liabilities								
Payables					30,966	23,655	30,966	23,655
Total financial liabilities					30,966	23,655	30,966	23,655

Directors' declaration

The Directors of the company declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and economic entity;
2. 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.



S C Trotter
Director

Dated this 24 September 2012

Independent audit report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

LOCKHART AND DISTRICT FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Lockhart and District Financial Services Limited, which comprises the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and 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 establishing 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 plan 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 disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 circumstances, 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.

Independent audit report (continued)

Independence

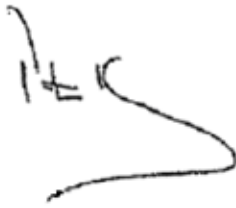
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Lockhart and District financial Services Limited would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion,

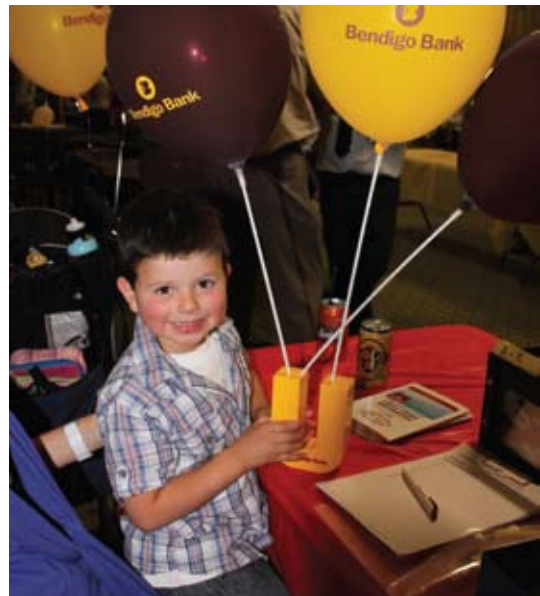
- a. the financial report of Lockhart and District Financial Services Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

JOHN L BUSH & CAMPBELL
Chartered Accountants



Peter King
Partner

Wagga Wagga
24 September 2012



Lockhart & District **Community Bank**[®] Branch
98 Green Street, Lockhart NSW 2656
Phone: (02) 6920 4244

Franchisee: Lockhart & District Financial Services
P.O Box 78, Lockhart NSW 2656
Phone: (02) 6920 4244
ABN: 14 099 918 680
www.bendigobank.com.au/lockhart

