

North Ryde
Community Finance Limited

Financial Statements

as at

30 June 2009

Chairman's Report

Our Results

Your Board is pleased to report that our year end result was a profit of \$112,907 (after tax). This is \$36,927 or 48% increase on the previous year. This is a very pleasing result given the very difficult trading position that regional banks faced in the global financial crisis. The balance sheet of the company was also strengthened significantly due to an increase in the cash position.

Our margins were reduced, however, due to lower interest rates and a decrease in commissions. Notwithstanding these economic effects, our total business grew significantly from \$52M at 30 June 2008 to \$72M at 30 June 2009. Since June 30, our total banking business stands in excess of \$80M. In addition, our customer account numbers continued to grow on a monthly basis throughout the year. In all, it was a very solid year's performance for our community business in difficult economic conditions and one in which all of our shareholders and customers can be very proud.

Accordingly, your Board is pleased to announce that a dividend of 4¢ per \$1.00 share was approved at our September board meeting. This dividend will be provided during December this year and will be unfranked. We expect that in future years our dividends paid will be at least partially or fully franked.

The strategic focus of the Board in the finance areas has a conservative approach protecting the value of shareholders' capital with a strong regard to increasing the net tangible asset backing of shares with a goal of achieving a par value in cash terms during our next three years.

Our Customers

Our results this year indicate solid customer support for the services that we provide. Your Board's final thanks goes to our customers without whom we would not have a viable community and successful business which allows us to contribute in an economic and social manner that is meaningful to our local community.

Our Community

A strong community banking business with strong community involvement is our vision. This allows the success of our business to be shared between our community and our shareholders. Over the previous 12 months, significant support has been given directly back to the community adding value to our local North Ryde area. Pat Italiano will report specifically on this in his General Manager's report.

Our Staff

A major vote of thanks to our General Manager, Pat Italiano, and his staff. Pat has brought a new confidence into the operation of our business and has already earned enormous respect from our customers, our directors and most importantly, from his own staff. A hard working and happy staff provide a high standard of customer service and bring enormous satisfaction to each individual customer who engages with our community bank. All our customers are on first name terms with our staff and this brings a very strong sense of community trust and engagement.

Our Directors

Our Directors give their time and ability to our Community Bank on a totally voluntary basis. In doing so, they accept the full responsibility of directors acting under Corporations Law and also accept full responsibility for the governance of the Company. We have been very fortunate indeed to have Directors that have given such strong commitments to the vision of establishing a community based banking business and who have seen it through the difficult stages of establishment, wisely using the start up capital, and within 3-4 years delivering the business into solid profitability. As Chairman, my thanks go to the entire Board for their efforts.

Our Treasurer, Mr Russell Robinson, who has been nothing short of outstanding in his work and commitment has decided, due to business and health issues, to stand down from the position of Treasurer. Russell Robinson wishes to continue as a Director for another term and offers himself for re-election this year. The Board has sought a replacement Treasurer in Mr Tony Wise who is an experienced Business Management Accountant and I can report a seamless transition since June this year. Tony Wise will be offering himself for a position of Director at the upcoming Annual General Meeting of shareholders.

At our AGM on 26 November, we are required by our Constitution to retire one third of our Directors. Three of our current Directors, (Mr John Booth, Mr Russell Robinson and Mr Steve Perrin) retire by rotation and all have offered themselves for re-election. We will be required to elect four Directors which will give a full complement of nine Board Directors.

There is a general interest amongst some shareholders who have enquired and subsequently offered their services to our Company. Your Board sees this as a very healthy situation and provides a succession opportunity should any Director wish to stand down or should shareholders wish to appoint new Directors. Accordingly, this year an election of Directors will take place with nominations already received. Instructions regarding the election of Directors will be provided to you by Elections Australia Pty Ltd who will conduct the election in an independent, arms-length manner. Each shareholder is entitled to one vote under our Constitution.

Our Company Information

As we are a listed public company on the Bendigo Stock Exchange, we are required to comply with the listing rules of the Exchange and provide relevant information regarding our business to the Exchange in a manner that provides information to our shareholders and the general public. This allows a proper and transparent process for company announcements to be made and for providing information for those who wish to sell or purchase shares in North Ryde Community Finance Limited. This information can be easily obtained from the BSX website under community banks. Our code on the BSX is **NRC**.

Trading our Shares

Shareholders wishing to trade our shares can do so by registering with approved broking firms of the Bendigo Exchange. Currently there are two firms operating as follows:

RBS Morgans Limited
Tel No: (07) 3334-4888
Email: info@abnamromorgans.com.au

Strategem Financial Group
Tel No: (03) 5445-4777
Email: info@strategem.com.au

Our Suppliers

Bendigo and Adelaide Bank Limited

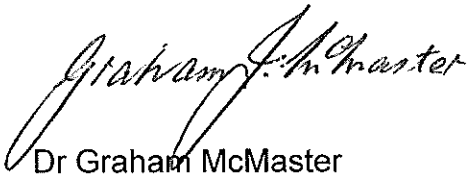
Our franchisor and partner, Bendigo and Adelaide Bank Limited have continued to provide excellent support throughout the year. I can report that our Community Bank has a positive and strong relationship with Bendigo and Adelaide Bank. Currently there are some 237 community bank branches throughout Australia and a further 5 community branches are scheduled to open in the coming months in New South Wales. Whilst regional banks have faced difficult economic conditions over the year, particularly with respect to government policy giving guaranteed support to the major banks and thus reducing their costs of finance, it is particularly pleasing to note that the solid community support for the Bendigo brand has strengthened our partner throughout the year. Our thanks go to Alex Hughes, our Regional Manager and Chris Bone, our State Manager for their continued support.

Our Landlord

On behalf of our Board, I wish to acknowledge and thank Mr Sam Bietola for his support over the past 5 years. It was a major effort to establish, fitout and commence a start up business and Mr Bietola has always given complete support to our community vision. It has always been reassuring to know that we have a most valuable and supportive relationship over this period.

Our Future

We now have a most successful community business that continues to grow in both its stature and community support and engagement. Our community bank has traded well in very difficult economic circumstances in 2008 and so far in 2009. We believe we have won the confidence of local business and our personal customer base. We have an excellent staff, an expanding range of products and the enthusiasm to build on a solid commercial base over the next few years. We would appeal to all shareholders who are currently not doing business with us to consider being a part of our success and future.

A handwritten signature in black ink that reads "Graham McMaster". The signature is written in a cursive style with a large, sweeping initial 'G'.

Dr Graham McMaster
Chairman

Company Secretary's Report

General

It is with great pleasure that I provide the following Secretary's Report. Most people are now aware that the Company Secretary is responsible for the overall governance of the company and also for compliance and reporting to relevant bodies such as ASIC (Australian Securities and Investments Commission) and to BSX (Bendigo Stock Exchange) as we are a listed company. The implementation of good governance practices in our community bank has resulted in a continual improvement in the management of board processes and the transparency of governance for shareholders.

Over the past year my role has encompassed the following:

- The overall management of board processes.
- Ensuring members' and directors' meetings are properly called and held.
- Provision of agendas for general meetings and directors' meetings.
- Providing minutes of meetings.
- Ensuring records of members' and directors' meetings are kept in compliance with the Corporations Act and our own constitution.
- Ensuring legal requirements with ASIC and other various regulations are met.
- Ensuring that the continuous disclosure rules of the BSX are met.
- Ensuring that any directors' interests or conflicts of interest are recorded as stated at directors meetings.

As you are aware from the Annual Report, directors meetings are held each month and may be called more often if required for special issues. Our experience has been that the company's business has been adequately dealt with at monthly directors' meetings.

The Share Registry

In January 2009, the directors accepted an offer by AFS & Associates to maintain the Share Register of the Company and provide any new share certificates required. AFS & Associates maintain the register in full accordance with the BSX requirements. As you are aware, AFS & Associates are also our auditors. Your board is satisfied that AFS & Associates manage both these processes in an independent and professional manner.

Trading Shares in North Ryde Community Finance Ltd

In order to trade shares, shareholders will need to contact brokers that are approved/ registered with the BSX. Once you are registered, it is a relatively easy matter to sell or purchase shares on the BSX. Currently, there are two broking firms registered and their contact details are as follows:

RBS Morgans Limited

Tel No: (07) 3334-4888

Email: info@abnamromorgans.com.au

Strategem Financial Group

Tel No: (03) 5445-4777

Email: info@strategem.com.au

It is also easy to monitor the share trades by visiting the BSX website (bsx.com.au) and typing in **NRC** which is the code for North Ryde Community Finance. There is an ability to monitor trades in all listed community banks by using the website. For example, the most recent trade of shares in North Ryde Community Finance Ltd reported by the BSX was a trade of shares at \$1.05 per security.

Registered Office of North Ryde Community Finance Ltd

The registered office of our Community Bank is: 203-213 Cox's Road, North Ryde NSW 2113.

Pat Perrin

Company Secretary

Treasurer's Report

I would firstly like to thank Russell Robinson who was Treasurer of North Ryde Community Finance until June 2009. Owing to business and health issues he regretfully relinquished the Treasury part of his duties with the Bank, but has continued as a Director and standing for election this year. The transition has been seamless and Russell continues to assist whenever required. From my perspective, coming into the business with fresh eyes, I can only say what a sterling effort Russell Robinson contributed as Treasurer of a start-up business. Prudent financial management during this crucial period was clearly a critical success factor in achieving the outstanding success that the business currently enjoys.

It is also pleasing to note that all reporting requirements have been met on time with the Bendigo Stock Exchange and other authorities.

Your Bank has made a profit of \$112908 after provision for tax, which means your shares have now cash backing of 68 cents per security.

Last year sales revenue increased 7.8% from \$572,270 to \$617,149 while expenses were reduced slightly from \$462,792 to \$456,228.

This financial year we expect our cash position to suffer with three major items:

- We will be making a 4 cent dividend to our Shareholders in December
- Our Franchise Agreement with our partner, Bendigo Bank Limited is due for renewal and we expect to pay them a fee of \$60,000 next May.
- We have exhausted our tax losses from past years and we are now liable to pay Company Tax on a quarterly basis together with our normal BAS payments.

Notwithstanding these projected expenses, the business is experiencing strong cash flow year to date and this augurs well for the business over the short to medium term.

A Comment from Russell Robinson

It has indeed been a pleasure to serve as Treasurer for North Ryde Community Finance. The business faced a number of challenges in the first few years which were successfully addressed allowing our community business to prosper. I would like to thank all those who assisted me in my role as Treasurer without whose support would have made my job more difficult than it would otherwise be. A particular thanks goes to our auditors, David Hutchings and Leo Bruinier. I would also like to thank Rose Abbott from AFS & Associates for maintaining the Company Share Register in a most competent manner. To my fellow directors, Pat Italiano, Alex Hughes and Vince Burns (from Bendigo Bank), thank you for your support.

I am very proud of the progress that has been made on behalf of shareholders and I am confident having worked with Tony Wise over this recent period that the Treasurer's position is in good experienced hands. Tony, I wish you well.

Tony Wise
Treasurer

Russell Robinson
Treasurer

General Manager's Report

I am pleased to report a most successful year for your Community Bank. It has been a year in which both myself and our staff have worked very hard and we are very proud of our achievements. Our overall financial results are reflective of the confidence of our local community in their bank and a glowing endorsement of the efforts of both our Staff and Board. In my broad experience over many years of banking, it has been most gratifying to achieve this result for our shareholders and community in what can only be described as one of the most difficult years in banking.

Community Engagement

Over the past 4 years we have built a sustainable business that will continue to provide benefits for our community well into the future. This year we welcomed over 250 new clients to Bendigo Bank and along with an increase in business from our already loyal customer base saw our business grow by over \$20M this year.

This growth ensured that our business remained profitable and we were able to share our success with local community. This year we were able to distribute nearly \$15,000 in the form of financial support to community organisations from our Market Development Fund. Major support was given to the following organisations:

- North Ryde Community Aid & Information Centre
- North Ryde Rotary
- North Ryde Junior Rugby League Football Club

In addition to this, our Community Bank supported a major Rotary effort to install flashing lights in school zones throughout Ryde. Our support specifically allowed lights to be installed outside North Ryde Primary School. We felt that this was a major value add that will help alert drivers during school hours and be a preventative measure protecting our local children's safety.

Staff

We have an excellent team, incorporating fulltime and part time staff to run our business with great efficiency and flexibility. Our existing staff, Gina Spiliotopoulos, Helen Mark, Karen Cranfield and Michelle Stevens, have been with the branch since we opened and I am privileged to be part such a professional team.

This year Jodi Weston joined the North Ryde team. She comes to us with 7 years experience with Bendigo Bank. Jodi has been a welcome addition to the team to support our growing business. I must also acknowledge the contribution of Brad Galloway who provides the branch with relief when our staff are on leave.

I would like to thank all our staff for their outstanding contribution to the success of this business. Their commitment to providing quality customer service, I consider to be second to none; sentiments that would be echoed by our customers.

Finally I would also like to thank our Directors, who assist the business on a voluntary basis and ensure that business is run in a prudent and professional manner. They have made a significant contribution to the ongoing success of North Ryde Community finance Limited.

Welcoming Customers

We enjoy providing old fashioned, Bendigo service to our customers most of who our staff know personally. Nothing gives us greater satisfaction in assisting and solving any problems our customers may have. Accordingly, we would love to have every shareholder as a valued customer, appreciating the services we provide. Please feel free to drop in to our local branch, say hello and allow us to serve you.

Pat Italiano
General Manager

North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2009.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Graham John McMaster

Chairman
Age: 58
Occupation: Company Director
Experience and expertise:

Broad experience in grains and food industries, and research management. Chairman, Rosewood Research Limited. Fellow of Institute of Company Directors.

Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Chairman

Interests in shares: 63,501

Helen Patricia Perrin

Secretary
Age: 72
Occupation: Retired Health Care Professional
Management

Experience and expertise:
Board member of New Horizons Enterprises, North Ryde Community Aid and Holy Spirit Church. Strong involvement in local community associations including North Ryde Rotary Club.

Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Nil
Interests in shares: 44,752

John Francis Booth AM

Director
Age: 77
Occupation: Managing Director The Weekly Times
Experience and expertise:

Varied career in local government, journalism and business in the Ryde Area. Director Illawara Broadcasters Pty Ltd, Ryde Business Forum Executive and President Ryde Chamber of Commerce. Strong involvement in community based organisations including Scouting and Rotary International.

Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Nil
Interests in shares: 27,402

Russell Milton Robinson

Treasurer
Age: 57
Occupation: Company Director
Experience and expertise:

Varied career in commercial management at a national and international level, and current business owner.

Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Personnel Committee and Audit Committee
Interests in shares: 64,501

Phillip Warren Perrin ("Steve")

Director
Age: 68
Occupation: Retired Developer/Company Director

Experience and expertise:
Local resident for over 20 years. Lifetime experience in the building and construction industry. Past President of North Ryde Rotary Club, NSW Chairman of ROMAC and Ryde Citizen of the year 2002.

Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Marketing Committee
Interests in shares: 44,752

Ivan John Petch

Director
Age: 70
Occupation: Ryde City Councillor
Experience and expertise:

Current Mayor (also served two previous terms). Long career in Local and State politics. Strong involvement in Lions Club, Red Cross and Legacy. Honorary member North Ryde Rotary and ROMAC patron.

Other current directorships: Nil
Former Directorships in last 3 years: Nil
Special Responsibilities: Nil
Interests in shares: 1,001

North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Report

Directors (continued)

Robert John Talbot

Director

Age: 64

Occupation: Property Consultant

Experience and expertise:

Background in wool broking/agriculture. Since 2000 has run own property consulting business servicing the commercial and industrial property market.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Facilities Committee

Interests in shares: 21,000

Phillip Matthew Walker

Director

Age: 36

Occupation: Retailer (Butchery)

Experience and expertise:

Proprietor of Butchery in North Ryde. Active supporter of sporting groups in the North Ryde area.

Other current directorships: Nil

Former Directorships in last 3 years: Nil

Special Responsibilities: Marketing Committee and Audit Committee

Interests in shares: 15,001

Directors were in office for the entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Mrs Helen Patricia Perrin. Pat was appointed to the position of secretary on 27 January 2005. Pat is now retired after a career in Health Care Professional Management. She is also a Board Member of New Horizons Enterprises, a well known health facility in the Ryde area. She has been involved in a number of community associations, including North Ryde Rotary Club.

Principal activities

The principal activities of the company during the course of the financial year were in facilitating community banking services under management rights to operate a franchised branch of Bendigo & Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

| Year ended 30 June 2009 | Year ended 30 June 2008 |
|----------------------------|----------------------------|
| \$ | \$ |
| 112,907 | 75,980 |

Remuneration Report

No Director or secretary of the company receives payment for services as a Director or committee member. There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified executives whose remuneration requires disclosure.

Dividends

| Year Ended 30 June 2009 | |
|-------------------------|--------|
| <u>Cents</u> | \$ |
| 6 | 63,526 |

North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Report

Significant changes in the 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 this report or the financial report.

Matters subsequent to the end of the financial year

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 those operations or the state of affairs of the company, in future years.

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 18 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors Meetings

The number of Directors meetings attended by each of the Directors of the company during the year were:

| | Number of Board Meetings eligible to attend | Number attended |
|-------------------------|--|------------------------|
| Graham John McMaster | 12 | 12 |
| Russell Milton Robinson | 12 | 11 |
| Helen Patricia Perrin | 12 | 11 |
| Phillip Warren Perrin | 12 | 10 |
| John Francis Booth AM | 12 | 11 |
| Ivan John Petch | 12 | 12 |
| Robert John Talbot | 12 | 10 |
| Phillip Matthew Walker | 12 | 3 |

North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Report

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

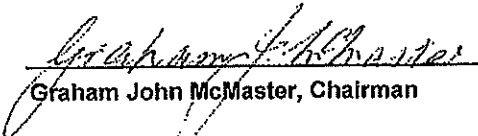
all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors at North Ryde, New South Wales on 28 September 2009.



Graham John McMaster, Chairman



Helen Patricia Perrin, Secretary

**Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001
to the directors of North Ryde Community Finance Limited**

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 28th day of September 2009

North Ryde Community Finance Limited
ABN 74 112 673 506
Income Statement
for the year ended 30 June 2009

| | <u>Notes</u> | 2009 \$ | 2008 \$ |
|--|--------------|-------------------|-------------------|
| Revenues from ordinary activities | 3 | 617,149 | 572,270 |
| Salaries and employee benefits expense | | (261,016) | (249,089) |
| Charitable donations, sponsorship, advertising & promotion | | (7,429) | (1,966) |
| Occupancy and associated costs | | (72,792) | (88,337) |
| Systems costs | | (20,350) | (21,454) |
| Depreciation and amortisation expense | 4 | (27,710) | (27,017) |
| Finance Costs | 4 | - | (641) |
| General administration expenses | | (66,931) | (74,289) |
| | | <hr/> | <hr/> |
| Profit before income tax expense | | 160,921 | 109,478 |
| Income tax expense | 5 | (48,013) | (33,498) |
| | | <hr/> | <hr/> |
| Profit for the period | | 112,908 | 75,980 |
| | | <hr/> | <hr/> |
| Profit attributable to members of the entity | | 112,908 | 75,980 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Earnings per share (cents per share) | | <u>c</u> | <u>c</u> |
| - basic for profit for the year | 19 | 10.66 | 7.18 |
| - dividends paid per share | 17 | 6 | - |

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Balance Sheet
as at 30 June 2009

| | <u>Notes</u> | 2009 \$ | 2008 \$ |
|--------------------------------------|--------------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash assets | 6 | 684,086 | 565,082 |
| Trade and other receivables | 7 | 50,988 | 38,412 |
| Total Current Assets | | <u>735,074</u> | <u>603,494</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | 8 | 164,452 | 172,397 |
| Intangible assets | 9 | 11,000 | 23,000 |
| Deferred tax assets | 10 | 13,952 | 61,965 |
| Total Non-Current Assets | | <u>189,404</u> | <u>257,362</u> |
| Total Assets | | <u>924,478</u> | <u>860,857</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 16,028 | 4,539 |
| Provisions | 12 | 5,560 | 6,516 |
| Total Current Liabilities | | <u>21,588</u> | <u>11,055</u> |
| Non-Current Liabilities | | | |
| Provisions | 12 | 3,707 | - |
| Total Non-Current Liabilities | | <u>3,707</u> | <u>-</u> |
| Total Liabilities | | <u>25,295</u> | <u>11,055</u> |
| Net Assets | | <u>899,183</u> | <u>849,802</u> |
| Equity | | | |
| Issued capital | 13 | 1,012,038 | 1,012,038 |
| Accumulated losses | 14 | (112,855) | (162,237) |
| Total Equity | | <u>899,183</u> | <u>849,802</u> |

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Statement of Changes in Equity
for the year ended 30 June 2009

| | 2009 | 2008 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Total equity at the beginning of the period | 849,802 | 773,821 |
| Net profit for the period | 112,908 | 75,980 |
| Net income/expense recognised directly in equity | - | - |
| Total income and expense recognised by the entity for the year | <u>112,908</u> | <u>75,980</u> |
| Dividends provided for or paid | (63,526) | - |
| Shares issued during period | - | - |
| Costs of issuing shares | - | - |
| Total equity at the end of the period | <u><u>899,183</u></u> | <u><u>849,802</u></u> |

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Statement of Cashflows
for the year ended 30 June 2009

| | <u>Notes</u> | 2009 \$ | 2008 \$ |
|--|--------------|-----------------------|-----------------------|
| Cash Flows From Operating Activities | | | |
| Receipts from customers | | 629,008 | 667,478 |
| Payments to suppliers and employees | | (472,547) | (578,069) |
| Interest received | | 33,834 | 32,769 |
| Interest paid | | - | (641) |
| Net cash provided by operating activities | 15 | <u>190,295</u> | <u>121,537</u> |
| Cash Flows From Investing Activities | | | |
| Payments for property, plant and equipment | | (7,765) | (2,310) |
| Net cash used in investing activities | | <u>(7,765)</u> | <u>(2,310)</u> |
| Cash Flows From Financing Activities | | | |
| Dividends paid | | (63,526) | - |
| Net cash used in financing activities | | <u>(63,526)</u> | <u>-</u> |
| Net increase in cash held | | 119,004 | 119,227 |
| Cash at the beginning of the financial year | | 565,082 | 445,855 |
| Cash at the end of the financial year | 6(a) | <u><u>684,086</u></u> | <u><u>565,082</u></u> |

The accompanying notes form part of these financial statements

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Employee entitlements

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

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

| | |
|--------------------------|----------------|
| - leasehold improvements | 40 years |
| - plant and equipment | 2.5 - 40 years |
| - furniture and fittings | 4 - 40 years |

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

1. Summary of significant accounting policies (continued)

Financial Instruments (continued)

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 entity no longer has any significant continuing involvement in the risks and benefits associated with

Classification and Subsequent Measurement

(i) *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.

(ii) *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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Financial Liabilities*

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

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 is transferred to entities in the entity 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 period.

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.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market Risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit Risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo & Adelaide Bank Limited.

(iv) Liquidity Risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo & Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo & Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo & Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the year.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

| | 2009 | 2008 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| 3. Revenue from ordinary activities | | |
| Operating activities: | | |
| - services commissions | 577,985 | 539,496 |
| - other revenue | - | - |
| Total revenue from operating activities | <u>577,985</u> | <u>539,496</u> |
| Non-operating activities: | | |
| - interest received | 39,164 | 32,774 |
| Total revenue from non-operating activities | <u>39,164</u> | <u>32,774</u> |
| Total revenues from ordinary activities | <u><u>617,149</u></u> | <u><u>572,270</u></u> |
| | | |
| 4. Expenses | | |
| Depreciation of non-current assets: | | |
| - plant and equipment | 8,175 | 7,665 |
| - leasehold improvements | 7,535 | 7,352 |
| Amortisation of non-current assets: | | |
| - franchise agreement | 12,000 | 12,000 |
| | <u>27,710</u> | <u>27,017</u> |
| Finance costs: | | |
| - interest paid | - | 641 |
| Bad debts | <u>2,498</u> | <u>8,171</u> |
| | | |
| 5. Income tax expense | | |
| The components of tax expense comprise: | | |
| - Current tax | - | - |
| - Deferred tax on provisions | (322) | (229) |
| - Recoupment of prior year tax losses | 48,335 | 33,727 |
| | <u>48,013</u> | <u>33,498</u> |
| | | |
| The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows: | | |
| Operating profit | 160,921 | 109,478 |
| Prima facie tax on profit from ordinary activities at 30% | 48,276 | 32,843 |
| Add tax effect of: | | |
| - non-deductible expenses | 3,639 | 3,600 |
| - timing difference expenses | (490) | 87 |
| - investment deduction | (287) | - |
| - other deductible expenses | (2,803) | (2,803) |
| Current tax | 48,335 | 33,727 |
| Movement in deferred tax | (322) | (229) |
| | <u>48,013</u> | <u>33,498</u> |
| | | |
| 6. Cash assets | | |
| Cash at bank and on hand | 63,770 | 55,103 |
| Term deposits | 620,316 | 509,979 |
| | <u>684,086</u> | <u>565,082</u> |
| | | |
| The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows: | | |
| 6(a) Reconciliation of cash | | |
| Cash at bank and on hand | 63,770 | 55,103 |
| Term deposit | 620,316 | 509,979 |
| | <u>684,086</u> | <u>565,082</u> |

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| 7. Trade and other receivables | | |
| Trade receivables | 45,032 | 35,706 |
| Prepayments | 5,956 | 2,706 |
| | <u>50,988</u> | <u>38,412</u> |
| | | |
| 8. Property, plant and equipment | | |
| <i>Plant and equipment</i> | | |
| At cost | 77,397 | 69,632 |
| Less accumulated depreciation | (27,457) | (19,282) |
| | <u>49,940</u> | <u>50,350</u> |
| | | |
| <i>Leasehold improvements</i> | | |
| At cost | 143,964 | 143,964 |
| Less accumulated depreciation | (29,452) | (21,917) |
| | <u>114,512</u> | <u>122,047</u> |
| | | |
| Total written down amount | <u>164,452</u> | <u>172,397</u> |
| | | |
| Movements in carrying amounts: | | |
| <i>Plant and equipment</i> | | |
| Carrying amount at beginning | 50,350 | 58,015 |
| Additions | 7,765 | - |
| Disposals | - | - |
| Less: depreciation expense | (8,175) | (7,665) |
| Carrying amount at end | <u>49,940</u> | <u>50,350</u> |
| | | |
| <i>Leasehold improvements</i> | | |
| Carrying amount at beginning | 122,047 | 127,089 |
| Additions | - | 2,310 |
| Disposals | - | - |
| Less: depreciation expense | (7,535) | (7,352) |
| Carrying amount at end | <u>114,512</u> | <u>122,047</u> |
| | | |
| Total written down amount | <u>164,452</u> | <u>172,397</u> |
| | | |
| 9. Intangible assets | | |
| <i>Franchise Fee</i> | | |
| At cost | 60,000 | 60,000 |
| Less: accumulated amortisation | (49,000) | (37,000) |
| | <u>11,000</u> | <u>23,000</u> |
| | | |
| 10. Deferred Tax | | |
| Deferred Tax Asset | | |
| - Opening Balance | 61,965 | 95,463 |
| Recoupment of prior year tax losses | (48,335) | (33,727) |
| Deferred tax on provisions | 322 | 229 |
| - Closing Balance | <u>13,952</u> | <u>61,965</u> |
| | | |
| 11. Trade and other payables | | |
| Trade creditors | 9,132 | - |
| Other creditors & accruals | 6,896 | 4,539 |
| | <u>16,028</u> | <u>4,539</u> |

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

| 12. Provisions | 2009 | 2008 |
|---------------------------------|--------------|--------------|
| | \$ | \$ |
| Current | | |
| Employee benefits | <u>5,560</u> | <u>6,516</u> |
| Non-current | | |
| Employee benefits | <u>3,707</u> | <u>-</u> |
| | | |
| Number of employees at year end | <u>4</u> | <u>4</u> |

13. Contributed equity

| | | |
|--|------------------|------------------|
| 1,058,759 Ordinary shares fully paid of \$1 each (2008: 1,058,759) | 1,058,759 | 1,058,759 |
| Less: equity raising expenses | <u>(46,721)</u> | <u>(46,721)</u> |
| | <u>1,012,038</u> | <u>1,012,038</u> |

Rights attached to shares

(a) *Voting Rights*

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of Shares held, is to reflect the nature of the Company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank® have the same ability to influence the operation of the Company.

(b) *Dividends*

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) *Transfer*

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the Company.

In summary, a person has a prohibited shareholding interest if the following applies:

- They control or own 10% or more of the shares in the Company (the "10% limit").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

13. Contributed equity (continued)

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of Shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified Shares on behalf of that person. The holder will be entitled to the consideration from the sale of the Shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

| | 2009 | 2008 |
|--|------------------|------------------|
| | \$ | \$ |
| 14. Accumulated losses | | |
| Balance at the beginning of the financial year | (162,237) | (238,217) |
| Net profit from ordinary activities after income tax | 112,908 | 75,980 |
| Dividends paid | (63,526) | - |
| Balance at the end of the financial year | <u>(112,855)</u> | <u>(162,237)</u> |

15. Statement of cashflows

Reconciliation of profits from ordinary activities after tax to net cash provided by operating activities

| | | |
|--|----------------|----------------|
| Profit from ordinary activities after income tax | 112,908 | 75,980 |
| Non cash items: | | |
| - depreciation | 15,710 | 15,017 |
| - amortisation | 12,000 | 12,000 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in receivables | (12,576) | 38,080 |
| - decrease in other assets | 48,013 | 33,498 |
| - increase/(decrease) in payables | 11,489 | (52,465) |
| - increase/(decrease) in provisions | 2,751 | (573) |
| Net cashflows provided by operating activities | <u>190,295</u> | <u>121,537</u> |

16. Auditors' remuneration

Amounts received or due and receivable by the auditor of the company for:

| | | |
|---------------------------|--------------|--------------|
| - audit & review services | 4,500 | 4,000 |
| - non audit services | 5,429 | 1,770 |
| | <u>9,929</u> | <u>5,770</u> |

17. Dividends paid or provided

Final unfranked dividend for the year ended 30 June 2008 of 6 cents per share

| | | |
|-------------------------------|---------------|----------|
| Unfranked - 6 cents per share | <u>63,526</u> | <u>-</u> |
|-------------------------------|---------------|----------|

North Ryde Community Finance Limited
ABN 74 112 673 506
Notes to the Financial Statements
for the year ended 30 June 2009

18. Director and related party disclosures

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

Graham John McMaster
 Russell Milton Robinson
 Helen Patricia Perrin
 Phillip Warren Perrin
 John Francis Booth AM
 Ivan John Petch
 Robert John Talbot
 Phillip Matthew Walker

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

| Directors shareholdings | <u>2009</u> | <u>2008</u> |
|--------------------------------|-------------|-------------|
| Graham John McMaster | 63,501 | 38,501 |
| Russell Milton Robinson | 64,501 | 54,501 |
| Helen Patricia Perrin # | 42,752 | 42,752 |
| Phillip Warren Perrin # | 42,752 | 42,752 |
| John Francis Booth AM | 27,402 | 27,402 |
| Ivan John Petch | 1,001 | 1,001 |
| Robert John Talbot | 21,000 | 21,000 |
| Phillip Matthew Walker | 15,001 | 15,001 |

Movements in directors shareholdings are outlined above.

Portion of shares held jointly.

| 19. Earnings per share | <u>2009</u> | <u>2008</u> |
|--|---------------|---------------|
| | <u>\$</u> | <u>\$</u> |
| (a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share | 112,908 | 75,980 |
| | <u>2009</u> | <u>2008</u> |
| | <u>Number</u> | <u>Number</u> |
| (b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | 1,058,759 | 1,058,759 |

20. Events occurring after the balance sheet date

There have been no events after the end of the financial year that would materially affect the financial statements.

21. Contingent liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

22. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo & Adelaide Bank Limited. The economic entity operates in one geographic area being North Ryde and surrounding suburbs, New South Wales.

23. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office
 Shop 14/203-213 Coxs Road
 North Ryde NSW 2113

Principal place of business
 Shop 14/203-213 Coxs Road
 North Ryde NSW 2113

North Ryde Community Finance Limited
 ABN 74 112 673 506
 Notes to the Financial Statements for the year ended 30 June 2009

24. Financial Instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The company does not have any unrecognised financial instruments at the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Income Statement and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

| Financial instrument | Floating interest rate | | Fixed interest rate maturing in | | | | | | Non interest bearing | | Weighted average effective interest rate | | |
|------------------------------|------------------------|--------|---------------------------------|---------|-------------------|------|--------------|------|----------------------|--------|--|------|------|
| | | | 1 year or less | | Over 1 to 5 years | | Over 5 years | | | | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % | |
| Financial assets | | | | | | | | | | | | | |
| Cash assets | 63,770 | 55,103 | - | - | - | - | - | - | - | - | - | 0.05 | 0.05 |
| Term deposits | - | - | 620,316 | 509,979 | - | - | - | - | - | - | - | 4.25 | 7.90 |
| Receivables | - | - | - | - | - | - | - | - | 50,988 | 35,707 | N/A | N/A | N/A |
| Financial liabilities | | | | | | | | | | | | | |
| Payables | - | - | - | - | - | - | - | - | 16,028 | 4,540 | N/A | N/A | N/A |

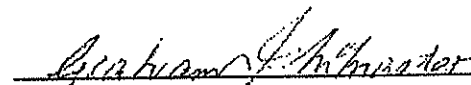
North Ryde Community Finance Limited
ABN 74 112 673 506
Directors' Declaration

In accordance with a resolution of the directors of North Ryde Community Finance Limited, we state that:

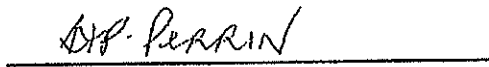
In the opinion of the directors:

- (a) the financial statements and notes of the company are 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 financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

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



Graham John McMaster, Chairman
Signed on the 28th of September 2009.



Helen Patricia Perrin, Secretary

INDEPENDENT AUDITOR'S REPORT

To the members of North Ryde Community Finance Limited

We have audited the accompanying financial statements of North Ryde Community Finance Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements 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 our 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, we consider internal controls 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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 met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion on the Financial Report

In our opinion:

- 1) The financial report of North Ryde Community Finance Limited is in accordance with the Corporations Act 2001 including
 - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year 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 North Ryde Community Finance Limited for the year ended 30 June 2009, complies with section 300A if the Corporations Act 2001.



David Hutchings

ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 28th day of September 2009

BSX Report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as of 25 October 2009.

There are no material differences between the information in the Annexure 3A and the information in the financial documents in this Annual report.

A. Corporate Governance Statement

The Board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

The Board recognises the importance of a strong corporate governance focus and methodology. The Board has set up an Audit Committee, a Remuneration Committee, a Market Development Committee and a Facilities Committee, and is in the process of putting policies and procedures in place to cover major management issues such as asset management, business expansion, share trading and financial management.

B. Substantial Shareholders – Ten Largest Shareholders.

| | Ordinary Shares | |
|--|-----------------|---------------|
| | Number | % |
| 1. Mr Russell Milton Robinson | 64501 | 6.09% |
| 2. Dr Graham John McMaster | 63501 | 6.00% |
| 3. Mr JM Connery & Mrs HM Connery | 30000 | 2.83% |
| 4. St Joachims Pty Ltd (St. Joahcims Super Fund) | 30000 | 2.83% |
| 5. Mr John Francis Booth | 26401 | 2.49% |
| 6. Mr Sol Cohen | 22000 | 2.08% |
| 7. Mr Robert John Talbot | 21000 | 1.98% |
| 8. Mrs Jacqueline Always | 20000 | 1.98% |
| 9. Mr GL & Mrs VJ Hilzinger Pty Ltd | 20000 | 1.98% |
| 10. Cultown Investments Pty Ltd | 20000 | 1.98% |
| | 317403 | 29.98% |

There are a total of 1,058,759 shares in North Ryde Community Finance Limited.

C. Voting Rights

Each shareholder has one vote

BSX Report (continued)

D. Distribution of Shareholders.

The number of shareholders, by size of holding is:

| | Ordinary Shares | |
|----------------|------------------------|------------------|
| | Number of Shareholders | Number of Shares |
| 1-1,000 | 164 | 129150 |
| 1,001-5,000 | 135 | 443402 |
| 5,001-10,000 | 21 | 177003 |
| 10,001-100,000 | 17 | 319204 |
| | 337 | 1,058,759 |

There are six shareholders holding less than a marketable parcel of shares (\$500.00 in value)
There are no restricted securities on issue.

E. Monitoring of the Board's performance and communication to shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors will be reviewed annually by the chairperson. Directors whose performance is unsatisfactory will be asked to retire.

The Board and Directors aim to ensure that shareholders, on behalf of whom they act are informed of all information necessary to assess the performance of the Directors.

F. Address and telephone number of the office at which securities register is kept.

Rose Abbott
AFS & Associates Limited
Chartered Accountants and Business Advisors
61-65 Bull Street
Bendigo VIC 3550
Telephone : 03 5443 0344
Facsimile: 03 5443 5304

G. Company Secretary & Registered Office.

Helen Perrin (Pat)
Shop 13
203-213 Cox's Road
North Ryde NSW 2113
Telephone : 02 9878 5559
Facsimile : 02 9878 3174