

2008 annual report



Contents

Chairman's report	2
Manager's report	3-4
Directors' report	5-9
Auditors independence declaration	10
Financial statements	11-14
Notes to the financial statements	15-26
Directors' declaration	27
Independent audit report	28-29
BSX report	30-31

"Front Cover" photo courtesy of Stan Bowles, Plaza Pics, Margate Shopping Centre, Oxley Ave Margate

Chairman's report

For year ending 30 June 2008

It gives me great pleasure to present this the fourth Annual Report of Redcliffe Peninsula Financial Services Ltd.

We have finished another successful year. The Margate **Community Bank**[®], your bank, is being steered in a professional and successful manner by Gavin McNab, our Manager, and his staff. As a Board we control and determine the budget but it is Gavin and his staff who have the challenge of controlling that ever changing variable, income.

This year we have again lived up to our credo of giving back to the community . We are approached on an almost daily basis, for donations to worthy organisations. Although we would like to, it is impossible to support everyone. The Board has to decide which organisations we support. This year the following 7 organisations have been supported;

- Woody Point Special School
- Redcliffe Hospital Foundation
- Redcliffe Show Society
- R.O.P.E
- Association of Independent Retirees
- Redcliffe City Rotary Club
- QUOTA

Woody Point Special School was our special project for the year. \$15,000 has been donated to the school in specialised equipment. We are the bank for the community.

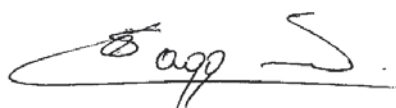
The branch has achieved much for such a young branch. Awards achieved are;

- Herald Business of the Year 2007 Professional Services Category
- Qld State Branch of the Month in May
- Regional Branch for the Month in May & June

On 11 December last year we unveiled a Commemorative Plaque to Bill Hoogwaerts, our founding chairman. Bill was a well known member of our community and it was an absolute pleasure to be able to hold this commemoration in the presence of all of Bill's family.

It would be remiss of me to write an Annual Report without reference to my fellow Directors. We are all volunteers who give of our time freely for our monthly meetings and at other times as their positions demand. It's a job that we do because we want to give back to the community. It is personally gratifying when your Board is often used as a bench mark by which other bank Boards operate. To my Directors, my heartfelt thanks.

I look forward to another successful year of collaboration with my fellow Directors and bank staff.



SERGE PAGGIARO

Chairman

Manager's report

For year ending 30 June 2008

I am pleased to report to the Board and shareholders on another exciting and successful year of trading as the Margate **Community Bank**[®] Branch. For all the turbulence we have experienced in the financial markets throughout the year, I can report that we still continue to track better than our forecasted budgets. I believe this is due to the community aspect of our business. The bank was established to, firstly bring traditional banking services back into the Margate area, but secondly, and just as important, provide a locally owned community spirited organisation that contributes back to the community. This is our charter and I maintain my beliefs that this is what underpins our success. *"You can never underestimate the power of community"*.

As at the 30 June 2008 our total footings were \$46.8 million which represents a growth of approximately \$11 million over the past 12 months. At the time of writing this report (mid September 2008) I am pleased to say we have now exceeded \$50 million in total footings. These results are very encouraging particularly in the current market.

Also on the increase are our customer numbers. As at 30 June 2008 we had 2746, which is an increase of 476 from this time last year. The additional pleasing aspect of this customer growth figure is that our customers choose to do more business with us, through financial planning, insurance and product range including credit cards and investments.

Our branch is continually looking at ways to increase our business and grow an awareness of the branch within the community. Business expansion is not out of the question and we continue to plan for our future. It is imperative that we continue to grow our business within our community and look outside the square for further opportunities.

It was also very pleasing to see more shareholders transfer their banking to us throughout the year. It makes sense; they have a financial interest in the business why wouldn't they support it?

I, together with Board members Serge Paggiaro and Chris Standfast, was fortunate to attend this year's National **Community Bank**[®] Conference in Bendigo, Victoria and have had the opportunity to network with 700 delegates from **Community Bank**[®] from all over Australia. This conference enabled us to reflect on how far we have come, discussing our difficulties with newer **Community Bank**[®] and visualising where we're headed by listening to Managers and Directors from more matured sites. It was also pleasing to compare like sites with ours and see that as a **Community Bank**[®] we are faring very well within the whole **Community Bank**[®] scenario.

I have said in the past that our community is to be applauded for the way they have supported our **Community Bank**[®] branch and in making the objectives of the stakeholders a reality. I would like to acknowledge the support and hard work of my team, Roxanne Belcher, Ben Hedemann, Kelly John, Linda Blackie and Mandy Hartley. The staff continue to approach their roles with diligence at all times, responding positively to the needs of customers and the community.

The community focus of the branch and the positive benefits it brings to the local community is evident, as highlighted in the chairman's report, the branch has allocated thousands of dollars to a range of local community groups throughout the year and as profits grow so to do our community grants.

Manager's report continued

Spreading the word still remains a key phrase. Our existing customers have been instrumental in referring new business to our branch and it's gratifying to see the confidence of our customers in helping to create our successful branch.

I again ask that you all continue to play your part in the growth of our branch by spreading the word about the very personal and professional banking service provided by your **Community Bank®** branch.

Kind Regards



Gavin McNab



Margate Community Bank Staff from left – Roxanne Belcher, Kelly John, Mandy Hartley, Linda Blackie, Ben Hedemann & Manager Gavin McNab

Directors' report

For year ending 30 June 2008

Your Directors present their report on the Company for the 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:

Serge Paggiaro

Chairman (Appointed Chairman 7 August 2007)

Age: 58

Occupation: Company Director

Experience and expertise: Partner in a tour wholesale Company, running golf tours to Asia and the Pacific region. Founding Director.

Special responsibilities: Member of the Human Resources Committee and Chair of the Public Relations Committee.

Interests in shares: 1 Ordinary Share

Norman John Bowles

Secretary

Age: 63

Occupation: Self Employed

Experience and expertise: Engineer in lighting, and later as a Quality Assurance Consultant.

Special responsibilities: Company Secretary and member of the Corporate Governance and Audit Committee.

Interests in shares: 1 Ordinary Share

Eva Joan Costello

Director

Age: 77

Occupation: Self Employed Accountant

Experience and expertise: Accountant for the past 15 years. Employed as a bank Auditor and with accounting firms for previous 46 years.

Special responsibilities: Member of the Policy Committee and Corporate Governance and Audit Committee.

Interests in shares: 1,000 Ordinary Shares

William Reginald Fraser

Treasurer

Age: 55

Occupation: Self Employed Managing Director

Experience and expertise: Director of Will Fraser and Co Pty Ltd, Certified Practising Accountants and Financial Planners. Founding Director.

Special responsibilities: Company Treasurer and Chair of the Corporate Governance and Audit Committee.

Interests in shares: 1,501 Ordinary Shares

Robert James Orr

Director

Age: 57

Occupation: Self Employed Director

Experience and expertise: Owner of a retail stationery business for 16 years. Founding Director.

Special responsibilities: Chair of the Human Resources Committee

Interests in shares: 6,501 Shares

Christine Julia Standfast

Director

Age: 45

Occupation: Executive Manager of a firm with 300 employees

Experience and expertise: Owner of own business for 21 years. Consulted in marketing and communication.

General Manager of firm with 70 employees.

Special responsibilities: Member of the Marketing Committee.

Interests in shares: Nil

Directors' report continued

Rae Amelda Frawley

Director

Age: 59

Occupation: Elected Local Government

Representative

Experience and expertise: Banking, public hospital, Department of Education, Science & Training, Local Government.

Special responsibilities: Member of the Corporate Governance & Audit Committee.

Interests in shares: Nil.

Stephen John Hart

Director (Appointed 24 July 2007)

Age: 56

Occupation: CEO Redcliffe Hospital Foundation

Experience and expertise: Owner of a publishing Company for 15 years. Newspaper Manager for 7 years. 25 years Managerial experience. Founding Director (Resigned 28 February 2005)

Special responsibilities: Member of the Marketing Committee (from date of re-appointment).

Interests in shares: 1,001 Ordinary Shares

William Pierre Hoogwaerts

Director (Deceased 29 July 2007)

Age: 68

Occupation: Self Employed - Business Promotions

Experience and expertise: Bill had been in business for 23 years, principally in fund raising activities. He was Chairman of the Company since it was formed, until he passed away.

Special responsibilities: Chairman of the Board Marketing Committee (Chairman); and Corporate Governance & Audit Committee (Member).

Interests in shares: Nil

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

Except for William Fraser, no Director has material interests in contracts or proposed contracts with the Company. William Fraser is the Managing Director of Will Fraser & Co Pty Ltd, a Margate based CPA accounting practice. Will Fraser & Co Pty Ltd provides accounting services to the Company, based on discounted charge rates.

Total fees charged during the 2007/08 year amounted to \$6,375.00 (2006/07: \$8,856.27).

Company Secretary

The Company Secretary is Norman John Bowles. Norm was appointed to the position of Secretary on 28 February 2005. He is a founding Director and accepted appointment as Secretary following the resignation of Steve Hart. He is a Director of Deneg Pty Ltd and is a former Lighting Engineer and Quality Assurance Consultant.

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

Directors' report continued

Operating Results

Operations have continued to perform in line with expectations. The profit/(loss) of the Company for the financial year after provision for income tax was:

Year ended 30 June 2008	Year ended 30 June 2007
\$	\$
4,083	(66,387)

Remuneration Report

No Director of the Company receives remuneration for services as a Company Director or Committee member.

The Manager of the bank receives a gross remuneration of \$79,071 (2007: \$71,755) including performance incentives.

The Manager also receives employer superannuation support.

Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

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

Except for William Fraser, 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. This statement excludes a benefit included in the aggregate amount of emoluments received or due

Directors' report continued

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.

William Fraser's firm, Will Fraser & Co Pty Ltd provided accounting services to the Company (as disclosed in the Directors' Report).

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
Serge Paggiaro	12	11
William Reginald Fraser	12	7
Norman John Bowles	12	12
Robert James Orr	12	11
Eva Joan Costello	12	10
Christine Julia Standfast	12	9
Rae Amelda Frawley	12	11
Stephen John Hart (Appointed 24 July 2007)	12	8
William Pierre Hoogwaerts (Deceased 29 July 2007)	-	-

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.

Directors' report continued

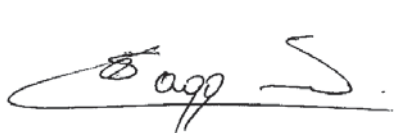
The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes did not compromise the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- 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 10.

Signed in accordance with a resolution of the Board of Directors at Redcliffe, Queensland on 15 September 2008.



Serge Paggiaro, Chairman



William Reginald Fraser, Director



Inaugural Chairman the Late Bill Hoogwaerts' family, at the unveiling of the plaque placed in our banking chambers in recognition of Bill's efforts in the establishment of the bank.

Auditors independence declaration



61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Redcliffe Peninsula Financial Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; 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 15th day of September 2008

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$	2007 \$
Revenues from ordinary activities	3	464,752	327,395
Salaries and employee benefits expense		(263,927)	(246,080)
Advertising and promotion expenses		(12,270)	(5,881)
Occupancy and associated costs		(35,816)	(40,568)
Systems costs		(24,662)	(19,185)
Depreciation and amortisation expense	4	(23,819)	(25,350)
General administration expenses		(94,937)	(81,890)
Profit/(loss) before income tax expense/credit		9,320	(91,560)
Income tax expense/credit	5	(5,237)	25,173
Profit/(loss) for the period		4,083	(66,387)
Profit/(loss) attributable to members of the entity		4,083	(66,387)
Earnings per share (cents per share)		c	c
- Basic for profit for the year	18	0.61	(9.96)

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	4,702	1,237
Trade and other receivables	7	29,659	25,449
Total current assets		34,361	26,686
Non-current assets			
Property, plant and equipment	8	168,366	175,341
Intangible assets	9	18,465	30,466
Deferred tax assets	10	122,749	127,986
Total non-current assets		309,580	333,793
Total assets		343,941	360,479
Liabilities			
Current liabilities			
Trade and other payables	11	14,472	13,650
Borrowings	12	-	21,441
Total current liabilities		14,472	35,091
Total liabilities		14,472	35,091
Net assets		329,469	325,388
Equity			
Issued capital	13	645,843	645,843
Accumulated losses	14	(316,374)	(320,457)
Total equity		329,469	325,388

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 flows from operating activities			
Receipts from customers		464,751	359,137
Payments to suppliers and employees		(434,220)	(421,966)
Interest paid		(780)	(337)
Interest received		-	566
Net cash provided by/(used in) operating activities	15	29,751	(62,600)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,845)	-
Net cash provided by/(used in) investing activities		(4,845)	-
Net increase/(decrease) in cash held		24,906	(62,600)
Cash at the beginning of the financial year		(20,204)	42,396
Cash at the end of the financial year	6(a)	4,702	(20,204)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$	2007 \$
Total equity at the beginning of the period		325,386	391,773
Net profit/(loss) for the period		4,083	(66,387)
Net income/expense recognised directly in equity		-	-
Dividends provided for or paid		-	-
Shares issued during period		-	-
Total equity at the end of the period		329,469	325,386

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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).

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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.

Note 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.

Notes to the financial statements continued

Note 2. Financial risk management (continued)

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 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 Bank Limited mitigates this risk significantly.

(v) cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo 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 Bank Limited mitigates this risk significantly.

	2008	2007
	\$	\$

3. Revenue from ordinary activities

Operating activities:

- Services commissions	464,752	326,829
Total revenue from operating activities	464,752	326,829

Non-operating activities:

- Interest received	-	566
Total revenue from non-operating activities	-	566
Total revenues from ordinary activities	464,752	327,395

Notes to the financial statements continued

	2008 \$	2007 \$
Note 4. Expenses		
Depreciation of non-current assets:		
- Plant and equipment	9,152	10,681
- Leasehold improvements	2,667	2,669
Amortisation of non-current assets:		
- Franchise agreement	12,000	12,000
	23,819	25,350
Finance costs:		
- Interest paid	780	337
Bad debts	1,538	316

Note 5. Income tax expense

The components of tax expense comprise:

- Recoupment of prior year tax losses	5,237	-
- Future income tax benefit attributable to losses	-	(25,173)
	5,237	(25,173)

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit/(loss)	9,320	(91,560)
Prima facie tax on profit/(loss) from ordinary activities at 30%	2,796	(27,468)
Add tax effect of:		
- Permanent differences	3,747	3,600
- Other deductible expenses	(1,305)	(1,305)
Current tax	5,237	(25,173)
	5,237	(25,173)

Notes to the financial statements continued

	2008 \$	2007 \$
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Note 6. Cash assets

Cash at bank and on hand	4,702	1,237
	4,702	1,237

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	4,702	1,237
Overdraft	-	(21,441)
	4,702	(20,204)

Note 7. Trade and other receivables

Trade receivables	13,990	4,903
Prepayments	15,669	20,546
	29,659	25,449

Note 8. Property, plant and equipment

Plant and equipment

At cost	111,143	106,294
Less accumulated depreciation	(39,990)	(30,830)
	71,153	75,464

Leasehold improvements

At cost	106,719	106,719
Less accumulated depreciation	(9,506)	(6,842)
	97,213	99,877

Total written down amount	168,366	175,341
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Movements in carrying amounts:

Plant and equipment		
Carrying amount at beginning	75,464	86,145

Notes to the financial statements continued

	2008 \$	2007 \$
Note 8. Property, plant and equipment (continued)		
Additions	4,849	-
Less: depreciation expense	(9,160)	(10,681)
Carrying amount at end	71,153	75,464
Leasehold improvements		
Carrying amount at beginning	99,877	102,546
Less: depreciation expense	(2,664)	(2,669)
Carrying amount at end	97,213	99,877
Total written down amount	168,366	175,341

Note 9. Intangible assets

Franchise Fee		
At cost	60,000	60,000
Less: accumulated amortisation	(42,773)	(30,772)
	17,227	29,228

Note 10. Deferred tax

Deferred Tax Asset		
- Opening Balance	127,986	102,813
Future income tax benefits attributable to losses	-	25,173
Recoupment of prior year tax losses	(5,237)	-
- Closing Balance	122,749	127,986

Note 11. Trade and other payables

Trade creditors	11,472	8,500
Other creditors & accruals	3,000	5,150
	14,472	13,650

Notes to the financial statements continued

	2008 \$	2007 \$
Note 12. Borrowings		
Bank overdraft	-	21,441

Note: The Company has an unsecured \$50,000 overdraft facility which attracted a nil interest rate until 10 February 2008, from which time interest is charged at the current commercial interest rate as per agreement with Franchisor.

Note 13. Contributed equity

666,359 Ordinary shares fully paid of \$1 each (2007: 666,359)	666,359	666,359
Less: equity raising expenses	(20,516)	(20,516)
	645,843	645,843

Note 14. Retained earnings/Accumulated losses

Balance at the beginning of the financial year	(320,457)	(254,070)
Net profit/(loss) from ordinary activities after income tax	4,083	(66,387)
Dividends paid	-	-
Balance at the end of the financial year	(316,374)	(320,457)

Note 15. Statement of cashflows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(Loss) from ordinary activities after income tax	4,083	(66,387)
Non cash items:		
- depreciation	11,819	13,350
- amortisation	12,000	12,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(4,210)	(2,087)
- (increase)/decrease in other assets	5,237	(25,173)
- increase in payables	822	5,697
Net cashflows provided by/(used in) operating activities	29,751	(62,600)

Notes to the financial statements continued

	2008 \$	2007 \$
Note 16. Auditors' remuneration		
Amounts received or due and receivable by the Auditor of the Company for:		
- audit & review services	4,000	4,000
- non audit services	965	450
	4,965	4,450

Note 17. Director and related party disclosures

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

Serge Paggiaro
 William Reginald Fraser
 Norman John Bowles
 Robert James Orr
 Eva Joan Costello
 Christine Julia Standfast
 Rae Amelda Frawley
 Stephen John Hart (Appointed 24 July 2007)
 William Pierre Hoogwaerts (Deceased 29 July 2007)

Except for William Fraser, who provided accounting services to the Company (as disclosed in the Director's Report), 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
Serge Paggiaro	1	1
William Reginald Fraser	1	1
Norman John Bowles	1	1
Robert James Orr	6,501	6,501
Eva Joan Costello	1,000	1,000
Christine Julia Standfast	-	-
Rae Amelda Frawley	-	-
Stephen John Hart (Appointed 24 July 2007)	1,001	1,001
William Pierre Hoogwaerts (Deceased 29 July 2007)	5,501	5,501

There was no movement in Directors shareholdings during the year. Each share held is valued at \$1.

Notes to the financial statements continued

	2008	2007
	\$	\$
Note 18. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	4,083	(66,387)
<hr/>		
	2008	2007
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	666,359	666,359

Note 19. 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.

Note 20. Contingent liabilities

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

Note 21. Segment reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Redcliffe Peninsula and district, Queensland.

Note 22. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
Shop 1A, 300 Oxley Avenue Margate QLD 4019	Shop 1A, 300 Oxley Avenue Margate QLD 4019

Note 23. 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.

Notes to the financial statements continued

Note 23. Financial instruments (continued)

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					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%

Financial assets

Cash assets	4702	1,237	-	-	-	-	-	-	-	-	0.05	0.05
Receivables	-	-	-	-	-	-	-	-	13,990	4,903	N/A	N/A

Financial liabilities

Interest bearing liabilities	-	21,441	-	-	-	-	-	-	-	-	N/A	Nil
Payables	-	-	-	-	-	-	-	-	14,472	13,647	N/A	N/A

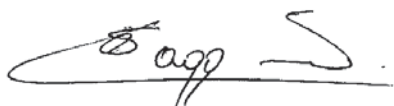
Director's declaration

In accordance with a resolution of the Directors of Redcliffe Peninsula 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 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.



Serge Paggiaro, Chairman



William Reginald Fraser, Director

Signed on the 15th of September 2007.



Your directors at their recently held Strategic Planning day.

Independent audit report



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Redcliffe Peninsula Financial Services Limited

We have audited the accompanying financial report of Redcliffe Peninsula Financial Services Limited, 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 then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors 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 that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

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 and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

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.

Independent audit report continued

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 director's 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

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Redcliffe Peninsula Financial Services Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



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

Dated this 15th day of September 2008



A great turn out at last year's AGM demonstrating the commitment of our shareholders & directors

BSX report

Additional information required by the Bendigo Bank Stock Exchange and not shown elsewhere in this report is as follows. The information is current as at 2 October 2008.

(a) Distribution of equity securities

The number of shareholders, by size of holding, are:

1 to 1,000	147
1,001 to 5,000	69
5,001 to 10,000	17
10,001 to 100,000	10
100,001 and over	
Total shareholders	243

There are currently 102 holders of parcels less than the minimum of 589, based on the current share price of \$0.85. Their holdings total 40,307 shares.

(b) Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

			Listed Ordinary Shares	
Emerald Constructions	Australia Pty Ltd		50,000	7.34%
Cleaver Holdings (Qld) Pty Ltd	<Superannuation Fund A/C>		20,000	2.94%
Dave's Electrical Service Pty	Ltd		20,000	2.94%
Mr Clive T Kitchen &	Mrs Yvonne M Kitchen	<Clive Kitchen S/ Fund A/C>	20,000	2.94%
Mr Leonard Montes &	Mrs Emily Montes		20,000	2.94%
Ron Jelich Professional	Planning Pty Ltd	<Jelich Super Fund A/C>	20,000	2.94%
Mr Edward Trevarthen &	Mrs Elaine Trevarthen	<Trevarthen Super Fund A/C>	20,000	2.94%
Mr Gregory Willock	Mrs Pauline Morris	<Gw & Ja McGilvery S/F A/C>	15,000	2.20%
McGilvery &	McGilvery		15,000	2.20%
Redcliffe City Council			15,000	2.20%
Mr Gerard Francis Pauley	Pauley Super Fund		11,000	1.61%
Mr Michael James Pauley	A/C			

(c) Voting Rights

Each shareholder has one vote.

BSX report continued

(d) 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 adopted an extensive set of policies and procedures, that are the primary reference for the governance of our Company. This policy framework assists in clarifying the future direction of our local Company and provides accountability and transparency for decision making.

The Board as a formally constituted Corporate Governance and Audit Committee.

(e) Name of Company Secretary

Norman John Bowles

(f) Address and telephone number of registered office and principal place of business

Shop 1A, 300 Oxley Avenue, Margate Qld 4019

Phone: (07) 3883 2399

Fax: (07) 3883 4377

(g) Address and telephone number of office at which securities register is kept

AFS & Associates Pty Ltd, 61-65 Bull Street, Bendigo Vic 3550. Telephone (03 5443 0344).

(h) Number of restricted and unquoted securities

There are no restricted securities on issue, nor are there any unquoted securities.



Manager Gavin McNab presents the grant cheque of \$15,000 to Woody Point Special School Principal Jan Baildon and student Tiffany.



Gavin McNab with Woody Point Special School Student Liam with his assistance dog Hero.

Margate **Community Bank**[®] Branch
300 Oxley Avenue, Margate QLD 4019
Phone: 3883 2399 Fax: 3883 4377

Franchisee: Redcliffe Peninsula Financial Services Limited
300 Oxley Avenue, Margate QLD 4019
Phone: 3883 2399 Fax: 3883 4377
ABN 66 109 123 677

www.bendigobank.com.au/public/margate
Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR8007) (08/08)