

2008 annual report



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Chairman's report

For year ending 30 June 2008

Company performance

The profit after income tax has increased in the 2008 financial year to \$70,312.09 (2007 \$30,995.88). This increase is mainly due to the increase in business in both Shellharbour Village and Oak Flats Branches. A continued effort is being put towards further increases at both branches to maintain growth in a tough economic market.

Business developments

Karen Layton has now been in the Manager's chair for over twelve months and together with Peter Quetcher in the business development role are working well together to help drive the business forward. As the economy recovers the Company will profit from their work in this area.

Community contributions

In 2008 these contributions amounted to \$143,000 (2007 \$130,000). The **Community Bank**[®] branch continues to contribute to the local Community Service organisations, schools and social and sporting bodies. This year continued the joint sponsorship of the Bendigo and Adelaide Bank Limited Aerial Patrol with Milton, Sanctuary Point and Fairy Meadow **Community Bank**[®] branches as well as Bendigo and Adelaide Bank Limited.

Future

The Company with the appropriate support from Bendigo Business Banking section is growing the Business Banking section of our book. This is one area that the Company can grow revenue with the residential home loan sector currently being depressed.

I would like to thank the Board, Karen and her team at Oak Flats, Leslie and her team at Shellharbour, the shareholders and our customers for their continued efforts to make this Company a success.

Yours Sincerely,



Geoff Egan

Chairman

Manager's report

For year ending 30 June 2008

As Branch Manager of both Oak Flats and Shellharbour Village I am pleased to present my Annual Report.

In November last year the merger of Bendigo Bank and Adelaide Bank went ahead, creating a larger, financially stronger organisation forged from two highly successful companies with the capacity to further grow significantly into the future.

Onto the report:

- Growth continues at both of our branches with a combined total of new accounts being 7,900
- Both counter and ATM transactions steadily rising
- Deposit funds held is well over \$100 million
- Over \$143,000 was given in sponsorships to the Oak Flats and Shellharbour community and sporting groups

However, with the increase in interest rates since October 2007 business and home loan enquiries are down.

I would like to introduce the new team members to our branches:

Cheryl Pusell	Customer Relationship Officer	at Oak Flats
Jodi Da Silva	Customer Service Officer	you will see Jodi at both branches
Robyn Stocken	Customer Service Officer	at Shellharbour
Gabrielle Hunter	Customer Service Officer	at Shellharbour

All of the staff are committed to providing an excellent level of service and this has been instrumental in our continued success.

Our aim over the next 12 months will be:

- To continue to provide a level of service that you as shareholders expect
- Increase growth in business sector lending
- Provide ongoing support of the local community and sporting groups

I would like to thank the Board and the staff for their support over the last 12 months.



Karen Layton

Branch Manager

Directors' report

For year ending 30 June 2008

Your Directors present this report on the Company for the financial year ended 30 June 2008.

Directors

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

Name of Director	Period as Director	Qualifications, experience & special responsibilities
Geoffrey Michael Egan	26 May 2000	Chartered Accountant/Chairman
Michael Francis Gamble	26 May 2000	Solicitor/Secretary
Jennifer Marie Butler	26 May 2000	Semi-Retired
Nancy Brooker	26 Sept 2001	Retired
Peter John O'Dea	26 May 2000	Business owner
Neil Greig	7 May 2002	Business owner
Dale Robert Whittaker	26 May 2000	Real estate agent
Terrence Barton	9 May 2006	Business owner

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

Directors' meetings

Name of Director	Number attended	Other committee
G.M. Egan – Chairman	11 of 11	2 of 2
M. F. Gamble – Secretary	11 of 11	1 of 1
N. Brooker	11 of 11	1 of 1
J. Butler	11 of 11	
N. Greig	9 of 11	
P O'Dea	9 of 11	
D. Whittaker	7 of 11	1 of 1
T Barton	9 of 11	

Operating result

The profit of the Company for the financial year after providing for income tax amounted to:

Year ended	Year ended
30 June 2008	30 June 2007
\$	\$
\$70,312.09	\$ 30,995.88

Directors' report continued

Review of operations

A review of the operations of the Company during the financial year and the results of those operations are as follows:

The after tax profit of \$70,312.09 is pleasing in view that in excess of \$140,000 was returned to the community in the form of Donations and Sponsorships as well as the continuing losses associated with the Shellharbour Village Branch and the time period to establish an income stream.

Total income continued to increase at both the Oak Flats & Shellharbour Village Branch's (\$1,165,962 in 2008 compared to \$1,016,800 in 2007). The total business of the Company at 30 June 2008 was \$105,887,000.

Significant changes in the state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Company during the course of the year were the operation of a Bendigo and Adelaide Bank Limited **Community Bank**[®] branch franchise. No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future developments

The Company expects to maintain the present status in Oak Flats and with the opening of a new branch at Shellharbour Village the level of income and expenses will both increase. It is expected that the Shellharbour Village Branch will operate with a trading loss for the first eighteen months.

Environmental issues

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

Dividends

The 2007 dividend of \$ 55,212.96 (\$ 0.12 per share) referred to in the previous Directors' report dated 20/09/2007 was paid on 14/12/2007.

Directors' report continued

Directors' interests in shares of the Company or related bodies corporate

The particulars of shares held by the Directors of the Company in the Company or in related bodies corporate which are required to be declared in the register of Directors' share holdings are as follows:

Name of Director	Share holdings
Geoffrey Michael Egan	2,501
Michael Francis Gamble (Director Belmicand P/L)	2,501
Jennifer Marie Butler	2,001
Nancy Brooker	1,501
Peter John O'Dea	5,001
Neil Greig (Director Gemsail P/L	10,000
Dale Robert Whittaker	1,001

Directors' benefits

No Director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company 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 other than that mentioned in Note 21.

Indemnifying Officer or Auditor

The Company has paid premiums to insure all the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors of the Company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was \$3,871.00.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors' report continued

The Directors received the following declaration from the Auditor of the Company:

Auditors independence declaration

In relation to our audit of the financial report of Oak Flats Financial Services Ltd for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the Auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Murray Reid

RM Chartered Accountants

Wollongong NSW

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



Geoff Egan

Chairman



Michael Gamble

Secretary

Signed at Oak Flats on 19 September 2008.

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Classification of expenses by function			
Other revenues from ordinary activities	2	1,165,962.09	1,016,800.41
Borrowing cost expense		(300.74)	
Occupancy expenses		(69,944.74)	(67,469.09)
Salaries		(426,697.02)	(404,980.41)
Contractors, sub-contractors and commissions		(328.37)	(7,700.00)
Depreciation and amortisation expenses	3	(36,937.00)	(29,622.00)
Superannuation expenses		(47,840.19)	(40,701.28)
Other operating expenses		(475,614.35)	(417,564.85)
Profit from ordinary activities before income tax	3	108,299.68	48,762.78
Income tax expense relating to ordinary activities	4	(37,987.59)	(17,766.90)
Net profit attributable to members of the Company		70,312.09	30,995.88
Items recognised directly in equity:			
Net increase in asset revaluation reserve			
Increase (decrease) in retained profits due to:			
- Under-provision of tax			(15,562.80)
Total changes in equity other than those resulting from transactions with owners as owners		70,312.09	15,433.08
Opening retained profits		43,531.25	83,311.13
Net profit attributable to members of the Company		70,312.09	30,995.88
Adjustments:			
- Under-provision of tax			(15,562.80)
Dividends recognised as a liability or paid if not previously recognised as a liability	5	(55,212.96)	(55,212.96)
Closing retained profits		58,630.38	43,531.25

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$	2007 \$
Current assets			
Cash assets	6	276,196.36	186,262.70
Receivables	7	101,478.14	88,154.14
Other financial assets	8	10,378.00	10,378.00
Other	9	25,699.85	28,843.83
Total current assets		413,752.35	313,638.67
Non-current assets			
Property, plant and equipment	10	207,823.68	241,964.14
Intangible assets	11	4,416.89	6,416.81
Other	9	43,710.02	51,931.46
Total non-current assets		255,950.59	300,312.41
Total assets		669,702.94	613,951.08
Current liabilities			
Payables	12	26,900.21	21,068.77
Interest-bearing liabilities	13		2,211.31
Current tax liabilities	14	59,558.59	34,418.90
Total current liabilities		86,458.80	57,698.98
Non-current liabilities			
Provisions	15	73,505.76	61,612.85
Total non-current liabilities		73,505.76	61,612.85
Total liabilities		159,964.56	119,311.83
Net assets		509,738.38	494,639.25
Equity			
Contributed equity	16	451,108.00	451,108.00
Retained profits		58,630.38	43,531.25
Total equity		509,738.38	494,639.25

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$	2007 \$
Cash flow from operating activities			
Receipts from customers		1,148,435.01	998,799.52
Payments to suppliers and employees		(981,891.34)	(900,306.57)
Interest received		2,191.24	2,344.28
Interest and other costs of finance		(300.74)	
Dividends received		620.00	540.00
Income tax paid		(17,766.90)	(48,531.10)
Net cash provided by (used in) operating activities (note 2)		151,287.27	52,846.13
Cash flow from investing activities			
Payment for:			
Payments for property, plant and equipment		(3,929.34)	(196,283.91)
Net cash provided by (used in) investing activities		(3,929.34)	(196,283.91)
Cash flow from financing activities			
Dividends paid		(55,212.96)	(55,212.96)
Net cash provided by (used in) financing activities		(55,212.96)	(55,212.96)
Net increase (decrease) in cash held		(3,929.34)	(198,650.74)
Cash at the beginning of the year		184,051.39	382,702.13
Cash at the end of the year (note 1)		276,196.36	184,051.39

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	2008 \$	2007 \$
Note 1. Reconciliation of 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.		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank - oak flats	158,072.47	183,892.78
Dividend account	1,749.92	1,761.92
Cash at bank - Shellharbour	13,689.04	(2,211.31)
Term deposit – 119949618	102,076.93	
Cash on hand - Oak Flats	308.00	308.00
Cash on hand - Shellharbour	300.00	300.00
	276,196.36	184,051.39

Note 2. Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit (loss) after tax	70,312.09	30,995.88
Depreciation	36,937.00	29,622.00
Amortisation	11,354.16	10,864.54
Increase/(decrease) in provision for income tax	20,220.69	(15,201.40)
Over/(under) provision for income tax		(15,562.80)
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(13,324.00)	(14,279.40)
(Increase) decrease in prepayments	3,143.98	17,307.89
Increase (decrease) in trade creditors and accruals	5,281.44	4,540.25

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	2008 \$	2007 \$
Note 2. Reconciliation of net cash provided by/used in operating activities to net profit (continued)		
Increase (decrease) in other creditors	550.00	951.00
Increase (decrease) in employee entitlements	11,892.91	2,477.91
Increase (decrease) in sundry provisions	4,919.00	1,130.26
Net cash provided by operating activities	151,287.27	52,846.13

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant accounting policies

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

The financial report covers Oak Flats Financial Services Ltd as an individual entity. Oak Flats Financial Services Ltd 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 in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

Income tax

Income tax has been brought to account using the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

a) Plant and equipment

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

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

Property, plant and equipment (continued)

The cost of fixed assets constructed within Oak Flats Financial Services Ltd includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

b) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Oak Flats Financial Services Ltd commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	depreciation rate %
Leasehold improvements	10 %
Plant and equipment	10 - 30 %
Other plant and equipment	10 - 15 %

Leases

Lease payments under 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.

Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Intangibles

Establishment costs have been amortised over 15 years on a straight line rate. Franchise fees are amortised over the period of the franchise on a straight line amount of 20% per year.

Notes to the financial statements continued

Employee entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements. Contributions are made by Oak Flats Financial Services Ltd to an employee superannuation fund and are charged as expenses when incurred.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Comparative figures

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

Revenue

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

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

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

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

Notes to the financial statements continued

	2008 \$	2007 \$
Note 2: Revenue		
Operating activities:		
Interest revenue*	2,191.24	2,344.28
Dividend revenue**	620.00	540.00
Other operating revenue:		
- Gross receipts - Oak Flats	1,029,331.24	951,747.04
- Gross receipts - Shellharbour	130,444.51	57,671.23
- Other income - Oak Flats	1,441.78	120.00
- Other income - Shellharbour	1,933.32	4,333.30
- Rebates & refunds - Oak Flats		44.56
	1,165,962.09	1,016,800.41
*Interest from:		
Bendigo and Adelaide Bank Limited	2,191.24	2,344.28
**Dividends from:		
Bendigo and Adelaide Bank Limited	620.00	540.00

Note 3: Profit from ordinary activities

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

Charging as expense:		
Amortisation of non-current assets:		
- Preliminary expenses	7,727.52	7,237.90
- Other intangibles	1,999.92	1,999.92
- Share issue expenses	1,626.72	1,626.72
Total amortisation expenses	11,354.16	10,864.54
Bad and doubtful debts	1,391.84	837.21
Borrowing costs:		
-Other persons	300.74	
Total borrowing costs	300.74	

Notes to the financial statements continued

	2008 \$	2007 \$
Note 3. Profit from ordinary activities (continued)		
Depreciation of non-current assets:		
- Plant and equipment	36,937.00	29,622.00
Total depreciation expenses	36,937.00	29,622.00

Note 4. Income tax

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie income tax payable on operating profit at 30%.	32,489.70	14,628.90
Add:		
Tax effect of:		
- Amortisation of intangibles	1,643.40	1,643.70
- Other non-allowable items	472.80	912.60
- Gross up of franked dividend	79.50	69.30
- Adjustment of employee provisions	3,567.90	743.40
Less:		
tax effect of:		
- imputation credit	265.71	231.00
Income tax expense attributable to profit from ordinary activities	37,987.59	17,766.90

Note 5. Dividends

Dividends provided for or paid	55,212.96	55,212.96
	55,212.96	55,212.96

Note 6. Cash assets

Bank accounts:		
- Cash at bank - Oak Flats	158,072.47	183,892.78
- Dividend account	1,749.92	1,761.92
- Cash at bank – Shellharbour	13,689.04	

Notes to the financial statements continued

	2008 \$	2007 \$
Note 6. Cash assets (continued)		
- Term deposit – 119949618	102,076.93	
Other cash items:		
- Cash on hand - Oak Flats	308.00	608.00
- Cash on hand - Shellharbour	300.00	
	276,196.36	186,262.70

Reconciliation of cash:

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

- Cash	276,196.36	186,262.70
- Bank overdrafts (see also Note 13)		(2,211.31)
	276,196.36	184,051.39

Note 7: Receivables

Current

Trade debtors	101,478.14	88,154.14
	101,478.14	88,154.14

Note 8: Other financial assets

Current

Shares in other corporations - at cost:

- Listed on a prescribed stock exchange	10,378.00	10,378.00
	10,378.00	10,378.00

Note 9: Other assets

Current

Prepayments	25,699.85	28,843.83
	25,699.85	28,843.83

Non Current

Preliminary expenses	56,650.00	56,650.00
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Notes to the financial statements continued

	2008 \$	2007 \$
Note 9. Other assets (continued)		
Less: accumulated amortisation	(25,759.69)	(18,032.17)
Share issue expenses	23,955.60	23,955.60
Less: accumulated amortisation	(12,518.69)	(10,891.97)
Borrowing expenses	1,132.80	
Other	250.00	250.00
	43,710.02	51,931.46

Note 10: Property, plant and equipment

Leasehold improvements:

- At cost	308,721.60	307,629.60
- Less: accumulated depreciation	(126,091.00)	(94,611.00)
	182,630.60	213,018.60

Plant and equipment:

- At cost	71,679.08	70,692.54
- Less: accumulated depreciation	(46,486.00)	(41,747.00)
	25,193.08	28,945.54
	207,823.68	241,964.14

Note 11: Intangible assets

Other intangibles:

- At cost	55,454.55	55,454.55
- Less: accumulated amortisation	(51,037.66)	(49,037.74)
	4,416.89	6,416.81

Note 12: Payables

Unsecured:

- Trade creditors	19,727.21	14,445.77
- Other creditors	7,173.00	6,623.00
	26,900.21	21,068.77

Notes to the financial statements continued

	2008 \$	2007 \$
Note 13: Interest-bearing liabilities		
Current		
Secured*:		
- Bank overdrafts		2,211.31
		2,211.31

Note 14: Tax liabilities

Current		
GST clearing	21,571.00	16,652.00
Taxation	37,987.59	17,766.90
	59,558.59	34,418.90

Note 15: Provisions

Non current		
Employee entitlements*	73,505.76	61,612.85
	73,505.76	61,612.85

* Aggregate employee entitlements liability

There were 10 employees at the end of the year

Note 16: Contributed capital

460108 ordinary shares at \$1.00 each fully paid	451,108.00	451,108.00
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Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the financial statements continued

Note 17: Directors' remuneration

Remuneration & retirement benefits

Number of Directors whose income from the Company was within the following bands:

	\$	\$	No	No
	100	- 2,000	6	6
	2,000	- 15,000	2	2

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

Geoffrey Michael Egan - Chairman, Sponsorship, Remuneration

Michael Francis Gamble – Company Secretary

Jennifer Marie Butler - Audit

Nancy Brooker – Sponsorship, Audit

Peter John O'Dea - Marketing, Audit

Neil Greig – Audit, Marketing

Dale Robert Whittaker –Remuneration, Audit, Marketing

Terrence Barton –Shellharbour Committee

Note 18: Superannuation Commitments

The Company has registered as an employer with the fund nominated by each employee. Contributions to the funds are based a percentage of employees gross remuneration and are made by the employer.

Contributions to the plan will not exceed the permitted levels prescribed by the income tax legislation from time to time.

2008
\$

2007
\$

Note 19: Auditors' Remuneration

Remuneration of the Auditor of the Company for:

Auditing or reviewing the financial report	1,600.00	1,650.00
	1,600.00	1,650.00

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 20: Contingent liabilities

In the opinion of the Directors there are no contingent liabilities at balance date.

Note 21: Related parties

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

Directors

Transactions with Directors:

Professional fees of \$19,600 for share registry, dividend payment processing, office administration, taxation and accounting were paid to G.M. Egan & Co., of which Geoffrey Egan is the principal.

Note 22: Dividends paid or provided for on ordinary shares

(a) Previous year final

Franked dividends - 12 cents per share (2007: 12 cents per share)

(b) Dividends proposed and not recognised as a liability

Franked dividends - 12 cents per share (2007: 12 cents per share)	55,212.96	55,212.96
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(c) Franking credit balance

The amount of franking credits available for the subsequent financial year are:

- Franking account balance as at the end of the financial year at 30%	45,135.00	96,653.00
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	37,987.00	69,135.00
- Franking debits that will arise from the payment of dividends as at the end of the financial year	23,663.00	23,663.00

The tax rate at which dividends have been franked is 30% (2007: 30%).

Dividends proposed will be franked at a rate of 30% (2008: 30%).

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 23: Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

0.1528	0.0674
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The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit/(loss) after income tax expense	70,312.09	30,995.88
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Weighted average number of ordinary shares for basic and diluted earnings per share

460,108.00	460,108.00
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Note 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 year end.

Credit risk

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

Director's declaration

In accordance with a resolution of the Directors of Oak Flats Financial Services Ltd we state that:

1. In the opinion of the Directors
 - a. The Statement of Financial Performance of the Company is drawn up so as to give a true and fair view of the loss of the Company for the financial year ended 30 June 2008;
 - b. The Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 June 2008; and
 - c. At the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
2. The Company in respect of the financial year to which those accounts relate:
 - a. Has kept such accounting records as correctly record and explain the transactions and financial position of the Company;
 - b. Has kept its accounting records in such a manner as would enable true and fair accounts of the Company to be prepared from time to time; and
 - c. Has kept its accounting records in such a manner as would enable the accounts of the Company to be conveniently and properly audited in accordance with the Corporations Law.
3. The accounts to which this statement relates have been properly prepared by a competent person.

On behalf of the Board



Geoff Egan

Chairman



Michael Gamble

Secretary

Signed at Oak Flats on 19 September 2008.

Independent audit report

Oak Flats Financial Services Ltd
ABN 62 093 057 768

Auditor's Report

Scope

We have audited the financial report, being the Statement by Directors, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of Oak Flats Financial Services Ltd for the financial year ended 30 June, 2008. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it 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 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 its operations and its 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 Oak Flats Financial Services Ltd is in accordance with:

1. the Corporations Act 2001, including:
 - (a) giving a true and fair view of the company's financial position as at 30 June, 2008 and of its performance for the year ended on that date; and
 - (b) complying with Accounting Standards and the Corporations Regulations; and
2. other mandatory professional reporting requirements.

Signed on : *19th September 2008*

Murray Reid.

Murray Reid,
R M Chartered Accountants
Victoria Street Wollongong

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Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
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