Contents

Chairman's Report

On behalf of the Board of Directors, it is my pleasure to submit the Annual Report for 2008/09 to you, our shareholders. This report provides our shareholders an opportunity to review the Company performance and its activities, whilst reading of our continued commitment to the region through our Community Investment strategy. The Board believes that the Company performance reflects the general economic conditions that the world economy has endured over the past ten months and we anticipate that the financial performance of the Company will improve as the economic conditions improve more generally.

Achievements for the past year include:

- A very successfully managed and operated Branch, which remains under the professional and experienced management of Gerry Toovey. The branch staff continue to excel in their work and professional approach to the business, and we see the results of a very community focused branch in the financial reports as well as through recognition of their achievement from our franchise partner, Bendigo and Adelaide Bank Group.
- Expansion of our services to our customers and the community through recruitment of an experienced and talented mobile relationship manager, Graeme Samuels. Graeme provides personal business banking services directly with customers, providing more of the customer focused excellence that we, and our franchise partners Bendigo and Adelaide Bank Group, have become known for, especially with our small business customers.
- The opening of the Midland Business Banking Centre in Burgess Street, Midland from which Graeme Samuels operates with the support of our Branch staff. The Centre provides an open and professional space where customers can meet with staff, interviews can be held and other services are offered, including financial planning. This strategy is building our regional presence and supports the expanding business base from which we will build our future company business.
- Continued management of the Low Volume Market for trading in shares for the company. This is coupled with a much more professional and customer focused share registry management by our staff. We brought the management of the registry in-house in late 2008 and it is with some pride that I acknowledge the hard work of the corporate staff to bring the registry up to date and to see it so well managed now is a reflection of their professionalism. Share trading of MCFS shares continues with the process now streamlined and becoming easy to navigate by shareholders.

Trek the Trail 2008

Sunday markets in Mundaring

A successful year of community investment with more than 48 local organisations and projects receiving support. This has ranged from sponsorship of the larger festivals to assisting small not-for-profit groups with their work with the Community Resource Officers.

Again, we are constantly reviewing the Company performance and look for ways to grow the business. The portfolio has now grown to more than $110 million and we are on track to keep growth strong. The squeeze on our margin income had a significant effect on our Company income and this is reflected in the financial statements and the Company position at year-end, however we have seen a recovery and the influence on the Company position will be seen in the improving financial position in the new financial year,

With the more difficult economic conditions, the Board did not declare a dividend for the 2008/09 year, which reflects the financial position of the Company. It was on this basis that the community investment strategy has also been put on hold, with minimum investment planned for the 2009/10 financial year, limited to strategic partnerships that remain as priorities for the community. The Board is confident that the Company performance will improve over the next financial year and will review the dividend and community investment position at a suitable time.

On behalf of the Board, I would like to acknowledge the work of our Branch Manager, Gerry Toovey, and the team at the branch: Ann, Vincent, Katie, Sandra, Christine, Taryn, Leah and Leanne. They continue to provide excellent customer service to the customers and we thank them for maintaining the very high standards that have been established. They have been joined in the last six months by Graeme Samuels, and he has added a new and important dimension to our work through more personal and business focused service for our small business customers. Their efforts see our branch continue to feature in the top 20 nationally out of a network of over 400 branches.

This year, I also want to acknowledge the Community Investment Manager, Allison I'Dell, and her team (Carla Swift, Julie Cook and Shaelene Hancock) for the work that they do in the community. Whilst the strategy for the Community Resource Officers and the investment strategy we have had for the past two years has now ended, their work has added to our reputation as a key community and business partner in the Mundaring region. I am sad to see Julie and Carla leave the Company and we wish them well as they move on to new endeavours. Shaelene is a welcome addition to the corporate team with a focus on administration and share registry management – I'm sure that she will continue to build on our reputation for excellence.

Finally, I would like to acknowledge the hard work of our Directors as representatives of our shareholders. The Directors dedicate themselves to guiding and shaping the business for the future by ensuring that the foundations of the business are strong. By drawing on their respective areas of expertise as part of the Board team, MCFS benefits from a broadly experienced and skilled Board of Directors. Thank you to my fellow Directors for another year of focus, commitment and diligence.

As our shareholders, you also deserve the thanks of the Board and the community. Without your support none of this would have been possible and we continue to work to meet your objectives and goals for the company. The Board is confident of continued growth, even in a time of economic uncertainty, and we recognize that the company must be responsive to the community and reflect its values and philosophies to remain relevant. We will continue to hold this focus as a key aim of the Board in the next twelve months.

Thank you all.

Phil I'Dell
Chairman (Retired 30th September 2009)

Branch Manager's Report

After seven years of operations and as the Branch Manager, I am pleased that I can report on a successful and inspiring year for the team. With a team that is dedicated to customer service excellence, professional in their knowledge of product and services, and with an admirable ability to work together, it is really a superb opportunity to really respond to our local community and be the best. We have worked very hard to assist and serve customers through some tough economic times, and this has proven to be very difficult for the staff at times, but we have managed to maintain good relationships and build the team to be even better at the job. I'm very pleased to be a part of this great team at the Branch!

This year, we have focused on building and retaining staff, especially as the job became difficult with the changing economy. Through the recruitment of Graeme Samuels as our Mobile Relationship Manager and Vincent Fordham Lamont as the new Loans Officer, it has allowed us to focus on product and service skills in the Branch. Better training and new skills have brought new opportunities for staff in the team and they have relished the challenge. I appreciate their willingness to grow and develop, whilst still maintaining their customer focus.

Growth of the portfolio and customers continues and I am pleased to see it exceed our budgeted expectations. The squeeze on the margin income has had a significant impact on the Company financial position but we are seeing improvements in the general economic conditions and I expect that this will see our business development and success grow, too. The rate of growth has been maintained, despite the more challenging economic conditions and competition with the banking sector. The rates of growth have slowed over the past eight months but we anticipate that as the monetary policy influence eases, business will improve as well.

I'm pleased with the positive impact that the community investment strategy has had on our business and how the marketing and promotion work that has been provided through Allison's efforts has built and enhanced our reputation in the community. It really has made a difference to our profile and to my work as Branch Manager. It was very pleasing to see how quickly we responded to community needs and issues through the Community Investment Strategy and although this will not be in our scope this coming financial year, I'm sure that the reputation and responsiveness by the Company to the community will continue and be re-introduced once the financial position improves.

The Board also deserve acknowledgement – they work very hard to manage the company and guide it through growth. They support and promote the business at every opportunity, and provide us with an excellent environment in which to work. I would also like to extend appreciation on behalf of the staff to you the shareholders – your investment and commitment has made it all possible.

Finally, no-one works on their own and many of the achievements of the past year are attributable to the wonderful team that I work with every day at the Branch, so thank you to Ann, Vincent, Katie, Taryn, Sandra, Christine, Leanne and Leah. Thank you, too, to Sam who contributed so much during the year.

Gerry Toovey

Community Investment Report

Building on the successful strategy approved in August 2007, the Board has focused on community partnering and support, to try and enhance the ability of community groups to survive and flourish when support ends. An important element of the strategy was to ask the question and seek to address it: *What happens when the money runs out*? So often, small groups rely on grants and funding to operate, and there's never much time to consider whether there is a better way. MCFS has, through their successful strategy, worked to build these small groups' capacity to survive and to flourish.

Whilst the Community Resource Officer strategy will not be offered during 2009/10, the ongoing goodwill and profile offered from the work of the CROs for the past two years will be felt by the Company into the future.

Other community investment opportunities have included:

- **Chidlow Marsupial Hospital –** $12,000 support for feed and vetinerary bills for the animals they rescue. This is an ongoing sponsorship that recognizes the value that we have for our native fauna and of the work that this dedicated group do for the Western Australian community.
- **Eastern Hills Hornets Baseball and Teeball Association –** $7,500 as sponsorship of their international coach for team skill development. The Club has two up and coming players, both competing at the international level and still playing with the team, adding to the skill development for the sport in the Hills.
- **Mt Helena Residents and Ratepayers Association's *Whim Festival* –** $2,400 for the pavilion and insurance costs for the inaugural Festival in Mt Helena last October. The Festival celebrates the community of Mt Helena and offers a free family day out. We included a chalk drawing competition open to all and this proved to be a very popular activity for all concerned. It was great fun to see the kids drawing their 'masterpieces' on the pavement and the judges had a very hard time choosing the winners!
- ***Have a Go with Bendigo* at the Darlington Arts Festival –** $10,000 for the provision of 40 free art workshops at the Festival in November. The workshops offered everyone the opportunity to 'have a go' at all sorts of art, including pottery, painting, copper wire weaving, basket making and many, many more. The workshops are a feature of the festival and provide up to three hours of entertainment to the visitors. The addition of our own 'show bag' for anyone who completes four workshop was a thoroughly enjoyed bonus. The weekend was very popular and helped to build the brand of the Branch as community and family focused.
- **Playgroups –** $7,500 across the regional playgroups for projects including landscaping, outdoor play equipment, gardens and pathways. We offer the playgroups a pool of funds each year to help them work co-operatively together and develop a safe, learning environment for our community's families and children. The projects have been spread across four playgroups in this financial year, with four benefitting last financial year, too.
- **Community group EFTPOS facility –** by offering the local sporting and community groups access to an EFTPOS facility connected to the mobile phone network for accessibility, the Company has helped each of these small groups to make their enrolment.

It has been a busy year and an exciting one.

Allison I'Dell

Chidlow Marsupial Hospital

Whim Festival

Darlington Arts Festival

Swan View Playgroup

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank®** branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank®** branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank®** branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – $29 million paid out in community projects and nearly $11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank® branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.

Russell Jenkins
Chief General Manager

Directors Report

Your Directors present their report on the Company for the year ended 30 June 2009. The names of Directors in office at any time during or since the end of the year are:

PHILLIP STANLEY I'DELL *Dip Mgmt, MBA, AIMM, GAICD*

Position: Chairman *(Retired 30/9/09)*
Occupation: Managing Director
Background Information: Mr I'Dell owns and operates a small engineering wholesale and consultancy business serving mining and general industry, and has worked in the Company as Managing Director for the past twelve months.
Interest in shares and options: 1,000 shares

NEIL MICHAEL COLE

Position: Non-Executive Director *(Retired 6/8/09)*
Occupation: Small business proprietor
Background Information: Mr Cole is a small business operator, who is also involved in environmental issues (Men of Trees) and the Emergency Fire Service. He has a Certificate in Property Services and a Perth Health Department license in pesticide safety.
Interest in shares and options: 300 shares

KAREN RADFORD TREANOR *(Retired November 2008)*

Position: Non-Executive Director
Occupation: Writer
Background Information: Mrs Treanor is the proprietor of Quenda Books which publishes books about Hills wildlife for children. A long time Mundaring resident, she is active in several community organisations including the Mundaring Weir Gallery.
Interest in shares and options: 3,200 shares

FRANK STANLEY KAMP *FCIS, MAICD, SA Fin*

Position: Non-Executive Director
Occupation: Retired
Background Information: Mr Kamp is a Chartered Secretary and has extensive experience at senior management level in the trustee, financial services and funds management industries. He has previously served on the boards of HBF Health Funds Inc. and HBF Insurance Pty Ltd., and also served as an independent member on the compliance committees of a number of Managed Investment Schemes.
Interest in shares and options: 1,000 shares

ARTHUR ROBERT MADDISON

Position: Non-Executive Director
Occupation: Retired
Background Information: Mr Maddison was a successful retail business owner, now retired, who has extensive community involvement in the Mundaring shire built from his many years working in Mt Helena.
Interest in shares and options: 10,000 shares

GERARD ALEXANDER TONKS

Position: Non-Executive Director
Occupation: Consultant Chartered Accountant
Background Information: Mr Tonks was been the Company Secretary since January 2002. He is a Chartered Accountant and Chartered Secretary who has been in both public practice and commerce and now specialises in corporate administration.
Interest in shares and options: 1,000 shares

NERIDAH ZLATNIK *B.Comm*

Position: Non-Executive Director *(Retired 6/8/09)*
Occupation: Marketing consultant
Background Information: Mrs Zlatnik lives in Stoneville and is active in community organisations, particularly those involved with small children. Neridah is trained and experienced in marketing and public relations.
Interest in shares and options: Nil

VICTORIA BROWN *(appointed December 2008 and resigned April 2009)*

Position: Non-Executive Director
Occupation: Chief Executive Officer
Background Information: Ms Brown manages a regional community organisation focusing on career development and youth support services to schools. She joined the board for a five month period and resigned due to work commitments.
Interest in shares and options: Nil

COMPANY SECRETARY
Gerard Alexander Tonks

Directors meetings attended

During the financial year, 11 meetings of Directors were held. Attendances by each Director during the year were as follows:

Names of Directors	No. eligible to attend	Number attended
Phillip Stanley I'Dell	11	11
Neil Michael Cole	11	9
Karen Radford Treanor	4	4
Frank Stanley Kamp	5	5
Arthur Robert Maddison	11	9
Gerard Alexander Tonks	11	11
Neridah Zlatnik	11	9
Victoria Brown	4	4

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 loss of the Company after providing for income tax amounted to $108,242 (2008: $166,380 profit).

Dividends paid or recommended

The Directors have resolved not to pay a dividend for the year ended 30 June 2009

Financial position

The net assets of the Company at year end were $594,121 (2008: $702,370) which is an reduction on the previous year as a result of the continuing development of the corporate administration and support facilities and the development of new banking services in the Midland region. Despite the impact of the Global Financial Crisis on income to the company the directors believe the Company is well placed for the future.

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 of the directors (being the key management personnel) of Mundaring Community Financial Services Limited. There were no specified executives involved in the management of the company who were not also directors.

Remuneration of Directors

Directors received fees for their services as Directors of the Company during the year 1 July 2008 to 30 June 2009 as follows:

Names of Directors	Role	2009	2008
Phillip I'Dell	Chairman	3,324	5,584
Neil Cole	Non-Exec. Director	1,512	4,451
Karen Treanor	Non-Exec. Director/Chair Sponsorship Committee	1,633	4,083
Frank Kamp	Non-Exec. Director/Chair Audit & Governance Committee	3,324	4,666
Arthur Maddison	Non-Exec. Director	1,512	4,541
Gerard Tonks	Non-Exec. Director/Company Secretary	2,676	3,500
Neridah Zlatnik	Non-Exec. Director	1,512	1,333
Victoria Brown	Non-Exec. Director	–	–
Total Remuneration		**$15,493**	**$28,158**

Remuneration policy

The remuneration policy of the Company has been designed to take account of the community based objectives of the Company and within that context, clearly differentiates between the essentially community based objectives of the non–executive members of the board as distinct from those who carry specific executive roles. These are then aligned with shareholder and business objectives by providing a fixed remuneration component based on reasonable reward for workloads and responsibilities involved in the management of the Company's affairs. The board of the Company believes this remuneration policy to be appropriate and effective in its ability to attract and retain the appropriate board members and competent key management personnel to run and manage the Company, in addition to being aligned with the needs and goals of all members of the Company – shareholders included.

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.
- All key management personnel receive fixed salary (which is based on factors such as market rates appropriate to the position, taking account of qualifications and experience), and superannuation.
- The Board reviews key management personnel packages annually by reference to Executive performance and comparable information from industry sectors.
- At the Board's absolute discretion, a modest annual bonus is paid to all staff in December, in recognition of their collective achievement of targets and maintenance high standards of service to customers.
- The performance of key management personnel is measured against criteria agreed annually with each individual and is based predominantly on the achievement of personal and corporate targets, the maintenance of shareholder value, and the consistent delivery of tangible benefit to the community in which the company operates . The policy is designed to attract and retain a team of high calibre executives with personal commitment to the Company's objectives, and to properly reward them for performance that results in the maintenance of true standards of excellence in customer services and community engagements, together with long-term growth in shareholder value.

- 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. Individuals are free to elect 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

Apart from the modest discretionary annual bonus payment referred to above which is made to all staff, the Company does not make any performance or incentive based remuneration payments to its key management personnel.

Company performance, shareholder wealth and Executive remuneration

The remuneration policy has been tailored to achieve goal congruence between shareholders and Executives. The method applied in achieving this aim is to remunerate non-executive directors at relatively nominal (honorarium) levels, and to pay fixed competitive market rate salaries to key executives and staff. The Company believes this policy to have been effective in building a competent and committed board/executive team, which has steadily built both shareholder wealth and community benefit levels over the past 5 years.

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 and effectiveness of the individual concerned, and in general terms, the 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.

Key management personnel remuneration 2009

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Total	Performance related
	$	$	$	$	$	%
Phillip I'Dell	40,996	3,701	-	-	44,697	
Gerard Tonks	2,676	240	-	-	2,916	-
	43,672	3,941	-	-	47,613	-

Key management personnel remuneration 2008

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Total	Performance related
	$	$	$	$	$	%
Phillip I'Dell	20,393	1,836	-	-	22,229	
Gerard Tonks	3,048	-	-	-	3,048	-
	23,441	1,836	-	-	27,506	-

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.

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:

- Director approval of operating budgets and monitoring of progress against these budgets;
- Ongoing Director training; and
- Monthly Director meetings to discuss performance and strategic plans
- The Company has a separate audit committee.

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 2009:

Taxation services: $1,900

Auditor's Independence Declaration

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

ABN 63 097 289 677

Financial report for the year ended 30 June 2009

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 2001. 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 2009:

Taxation services: $1,900

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 30TH day of SEPTEMBER 2009

Auditor's Independence Declaration

MACK & CO.
CHARTERED ACCOUNTANTS
GROWTH SUCCESS WEALTH

2ND FLOOR, 35 HAVELOCK ST, WEST PERTH WA 6005
PO BOX 609, WEST PERTH WA 6872

TELEPHONE +61 8 9322 2798 FACSIMILE +61 8 9481 2019
E-MAIL: MAIL@MACKCO.COM.AU WEB: MACKCO.COM.AU

AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial statements of Mundaring Community Financial Services Limited for the financial year ended 30 June 2009 there have been no contraventions of:

a. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b. any applicable code of professional conduct in relation to the audit.

Mack and Co

MACK & CO

S S Fermanis

S S FERMANIS
PARTNER
WEST PERTH

DATE: 30th September 2009

Income Statement for the year ended 30 June 2009

	Note	2009 $	2008 $
Revenue	2	1,267,408	1,405,106
Employee benefits expense		(620,117)	(502,118)
Depreciation and amortisation expense		(45,827)	(27,405)
Community development sponsorship		(87,982)	(119,823)
Community development donations		-	(3,397)
Community development employee benefits		(127,437)	(46,272)
Other expenses	3	(536,972)	(464,193)
Profit/(Loss) before income tax		(150,927)	241,898
Income tax benefit/(expense)	4	42,678	(75,518)
Profit/(Loss) attributable to members		**(108,249)**	**166,380**
Overall operations			
Basic profit/(loss) per share (cents per share)		(19.13)	29.41
Diluted profit/(loss) per share (cents per share)		(19.13)	29.41

The accompanying notes form part of these financial statements

Balance Sheet
as at 30 June 2009

	Note	2009 $	2008 $
CURRENT ASSETS			
Cash and cash equivalents	5	396,458	622,025
Trade and other receivables	6	123,997	135,256
Current tax assets	7	31,918	17,586
Stock of consumables at cost	8	11,764	-
Other current assets	9	4,479	4,207
TOTAL CURRENT ASSETS		568,616	779,074
NON-CURRENT ASSETS			
Property, plant and equipment	10	127,974	75,041
Intangible assets	11	27,042	37,042
Other non current assets	9	3,500	3,500
Deferred tax asset	8	52,250	9,118
TOTAL NON-CURRENT ASSETS		210,766	124,701
TOTAL ASSETS		779,382	903,775
CURRENT LIABILITIES			
Trade and other payables	12	78,803	144,084
Financial liability	13	10,616	13,237
Short-term provisions	14	58,143	30,396
TOTAL CURRENT LIABILITIES		147,562	187,717
NON-CURRENT LIABILITIES			
Financial liability	13	15,115	13,688
Deferred tax liability	8	451	-
Long-term provisions	14	22,133	-
TOTAL NON-CURRENT LIABILITIES		37,699	13,688
TOTAL LIABILITIES		185,261	201,405
NET ASSETS		594,121	702,370
EQUITY			
Issued capital	15	559,585	559,585
Retained profits		34,536	142,785
TOTAL EQUITY		594,121	702,370

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the year ended 30 June 2009

	Share Capital (Ordinary shares)	Retained profits/ (Accumulated losses)	Total
	$	$	$
Balance at 1 July 2007	559,535	123,481	683,016
Shares reconciled	50	-	50
Profit attributable to the members of the Company	-	166,380	166,380
Dividends paid or provided	-	(147,076)	(147,076)
Balance at 30 June 2008	559,585	142,785	702,370
Balance at 1 July 2008	559,585	142,785	702,370
Loss attributable to the members of the Company	-	(108,249)	(108,249)
Balance at 30 June 2009	559,585	34,356	594,121

The accompanying notes form part of these financial statements

Cash Flow Statement
for the year ended 30 June 2009

	Note	2009	2008
		$	$
Cash flows from operating activities			
Receipts from customers		1,254,115	1,331,441
Payments to suppliers and employees		(1,314,310)	(1,133,056)
Interest received		24,280	38,058
Borrowing costs paid		-	-
Income Tax Paid		(14,331)	(156,936)
Net cash provided by/(used in) operating activities	16(a)	(50,247)	79,507
Cash flows from investing activities			
Payments for plant and equipment		(88,760)	(48,052)
Payments for franchise fee		-	-
Net cash provided by/(used in) investing activities		(88,760)	(48,052)
Cash flows from financing activities			
Repayment of borrowings		(25,525)	(6,895)
		24,321	-
Dividends paid		(79,191)	(72,536)
Net cash provided by/(used) in financing activities		(80,395)	(79,431)
Net increase/(decrease) in cash held		(219,401)	(47,976)
Cash held at the beginning of the financial year		614,986	662,962
Cash held at the end of the financial year	**5**	**395,585**	**614,986**

The accompanying notes form part of these financial statements

Notes to the Financial Statements

Financial Report for the year ended 30 June 2009

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 Mundaring Community Financial Services Limited as an individual entity. Mundaring 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.

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:

Class of Fixed Asset	Depreciation Rate
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.

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.

(d) 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.

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.

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.

(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.

(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 Company.

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 2009. 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 $37,042

(o) Authorisation for financial report

The financial report was authorised for issue on 30 September 2009 by the Board of Directors.

(q) New accounting standards for application in future periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;

- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Company will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

Notes to the Financial Statements

Financial Report for the year ended 30 June 2009

	2009 $	2008 $
2. REVENUE		
Franchise margin income	1,238,523	1,363,317
Interest revenue	25,786	38,058
Sundry income	3,099	3,731
	1,267,408	**1,405,106**
3. EXPENSES		
Advertising and marketing	59,582	107,377
ATM leasing and running costs	46,692	14,934
Bad Debts	5,675	1,226
Freight and postage	20,211	19,392
Insurance	13,804	13,735
IT leasing and running costs	32,284	31,980
Occupancy running costs	43,098	27,704
Printing and stationery	37,720	36,759
Rental on operating lease	92,365	61,529
Other operating expenses	185,541	149,557
	536,972	**464,193**
Remuneration of the auditors of the Company		
Audit services	11,807	7,100
Other Services	-	12,850
	11,807	**19,950**

	2009	2008
	$	**$**

4. INCOME TAX EXPENSE

a. The components of tax expense comprise:		
Current tax	-	77,279
Deferred tax (Note 22)	42,678	(1,761)
	(42,678)	**75,518**
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% (2008: 30%)	(45,278)	72,569
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	5,689	6,250
— other non-allowable items	396	2,338
Less:		
Tax effect of:		
— other allowable items	(3,465)	(5,639)
Income tax attributable to the Company	**(42,678)**	**75,518**

5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**396,458**	**622,025**

Reconciliation of cash

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

Cash and cash equivalents	396,458	622,025
Community EFTPOS Trust Account	(873)	(7,039)
	395,585	**662,962**

	2009 $	2008 $
6. TRADE AND OTHER RECEIVABLES		
Trade debtors	**123,997**	**135,256**
7. TAX		
a. Liability		
Income tax expenses	(42,678)	75,918
Deferred tax liabilities comprise:	**451**	**-**
Interest income accrued		
b. Assets		
Income tax credit	**31,918**	**17,586**
Deferred tax assets comprise:		
Losses for the year	21,459	-
Accrued expenses	6,708	-
Provisions	24,803	9,118
	52,250	**9,118**
c. Reconciliations		
i. Gross Movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	9,118	7,357
Charged(credit) to income statement	42,681	1,761
Closing balance	**51,799**	**9,118**
ii. Deferred Tax Assets		
The movement in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	9,118	7,357
Charged/(credit) to the income statement	21,673	1,716
Closing balance	**30,791**	**9,118**

Tax Continued	$	$
Income Tax Losses		
Opening balance	-	-
Charged/(credit) to the income statement	21,459	-
Closing balance	**21,459**	**-**

8. STOCK OF CONSUMABLES AT COST

Marketing materials	**11,764**	**-**

9. OTHER ASSETS

Current		
Prepayment	4,479	4,207
Non current		
Security deposit	**3,500**	**3,500**

10. PROPERTY, PLANT AND EQUIPMENT

Plant and Equipment		
Cost	346,160	254,480
Accumulated depreciation	(218,186)	(179,439)
	127,974	**75,041**
Movement in carrying amount		
Balance at the beginning of the year	75,041	44,394
Additions	88,760	48,052
Depreciation expense	(35,827)	(17,405)
Carrying amount at the end of the year	**127,794**	**75,041**

	2009 $	2008 $

11. INTANGIBLE ASSETS

	2009 $	2008 $
Franchise fee		
Cost	100,000	100,000
Accumulated amortisation	(72,958)	(62,958)
	27,042	**37,042**

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.

12. TRADE AND OTHER PAYABLES

	2009 $	2008 $
Trade creditors and accruals	53,656	33,426
GST payable	25,147	31,467
Dividend payable	-	79,191
	78,803	**144,084**

13. FINANCIAL LIABILITIES

	2009 $	2008 $
Current		
Community EFTPOS Trust Account	873	7,039
Finance lease	9,743	6,198
	10,616	**13,237**
Non current		
Finance lease	**15,115**	**13,688**

Security:
The finance lease is secured by a floating charge over the Company's assets.

	2009	2008
	$	$

14. PROVISIONS

Current		
Provision for employee entitlements	**58,143**	**30,396**
Non current		
Provision for employee entitlements	**22,133**	**-**
Number of employees at year end	**8**	**8**

15. EQUITY

565,670 (2008: 565,670) fully paid ordinary shares	565,700	565,700
Cost of rasing equity	(6,115)	(6,115)
	559,585	**559,585**

16. CASH FLOW INFORMATION

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

Profit after tax	(108,249)	166,380
Depreciation and amortisation	45,827	27,405
Movement in assets and liabilities		
Receivables	11,260	(32,293)
Other assets	(26,367)	(20,950)
Deferred tax asset	(42,681)	(1,761)
Payables	20,074	(53,404)
Provisions	49,880	(5,870)
Net cash provided by/(used in) operating Activities	**(50,246)**	**79,507**

b. Credit Standby Arrangement and Loan Facilities

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

17. RELATED PARTY TRANSACTIONS

No significant related party transactions have occurred with the Company during the financial years ended 30 June 2009 and 30 June 2008 which have not been disclosed in the remuneration report.

	2009 $	2008 $
18. LEASING COMMITMENTS		
(i) Leasing commitments for premises		
Non cancellable operating lease commitment contracted for but not capitalised in the financial statements		
Bank Branch Mundaring		
Payable		
Not longer than 1 year	39,672	39,672
Longer than 1 year but not longer than 5 years	99,180	138,852
	138,852	**178,524**
Poynton House Midland		
Payable		
Not longer than 1 year	45,000	45,000
Longer than 1 year but not longer than 5 years	164,700	209,700
	209,700	**254,700**
(ii) Community sponsorship and donations		
The Company has committed to a number of sponsorship arrangements with local Community organisations. These commitments have not been brought to account as a liability in the financial statements (Note 1(h)).		
Payable	-	-
Not longer than 1 year	**12,000**	-

	2009 $	2008 $
19. DIVIDENDS		
(i) Distributions paid		
Fully franked ordinary dividend was paid ***15 December 2007*** of ***12*** cents per share	-	67,878
Fully franked ordinary dividend declared on ***28 May 2008*** of ***14*** cents per share	-	79,198
	-	**147,076**

20. 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 2009.

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.

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.

In regards to liquidity risk the Company currently maintains a substantial balance of cash funds in comparison to its commitments under a finance lease for a motor vehicle ($8,107 p.a.) and two operating leases for premises in Mundaring ($39,672 p.a.) and Midland ($45,000 p.a.). The Midland lease commenced in February of 2008 and the other two leases were in place in 2007 and earlier. The Directors therefore consider the liquidity risk in this context to be negligible.

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 2009.

In regards to credit risk the Company has a receivable at the end of each month, including at the end of each accounting period, being fees and commissions due to it under its franchise agreement, from Bendigo and Adelaide Bank Ltd. This amount, now in the order of $107,000, is due and receivable, and is regularly received, in the third week following month end. The risk of this not being paid is considered by the Directors of the Company to be low. The franchise arrangement has been in place for six and a half years and to date there has not been any undue delay in receiving monthly payments from the Franchisor.

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:

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 2009 and 30 June 2008 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. Market risk

The market risks that are relevant to the business of the Company are two in number. The Company earned $25,800 interest on its cash funds during the last year. The Directors believe that there is reasonable likelihood of interest rate variation of minus or plus 2% over the next year which would affect income by about $520 which, however, would not be critical

The primary income source is fee and commission income from the conduct of banking business. This has been growing strongly each year since the franchise commenced operating in February, 2002. The franchise total portfolio of bank business, deposits and loans, has reached $128 million and is still trending upwards but, in a period of more general credit and bank business uncertainty, the future of the franchise bank business growth is less predictable.

If the portfolio of business were to decline by 10%, a possible but unlikely scenario, the annual income of the Company would decrease by approximately $145,000 which would diminish but not entirely eliminate profits.

vi. Capital management

The Company has a policy of capital management which is to maintain, as much as possible, the value of the original $565,700 invested by shareholders in 2002 by secure investment, and other practices, and this is currently being achieved in the form of cash reserves. Surplus funds are applied to expand the bank business of the Company. A primary purpose of the Company is to maintain, improve and expand the provision of banking services in Mundaring and the surrounding region.

The Directors develop and implement Board policies and procedures to assess and minimise the risk of events that may disadvantage the business of the Company and diminish the value of its assets.

The business of the Company is dependent upon the continuation of the franchise agreement with Bendigo and Adelaide Bank Ltd and the Bank's honouring of that agreement which is not in doubt by the directors of the Company.

The franchise has another two and a half years to run of its current (the second) five years period and renewal for another five years is automatic if all covenants have been complied with.

The Company has established an approved market for securities in the Company. This market operates under an extension granted by the Australian Securities and Investment Commission under the Corporations (Low Volume Markets) Exemption Notice 2003.

A number of trades in shares were effected during the financial year with an average price of $1.98. The Company commissioned an independent valuation during the year and the report placed the value on the securities of the Company at between $2.41 and $2.79.

vii. 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.

2009

		VARIABLE	FIXED			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
Financial Assets						
Cash and cash equivalents	4.21%	396,144	-	-	314	396,458
Loans and receivables		-	-	-	123,997	123,997
Total Financial Assets		396,144	**-**	**-**	**124,311**	**520,455**
Financial Liability						
Bank overdraft secured		873	-	-	-	873
Trade and other payables		-	-	-	78,804	78,804
Lease liabilities	6.72%	-	9,743	15,115	-	24,858
Total Financial Liabilities		873	9,743	15,115	78,804	**104,535**

2008

		VARIABLE	FIXED			
	Weighted Average Effective Interest Rate	Floating Interest Rate	Within 1 Year	Within 1 to 5 Years	Non Interest Bearing	Total
Financial Assets						
Cash and cash equivalents	4.82%	621,760	-	-	265	622,025
Loans and receivables		-	-	-	135,256	135,256
Total Financial Assets		**621,760**	**-**	**-**	**135,521**	**757,281**
Financial Liability						
Bank overdraft secured		7,039	-	-	-	7,039
Trade and other payables		-	-	-	64,893	64,893
Lease liabilities	8.04%	-	6,198	13,688	-	19,886
Total Financial Liabilities		**7,039**	**6,198**	**13,688**	**64,893**	**91,818**

	2009	**2008**
	$	**$**
Trade and sundry payables are expected to be paid as followed:		
Less than 6 months	**78,804**	**64,893**

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 2009, 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:

2009		-2 %		+ 2%	
	Carrying Amount	Profit	Equity	Profit	Equity
Financial Assets	$	$	$	$	$
Cash and cash equivalents	396,144	(7,923)	(7,923)	7,923	7,923

2008		-2 %		+ 2%	
	Carrying Amount	Profit	Equity	Profit	Equity
Financial Assets	$	$	$	$	$
Cash and cash equivalents	621,760	(12,435)	(12,435)	12,435	12,435

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.

21. SEGMENT REPORTING

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

22. 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.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

24. KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions

Name	**Position**
Phillip I'Dell	Chairman
Neil Cole	Non-Executive Director
Karen Treanor	Non-Executive Director
Frank Kamp	Non-Executive Director
Arthur Maddison	Non-Executive Director
Gerard Tonks	Company Secretary
Neridah Zlatnik	Non-Executive Director
Victoria Brown	Non-Executive 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.

d. Shareholdings

Number of ordinary shares held by key management personnel

2009

	Ordinary Shares			
Directors	*Balance at beginning of period*	*Purchased during the period*	*Other changes*	*Balance at end of period*
Phillip I'Dell	1,000	-	-	1,000
Neil Cole	300	-	-	300
Karen Treanor	3,200	-	-	3,200
Frank Kamp	1,000	-	-	1,000
Arthur Maddison	10,000	-	-	10,000
Gerard Tonks	1,500	-	(500)	1,000
Neridah Zlatnik	-	-	-	-
Victoria Brown	-	-	-	-
	17,000	**-**	**(500)**	**16,500**

25. COMPANY DETAILS

The registered office of the Company is: 10 Burgess Street, Midland WA 6056

The principal place of business of the Company is: 6945 Great Eastern Highway, Mundaring WA 6073

Directors' Declaration

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

ABN 63 097 289 677

NOTES TO THE FINANCIAL STATEMENTS

Financial report for the year ended 30 June 2009

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the accompanying financial statements and notes and the remuneration report in the Directors Report are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company
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.

Director ______________________

Dated this 30TH day of SEPTEMBER 2009

MACK & CO.
CHARTERED ACCOUNTANTS

2ND FLOOR, 35 HAVELOCK ST, WEST PERTH WA 6005
PO BOX 609, WEST PERTH WA 6872

TELEPHONE +61 8 9322 2798   FACSIMILE +61 8 9481 2019
E-MAIL: MAIL@MACKCO.COM.AU   WEB: MACKCO.COM.AU

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

Report on the Financial Report

We have audited the accompanying financial report of Mundaring Community Financial Services Limited ("the company"), which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the period 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 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

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 on the Financial Report

a. the financial report of Mundaring 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 2009 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 pages 4 to 5 of the directors' report for the financial period ended 30 June 2009. 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 Mundaring Community Financial Services Limited for the financial period ended 30 June 2009 complies with section 300A of the Corporations Act 2001

Mack and Co.

MACK & CO

S S FERMANIS
PARTNER
WEST PERTH

DATE: 30th September 2009

This page has been intentionally left blank.