Pinewood Community
Financial Services Limited
ABN 26 099 420 050

2008 annualreport

Contents

Chairman's report

For year ending 30 June 2008

The 2008 financial year has proven to be quite eventful.

Bendigo Bank has merged with Adelaide Bank, which strengthens the Brand both at wholesale and retail level.

The **Community Bank®** network has now exceeded 200 Branches.

During the year John Smith resigned as a Director and John Baker was appointed. John Baker brings to the Board vast experience in accounting, governance and due diligence. In accordance with the Constitution, John Baker will stand to have his appointment ratified by Shareholders at the AGM.

It has been a landmark year for Pinewood Community Financial Services Ltd:

- With further strengthening of foundations our maiden dividend of 5c cents per share was issued. As referred to in the notes to the accounts, a further dividend of 6 cents per share is to be issued and I look forward to regular dividends in the coming years.
- The new position of Customer Relationship Officer was established, with Sarah being appointed, contributing to improved operations and outcomes.
- In August 2007, Pinewood Community Financial Services Ltd renewed its 5-year Franchise agreement. We have two further 5-year options available.

The efforts of the Marketing Committee have enhanced penetration into the market, establishing new avenues of business.

Our sponsorship information nights have resulted in increased enquiries and interest in the Bendigo Bank **Community Bank®** model, further extending our brand and no doubt contributing to the increase in Bank transactions and Accounts held at the Branch. Since 2004 our Branch has contributed over $37,000 to community organisations, with $17,000 in the 2007-08 year. The expectation is that we will double this figure in the next financial year.

During the year our total business has grown from $65 million to over $72 million.

All could not be achieved without the dedicated work of our team. My thanks go to our Management team, Merv and his staff for their 110% effort and work done during office hours and beyond. Merv has worked with dedication towards establishing links with organisations such as community groups, government and business.

Chairman's report continued

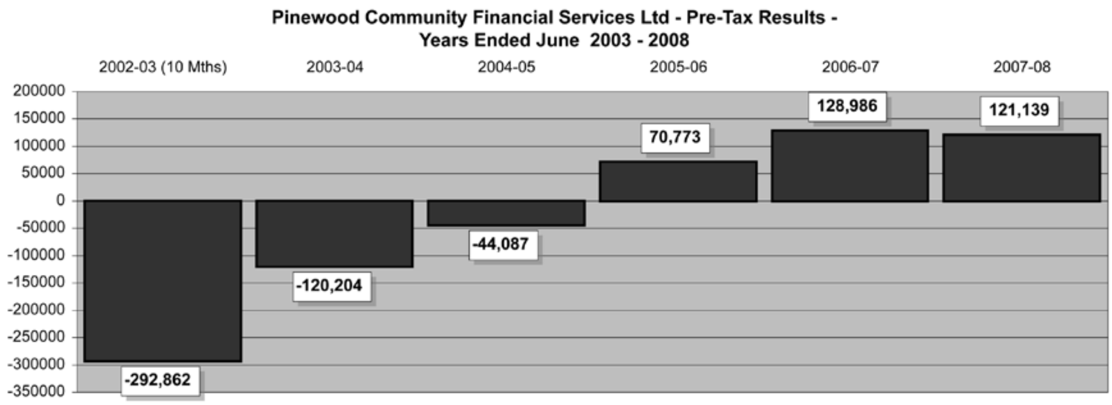
My thanks goes:

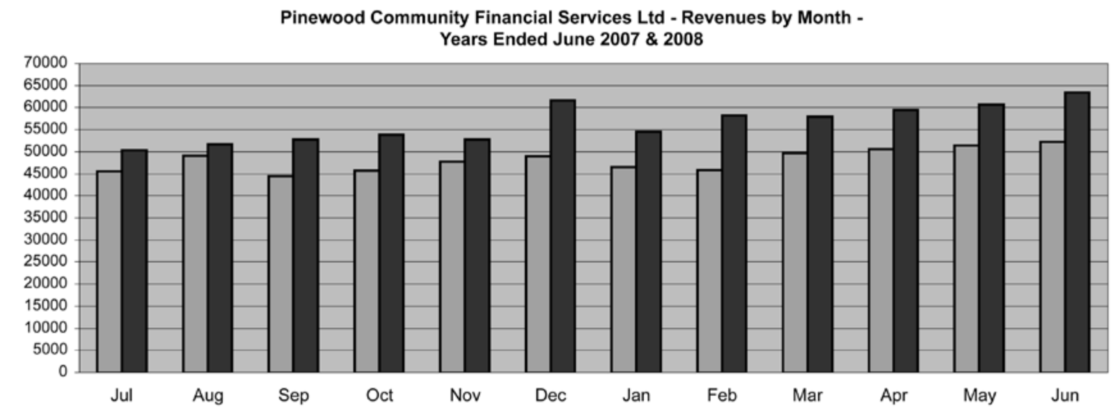
- to our staff; Sarah, Paul, Julie, Nola and Cathy.
- to the Board for their commitment to meetings and committees – bringing our vision forward.
- to Bendigo Bank for their guidance and support.
- to our shareholders, our customers and the wider community.

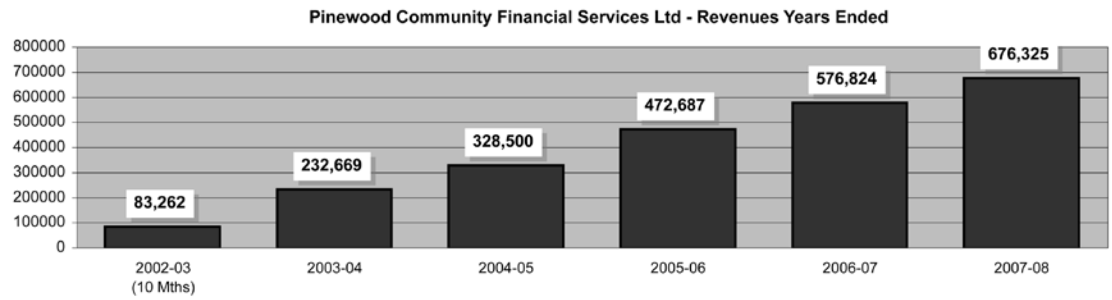
With excitement I look forward to a successful 2008-09 and beyond.

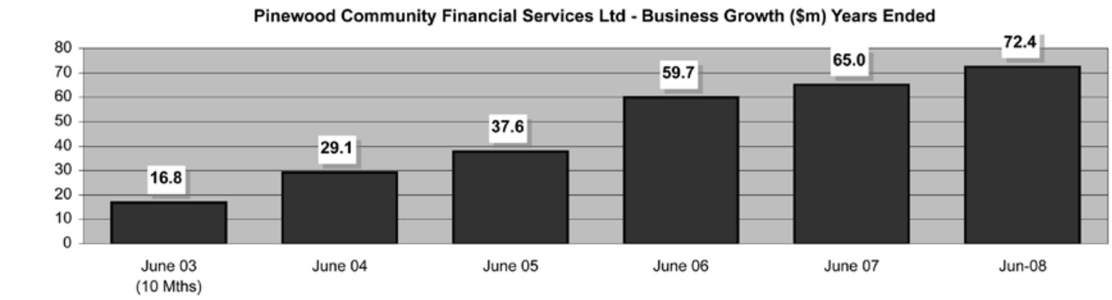
John Michael Sgroi

Chairman


Pinewood Community Financial Services Ltd - Pre-Tax Results -
Years Ended June 2003 - 2008
2002-03 (10 Mths)
2003-04
2004-05
2005-06
2006-07
2007-08
200000
150000
100000
50000
0
-50000
-100000
-150000
-200000
-250000
-300000
-350000
-292,862
-120,204
-44,087
70,773
128,986
121,139


Pinewood Community Financial Services Ltd - Revenues by Month -
Years Ended June 2007 & 2008
70000
65000
60000
55000
50000
45000
40000
35000
30000
25000
20000
15000
10000
5000
0
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun


Pinewood Community Financial Services Ltd - Revenues Years Ended
800000
700000
600000
500000
400000
300000
200000
100000
0
83,262
232,669
328,500
472,687
576,824
676,325
2002-03
(10 Mths)
2003-04
2004-05
2005-06
2006-07
2007-08


Pinewood Community Financial Services Ltd - Business Growth ($m) Years Ended
80
70
60
50
40
30
20
10
0
16.8
29.1
37.6
59.7
65.0
72.4
June 03
(10 Mths)
June 04
June 05
June 06
June 07
Jun-08

Manager's report

For year ending 30 June 2008

It gives me an immense sense of pleasure to provide this, my sixth annual report.

The 2007/08 year was one of two entirely different halves. The period ending 31/12/07 saw no growth in our business, which was caused by a number of factors. The branch renovations, planned for the first quarter of the year, could not be completed until January 2008 which delayed installation of our customer service desk.

We also experienced delays in locating, employing and training a new Customer Service Officer following the promotion of Sarah to the newly created Customer Relationship Officer position.

Finally, one of our staff had an extended absence due to illness and I was absent for seven weeks, leading a study tour to London on behalf of Rotary International.

However, I am extremely pleased to report that the second half of the year saw a level of business activity which resulted in total year results as follows:

- Our new business levels exceeded $13M, taking our total business to over $72M (results were 137% of budget)
- Profitability remained consistent and the end result represented approximately our budgeted profit figure.

All this was achieved in a difficult economic climate which presented many challenges.

During the second half of the year, we conducted a very successful community sponsorship evening, which I am sure will lead to further enhancement of both our business levels and, just as importantly, our relationships and standing within the Monash community.

We continue our involvement with the Pinewood Chamber of Commerce and in 2008 I was extremely pleased to be invited to join the City of Monash Economic Development Forum.

I would like to acknowledge the outstanding efforts of our staff – Paul, Sarah, Nola, Julie and Cathy. Despite the difficult first half year and the challenging second half year operating conditions, their endeavor and commitment did not waiver.

Thanks also to our Board of Directors who continue to support the Branch with considerable time and effort.

Finally, many thanks to our partner, Bendigo Bank, for their continued commitment, guidance, and assistance.

I personally look forward to the 2008/09 year with a great deal of confidence and anticipation.

Merv Ericson
Manager

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Hector John Gilbert
Treasurer
Occupation: Retired business consultant
Information: Past senior finance executive in the transport industry for 22 years and the clothing industry for 16 years.

Harry William David Priest
Director
Occupation: Retired Newsagent in Pinewood
Information: Past proprietor of Pinewood newsagency and 20 years in furniture manufacturing industry.

Leigh Ernest Hanna
Director
Occupation: Retired petroleum marketing analyst
Information: Former leader in scout movement. Neighbourhood Watch founding member in Pinewood and resident 44 years.

John Michael Sgroi
Chairman
Occupation: Pharmacist in Pinewood
Information: Pharmacist in Pinewood for 19 years, community pharmacist for 39 years and Rotarian with an active interest in the community.

Tindaro Armando Li-Donni
Director
Occupation: Hairdresser
Information: Proprietor of hairdressing salon in Pinewood for 16 years.

Dominic Stambe
Director
Occupation: Pharmacist in Pinewood
Information: Pharmacist in Pinewood for 19 years.

Cathryn Joy Zenkis
Director
Occupation: Careers Consultant
Information: Consultant for a Melbourne based Association providing career services.

Clifton Thomas Warren
Director
Occupation: Management Consultant
Information: Managing Director of a management consulting business in Mount Waverley.

John Leonard Smith
Resigned Director 25 March 2008
Occupation: General insurance broker
Information: Business owner and operator for 11 years.

John Francis Baker
Appointed Director 28 August 2007
Occupation: IT Continuity and Risk Analyst
Information: Managing businesses for over 40 years and member of Business Continuity Institute.

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

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

Directors' report continued

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

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

The profit of the Company for the financial year after provision for income tax was $82,020 (2007: $85,978)

	Year ended 30 June 2008	
	Cents per share	**$**
Dividends		
Final dividends recommended	6	$31,938
Dividends paid in the year:		
As recommended in the prior year report	5	$26,615

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.

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.

The Company will continue its policy of providing banking services to the community.

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 with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest.

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.

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company) that may arise from their position as Directors or Managers 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.

Directors' report continued

Directors meetings

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

Number of meetings held:	**11**
Number of meetings attended:	
Hector Gilbert	11
John Sgroi	10
Leigh Hanna	10
Dominic Stambe	7
Tindaro Li-Donni	7
Clifton Warren	7
Cathryn Zenkis	11
John Smith	4
David Priest	8
John Baker	10

Company Secretary

Cathryn Joy Zenkis was appointed Company Secretary of Pinewood Community Financial Services Limited on 28 September 2005.

Corporate governance

The Company has implemented various corporate governance practises, which include:

(a) Director approval of operating budgets and monitoring of progress against these budgets;

(b) Ongoing Director training; and

(c) Monthly Director meetings to discuss performance and strategic plans.

Directors' report continued

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

Auditor independence declaration

In relation to our Audit of the financial report of Pinewood Community Financial Services Limited 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.

Peter R. Bowman

Weber Bowman & Co Pty Ltd

Chartered Accountants

9 Centreway

Mount Waverley VIC 3149

5 September 2008

Signed in accordance with a resolution of the Board of Directors at Mount Waverley on 5 September 2008.

Dominic Stambe
Director

Hector John Gilbert
Director

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenue			
Revenues from ordinary activities	2	676,325	576,824
Expenses			
Salaries & employee benefits expense	3	322,532	262,126
Depreciation and amortisation expense	3	23,651	25,200
Borrowing costs expense	3	2	194
Administration costs		120,780	83,134
IT expenses		21,013	19,504
Occupancy expenses		55,529	46,508
Other expenses from ordinary activities		11,679	11,172
Profit before income tax expense		**121,139**	**128,986**
Income tax expense	4	39,119	43,008
Profit after income tax expense		**82,020**	**85,978**
Earnings per share (cents per share)			
- basic for profit for the year	22	15	16
- diluted for profit for the year	22	15	16
- dividends paid per share	22	5	-

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Current assets			
Cash assets	6	181,584	207,193
Other	7	13,898	5,589
Receivables	8	59,614	-
Total current assets		**255,096**	**212,782**
Non-current assets			
Deferred income tax	4	21,757	60,876
Property, plant and equipment	9	124,393	118,397
Intangible assets	10	44,032	-
Total non-current assets		**190,182**	**179,273**
Total assets		**445,278**	**392,055**
Current liabilities			
Payables	11	15,030	29,225
Provisions	12	39,061	27,048
Total current liabilities		**54,091**	**56,273**
Total liabilities		**54,091**	**56,273**
Net assets		**391,187**	**335,782**
Equity			
Share capital	13	532,300	532,300
Retained earnings/(accumulated losses)	14	(141,113)	(196,518)
Total equity		**391,187**	**335,782**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2008

	Note	2008 $	2007 $
Cash flows from operating activities			
Cash receipts in the course of operations		670,233	626,831
Cash payments in the course of operations		(598,938)	(454,973)
Interest paid		2	(194)
Interest received		3,387	29
Net cash flows from/(used in) operating activities	**15b**	**74,684**	**171,693**
Cash flows from investing activities			
Payment for intangible assets		(55,041)	-
Payments for property, plant and equipment		(18,637)	(3,662)
Net cash flows from/(used in) investing activities		**(73,678)**	**(3,662)**
Cash flows from financing activities			
Dividends paid		(26,615)	-
Net cash flows (used in) financing activities		**(26,615)**	**-**
Net increase/(decrease) in cash held		**(25,609)**	**168,031**
Add: opening cash brought forward		207,193	39,162
Closing cash carried forward	**15a**	**181,584**	**207,193**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Note	2008 $	2007 $
SHARE CAPITAL			
Ordinary shares			
Balance at start of year		532,300	532,300
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		**532,300**	**532,300**
Retained earnings/(accumulated losses)			
Balance at start of year		(196,518)	(282,496)
Profit/(loss) after income tax expense		82,020	85,978
Dividends paid		(26,615)	-
Balance at end of year		**(141,113)**	**(196,518)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

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.

(b) 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.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2007 financial statements.

Income tax

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value method, over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Leasehold improvements	5 - 6.67%
Furniture and fittings	3.75 - 50%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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 from 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 cash flow statement 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 operating cash flows.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Employee benefits

The provision of employee benefits for wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value. For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding 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 and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Interest bearing liabilities

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

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

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 capital

Issued and paid up capital is 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.

	2008 $	**2007 $**
Note 2. Revenue from ordinary activities		
Operating activities		
- services commissions	669,527	576,795
Total revenue from operating activities	**669,527**	**576,795**
Non-operating activities:		
- interest received	6,798	29
Total revenue from ordinary activities	**676,325**	**576,824**

Note 3. Expenses

Employee benefits expense		
- wages and salaries	251,454	222,362
- superannuation costs	39,463	23,514
- workers' compensation costs	1,036	811
- other costs	30,579	15,439
	322,532	**262,126**

Notes to the financial statements continued

	2008 $	2007 $
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	8,495	8,118
- leasehold improvements	4,147	4,079
Amortisation of non-current assets:		
- intangibles	11,009	13,003
	23,651	**25,200**
Finance costs:		
- Interest paid	2	194
Rental expense on operating lease:	36,387	26,510

Note 4. Income tax expense

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

	2008 $	2007 $
Profit before income tax expense	121,139	128,986
Prima facie tax on profit before income tax at 30%	36,342	38,696
Add tax effect of:		
- Non-deductible expenses	1,166	834
- Timing differences	1,611	3,478
- (Decrease)/increase in income tax losses	(39,119)	(43,008)
Current income tax expense	-	-
Origination and reversal of temporary differences	39,119	43,008
Income tax expense	**39,119**	**43,008**
Tax liabilities		
Current tax payable	-	-
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**21,757**	**60,876**

Notes to the financial statements continued

	2008 $	2007 $

Note 5. Auditors' remuneration

Amounts received or due and receivable by

Weber Bowman & Co Pty Ltd for:

- Audit or review of the financial report of the Company	3,850	3,800
- Other services in relation to the Company	5,020	4,360
	8,870	**8,160**

Note 6. Cash assets

Cash at bank and on hand	**181,584**	**207,193**

Note 7. Other assets

Prepayments	**13,898**	**5,589**

Note 8. Receivables

Receivables	56,203	-
Accrued interest	3,411	-
	59,614	**-**

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	73,249	61,159
Less accumulated depreciation	24,028	19,881
	49,221	**41,278**
Furniture and fittings		
At cost	131,404	124,856
Less accumulated depreciation	56,232	47,737
	75,172	**77,119**
Total written down amount	**124,393**	**118,397**

Notes to the financial statements continued

	2008 $	2007 $

Note 9. Property, plant and equipment (continued)

Movements in carrying amounts

	2008 $	2007 $
Leasehold improvements		
Carrying amount at beginning of year	41,278	45,357
Additions	12,090	-
Disposals	-	-
Depreciation expense	4,147	4,079
Carrying amount at end of year	**49,221**	**41,278**
Furniture & fittings		
Carrying amount at beginning of year	77,119	81,575
Additions	6,548	3,662
Disposals	-	-
Depreciation expense	8,495	8,118
Carrying amount at end of year	**75,172**	**77,119**

Note 10. Intangible assets

	2008 $	2007 $
Franchise fee		
At cost	55,041	50,000
Less accumulated amortisation	11,009	50,000
	44,032	**-**
Preliminary expenses		
At cost	-	15,012
Less accumulated amortisation	-	15,012
	-	**-**
	44,032	**-**

	2008 $	2007 $

Note 11. Payables

	2008 $	2007 $
Accrued expenses	7,051	14,420
Other payables	7,979	14,805
	15,030	**29,225**

Note 12. Provisions

	2008 $	2007 $
Employee benefits	39,061	27,048
Number of employees at year end	**6**	**5**

Note 13. Share capital

	2008 $	2007 $
532,300 Ordinary Shares fully paid of $1 each	**532,300**	**532,300**

Note 14. Retained earnings / (accumulated losses)

	2008 $	2007 $
Balance at the beginning of the financial year	(196,518)	(282,496)
Profit/(loss) after income tax expense	82,020	85,978
Dividends	(26,615)	-
Balance at the end of the financial year	**(141,113)**	**(196,518)**

Note 15. Cash flow statement

	2008 $	2007 $
(a) Reconciliation of cash		
Cash assets	**181,584**	**207,193**
(b) Reconciliation of profit/(loss) after tax to net cash provided from/(used in) operating activities		
Profit/(loss) after income tax	82,020	85,978
Non cash items		
- Depreciation	12,642	12,197
- Amortisation	11,009	13,003

Notes to the financial statements continued

	2008 $	2007 $
Note 15. Cash flow statement (continued)		
Changes in assets and liabilities		
- Decrease/(increase) in prepayments	(8,309)	(198)
- (Increase)/decrease in receivables	(59,614)	-
- Decrease/(increase) in deferred income tax	39,119	43,008
- Increase (decrease) in payables	(14,196)	11,740
- Increase (decrease) in employee benefits	12,013	5,965
Net cash flows from/(used in) operating activities	**74,684**	**171,693**

Note 16. Director and related party disclosures

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

Hector Gilbert	John Sgroi
Leigh Hanna	Dominic Stambe
Tindaro Li-Donni	Clifton Warren
Cathryn Zenkis	John Smith (Resigned 25 March 2008)
David Priest	John Baker

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	**2008**	**2007**
Hector Gilbert	1,000	1,000
Leigh Hanna	1,000	1,000
Tindaro Li-Donni	10,000	10,000
John Sgroi	10,000	10,000
Dominic Stambe	10,000	10,000
David Priest	5,000	5,000
	37,000	**37,000**

There was no movement in Directors' shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

Notes to the financial statements continued

Note 17. Subsequent events

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

Note 18. Contingent liabilities

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

Note 19. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Mount Waverley, Victoria.

Note 20. Corporate information

The registered office and principal place of business is 65 Centreway, Mount Waverley, Victoria.

Note 21. Dividends paid or provided for on ordinary shares

	2008 $	2007 $
(a) Dividends proposed and not recognised as a liability		
Unfranked dividends of 6 cents per share (2007: 5 cents per share)	31,938	26,615
(b) Dividends paid during the year		
Previous year final		
Unfranked dividends of 5 cents per share	26,615	-
(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%	-	-
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
- Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-

	2008 $	2007 $

Note 22. 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.

Diluted 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 (adjusted for the effects of any dilutive options or preference shares).

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

	2008 $	2007 $
Profit/(loss) after income tax expense	**82,020**	**85,978**
Weighted average number of ordinary shares for basic and diluted earnings per share	**532,300**	**532,300**

Note 23. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2008 $	**2007 $**
Cash assets	181,584	207,193
Receivables	59,614	-
	241,198	**207,193**

Note 23. Financial risk management (continued)

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Limited.

None of the assets of the Company are past due (2007: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount $	Contractual cash flows $	1 year or less $
30 June 2008			
Payables	15,030	(15,030)	(15,030)
30 June 2007			
Payables	29,225	(29,225)	(29,225)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest Rate Risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2008	**2007**
	$	**$**
Fixed rate instruments		
Financial assets	91,926	75,000
	91,926	**75,000**
Variable rate instruments		
Financial assets	89,557	132,093
	89,557	132,093

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2007 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) 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.

(e) 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 monitors the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

Note 23. Financial risk management (continued)

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 sponsorships. Charitable donations and sponsorships paid for the year ended 30 June 2008 have been included in the administration costs in the Income Statement.

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

Director's declaration

In accordance with a resolution of the Directors of Pinewood Community Financial Services 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 2008 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; 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) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

Dominic Stambe
Director

Hector Gilbert
Director

Signed on 5 September 2008.

Independent Audit report

Independent Audit Report to the Members of Pinewood Community Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Pinewood Community Financial Services Limited (the Company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

Directors' responsibility for the financial report

The Directors of the Company are responsible for preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Audit responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Pinewood Community Financial Services Limited on 5 September 2008, would be in the same terms if provided to the Directors as at the date of this Auditor's report.

Auditor's opinion

In our opinion:

a. the financial report of Pinewood Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

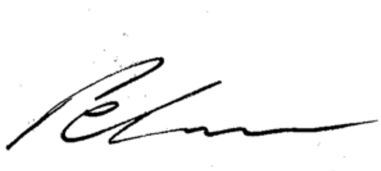
   i. giving a true and fair view of the Company's financial position as at 30 June 2008 and of their performance for the year ended on that date: and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

WEBER BOWMAN & CO PTY LTD

CHARTERED ACCOUNTANTS



Peter R Bowman
Director

5 September 2008

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ABN 11 068 049 178. AFSL 237879. (BMPAR8005) (08/08)