Robe Community
Financial Services Limited
ABN 24 101 974 887

2008 annualreport

Contents

Chairman's report

For year ending 30 June 2008

Our **Community Bank®** branch business portfolio has grown 19% to $27 million in the past year. While this puts us in a break even position we are working hard to further improve so we can post a consistent profit in the coming year.

The Board is mindful of the need to reward our loyal shareholders through the payment of a dividend; however, a dividend can only be paid from profits generated by the business. This is in contrast to the Community Contributions that are allocated out of Market Development funds supplied by Bendigo Bank. With your continued support and the support of your family, friends and colleagues I am sure our business will grow towards a sustainable profit situation.

Branch Manager

We welcome Craig McLaren, who was appointed Business Banking Manager for this area late last year and has now taken on the role of Branch Manager as well.

Craig is married to Sylvie, has two children Angus and Madeleine and comes to us with 26 years of banking experience with ANZ Bank.

The Board and I are extremely happy with Craig taking on the Manager's role and with Libby Jauncey as supervisor, two new staff Catherine and Karen as Customer Service Officers, and Shylie as a casual Customer Service Officer we are confident of maintaining and even improving our customer service.

Directors

Two new Directors joined the Board this year – Michael Mattei and Allan Schinckel. Michael and Allan are welcome additions and have been valuable with their input and new initiatives. Nesla Boundy resigned recently. We thank Nesla for her contribution while on the Board.

Bendigo Bank

Our Regional Manager, Mike Clutterham, has been promoted to State Community Enterprise Manager SA/NT and has been replaced by Anna Peshanoff. Both Mike and Anna give immense assistance to the Board.

Community contributions

We have continued to support the community through the Bendigo Marketing Fund with a further $7,796 in contributions to various community organisations in the past year. These contributions to the community can be increased in the future because as business grows we receive extra funds from the Bendigo Marketing Fund.

Chairman’s report continued

Lions Education Award

In January 2008, Australia Day Ceremony awards were presented to Tahnee Dening, Tenille Loxton and Nikita Wasson to further their studies. We are trustees of $14,000 in Robe Lions Club funds and applications for this year’s awards are now open.

Finally

I would like to thank my Board for their continued effort and commitment to improve the **Community Bank®** branch position, our Manager Craig McLaren and staff for their dedication and time in promoting the business and the **Community Bank®** model.

Finally, to our shareholders and customers, your support is very important in making our **Community Bank®** branch a success and I sincerely thank you all.

Ian Regnier
Chairman

Manager’s report

For year ending 30 June 2008

The 2007/2008 year saw the arrival of Shylie Jewell, Craig McLaren, Catherine Crafter and Karen Pitt to the branch. With the support of experienced staff, Jo Thiele and Libby Jauncey, training has been undertaken with vigor. Staffing is currently made up as follows:

Manager:	Craig McLaren
Supervisor:	Libby Jauncey
Customer Service Officers:	Shylie Jewell
	Catherine Crafter
	Karen Pitt

Sadly, after almost four years of dedicated service, Jo Thiele left us to work at the new North Adelaide branch of Bendigo Bank. Jo will be missed and I thank her for her support.

Business continues to grow steadily and the challenge for staff is to maintain the momentum and keep abreast of the evolving products and services to ensure that customers enjoy the best that Robe **Community Bank®** Branch has to offer.

Account numbers have grown from 834 to 1005, September 07 to September 08.

Business portfolio has increased by about 19% from $22.7m to $27.0m.

Involvement in the community remains important and the public can expect to see us involved in most local events. This includes sporting events, street parades and most recently, the facilitation of the Robe community gym project. This latest project has attracted a ground swell of support from the community and a steering committee made up of 11 people has been formed to manage the feasibility study.

In conjunction with Mount Gambier & Districts **Community Bank®** Branch, Robe **Community Bank®** Branch again participated in the South East Field Days. This involved quite a lot of organisation and work, but was most rewarding in meeting clients and members of the community.

Financial Planning is very topical at the moment given the volatile market. In order to provide some direction for clients, our Financial Planner, Paul Johnston, held an informative seminar on investing in uncertain times. This was very well attended. Paul visits Robe every three weeks to help customers plan for their future, grow wealth and protect their assets.

We now look forward to another year of growth and consolidation.

Craig McLaren
Manager

Directors' report

For year ending 30 June 2008

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

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

Merilyn Paxton

Ashley William Jared (retired 20/11/07)

Peter Darr

Ian Robert Regnier

George Richard Legoe

Mark Andrew Baker

Nesla Joy Boundy (retired 26/06/08)

David Philip Macauley

Michael Mattei (appointed 24/04/08)

Alan Schinckel (appointed 24/04/08)

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

The loss of the Company for the financial year after providing for income tax and eliminating minority equity interests amounted to $89,458.

A review of the operations of the Company during the financial year and the results of those operations found that the changes in market demand and competition have seen an increase in Commissions of 35% to $232,972. The increase in commissions has contributed to an increase in the Company's operating profit before tax.

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

The principal activities of the Company during the financial year were to provide a banking and financial service to Robe and the surrounding districts.

No significant change in the nature of these activities occurred during the year.

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

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

The operations of the Company are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Directors' report continued

Dividends paid or declared since the start of the financial year are as follows:

a) No Dividend was paid during the year.

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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

Ian Robert Regnier
Director

Dated 29 September 2008.

Auditor's independence declaration

MURRAY NANKIVELL

ACCOUNTANTS & BUSINESS CONSULTANTS
"SERVICE IS OUR STRENGTH"

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ROBE COMMUNITY FINANCIAL SERVICES LIMITED ABN: 24 101 974 887
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm MURRAY NANKIVELL AND ASSOCIATES PTY LTD

Name of Director MARK STEPHEN EDWARDS (Registered Company Auditor Number 289565)

Date 26th day of September 2008

Address 17 Smith Street
NARACOORTE SA 5271

Financial statements

Income statement
For year ending 30 June 2008

	Note	2008 $	2007 $
Revenue	2	232,977	171,813
Other income	2	8,225	-
Changes in inventories of finished goods and work in progress		-	-
Raw materials and consumables used		-	-
Employee benefits expense		(141,844)	(171,326)
Freight and cartage		-	-
Depreciation and amortisation expenses		(11,726)	(11,169)
Commissions paid		-	-
Impairment of property, plant and equipment		-	-
Finance costs	3	(37,055)	(1,504)
Other expenses		(136,582)	(124,394)
Share of net profits of associates and joint ventures		-	-
Profit before income tax		**(86,005)**	**(136,580)**
Income tax expense	4	(3,453)	(5,882)
Profit attributable to members of the entity		**(89,458)**	**(142,462)**
Dividends per share (cents)		-	-

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2008

	Note	2008 $	2007 $
Assets			
Current assets			
Cash and cash equivalents	8	585	659
Trade and other receivables	9	16,211	5,200
Other current assets	10	-	14,553
Total current assets		**16,796**	**20,412**
Non-current assets			
Trade and other receivables	9	-	-
Investments accounted for using the equity method	13	-	-
Financial assets	16	-	-
Property, plant and equipment	11	58,020	93,032
Deferred tax assets	14	3,034	6,487
Other non-current assets	10	-	-
Total non-current assets		**61,054**	**99,519**
Total assets		**77,850**	**119,931**
Current liabilities			
Trade and other payables	12	13,854	7,936
Financial liabilities	13	327,797	260,916
Current tax liabilities	14	-	-
Short-term provisions	15	7,171	4,560
Total current liabilities		**348,822**	**273,412**
Non-current liabilities			
Trade and other payables	12	-	-
Financial liabilities	13	-	28,033
Deferred tax liabilities	14	-	-
Long-term provisions	15	-	-
Total non-current liabilities		**-**	**28,033**
Total liabilities		**348,822**	**301,445**
Net assets		**(270,972)**	**(181,514)**
Equity			
Issued capital	16	427,989	427,989
Reserves		-	-
Retained earnings		(698,961)	(609,503)
Total equity		**(270,972)**	**(181,514)**

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			
Receipts from customers		244,784	191,933
Payments to suppliers and employees		(311,861)	(300,301)
Dividends received		-	-
Interest received		6	3
Finance costs		(3,362)	(1,504)
Income tax paid		-	-
Net cash provided by operating activities	**20**	**(70,433)**	**(109,869)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		31,511	-
Proceeds from sale of investments		-	-
Purchase of property, plant and equipment		-	(33,343)
Purchase of investments		-	-
Loans to related parties			
— payments made		-	-
— proceeds from repayments		-	-
Net cash used in investing activities		**31,511**	**(33,343)**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	37,115
Repayment of borrowings		(34,380)	(2,735)
Dividends paid		-	-
Net cash provided by (used in) financing activities		**(34,380)**	**34,380**
Net (decrease) increase in cash held		**(73,302)**	**(108,832)**
Cash at beginning of financial year		(253,910)	(145,078)
Cash at end of financial year	**8**	**(327,212)**	**(253,910)**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2008

	Note	Share capital		Retained earnings (accumulated losses) $	Asset revaluation reserve $	Financial asset reserve $	General reserves $	Total $
		Ordinary $	Partly paid ordinary shares $					
— general reserve								–
Transfers from retained profits								–
Sub-total		427,989	–	(698,961)	–	–	–	(270,972)
Dividends paid or provided for	7			–				–
Balance at 30 June 2007		**427,989**	**-**	**(698,961)**	**-**	**-**	**-**	**(270,972)**
Shares issued during the year								–
Profit attributable to equity shareholders								–
Revaluation increment / (decrement)								–
Sub-total		427,989	–	(698,961)	–	–	–	(270,972)
Dividends paid or provided for	7			–				–
Balance at 30 June 2008		**427,989**	**-**	**(698,961)**	**-**	**-**	**-**	**(270,972)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Statement of significant accounting policies

This financial report includes the financial statements and notes of Robe Community Financial Services Limited.

Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified (where applicable), by the revaluation of selected non-current assets, and financial assets financial liabilities for which the fair value basis of accounting has been applied.

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

Accounting policies

(a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Note 1. Statement of significant accounting policies (continued)

(a) Income tax (continued)

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, plant and equipment

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

<u>Plant and equipment</u>

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

Note 1. Statement of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

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

Class of fixed asset	Depreciation rate
Buildings	2.5% to 5%
Plant and equipment	5% to 25%

Leased plant and equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(d) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Note 1. Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iv) Financial liabilities

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

(v) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(e) Impairment of assets (continued)

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Employee benefits

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.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(i) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The financial report was authorised for issue on 30 September by the Board of Directors.

	Note	2008 $	2007 $

Note 2. Revenue

	Note	2008 $	2007 $
Other revenue			
interest received	2(a)	6	3
services revenue		232,971	171,810
other revenues		-	-
Total other revenue		**232,977**	**171,813**
Total sales revenue and other revenue		**232,977**	**171,813**
Other income			
gain on disposal of property, plant and equipment		8,225	-
gains on disposal of non-current investments		-	-
other income		-	-
Total other income		**8,225**	**-**
(a) Interest revenue from:			
other related parties		-	-
other persons		6	3
Directors		-	-
Total interest revenue		**6**	**3**

Note 3. Profit before income tax

	Note	2008 $	2007 $
(a) Expenses			
Cost of sales		-	-
Finance costs:			
Company		-	-
Director related Company		-	-
Other persons		37,055	1,504
Total finance costs		**37,055**	**1,504**

	Note	2008 $	2007 $

Note 3. Profit before income tax (continued)

Rental expense on operating leases

	Note	2008 $	2007 $
minimum lease payments		20,821	18,978
contingent rentals		-	-
rental expense for sub-lease		-	-
		20,821	**18,978**

Note 4. Income tax expense

(a) The components of tax expense comprise:

	Note	2008 $	2007 $
Current tax			
Deferred tax	14	3,453	5,882
Recoupment of prior year tax losses			
Under provision in respect of prior years		**3,453**	**5,882**

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

	Note	2008 $	2007 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% 2007:30%)		-	-
Add:			
Tax effect of:			
under-provision for income tax in prior years		-	-
non-deductible depreciation and amortisation		-	-
other non-allowable items		-	-
		-	**-**
Less:			
Tax effect of:			
Movement in provisions		1,076	758
Movement in other assets		(4,529)	(6,640)
Income tax attributable to Company		**3,453**	**5,882**
The applicable weighted average effective tax rates are as follows:		-4.0%	-4.3%

Notes to the financial statements continued

Note 5. Key management personnel compensation

Directors on the Board of the Company are all positions of a voluntary nature where no remuneration is paid.

The Company provides Director/Officer Indemnity insurance for its Directors on their behalf.

	Note	2008 $	2007 $

Note 6. Auditors' remuneration

	Note	2008 $	2007 $
Remuneration of the Auditor for:			
Auditing or reviewing the financial report		3,600	3,500
Taxation services		3,100	3,700
Due diligence services		-	-
Taxation services provided by related practice of Auditor		-	-

Note 7. Dividends

No Dividends have been declared or paid at 30 June 2008.

Note 8. Cash and Cash Equivalents

	Note	2008 $	2007 $
Current			
Cash at bank and in hand		585	659
Short-term bank deposits		-	-
		585	**659**
The effective interest rate on short-term bank deposits was 11.09%			
Reconciliation of cash			
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:			
Cash and cash equivalents		585	659
Bank overdrafts	13	(327,797)	(254,569)
		(327,212)	**(253,910)**

Notes to the financial statements continued

	Note	2008 $	2007 $

Note 9. Trade and other receivables

	Note	2008 $	2007 $
Current			
Trade receivables		16,158	1,497
Provision for impairment of receivables	9(d)(i)	-	-
		16,158	**1,497**
Amounts due from customers for construction contracts	9(a)	-	-
Other receivables		53	3,703
Loans to Directors	9(b)	-	-
Other related parties	9(c)	-	-
		16,211	**5,200**
Non-current			
Trade receivables		-	-
Provision for impairment of receivables	9(d)(ii)	-	-
		-	**-**

Note 10. Other assets

	Note	2008 $	2007 $
Current			
Calls in arrears		-	-
Prepayments		-	14,553
		-	**14,553**
Non-current			
Calls in arrears		-	-
Prepayments		-	-
		-	**-**

	2008 $	2007 $

Note 11. Property, plant and equipment

Plant and equipment

At cost	89,597	122,940
Accumulated depreciation	(31,577)	(29,908)
Accumulated impairment losses	-	-
Total plant and equipment	**58,020**	**93,032**
Total property, plant and equipment	**58,020**	**93,032**

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold land $	Buildings $	Plant and equipment $	Leased plant and equipment $	Total $
Balance at 1 July 2006			70,858		70,858
Additions			33,343		33,343
Disposals					-
Revaluation increments/ (decrements)					-
Depreciation expense			(11,169)		(11,169)
Capitalised borrowing cost and depreciation					-
Balance at 30 June 2007	-	-	**93,032**	-	**93,032**
Additions					-
Disposals			(31,511)		(31,511)
Revaluation increments/ (decrements)			8,225		8,225
Depreciation expense			(11,726)		(11,726)
Capitalised borrowing cost and depreciation					-
Carrying amount at 30 June 2008	-	-	**58,020**	-	**58,020**

Notes to the financial statements continued

Note 12. Trade and other payables

	2008 $	2007 $
Current		
Unsecured liabilities		
Trade payables	1,376	680
Sundry payables and accrued expenses	9,535	5,289
Employee benefits	2,943	1,967
Amounts payable to:		
Ultimate parent Company	-	-
Other related parties	-	-
Unsecured loans	-	-
	13,854	**7,936**
Non-current		
Unsecured liabilities		
Trade payables	-	-
Sundry payables and accrued expenses	-	-
Annual leave	-	-
Amounts payable to:		
Ultimate parent Company	-	-
Other related parties	-	-
Unsecured loans	-	-
	-	**-**

	Note	2008 $	2007 $

Note 13. Financial liabilities

	Note	2008 $	2007 $
Current			
Bank loan secured	13(a)	-	-
Bank overdraft secured	13	327,797	254,569
Lease liability	18	-	6,347
Financial guarantee contracts		-	-
Unsecured loans		-	-
		327,797	**260,916**
Non-current			
Bank loan secured		-	-
Bank bills secured		-	-
Lease liability	18	-	28,033
		-	**28,033**
(a) Total current and non-current secured liabilities:			
Bank overdraft		327,797	254,569
Bank loan		-	-
Bank bills		-	-
		327,797	**254,569**

(b) Bank overdraft loan and bills

The bank overdraft, loan and bills are secured by Bendigo Bank Limited who provide Working Capital by the way of an Overdraft facilty to support the Company's operations. Bendigo Bank Limited believe the need for any substantial financial support is unlikely, but nonethe less, provision of additional funding will be dependant upon the Robe Community Financial Services Limited fulfilling their ongoing responsibilties under the Franchise Agreement and continuing to work closely with Bendigo Bank Management to further develop the business.

Notes to the financial statements continued

	2008 $	2007 $

Note 14. tax

(a) Liabilities

	2008 $	2007 $
Current		
Income tax	-	-
Total	-	-

Non-current	Opening balance $	Charged to income $	Charged directly to equity $	Changes in tax rate $	Exchange differences $	Closing balance $
Deferred tax liability						
Property, plant and equipment						
Tax allowance						-
Tangible assets revaluation						-
Other						-
Balance as at 30 June 2007	**-**	**-**	**-**	**-**	**-**	**-**
Property, plant and equipment						
Tax allowance	-					-
Tangible assets revaluation	-					-
Other	-					-
Balance as at 30 June 2008	**-**	**-**	**-**	**-**	**-**	**-**

(b) Assets

Deferred Tax assets	Opening balance $	Charged to income $	Charged directly to equity $	Changes in tax rate $	Exchange differences $	Closing balance $
Provisions	610	758				1,368
Property, plant and equipment						
Impairment						-
Other	11,759	(6,640)				5,119
Balance as at 30 June 2007	**12,369**	**(5,882)**	**-**	**-**	**-**	**6,487**

Note 14. Tax (continued)

(b) Assets (continued)

Deferred tax assets	Opening balance $	Charged to income $	Charged directly to equity $	Changes in tax rate $	Exchange differences $	Closing balance $
Provisions	1,368	783				2,151
Property, plant and equipment						
Impairment	-					-
Other	5,119	(4,236)				883
Balance as at 30 June 2008	**6,487**	**(3,453)**	**-**	**-**	**-**	**3,034**

	2008 $	2007 $
Note 15. Provisions		
Current		
Long-term employee benefits		
Opening balance at beginning of year	4,560	2,033
Additional provisions raised during year	2,611	2,527
Amounts used	-	-
Balance at end of the year	**7,171**	**4,560**
Analysis of total provisions		
Current	7,171	4,560
Non-current	-	-
	7,171	**4,560**

Provision for long-term benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1(f).

	2008 $	2007 $

Note 16. Issued capital

	2008 $	2007 $
445610 (2007: 445,610) fully paid ordinary shares	445,610	445,610
	-	-
Prospectus fees & costs	(17,621)	(17,621)
	427,989	**427,989**

The Company has authorised share capital amounting to [insert amount] ordinary shares of no par value.

	No	No
(a) Ordinary shares		
At the beginning of reporting period	445,610	445,610
No. shares issued during year		
At reporting date	445,610	445,610

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

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

(b) Capital management

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

	Note	2008 $	2007 $
Total borrowings	13	327,797	288,949
Trade and other payables	12	13,854	7,936
Less cash and cash equivalents	8	(585)	(659)
Net debt		341,066	296,226
Total equity		**(270,972)**	**(181,514)**
Total capital		**70,094**	**114,712**
Gearing ratio		487%	258%

Note 17. Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from the reserve.

(b) General reserve

The general reserve records funds set aside for future expansion of the Company.

(c) Financial assets reserve

The financial assets reserve records revaluation of financial assets.

	Note	2008 $	2007 $

Note 18. Capital and leasing commitments

(a) Finance lease commitments

	Note	2008 $	2007 $
Payable - minimum lease payments not later than 12 months			
between 12 months and five years			2,345
greater than five years			25,688
Minimum lease payments		-	28,033
Less future finance charges			
Present value of minimum lease payments	**13**	**-**	**28,033**

The finance lease on plant and equipment, which commenced in 2007, is a 5 year lease. The vehicle being financed has been sold and part of the return was used to payout the loan.

(b) Operating lease commitments

	Note	2008 $	2007 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Payable - minimum lease payments not later than 12 months		11,698	9,372
between 12 months and five years		37,977	36,516
greater than five years			
		49,675	**45,888**

Note 18. Capital and leasing commitments (continued)

The property lease is a non-cancellable lease with a 5 year, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the 5 year term for an additional term of 5 years.

Note 19. Segment reporting

The Company operates predominately in one business and geographical segment being to provide a banking and financial service to Robe and the surrounding districts.

Note 20. Cash flow information

	2008 $	2007 $
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	(89,458)	(142,462)
Non-cash flows in profit		
Depreciation	11,726	11,169
Impairment of property, plant and equipment		
Net gain/(loss) on disposal of property, plant and equipment	8,225	-
Net gain/(loss) on disposal of investments	-	-
Share of associated Company's net profit after dividends		
Share of joint venture Company net profit after income tax and dividends		
Changes in assets and liabilities		
(Increase)/decrease in trade and term debtors	14,661	(2,750)
(Increase)/decrease in other assets		
(Increase)/decrease in prepayments	(14,553)	16,000
Increase/(decrease) in payables	(7,098)	798
Increase/(decrease) in income taxes payable		
(Increase)/decrease in deferred taxes	3,453	5,886
Increase/(decrease) in provisions	2,611	1,490
	(70,433)	**(109,869)**

Note 20. Cash flow information (continued)

(b) Credit standby arrangement and loan facilities

The Company has a bank overdraft amounting to $339,000. Support has been provided by the Bendigo Bank for the year 2008/2009 and in future years in accordance with the franchise agreement.

Note 21. Events after the balance sheet date

(a) There have been no events that have occurred after balance date that would materially affect the financial report.

Note 22. Related party transactions

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

There were no related party transactions that occurred other than on commercial terms.

Note 23. Economic dependence

The continuing service is dependent upon the support of Bendigo Bank Ltd in accordance with its franchise agreement.

Note 24. Financial risk management

(a) Financial risk management policies

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for the Company's operations.

The Company does not have any derivative instruments at 30 June 2008.

(i) Treasury risk management

The Board of Directors of the Company meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board of Directors overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

(ii) Financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Note 20. Cash flow information (continued)

(ii) Financial risk exposures and management (continued)

Interest rate risk

Interest rate risk is managed with variable rate debt. At 30 June 2008 approximately 100% of the Company's debt is variable. For further details on interest rate risk refer to Note Note 24(b).

Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

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

There are no material amounts of collateral held as security at 30 June 2008.

(b) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted average effective interest rate		Floating interest rate		Within 1 year		Fixed interest rate maturing 1 to 5 years	
	2008 %	2007 %	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Financial assets:								
Cash and cash equivalents	3.50	3.50	4	4				
Receivables								
Investments								
Total financial assets			**4**	**4**				

Note 20. Cash flow information (continued)

(b) Financial instrument composition and maturity analysis (continued)

	Non-interest bearing		Total	
	2008 $	2007 $	2008 $	2007 $
Financial assets:				
Cash and cash equivalents			4	4
Receivables			–	–
Investments			–	–
Total financial assets			**–**	**–**

	Weighted average effectiveinterest rate		Floating interest rate		Within 1 year		Fixed interest rate maturing 1 to 5 years	
	2008 %	2007 %	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Financial liabilities:								
Bank overdraft secured	11.09	10.15	11	10				
Trade and other payables								
Lease liabilities	7.20	7.20						
Total financial liabilities			**11**	**10**	**–**	**–**	**–**	**–**

	Non-interest bearing		Total	
	2008 $	2007 $	2008 $	2007 $
Financial liabilities:				
Bank overdraft secured			11	10
Trade and other payables			–	–
Lease liabilities			–	–
Total financial liabilities	**–**	**–**	**11**	**10**

Note 20. Cash flow information (continued)

(c) Net fair values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	2008		2007	
	Carrying amount $	Net fair value $	Carrying amount $	Net fair value $
Financial assets				
Available for sale financial assets at fair value				
Loans and receivables				
	–	–	–	–
Financial liabilities				
Bank overdraft secured	327,797	327,797	254,569	254,569
Bank bills secured				
Bank loan secured			34,380	34,380
Trade and other payables				
Lease liabilities				
Financial guarantee contracts				
	327,797	**327,797**	**288,949**	**288,949**

Note 25. Change in accounting policy

(a) The following Australian Accounting Standards issued or amended which are applicable to the Company but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

Aasb amendment	Standards affected		Outline of amendment	Application date of standard	Application date for group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report, as the Company does not fall within the scope of AASB 8.	1 Jan 2009	1 July 2009
	AASB 6	Exploration for and Evaluation of Mineral Resources			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above.	1 Jan 2009	1 July 2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007, has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the entity as it already capitalises borrowing costs related to qualifying assets.	1 Jan 2009	1 July 2009
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 111	Construction Contracts			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above.	1 Jan 2009	1 July 2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.	1 Jan 2009	1 July 2009
AASB 101	AASB 101	Presentation of Financial Statements	As above.	1 Jan 2009	1 July 2009

Note 26. Company details

The registered office of the Company is:

Robe Community Financial Services Limited
9 Victoria Street,
Robe SA 5276

The principle place of business is:

Robe Community Financial Services Limited
9 Victoria Street,
Robe SA 5276

Director’s declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 18, are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company.

2. In the Directors’ opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Ian Robert Regnier
Director

Dated 30 September 2008.

Independent audit report

MURRAY NANKIVELL

ACCOUNTANTS & BUSINESS CONSULTANTS
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ROBE COMMUNITY FINANCIAL SERVICES LIMITED 24 101 974 887
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ROBE COMMUNITY FINANCIAL SERVICES LIMITED

Report on the financial report

We have audited the accompanying financial report of Robe Community 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, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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 judgment, 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 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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 Robe Community Financial Services Limited on 26th September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

MURRAY NANKIVELL

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Auditor's opinion

In our opinion the financial report of Robe Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and

b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001* .

Going Concern

Bendigo Bank Limited have provided a letter of support for Robe Community Financial Services Ltd. Bendigo Bank Limited have confirmed they will provide the necessary working capital for the Company to continue operations by way of an overdraft limit to support the Company's operations (with continued adherance to Franchise Agreement) for the 2009 Financial Year.

Name of Firm:	Murray Nankivell & Associates Pty Ltd
Name of Partner:	Mark Stephen Edwards - Registered Company Auditor 289565
Address:	172 Smith Street, Naracoorte, South Australia

Dated this 30th day of September 2008

Robe **Community Bank**® Branch
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Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8024) (08/08)