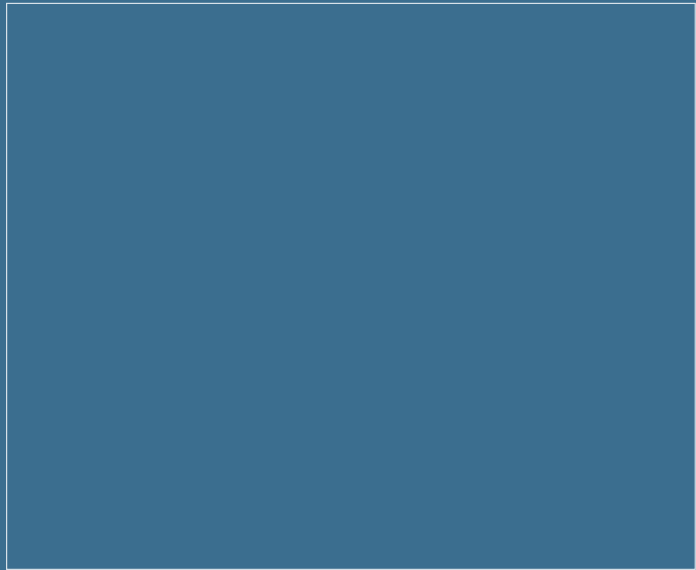
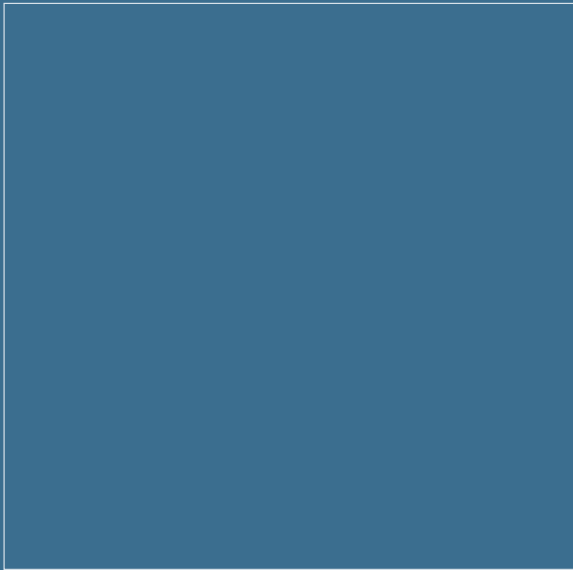


annual report | 2009



Neerim District Financial
Services Limited
ABN 46 091 832 923

Neerim District **Community Bank**[®] Branch

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Aims and Objectives

Adopted 2 March 2000

Aim

To assist the economic development of the Neerim District communities in the Baw Baw Shire through direct investment in long – term service provision and infrastructure projects, working in co-operation with the community, government and commercial enterprise.

Objectives

To provide a full banking service, focused on quality customer service, based on long-term banking relationships within the Community.

Chairman's report

For year ending 30 June 2009

Dear shareholders,

The last financial year has seen the continued depression of the financial sector. Overseas we saw the failure of several large institutional investors as well as several well known top 100 companies. Many overseas countries have had to provide ongoing financial support to some of the "household names" in the financial services sectors. To some extent we have been insulated here in Australia from the worst of this due to continued strong results in the natural resources sectors and the continuing growth in the housing markets. Overall, however, our economy is still in recession. In light of all this doom and gloom it is encouraging to see that our Company has continued to perform strongly. I believe this is in no small part to the role that our Manager and his team put in. Alan, Maureen and the rest of the team have done an outstanding job to once again exceed the budgeted growth in the Company's book values.

They have also managed to maintain the book balance between lending and deposits which is so important to the actual income that the Company generates from its total book value. The other main contributing factor to the Company's strong performance in the last financial year is you. The shareholders and the community are our base and the continued support that the Company receives is the defining factor in our ability to perform. I think the saying is "swings and roundabouts". The more the community supports us with their banking business, the more we can put back into supporting the community. It's an ever increasing spiral that will guarantee our success for many years to come.

In terms of the actual financial results, here is a brief summary;

- Gross income has increased from \$643,000 to \$735,000.
 - > An increase of \$93,000 or 14%
- Employee costs have increased from \$266,000 to \$287,000.
 - > An increase of only \$21,000 or 8%
 - > Our staff receive all of the pay increases and benefits that Bendigo and Adelaide Bank Ltd staff do and have adopted a similar work place agreement.
 - > Alan and Maureen have done an excellent job of creating the perfect team to service our customers whilst increasing efficiencies, as evidenced by the small increase in the cost of this area.
- General administration costs decreased from \$117,000 to \$113,000.
 - > An decrease of \$4,000 or a drop of 3%.
 - > This is an excellent result and well within both our budgeted expenditure and CPI growth. Congratulations go to our Company Secretary and the branch team for their efforts in this area.

Chairman's report continued

- All other operating costs remained largely static with only slight changes from the previous financial year.
- As discussed in previous reports, the expenses of advertising, promotion and market development can confuse the overall results for the year as they include payments made to various community groups that are not always treated in the same manner.
- The net profit for 2007/2008 after income tax but with the above expenses added back was \$182,000.
- The net profit for 2008/2009 after income tax but with the above expenses added back was \$255,000.
- This represent an increase in the profit before income tax of \$73,000 or 40%.
- This is a fantastic result and one which we are all very proud of. I must again thank our Company Secretary, Manager and the branch team, as it is largely due to their diligence that our operating costs were kept under control so well.
- During the last financial year we distributed a total of \$214,000 in advertising, promotions, donations and grants to the local community. This was an increase of \$69,000 or 48% on the previous financial year.
 - > As a rough guide;
 - * \$33,000 was spent on advertising and promotional events.
 - * \$35,000 was spent on sponsorships and donations to local clubs, schools and service groups.
 - * \$146,000 was spent on establishing capital for the Youth Foundation Victoria – Neerim District and other community projects.

One of the major initiatives that the Board has undertaken, in conjunction with Bendigo and Adelaide Bank Ltd and the State Government, is the “Youth Foundation Victoria – Neerim District”. We see this as an essential service to provide for youth of the district in terms of their development and the access to resources that they would otherwise have to source from other larger communities.

Once again my congratulations to the staff in our branch. They have had to be at the front line of the fallout from the stock market collapse and have regularly provided reassurance as well as quality products to assist our customers. Alan has now integrated himself fully into our community and the branch is seeing the benefits of this. Alan is a regular attendee of school functions, community groups and sporting events.

As always my thanks go to you the shareholders for your continued faith and support of myself and the Board in the management of your investment in the Company and in the application of its profits to the community and the shareholders.

I would like to thank our two new members of the Board, Tracel Devereux and Robert Evans, for their involvement and contribution over the last 12 months. They have both brought skills and perspectives to the table that we would otherwise have missed out on and the Company would have been poorer for it. Their contribution is not to be overlooked and proves that many of our shareholders really do have positive things to contribute.

There are still several vacant positions on the Board that we would like to fill within the next 12 months. If you would like to take on a role and make a difference in your community, no matter how small, in the management and direction of the Company, please contact myself or our Company Secretary, Mr Neville

Chairman's report continued

Cousins, to find out more. You could also talk with Tracel and Bob to get their views on what the being on the Board is all about. I hope some of you will consider taking up a position as your input would be most welcome.

To the long serving existing members of the Board, I thank you for the effort that you have put in over the last financial year. This core group that has been serving your Company, many since its inception, are vital to the stability and continuance of experience that maintains the Company's overall success. It is almost always the case that the same people donate their time to sit on many of our communities' committees and support groups and that is certainly the case on our Board. Without them the Company and the resultant benefits to our community would not exist, so I would like to pay them a special thanks.

Yours faithfully

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

Paul Bright CA
Chairman

Manager's report

For year ending 30 June 2009

Results

What a difference a year makes! This time last year the Reserve Bank of Australia's focus was on fighting inflation with interest rates increasing markedly. It only takes a major event like the Global Financial Crisis to change that and now the focus is on creating growth and lowering interest rates.

We have experienced phenomenal growth in both deposits and loans this year. The overall branch footings have increased by \$8.5 million, far exceeding our forecast budget of \$6,089 million. Deposits lead the way with growth exceeding \$6.5 million. I am sure that the government guarantee put in place late last year has had a significant influence in that growth.

The branch has also recorded a very pleasing increase in profit (as detailed in the Chairman's report) from banking operations. This figure does not include donations distributed through the grants program or dividends to shareholders. The profit figure has exceeded the forecasted profit which is an outstanding result.

Congratulations must go to the staff who continue to provide excellent customer service in a friendly and professional manner. There have been some staff changes this year with long-term employee Robyn Snape resigning to spend more time at home and Fiona Sgarbossa also resigning to pursue other interests.

We welcome new employee Lynne Broberg who has settled in well and is providing valuable service to our customers. Recent appointee Rachel Grist has also resigned suddenly and we will be seeking to fill her role in the near future.

Community engagements

We are proud of our efforts to assist the community to grow and prosper and perhaps provide solutions or expertise to community developments.

We have invested heavily in our youth through our School Banking Program, which encourages young students to establish a banking connection early in life and develop a savings culture that will hold them in good stead in the future. We continue to provide each primary school in our district with \$500 per year to implement health and wellbeing programs for the students. This year's theme is called "Walk, Run & Play" and builds on our previous themes of fitness and bike education. To date commitment to the School Banking Program exceeds \$7,500 and \$3,038 in prizes.

Our investment in youth has taken on major proportions with our support of the Youth Foundations Program. This is a joint initiative between Bendigo and Adelaide Bank Ltd, the State Government and Victorian communities. We have committed in excess of \$106,000 over a three year period to this worthy program. The State government has also matched our funding and is also paying the salary of the program facilitator, Christine Del Busso.

Manager's report continued

The aim of the program is to develop leadership skills in our youth and to make grants for worthwhile purposes for the benefit of local youth and our community.

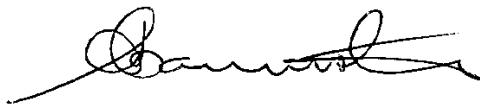
We remain committed to supporting our many sporting clubs and associations by providing valuable sponsorship funds on a yearly basis. Sponsorship is considered vitally important to ensure the viability of many organisations that form the heart and soul of every community. Many of these clubs and organisations provide social and sporting activities for the general public to enjoy and cater for all ages. Sponsorship in the past year exceeded \$50,000 and we remain committed to supporting the community in future years.

Our commitment to developing the community was further enhanced by the grant's program which resulted in \$20,000 being distributed for worthwhile projects this year. In addition to this a further special grant of \$6,000 was distributed between five local Country Fire Authority units and the local Ambulance auxillary. These grants were a "thank you" to those organizations for their exemplary efforts during the recent bushfires.

Conclusion

Finally I would like to thank all of our customers for your continued support and for contributing to the growth of the branch. Your support allows us to continue our support of the community and distribute much of the profits for the benefit of the community as a whole.

We look forward to further assisting you in the future.



Alan Bannister
Branch Manager

Directors' report

For year ending 30 June 2009

Your Directors present their report on the Company for the financial period 1 July 2008 to 30 June 2009.

The names of the Directors in office at any time during or since the end of the year are:

Mr Christopher Adams

Mr Adams is 43 years of age. Appointed Director 2 March 2000. He has owned and operated various small businesses in the Neerim District for over 10 years. He is a community ambulance Officer with the Neerim South/Noojee Ambulance Service. Mr Adams resigned from the Board of Directors on 25 November 2008.

Mr Paul Bright

Mr Bright is 41 years of age. Appointed Director 2 March 2000. Appointed Chairperson 2 March 2000. He is a Principal of WHK Armitage Downie, a large accounting firm in the town of Warragul. He has lived in the district for over 20 years.

Mr Neville Cousins

Mr Cousins is 57 years of age. Appointed Director 2 March 2000. Appointed Company Secretary 20 April 2000. He is a member of the Australian Society of Certified Practising Accountants and the Australian Institute of Management. He has lived in the district for over 10 years.

Mr James Cunliffe

Mr Cunliffe is 73 years of age. Appointed Director 2 March 2000. He is a retired earthmoving contractor, and he has been involved in many local organisations, including the Neerim District Soldiers' Memorial Hospital, the Neerim District Cemetery Trust, and the Neerim District Lions Club.

Mr Christopher Jensen

Mr Jensen is 55 years of age. Appointed Director 2 March 2000. He is an Ambulance Paramedic SAP for Rural Ambulance Victoria. He has extensive banking experience, having worked for the State Bank of Victoria / Commonwealth Bank of Australia for 20 years. He is a committee member of the Neerim District Soldiers' Memorial Hospital.

Mr Greg Howson

Mr Howson is 54 years of age. Appointed Director 16 November 2004. Has been a resident of the Neerim District for over 25 years. His service to the community includes the committees of the Neerim District Soldiers' Memorial Hospital, Neerim District Progress Association, the Neerim District Agricultural Show Society and both the Secondary and Primary School management committees. He has owned and operated various small businesses over the past 25 years, and currently operates Swaffields Store in Neerim South.

Directors' report continued

Mrs Susan Allen

Mrs Allen is 56 years of age. Appointed Director 16 November 2004. She is a Team Administrator at WHK Armitage Downie in Warragul. Previously worked in Education and Sports Administration. She has resided in the Neerim District for almost 30 years. She has been actively involved in the local community being an executive member of the Neerim-Neerim South Football/Netball Club, Neerim South Recreation Reserve Committee of Management, Warragul & District Cricket Association, West Gippsland Football League and the Latrobe Region of the VCFL.

Robert Evans

Mr Evans is 61 years of age and is married with four children. Appointed a Director 27 November 2008. He has been a local resident for five years. He is now retired and is actively involved in the local community. Currently Mr Evans is the Vice President of the Neerim District Agricultural and Horticultural Society and a member of the Neerim District Jolly Walkers group.

Tracel Devereux

Ms Devereux is 52 years of age. Appointed a Director on 24 February 2009. She has been a local resident for 25 years. Currently Ms Devereux is the Chief Executive Officer of the Alpha – Autism Inc and is a Director of West Gippsland Healthcare Group, Chairperson of West Gippsland Healthcare Group Ethics Committee and a member of the Historic Motorcycle Racing Association of Victoria.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2008/2009 Directors' meetings

The number of Directors' meetings attended by each of the Directors of the Company during the period were:

	Board member since	Number eligible to attend	Number attended
Christopher Adams*	2000	5	1
Susan Allen	2004	11	11
Paul Bright	2000	11	4
Neville Cousins	2000	11	9
James Cunliffe	2000	11	9
Gregory Howson	2004	11	10
Christopher Jensen	2000	11	10
Roberts Evans **	2008	6	5
Tracel Devereux ***	2009	5	3

* resigned 25/11/08

** appointed 27/11/08

*** appointed 24/02/09

Directors' report continued

Principal activities

The principal activities of the Company during the course of the financial period were in providing **Community Bank**[®] services under management rights to operate a franchised branch of the Bendigo and Adelaide Bank Ltd.

Review and results of operations

The net profit of the Company for the financial period after providing for income tax amounted to \$40,523.

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of these operations or the state of affairs of the Company, in future years.

Dividends

A fully-franked dividend of 10 cents per share was paid to shareholders during the year.

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. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an Officer or Auditor of the Company.

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



Neville Cousins
Company Secretary

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenue			
Revenue from ordinary activities			
Income from operations		713,486	625,115
Interest received		20,291	16,824
Dividends received		1,569	849
		735,346	642,788
Expense			
Borrowing costs		9	-
Employee benefit expenses		286,674	266,432
Depreciation		11,877	11,997
Amortisation of franchise fee		10,000	10,000
General administration		112,511	116,620
Leasing costs		17,661	18,846
Audit services		1,281	1,164
Advertising and promotion		56,255	48,255
Occupancy costs		15,343	14,717
		511,611	488,031
Profit (loss) from ordinary activities before income tax & market development			
		223,735	154,757
Market development		158,090	97,276
Income tax relating to ordinary activities	4	25,122	21,106
Net profit (loss) after income tax		40,523	36,375

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash assets	6	303,175	305,882
Receivables		86,395	62,708
Provisions	5	-	24,432
Other		6,591	5,149
Total current assets		396,161	398,171
Non-current assets			
Intangibles	14	10,000	20,000
Plant and equipment	2	68,009	59,874
Other financial assets	3	19,150	18,532
Total non-current assets		97,159	98,406
Total assets		493,320	496,577
Current liabilities			
Payables		39,747	86,186
Provisions	5	19,070	-
Interest-bearing liabilities		25,533	3,894
Total current liabilities		84,350	90,080
Non-current liabilities			
Provisions	5	2,201	6,047
Interest-bearing liabilities		18,211	14,512
Total non-current liabilities		20,412	20,559
Total liabilities		104,762	110,639
Net assets		388,558	385,938
Members funds			
Contributed equity		379,025	379,025
Accumulated profits/(losses)	10	9,533	6,913
Total members' funds		388,558	385,938

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flow from operating activities			
Receipts from operations		781,333	685,923
Payments to suppliers and employees		(724,471)	(561,360)
Interest received		19,477	16,265
Amounts paid to the ato		(42,504)	(37,589)
Income tax paid		15,755	(52,128)
Net cash provided by operating activities	7	49,590	51,111
Cash flow from investing activities			
Dividends received		951	849
Share liability		1,050	-
Payment for property, plant and equipment		(10,513)	(5,291)
Net cash used in investing activities		(8,512)	(4,442)
Cash flow from financing activities			
Repayment of borrowings		(5,447)	(3,593)
Borrowing costs		(435)	-
Payment of dividends on ordinary shares	11	(37,903)	(37,903)
Net cash used in financing activities		(43,785)	(41,496)
Net increase (decrease) in cash held		(2,707)	5,173
Cash at beginning of year	6	305,882	300,709
Cash at the end of the financial year	6	303,175	305,882

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Contributed equity \$	Retained earnings \$	Total equity \$
At 1 July 2007	379,025	8,441	387,466
Profit (loss) for the period	-	36,375	36,375
Issue of share capital	-	-	-
Equity dividends	-	(37,903)	(37,903)
At 30 June 2008	379,025	6,913	385,938
At 1 July 2008	379,025	6,913	385,938
Profit (loss) for the period	-	40,523	40,523
Issue of share capital	-	-	-
Equity dividends	-	(37,903)	(37,903)
At 30 June 2009	379,025	9,533	388,558

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other Authoritative Pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Neerim District Financial Services Limited as an individual entity. The Company is a Company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied.

(a) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first financial report prepared based on AIFRS. The adoption of AIFRS does not have any material impact on total equity or profit after tax as reported under previous Australian Accounting Standards (AGAAP), and there are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP

(b) Plant and equipment

Each class of property, plant and equipment are carried at cost less where applicable any accumulated depreciation.

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

The depreciable amount of all fixed assets are depreciated using the diminishing value method over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:-

- Plant and equipment 10% - 100%

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(c) Cash

For the purposes of the Cash flow statement, cash includes:

- (i) cash at bank; and
- (ii) cash on at call deposits at bank.

(d) Revenue

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

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

Revenue is recognised net of the amount of goods and services tax (GST).

(e) 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 a 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. Cashflows are included in the Cashflow Statement on a gross basis, and the GST component arising from investing and financing activities, which is recoverable from, or payable to the Australian Taxation Office, are classified as operating activities.

(f) Intangibles

The franchise fee is valued in the accounts at cost and is being amortised over a period of five years.

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

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits associated to ownership.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease of equal value is also recognized.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognized directly in the net profit.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(h) Employee benefits

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

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(i) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(i) Income tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

	2009 \$	2008 \$
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Note 2. Plant and equipment

Plant and equipment at cost	125,533	95,464
Leased plant & equipment at cost	-	26,011
Less provision for depreciation	(57,544)	(61,601)
	68,009	59,874

Reconciliations of written-down value of plant and equipment

Balance at beginning of year	59,873	66,580
Additions	30,089	5,291
Disposals	(10,076)	-
Depreciation expense	(11,877)	(11,997)
Balance at end of year	68,009	59,874

Note 3. Other financial assets

Bendigo and Adelaide Bank Ltd shares	19,150	18,532
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 4. Income tax expense		
The prima facie tax payable on operating profit is reconciled to the income tax expense as follows:		
Prima facie tax payable on operating profit at 30%	19,693	17,244
Adjust for tax effect:		
Non-deductible permanent differences		
Set-up costs	3,000	3,000
Entertainment	366	357
Timing differences deductible when incurred		
Provision for holiday pay, LSL and accrued expenses	231	2,031
Prepayments	(723)	(882)
Accrued interest	(244)	-
Employee benefit expense	-	(662)
Leased assets	3,270	483
Deductible permanent differences		
Other	(471)	(465)
Income tax expense	25,122	21,106

Note 5. Provisions

Current

Income tax payable	7,583	(33,293)
Annual leave	11,487	8,861
	19,070	(24,432)

Non-current

Long service leave	2,201	6,047
Average number of employees	5	6

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 6. Cash

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

Cash at bank	303,175	305,882
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Note 7. Cash flow information

Reconciliation of cash flow from operations with operating profit/(loss)

Operating profit/(loss)	40,523	36,375
(Profit) / loss on sale of plant	1,895	-
Dividend reinvestment plan	(618)	(559)
Dividends received	(951)	(849)

Non-Cash flows in operating result

- Depreciation	11,877	11,997
- Amortisation	10,000	10,000
- Borrowing costs written off	9	-
- Hire purchase charges	150	-

Changes in assets and liabilities

(Increase)/decrease in receivables	(6,308)	(13,077)
(Increase)/decrease in prepayments	(2,408)	(2,942)
(Increase)/decrease in future income tax benefit	-	601
Increase/ (decrease) in creditors	(44,235)	34,698
Increase/ (decrease) in provisions	(1,220)	6,490
Increase/ (decrease) in income tax payable	40,876	(31,623)
Net cash provided by operating activities	49,590	51,111

Notes to the financial statements continued

	2009	2008
	\$	\$

Note 8. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Director - related entities

Accounting services provided by WHK Armitage Downie.

Mr P. Bright is a principal in this entity.	17,660	13,755
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Catering services provided by King's Arms Family Hotel-Motel.

Mr C. Adams is a principal in this entity.	-	2,582
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Catering services provided by Swaffields Store.

Mr G Howson is a principal in this entity.	1,306	139
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Note 9. Segment reporting

The Company operates in the service sector where it conducts a **Community Bank®** branch in the Neerim South area of Gippsland in Victoria.

Note 10. Accumulated profits (losses)

Accumulated profits at the beginning of the financial year	6,913	8,441
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Net profit after income tax	40,523	36,375
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Less dividends paid	(37,903)	(37,903)
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Accumulated profit (loss) at the end of the financial year	9,533	6,913
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Note 11. Dividends paid on ordinary shares

Franked dividends (10 cents per share) (2008:10 cents per share)	37,903	37,903
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Note 12. Franking credit balance

Franking account balance as at end of the financial year	81,768	114,129
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Notes to the financial statements continued

	2009	2008
	\$	\$

Note 13. Company details

The registered office of the Company is
Shop 3 / 115 Main Street, Neerim South VIC 3831.

The principal place of business is
Shop 3 / 115 Main Street, Neerim South VIC 3831.

Note 14. Intangibles

Franchise fee at cost	50,000	50,000
Less amortisation	(40,000)	(30,000)
	10,000	20,000

Note 15. Leasing commitments

Finance lease commitments payable

Not later than one year	27,377	5,206
Later than one year but not later than five years	18,952	16,048
Minimum lease payments	46,329	21,254
Less future finance charges	(2,585)	(2,848)
Total lease liability	43,744	18,406

Notes to the financial statements continued

Note 16. Financial instruments

(a) Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

Financial instrument	Effective interest rate		Floating interest rate		Fixed interest rate maturing in				Non interest bearing	
					Within 1 year		Over 1 to 5 years			
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Financial assets										
Cash at bank	3.30	7.05	303,175	305,882	-	-	-	-	-	-
Receivables			-	-	-	-	-	-	86,395	62,708
Total financial assets			303,175	305,882	-	-	-	-	86,395	62,708
Financial liabilities										
Payables			-	-	-	-	-	-	39,747	86,186
Hire purchase	6.20	8.09	-	-	25,533	3,894	18,211	14,512	-	-
Total financial liabilities			-	-	25,533	3,894	18,211	14,512	39,747	86,186

(b) 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 doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

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

(c) Net fair value

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 a standardised form. Financial assets where the carrying amount exceeds net fair values have 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 Statement of Financial Position and Notes to the Financial Statements.

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out in the Directors Report, Income Statement, Balance Sheet, Cash Flow Statement and Notes to the Financial Statements, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 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.



Paul Bright
Chairperson

Dated 27 September 2009.

Independent audit report

TAYLOR PARTNERS PTY. LTD.
CHARTERED ACCOUNTANTS

A.C.N 006 597 235

R. MALE F.C.A.
G. JAMES C.A.

OUR REFERENCE

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
NEERIM DISTRICT FINANCIAL SERVICES

SCOPE

We have audited the financial report of Neerim District Financial Services Limited set out in the Income Statement, Balance Sheet, Cash Flow Statement and Notes to the Financial Statements for the year ended 30 June 2009. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Neerim District Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

TAYLOR PARTNERS
CHARTERED ACCOUNTANTS


R. MALE FCA
PARTNER

Date: *1 October* 2009

220 Chesterville Road, (PO Box 1429) Moorabbin, Vic. 3189
Website: www.taylorpartners.com.au Email: admin@taylorpartners.com.au
Telephone: (03) 9553 3223 Facsimile: (03) 9553 2548

Marketing and sponsorship committee report

The Marketing and sponsorship committee have done a lot of work over the past twelve months and deliberated over applications to the value of approximately \$150,000. We are extremely proud of the following two projects.

Thanks after the flames

As bushfires raged across Victoria during February 2009 the volunteers of Drouin West, Labertouche, Neerim South, Nilma North, Noojee CFA brigades, plus Neerim Noojee Ambulance Auxiliary were in full swing.

And as a measure of thanks for their efforts the brigades and ambulance auxiliary have each received \$1,000.

“We’re so grateful for the dedication of the volunteers”, said Neerim District **Community Bank**[®] Branch Company Chair, Paul Bright.

“Their commitment is exemplary. These funds are an important, acknowledgement from the community. Bush fire is part of the Australian summer it’s important that our volunteer emergency services are supported.”

The money will be used in various ways such as updating or replacing equipment and training purposes.

Neerim District **Community Bank**[®] Branch has been a strong supporter of the local CFA’s with recent donations allocated to Neerim South and Noojee under the Neerim District **Community Bank**[®] Branch Grants program. Funds distributed to the local CFA’s now exceed \$24,000.



Youth Foundation Australia

Neerim District **Community Bank**[®] Branch has committed \$106,000 over a three year period to Youth Foundations Victoria, a joint venture between the Victorian Government, Bendigo and Adelaide Bank Ltd and local communities.

The Neerim District Young People Action Committee will be responsible for assessing needs of young people in their community, developing local objectives, working with the facilitator and the Bendigo and Adelaide Bank Ltd to facilitate grants for worthwhile projects, make recommendations on grants, ensure participation of a diverse group of young people and review and evaluate the grants.

The young people of Neerim District who participate in the action committee will develop valuable leadership and financial management skills, create and develop decision making roles in their community, reduce barriers and engage diverse young people in opportunities which enhance connections with their communities.

Marketing and sponsorship committee report continued

The young people will be supported by a Local Partnership Group who appointed Berry Street as lead agency. Berry Street will work closely on this project with the Neerim District Health Service. Christine Del Busso has been appointed as facilitator for the program and will work with the district youth to ensure the program meets its aims.

Christine has been employed by Berry Street for the past 3 years and has been involved in developing and facilitating education programs for school aged youth as well as a case management approach in supporting youth when assistance is necessary.

The goal of Youth Foundation Victoria is to develop partnerships that bring together the resources, energy and commitment of Government, community and the private sector to enable young people in disadvantaged communities to drive local, social and community development activities. The initiative aims to ensure collaboration can occur between young people and the wider community by all working together toward common goals.

The Neerim District **Community Bank**[®] Branch is proud to be associated with this exciting program and believes that the community as a whole will benefit from the support and development of young people in our local community.



Neville Cousins

Marketing & Sponsorship Committee - Chair

Neerim District **Community Bank**[®] Branch
Shop 3, 115 Main Road, Neerim South VIC 3831
Phone: (03) 5628 1079 Fax: (03) 5628 1089

Franchisee: Neerim District Financial Services Limited
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