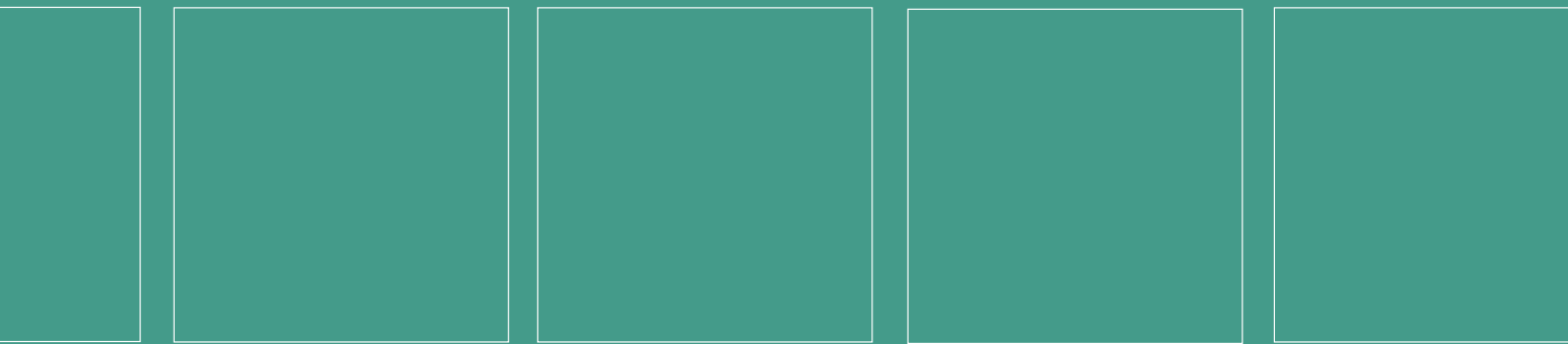


2008
annualreport



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Chairman's report

For year ending 30 June 2008

The Halls Head **Community Bank**[®] Branch of Bendigo Bank is one of 39 Western Australian Branches and over 400 throughout Australia; the network is firmly established and flourishing.

Your Halls Head **Community Bank**[®] Branch has continued its growth firmly established in the year of its inception 2002. The Chairman at this time Allan Raynor, in the Annual Report for the year ended 30 June 2003, outlined the strong base which had been established. I quote "This solid foundation, I believe is now the springboard to foster the future growth of our business". A Raynor 30 June 2003.

It is true that the firm initial base has facilitated regular growth since. In the past year we have experienced an increase in the number of accounts, the growth of deposits and loans and returns from other products.

This continued growth has ensured strong returns to both shareholders and the community. Shareholders have previously received three dividends, and this year have received a fully franked dividend of 10 cents per share and a total contribution of almost \$270,000 has been made to community groups and initiatives.

The branch employs local people and whenever possible, purchases local products and services.

As well as the financial success of the business our contribution has been recognised through an Australian Business Arts Foundation Award (ABA) and being awarded the first Bendigo Bank **Community Bank**[®] National Conference to be held outside of Victoria.

The ABAF Award, sponsored by Toyota Australia, was for a partnership in which the **Community Bank**[®] Company provided financial and other support to the Mandurah Performing Arts Centre for new programs, refurbishment, and the establishment of a youth choir and the sponsorship of the Manjar Arts Award. The Australian Business Arts Foundation Manager, Henry Boston described the partnership as a great example of business and the arts working together for the benefit of the local community. This award has resulted in considerable local and national profile for your branch.

For the past 10 years the Annual National **Community Bank**[®] Conference has been conducted in Victoria. Bendigo Bank decided to put the conference out to tender for the **Community Bank**[®] network. The Halls Head **Community Bank**[®] Branch has been successful with the tender and September 2009 will see some 500 **Community Bank**[®] Directors in Mandurah for almost a week. This event will generate increased business and profile for our community. Again, our reputation and profile have been enhanced.

Our research regarding the possible establishment of a second site has continued, being mindful of the current economic situation. Should we progress with this our focus will be to:

- Provide the area with a full banking service;
- Increase business and reward our current shareholders; and
- Return a portion of profits to, and being involved in, the local community.

Chairman's report continued

We are indebted to David Williams and his staff for the continued strong support that they have provided. The branch success is due in part to their commitment. Your Board of Directors have also contributed to the overall positive result for the year. The Directors volunteer their support and provide professional expertise which otherwise would need to be purchased.

Your Board believes our strong growth will continue and our presence will have an ongoing positive impact on our community.



David H Waddell
Chairman

Manager's report

For year ending 30 June 2008

This is the completion of our sixth full financial year of operation and following another very good performance our total portfolio stands at \$107.3 million with more than 7300 accounts.

During 2007/08 we had several staff changes which provided some challenges, but enabled us to employ a number of younger staff. With continued business growth branch staffing has also now increased to nine.

I would like to thank all current and past staff for their efforts over the past six years and am confident all staff will continue to have a strong focus on assisting and maintaining the branch's reputation of providing quality customer service.

Halls Head **Community Bank**[®] Branch and Bendigo Bank continues to support its customers and partners and assisting them to meet their financial goals.

I remain proud of this organisation as we continue to honour the promises made several years ago by the tireless workers who established this **Community Bank**[®].

These promises were to ;

- Provide local banking with quality customer service levels
- Reward shareholders with above average dividend returns
- Return funds to and be involved in the local community

As we continue to build our business at Halls Head and look at the possibility of expanding to a second site, one thing will not change is the focus on our community and the benefits that supporting local business can provided.

Thankyou to all shareholders and clients for your continued support and we look forward to a successful 2008/09 year.



David Williams
Branch Manager

Bendigo Bank Ltd report

June 2008 marks ten years since Bendigo Bank and the people of Rupanyup and Minyip unveiled the first **Community Bank**[®] branches in Australia, marking a turning point not only for the two small Victorian wheat belt towns, but for the Bendigo as well.

Today, these two towns have been joined by more than 210 communities to form Australia's fastest growing banking network – the **Community Bank**[®] concept.

It is a significant milestone for Bendigo Bank and our **Community Bank**[®] partners.

The number of **Community Bank**[®] branches has doubled in the last four years and in the same time frame, customers have tripled their commitment of banking business to the community network, increasing it to more than \$11 billion.

More importantly, in excess of \$18 million in **Community Bank**[®] branch profits have been returned to community projects and \$12 million has been paid in dividends to more than 50,000 local shareholders.

Behind those numbers are hundreds of stories of **Community Bank**[®] branches making a real difference to the lives of local people.

Whether it's building a community hall, sponsoring an art prize or even buying new footy jumpers for the local side – these **Community Bank**[®] branches are helping improve the economic and social prospects of their local communities.

Add to those contributions the employment of more than 1000 staff members and daily expenses in the local economy and you have a truly meaningful contribution to those communities and to local prosperity.

As we reflect on the past 10 years, it's with a feeling of great pride and accomplishment for what has been achieved in partnership between our team at the Bendigo and our community partners.

The landscape of banking has changed dramatically, but more importantly – so have the communities we partner and our own organisation.

Our partners have taken charge of outcomes locally that will impact positively for many years to come. Likewise, our organisation has built on our community focussed heritage and evolved to become a true partner to community.

Your commitment, enthusiasm and belief in the **Community Bank**[®] model has been instrumental, and for that we thank you.

And here we are, only 10 years into this wonderful journey. Who knows what positive outcomes we'll be talking about in 10 years time, as the **Community Bank**[®] network matures?

It's an exciting prospect – and we are very proud of what our team and the communities we partner have achieved together.



Russell Jenkins
Chief General Manager
Retail & Distribution

Directors' report

For year ending 30 June 2008

Your Directors present their report on the Company for the 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:

David Waddell

Chairperson

Business Development Consultant

15 years in top level administration at Curtin University. Awarded a Curtin Fellowship Award in 2002. Former Chairperson and board member for many organisations. Mentor to 5 Community Banks. WA representative on Community Banks Strategic Advisory Board. Continues to contribute in a leadership role on committees for community development in the Peel region where he resides.

Directorships held in other entities: None

Interest in shares and options: 2,500 shares

Ian Ilsley

Executive Director - Treasurer

Certified Practising Accountant

Director of Ward and Ilsley Partners Pty Ltd, Certified Practising Accountants, Treasurer of Frederick Irwin Anglican School Parents & Friends Association for past 12 years, Treasurer of Mandurah Country Club for past 7 years, Finance Chairperson of the Mandurah Performing Arts Centre and previously the Treasurer of Mandurah Peel Region Chamber of Commerce for 4 years.

Directorships held in other entities: None

Interest in shares and options: 2,500 shares

Antony Edwards (Appointed 5th February 2008)

Non-Executive Director

Retired

Chief Financial Officer and Company Secretary of a major WA rural focused unlisted public company for 5 years and before that Finance Director and Company Secretary for 14 years of a public listed company that had national manufacturing, warehousing, and distribution focus. Also worked in the professional accounting area, providing finance, tax, and business structuring advice.

Directorships held in other entities: None

Interest in shares and options: -

Peter Drown

Non-Executive Director

Retired

Former bank manager for Westpac Banking Corporation.

Directorships held in other entities: None

Interest in shares and options: 1,200 shares

Directors' report continued

Colin Frizzell

Non-Executive Director

Formerly State General Manager – Tascot –
Templeton Carpets

Colin has been employed in the carpet and flooring industry for over 35 years in National roles responsible for Sales, Marketing and Research & Development for carpet manufactures – Godfrey Hirst, Kensington Carpets NZ Ltd, Homfray Carpets and Hycraft Carpets, specialising in hospitality, gaming and casino applications.

He conducted his own independent Carpet & Textile Consulting business for 8½ years in Melbourne before he joined Bridgestone Australia Ltd as the National Sales Marketing and R & D Manager, to develop their commercial range of flooring underlay and acoustic pads. Prior to retirement on his return to Western Australia, he held the position of State Manager Western Australia for Tascot Templeton Carpets..

Directorships held in other entities: None

Interest in shares and options: 6,000 shares

Susan Allan (Appointed 3 June 2008)

Non-Executive Director

Franchise Owner

Franchise Owner of Snap Printing Mandurah, with over 15 years of print, advertising and Marketing experience.

Directorships held in other entities: None

Interest in shares and options: -

Lisa Craig

Non-Executive Director

Community Development Co-ordinator

Specific interest in areas of community and cultural development, particularly in a social justice framework. Have worked extensively throughout the Peel region

Directorships held in other entities: None

Interest in shares and options: -

Stanley Brice

Non-Executive Director

Retired

Founded Charnley-Brice Pty Ltd with Murray Charnley in February 1994, thus combining 85 years of construction, administration and management expertise in construction of schools, hospitals and high rise CBD office buildings.

Directorships held in other entities: None

Interest in shares and options: -

Andrew Brown

Position:

Non-Executive Director

Baker

Retail – Bakers Delight and marketing experience

Directorships held in other entities: None

Interest in shares and options: -

Melinda Holland

Non-Executive Director

Manager Public Relations

Community consultation and partnership development.

Directorships held in other entities: None

Interest in shares and options: -

Directors' report continued

Arron Minchin (Resigned 11 December 2007)

Non-Executive Director

Manager with Peel Development Commission

Currently work with the Peel Development Commission as the Manager of Regional Services and prior to that was the Manager of the Peel Region for the Department of Sport and Recreation

Directorships held in other entities: None

Interest in shares and options: -

Antony Solin (Resigned 15 February 2008)

Non-Executive Director

CEO of Peel Health Campus Foundation

Currently the CEO of the Peel Health Campus Foundation and senior management at the Peel Health Campus for five years. Previously the initial welfare manager at the Fremantle Dockers

Directorships held in other entities: None

Interest in shares and options: -

Company Secretary

Ian IIsley CPA

Directors meetings attended

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number of Board Meetings eligible to attend	Number attended:
David Waddell	12	12
Peter Drown	12	10
Antony Solin	8	6
Ian IIsley	12	11
Colin Frizzell	12	12
Arron Minchin	6	3
Lisa Craig	12	8
Stanley Brice	12	10
Antony Edwards	5	5
Susan Allan	1	1
Andrew Brown	12	11
Melinda Holland	12	3

Principal activity and review of operations

The principal activity and focus of the Company's operations during the year was the operation of a Branch of Bendigo Bank, pursuant to a franchise agreement.

Operating results

The profit of the Company after providing for income tax amounted to \$235,026.

Annual report Mandurah Community Financial Services Limited

Directors' report continued

Dividends paid or recommended

The Company paid or declared for payment dividends of \$47,559 during the year.

Financial position

The net assets of the Company at year end were \$826,295 which is an improvement on prior year due to the improved operating performance of the Company

The directors believe the Company is in a stable financial position.

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 financial year under review, not otherwise disclosed in these financial statements.

After balance date events

No matters or circumstances have arisen since the end of the financial year that 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 financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Remuneration report

This report details the nature and amount of remuneration for each key management person of the Company, and for the Executives receiving the highest remuneration.

Remuneration of Directors or Executives

No income was paid or was payable or otherwise made available, to the Directors or Executives of the Company during the years ended 30 June 2008 and 30 June 2007.

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, Executives and shareholders

The board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.

Directors' report continued

- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to the Company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures.

Company performance, shareholder wealth and Executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on key performance indicators. The Company believes this policy to have been effective in increasing shareholder wealth over the past years.

Directors' report continued

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the Company.

The employment contracts stipulate a resignation periods. The Company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Company.

The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Options

No options over issued shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the Company at the date of this report.

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Share options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Environmental issues

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

Directors' report continued

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

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

The Company has not appointed a separate audit committee due to the size and nature of operations.

The normal functions and responsibilities of an audit committee have been assumed by the Board.

Non-audit Services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2002. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008:

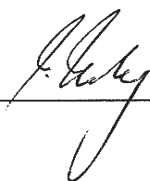
Taxation services: \$4,700

Auditor's Independence Declaration

A copy of the auditor's independence declaration is included within the financial statements.

This report is signed in accordance with a resolution of the Board of Directors.

Director



Dated this

19

day of

September

2008

Directors' report continued

RSM Bird Cameron Partners

Chartered Accountants

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GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mandurah Community Financial Services Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J WALL
Partner

Perth, WA

Dated: 19 September 2008

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenue	2	1,186,522	993,167
Employee benefits expense		(409,649)	(350,008)
Depreciation and amortisation expense		(17,593)	(30,948)
Finance costs		-	-
Other expenses	3	(418,841)	(323,839)
Profit before income tax		340,439	288,372
Income tax expense	4	(105,413)	(87,715)
Profit attributable to members		235,026	200,657
Overall operations			
Basic earnings per share (cents per share)		39.6	33.7
Diluted earnings per share (cents per share)		39.6	33.7

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 and cash equivalents	5	807,361	615,255
Trade and other receivables	6	106,944	94,585
Other current assets	7	13,259	8,307
Total current assets		927,564	718,147
Non-current assets			
Property, plant and equipment	8	21,502	29,099
Intangible assets	9	37,505	47,501
Deferred tax asset	21	13,579	13,868
Total non-current assets		72,586	90,468
Total assets		1,000,150	808,615
Current liabilities			
Trade and other payables	10	75,566	74,525
Short-term provisions	11	30,342	30,750
Current tax liability	21	53,026	53,491
Total current liabilities		158,934	158,766
Non-current liabilities			
Long-term provisions	11	14,921	15,478
Total non-current liabilities		14,921	15,478
Total liabilities		173,855	174,244
Net assets		826,295	634,371
Equity			
Issued capital	12	594,490	590,033
Retained profits		231,805	44,338
Total equity		826,295	634,371

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 customers		1,135,214	954,735
Payments to suppliers and employees		(828,908)	(671,229)
Interest received		38,948	23,960
Income tax paid		(105,589)	(28,433)
Net cash provided by operating activities	13(a)	239,665	279,033
Cash flows from investing activities			
Payments for plant and equipment		-	(51,676)
Net cash used in investing activities		-	(51,676)
Cash flows from financing activities			
Dividends paid		(47,559)	(35,669)
Net cash used in financing activities		(47,559)	(35,669)
Net increase in cash held		192,106	191,688
Cash held at the beginning of the financial year		615,255	423,567
Cash held at the end of the financial year	5	807,361	615,255

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Share Capital (Ordinary shares)	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2006	590,033	(120,650)	469,383
Profit attributable to the members of the Company	-	200,657	200,657
Dividends paid or provided	-	(35,669)	(35,669)
Balance at 30 June 2007	590,033	44,338	634,371
Balance at 1 July 2007	590,033	44,338	634,371
Profit attributable to the members of the Company	-	235,026	235,026
Dividends paid or provided	-	(47,559)	(47,559)
Write off prospectus costs	4,457	-	4,457
Balance at 30 June 2008	594,490	231,805	826,295

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant accounting policies

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

The financial report covers Mandurah Community Financial Services Limited as an individual entity. Mandurah Community Financial Services Limited is a public Company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (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 an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) 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.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

The Company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all un securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The Company has not issued any financial guarantees.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Intangibles

Franchise fee

The franchise fee paid by the Company pursuant to a Franchise Agreement with Bendigo Bank is being amortised over the initial five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee benefits

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.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a 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).

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative figures

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

Notes to the financial statements continued

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangibles for the year ended 30 June 2008. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2008 amounting to \$37,505.

(o) Authorisation for financial report

The financial report was authorised for issue on 19 September 2008 by the Board of Directors

	2008	2007
	\$	\$
Note 2. Revenue		
Franchise margin income	1,143,674	963,662
Other income	3,900	5,545
Interest revenue	38,948	23,960
	1,186,522	993,167

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Expenses		
Advertising and marketing	13,855	20,422
ATM leasing and running costs	47,678	39,279
Bad Debts	671	170
Community sponsorship and donations	71,190	18,024
Freight and postage	5,505	5,506
Insurance	17,915	15,351
IT leasing and running costs	49,040	37,509
Occupancy running costs	13,594	13,846
Printing and stationary	23,218	17,559
Rental on operating lease	76,744	72,199
Other operating expenses	99,431	83,974
	418,841	323,839
Remuneration of the Auditors of the Company		
Audit services	7,627	8,090
Other Services	4,700	2,250
	12,327	10,340

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 4. Income tax expense

a. The components of tax expense comprise:

Current tax	105,703	81,924
Deferred tax (Note 21)	(290)	(1,518)
Recoupment of prior year tax losses	-	7,309
	105,413	87,715

b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit before income tax at 30% (2007: 30%)	102,132	86,512
Add:		
Tax effect of:		
non-deductible depreciation and amortisation	2,999	2,500
other non-allowable items	572	19
Less:		
Tax effect of:		
other allowable items	(290)	(1,316)
Income tax attributable to the Company	105,413	87,715

Note 5. Cash and cash equivalents

Cash at bank and in hand	807,091	615,050
Short-term bank deposits	270	205
	807,361	615,255

Note 6. Trade and other receivables

Trade debtors	106,944	94,585
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7. Other assets

Current

Prepayments	13,259	8,307
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Notes to the financial statements continued

	2008 \$	2007 \$
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Note 8. Property, plant and equipment

Plant and Equipment

Cost	160,391	160,391
Accumulated depreciation	(138,889)	(131,292)
	21,502	29,099

Movement in carrying amount

Balance at the beginning of the year	29,099	50,039
Additions	-	1,676
Disposals		-
Depreciation expense	(7,597)	(22,616)
Carrying amount at the end of the year	21,502	29,099

Note 9. Intangible assets

Franchise fee

Cost	100,000	100,000
Accumulated amortisation	(62,495)	(52,499)
	37,505	47,501

Pursuant to a five year franchise agreement with Bendigo Bank, the Company operates a branch of Bendigo Bank, providing a core range of banking products and services.

Note 10. Trade and other payables

Trade creditors and accruals	46,977	30,750
GST payable	28,589	53,491
	75,566	74,255

Notes to the financial statements continued

	2008 \$	2007 \$
Note 11. Provisions		
Current		
Provision for employee entitlements	30,342	30,750
Non current		
Provision for employee entitlements	14,921	15,478
Number of employees at year end	7	8

Note 12. Equity

594,490 (2007 594,490) fully paid ordinary shares	594,490	594,490
Cost of raising equity	-	(4,457)
	594,490	590,033

Note 13. Cash flow information

a. Reconciliation of cash flow from operations with profit after tax

Profit after tax	235,026	200,657
Depreciation and amortisation	17,593	30,948
Movement in assets and liabilities		
Receivables	(12,359)	(14,473)
Other assets	(4,952)	3,671
Deferred tax asset	289	5,791
Payables	1,041	(6,112)
Provisions	(965)	58,551
Current tax liability	(465)	-
Written off prospectus costs	4,457	-
Net cash provided by operating activities	239,665	279,033

b. Credit Standby Arrangement and Loan Facilities

The Company does not operate a bank overdraft facility or have any loan facilities at present.

Notes to the financial statements continued

Note 14. Related party transactions

Ward & Ilsley Partners Pty Ltd received \$7,671 for treasury and consultancy fees.

No other related parties have entered into a transaction with the Company during the financial years ended 30 June 2008 and 30 June 2007.

	2008 \$	2007 \$
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Note 15. Leasing commitments

Non cancellable operating lease commitment contracted for but not capitalised in the financial statements

Payable		
Not longer than 1 year	68,298	68,298
Longer than 1 year but not longer than 5 years	193,510	261,808
	261,808	330,106

Note 16. Dividends

Distributions paid

Interim dividend was declared on 2 October 2007 of 8 (2007: 6) cents per share 100% (2007: 0%) franked at the tax rate of 30%

	47,559	35,669
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Note 17. Financial instruments

a. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2008.

b. Financial risk exposures and management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Notes to the financial statements continued

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

ii. Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

iv. 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 provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2008.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2008 and 30 June 2007 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. Price risk

The Company is not exposed to any material commodity price risk.

c. Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Notes to the financial statements continued

2008

	Weighted Average Effective Interest Rate	Variable Floating Interest Rate	Fixed Within 1 Year	Fixed Within 1 to 5 Years	Non Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	7.92%	806,990	-	-	371	807,361
Loans and receivables		-	-	-	106,944	106,944
Total Financial Assets		806,990	-	-	107,315	914,305
<i>Financial Liability</i>						
Trade and other payables		-	-	-	75,566	75,566
Total Financial Liabilities		-	-	-	75,566	75,566

2007

	Weighted Average Effective Interest Rate	Variable Floating Interest Rate	Fixed Within 1 Year	Fixed Within 1 to 5 Years	Non Interest Bearing	Total
<i>Financial Assets</i>						
Cash and cash equivalents	6.35%	615,017	-	-	238	615,256
Loans and receivables		-	-	-	94,585	94,585
Total Financial Assets		615,017	-	-	94,823	709,840
<i>Financial Liability</i>						
Trade and other payables		-	-	-	74,525	74,525
Total Financial Liabilities		-	-	-	74,525	74,525

2008
\$

2007
\$

Trade and sundry payables are expected to be paid as followed:

Less than 6 months	75,566	74,525
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Notes to the financial statements continued

d. Net Fair Values

The net fair values of investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Fair values are materially in line with carrying values.

e. Sensitivity Analysis

i. Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

ii. Interest Rate Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

2008					
		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	806,990	(16,140)	(16,140)	16,140	16,140

2007					
		-2 %		+ 2%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
<i>Financial Assets</i>					
Cash and cash equivalents	615,017	(12,300)	(12,300)	12,300	12,300

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Company has no exposure to fluctuations in foreign currency.

Segment reporting

The Company operates in the financial services sector as a branch of Bendigo Bank in Western Australia.

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 19. Events after the balance sheet date

No matters or circumstances have arisen since the end of the financial year that 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.

Note 20. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at the reporting date.

Note 21. Tax

a. Liability

Current

Income tax	53,026	53,491
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b. Assets

Deferred tax assets comprise:

Provisions	13,579	13,868
	13,379	13,868

c. Reconciliations

i. Gross Movements

The overall movement in the deferred tax account is as follows:

Opening balance	13,868	19,659
Charge/(credit) to income statement	(289)	(5,791)
Closing balance	13,579	13,868

ii. Deferred Tax Assets

The movement in deferred tax assets for each temporary difference during the year is as follows:

Provisions		
Opening balance	13,868	12,350
Credited to the income statement	(289)	1,518
Closing balance	13,579	13,868

Notes to the financial statements continued

	2008 \$	2007 \$
Note 21. Tax (continued)		
Other		
Opening balance	-	7,309
Credited to the income statement	-	(7,309)
Closing balance	-	-

Note 22. Key management personnel compensation

a. Names and positions

Name	Position
David Waddell	Director / Chairman
Peter Drown	Director
Antony Edwards	Director
Ian Ilsley	Director / Company Secretary / Treasurer
Colin Frizzell	Director
Susan Allan	Director
Lisa Craig	Director
Stanley Brice	Director
Andrew Brown	Director
Melinda Holland	Director
Arron Minchin	Director
Antony Solin	Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration or shares issued on exercise of options.

c. Option holdings

No options over ordinary shares in the Company are held by any Director of the Company or other key management personnel, including their personally related parties.

Notes to the financial statements continued

d. Shareholdings

Number of ordinary shares held by key management personnel

2008				
	Ordinary Shares			
Directors	Balance at beginning of period	Purchased during the period	Other changes	Balance at end of period
David Waddell	2,500	-	-	2,500
Peter Drown	1,200	-	-	1,200
Antony Edwards	-	-	-	-
Ian Ilsley	2,500	-	-	2,500
Colin Frizzell	6,000	-	-	6,000
Susan Allan	-	-	-	-
Lisa Craig	-	-	-	-
Stanley Brice	-	-	-	-
Andrew Brown	-	-	-	-
Melinda Holland	-	-	-	-
Arron Minchin	-	-	-	-
Antony Solin	-	-	-	-
	12,200	-	-	12,200

Note 23. Changes in accounting policy

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above	1.1.2009	1.7.2009

Independent audit report continued

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 111	Construction Contracts			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009	1.7.2009

Note 24. Company details

The registered office of the Company is:

C/ Ward & Ilsley Partners Pty Ltd

55C Mandurah Terrace

Mandurah WA 6210

The principal place of business of the Company is:

Halls Head Shopping Centre

Shop 7 Peelwood Parade

Halls Head WA 6210

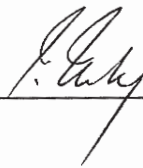
Director's declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company
2. the Chief Executive Officer and Chief Finance Officer 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 Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a 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.

Director



Dated this

19

day of

September

2008

Independent audit report

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MANDURAH COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mandurah Community Financial Services Limited ("the company"), which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity 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 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. In Note 1, the directors also state, that compliance with the Australian Accounting Standards ensures that the financial statements and notes, comply with International Financial Reporting Standards.

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 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 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.

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Independent audit report continued

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*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Mandurah Community 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 2008 and of its 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; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Mandurah Community Financial Services Limited for the financial year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

Perth, WA

Dated: 19 September 2008

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J WALL
Partner

BSX report

Additional Information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 29 August 2008.

(a) Distribution of equity securities

The number of shareholders, by size of holding, are:

	Number of holders	Number of shares
1 - 1,000	349	164,559
1,001 - 5,000	85	239,531
5,001 - 10,000	10	86,000
10,001 - 100,000	6	104,400
100,001 and over	0	0
Total	450	594,490

There are currently 244 holders of parcels less than the minimum 500. Their holdings total 62,359 shares.

(b) Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

Listed ordinary shares

	Number of shares	Number of ordinary shares
1 Mr Richard Everitt Thorne	27,000	27,000
2 Mr Gerald Francis Pauley & Mr Michael James Pauley (Pauley Superannuation Fund A/C)	20,000	20,000
3 Mr Mark Alan Mather	20,000	20,000
4 Mrs Kaye Lynnette Mc Villy	15,000	15,000
5 Winpar Holdings Limited	12,100	12,100
6 Mr Geoffrey Bruce Thomas & Mrs Joan Erica Thomas (The Siglos Superannuation Fund A/C)	10,300	10,300
7 Mrs Joan Annie Cooper	10,000	10,000
8 Mr Samuel Stephen Keith Cooper	10,000	10,000
9 Mr Patrick John Croker	10,000	10,000
10 Mr Douglas Hendy Milner	10,000	10,000
11 Mr Fonny Rumkorf & Mrs Hendricus Yohannes Rumkorf	10,000	10,000

BSX report continued

(c) Voting rights

Each shareholder has one vote.

(d) Corporate governance statement

The Board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable. The Board recognizes the importance of a strong corporate governance focus and methodology. The Board has completed a comprehensive set of policies and procedures that will govern our Company into the future. We believe that building a policy framework will assist to clarify the future direction of our local Company, provide accountability and transparency and ensure there are guiding principles in place for future decision making. Composition of the Board.

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three Directors and a maximum of 10:
- The Board shall meet at least monthly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are:

Name	Position
David Waddell	Chairman
Colin Frizzell	Deputy Chairman
Ian Ilesley	Secretary / Treasurer
Susan Allan	Director
Antony Edwards	Director
Stanley Brice	Director
Andrew Brown	Director
Lisa Craig	Director
Peter Drown	Director
Melinda Holland	Director

Board responsibilities

As a Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways. The Board is responsible for ensuring that management's objective and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

BSX report continued

Implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;

Monitoring of the Board's performance and communication to shareholders In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Board. Directors whose performance is unsatisfactory are asked to retire.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

The annual report which is distributed to all shareholders:

The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

Regular Shareholder newsletters.

The Board does have an Audit Committee

(e) Name of Company Secretary:

Ian IIsley

(f) Address and telephone number of registered office:

Unit 55C
Mandurah Terrace,
Mandurah, WA 6210
Phone: (08) 9535 5900
Fax: (08) 9581 1096

(g) Address and telephone number of office at which securities register is kept.

Essential Registry Team
Computer Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, Victoria, 3067
Phone: 1300 85 05 05

(h) Trading history

The trading history for Mandurah Community Financial Services Limited is available on the BSX website at www.bsx.com.au

Halls Head **Community Bank**[®] Branch
Shop 7 Halls Head Shopping Centre
Corner Peelwood & Glencoe Parades Halls Head, WA 6210
Phone: (08) 9586 1399 Fax: (08) 9586 1522

Franchisee: Mandurah Community Financial Services Limited
c/- Ward & Ilsley Partners Pty Ltd,
55C Mandurah Terrace, Mandurah, WA 6210
ABN 56 098 081 308

www.bendigobank.com.au/hallshead

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKWAR8011) (09/08)

