

East Gosford & Lisarow **Community Bank**[®] branches and Kincumber branch



East Gosford



Kincumber



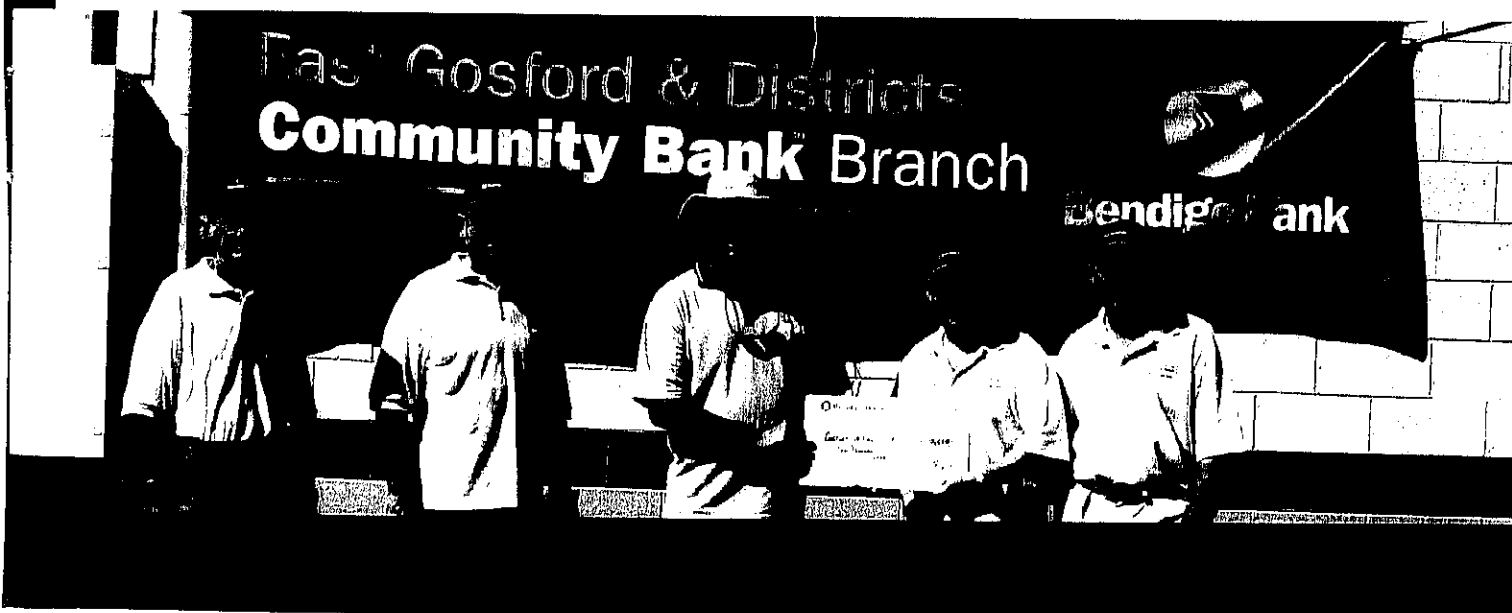
Lisarow



East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

8th Annual Report



Chairman's Report

Introduction and General Overview

It gives me much pleasure as your Chairman to present my fifth annual report on the affairs of your company, now in its ninth year of operation.

Our three branches, East Gosford, Lisarow and Kincumber, have continued to perform in line with expectations, with combined banking business as at 30 June 2008 of \$128.4 million. This represents an increase of \$7.5 million or 6.2 per cent over the previous year. Our trading result for the last financial year, after provision for income tax was a net profit of \$31,411 (2007 loss \$6,178). Two major factors affected our profits during the last financial year, the first being the high cost for security guards in all three branches after the security scare at the end of 2007. Secondly, in the wash up of revelations about deteriorating US sub prime loans non-banking organisations increased their deposit rates which affected our branch deposits.

Revenue increased from \$1.4 million in 2007 to \$1.6 million in 2008, representing an increase of 13.9 per cent. This is, once again, an excellent result in view of the continued depressed local housing market.

Sponsorships increased from \$41,993 in 2007 to \$49,795 in 2008. We have now given in excess of \$160,000 in sponsorships to over 65 community groups on the Central Coast, including sporting clubs, charitable organisations and community projects.

The company now has 322 shareholders and 760,008 Ordinary Shares fully paid plus 234,808 bonus issued shares. In November 2007, a 5 cent fully franked dividend was paid to shareholders. Shareholders have now received \$213,979 in dividends since November 2003. I am happy to announce that on 12 August 2008, the Board approved a 5 cent fully franked dividend to be paid on 12 November 2008 with a record date of 24 October 2008. Shares will go ex-dividend on 16 October 2008. This 5 cent dividend is based on total accrued profits.

Our branches have combined with Wyong and Ettalong branches to form a collaborative marketing campaign for the Central Coast. This campaign commenced in August this year with advertisements on NBN Central Coast television and will run for approximately 12 months. Advertising with Prime Central Coast television will commence later in the year.

I would like to take this opportunity to congratulate our Senior Manager Michael Bell, our Branch Managers, Julie Carrington at East Gosford, Michelle White at Lisarow and Martin Creesey at Kincumber, and all staff for their dedication and commitment to our **Community Bank®** branches.

On behalf of the Board, I would like thank all our shareholders for your support in building a successful **Community Bank®** branch network, resulting in greater benefits being returned to our community.

Special thanks again must go to all Directors for giving up their time on a voluntary basis to support the **Community Bank®** model.

Bob Rudd
Chairman

Senior Managers Report

A pleasing result achieved given a tough year in banking with current economic conditions.

From a banking business perspective we have dealt with much fiercer competition for deposits and lending than in the past due in part to the opening of other regional banks locally which adds to the dilution of customers who may be looking to change banks to our way of Banking.

From an operational position the last 12 months saw a lot of changes in regards to the planning of our restructuring of our branches, new Regional Manager for Central Coast & Northern NSW as well as a Bendigo Bank employed Financial Planner and the introduction of a sales system from Bendigo Bank.

We have now put together a very detailed Business Plan from which we are working towards the achievement of our goals set from our growth targets to continue profitability and in the case of Kincumber Branch, focus on getting business to a profitable level.

Strategically, we are in the process of consolidating our current position following on from our expansion strategy we undertook 5 years ago which was to ensure shareholder wealth into the future. This strategy will continue to provide growth and profitability and we have that this year, with sound profit shown with Lisarow Branch now profitable and Kincumber Branch exceeding expectations. We are confident that shareholders will be well catered for into the future.

I don't believe we are looking at any further expansion in the foreseeable future.

The restructure was put in place to ensure that we had Managers that would be identifiable within their local area working on a day to day basis within that community which was not happening, and support staff to enable the managers to become more proactive. The early signs of this restructure is very positive with some sound results year to date.

A thank you again to all staff across the three branches for your work and attitudes to ensuring our business is successful as well as to our directors who assist the business on a voluntary basis ensuring its long term viability. Also thank you to our shareholders and customers for your continued support.

Michael Bell
Senior Manager

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

ABN 90 092 538 620

Directors' Report

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

Directors

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

Robert Geoffrey Rudd
Chairman
Surveyor

Stephen David McIntosh
Deputy Chairman (Resigned 5 February 2008)
Human Resources Consultancy Business

Ronald Keith Hincksman
Director (resigned 2 April 2008)
Director of Gosford District
Chamber of Commerce

John Gregory Burton
Director (resigned 2 April 2008)
Solicitor

Maxwell Robert Hiron
Director
Retired Licensed Electrical Contractor

Brian Wilfred Lindbeck
Treasurer
Retired Maintenance Accountant

Warren Neville Price
Secretary (resigned 2 April 2008)
Self Employed Shop Keeper

Barry Kenneth McDonald
Deputy Chairman (Appointed 4 March 2008)
Retired Managing Director Albany
International Limited

Kenneth George Howes
Director
Chartered Accountant

Garry Samuel Morris
Director
Financial Advisor

Colin Moran
Director (appointed 23 April 2008)
Small Business Owner

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

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

Principal activities

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

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

Operating Results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was \$31,411 (2007: (\$6,178)). The loss for the year ended 30 June 2007 was largely attributable to costs associated with opening a new branch in Kincumber.

Dividends	Year Ended 30 June 2008	
	Cents Per Share	\$
Dividends paid in the year:		
- Final for the previous year	5	49,616

Directors' Report cont...

Significant changes in the state of affairs

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.

Significant events after the balance date

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 providing banking services to the community.

Directors' Benefits

During the year Max Hiron received \$nil (2007: \$87) for services rendered to the Company. This payment was made under commercial terms and conditions. During the year Brian Lindbeck received \$7,035 (2007 \$2,702) as reimbursement of telephone, it and motor vehicle expenses.

No other 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 and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

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

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

Directors' Report cont...

Directors Meetings

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

Number of Meetings Held: 11

Number of Meetings Attended:

	Number eligible to attend	Number attended	Apologies
Robert Geoffrey Rudd	11	10	1
Stephen David McIntosh (Resigned 5 February 2008)	7	2	5
Ronald Keith Hinksman (Resigned 2 April 2008)	9	5	4
John Gregory Burton (Resigned 2 April 2008)	9	3	6
Maxwell Robert Hiron	11	11	-
Brian Wilfred Lindbeck	11	10	1
Warren Neville Price (Resigned 2 April 2008)	9	-	9
Barry Kenneth McDonald	11	8	3
Kenneth George Howes	11	11	-
Garry Samuel Morris	11	9	2
Colin Moran (Appointed 23 April 2008)	2	2	-

Company Secretary

Warren Price has been the company secretary of East Gosford and Districts Financial Services Ltd for 8 years. Warren's qualifications and experience include being secretary of the East Gosford Chamber of Commerce. Warren has been self employed for 27 years and operated his own retail business. Warren resigned on 2 April 2008.

Michael Bell was appointed non-director company secretary on 9 May 2008. He has a Graduate Certificate in Banking and Finance, a Diploma in Business (Real Estate Management) and a Diploma in Management. He is currently the senior manager of East Gosford and Districts Financial Services Ltd.

Corporate Governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee, Members of the audit committee are Ken Howes, Garry Morris and John Burton (resigned 2 April 2008);
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Directors' Report cont...

Auditor Independence Declaration

The directors received the following declaration from the auditor of the company:

Richmond Sinnott & Delahunty
Chartered Accountants



PO Box 30
Bendigo, 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: red@rsdadv.com.au

Auditor's Independence Declaration

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

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
5 September 2008

Signed in accordance with a resolution of the Board of Directors at East Gosford, New South Wales on 5 September 2008.

Robert Rudd, Chairman

Richmond Sinnott & Delahunty
Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Phillip P Delahunty
Brett A Andrews

5 September 2008

The Directors
East Gosford & Districts Financial Services Limited
C/- Kelly & Partners Chartered Accountants
PO Box 3616
ERINA NSW 2250

Dear Directors

Auditor's Independence Declaration

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

A handwritten signature in black ink, appearing to read 'W. Sinnott'.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

ABN 90 092 538 620

Income Statement
For the year ended 30 June 2008

	<u>Notes</u>	<u>2008</u> \$	<u>2007</u> \$
Revenues from ordinary activities	2	1,590,520	1,395,914
Employee benefits expense	3	(830,254)	(766,396)
Charitable donations and sponsorship		(46,967)	(40,841)
Depreciation and amortisation expense	3	(90,603)	(70,543)
Administration & other expenses from ordinary activities		<u>(570,239)</u>	<u>(518,417)</u>
Profit/(loss) before income tax expense		52,457	(283)
Income tax expense	4	<u>21,046</u>	<u>5,895</u>
Profit/(loss) after income tax expense		<u><u>31,411</u></u>	<u><u>(6,178)</u></u>
Earnings per share (cents per share)			
- basic for profit/(loss) for the year	22	3.72	(0.73)
- diluted for profit/(loss) for the year	22	3.72	(0.73)
- dividends paid per share	21	5.00	6.00

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED
 ABN 90 092 538 620

Balance Sheet
As at 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Current Assets			
Cash assets	6	412,409	322,367
Current tax receivable	4	1,846	34,636
Receivables	7	<u>167,777</u>	<u>136,988</u>
Total Current Assets		<u>582,032</u>	<u>493,991</u>
Non-Current Assets			
Investments	8	500	500
Property, plant and equipment	9	314,221	350,328
Intangible assets	10	<u>87,897</u>	<u>122,313</u>
Total Non-Current Assets		<u>402,618</u>	<u>473,141</u>
Total Assets		<u>984,650</u>	<u>967,132</u>
Current Liabilities			
Payables	11	113,568	108,237
Current tax liability	4	-	-
Provisions	12	<u>104,143</u>	<u>84,751</u>
Total Current Liabilities		<u>217,711</u>	<u>192,988</u>
Total Liabilities		<u>217,711</u>	<u>192,988</u>
Net Assets		<u>766,939</u>	<u>774,144</u>
Equity			
Share capital	13	709,669	698,669
Retained earnings	14	<u>57,270</u>	<u>75,475</u>
Total Equity		<u>766,939</u>	<u>774,144</u>

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

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Cash Flow Statement For the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,542,205	1,498,977
Cash payments in the course of operations		(1,422,737)	(1,413,180)
Interest received		17,526	12,648
Income tax paid		11,744	(71,874)
Net cash flows from/(used in) operating activities	15b	<u>148,738</u>	<u>26,571</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(11,280)	(254,222)
Purchase of other non-current assets		(8,800)	(81,077)
Net cash flows from/(used in) investing activities		<u>(20,080)</u>	<u>(335,299)</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		11,000	279,400
Dividends paid		(49,616)	(42,265)
Share issue costs		-	(37,089)
Net cash flows from/(used in) financing activities		<u>(38,616)</u>	<u>200,046</u>
Net increase/(decrease) in cash held		90,042	(108,682)
Add opening cash brought forward		322,367	431,049
Closing cash carried forward	15a	<u>412,409</u>	<u>322,367</u>

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED
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Statement of Changes in Equity
For the year ended 30 June 2008

	2008	2007
	\$	\$
SHARE CAPITAL		
<i>Ordinary shares</i>		
Balance at start of year	698,669	456,358
Issue of share capital	11,000	279,400
Share issue costs	-	(37,089)
Balance at end of year	<u>709,669</u>	<u>698,669</u>
RETAINED EARNINGS		
Balance at start of year	75,475	123,918
Profit/(loss) after income tax expense	31,411	(6,178)
Dividends paid or proposed	(49,616)	(42,265)
Balance at end of year	<u>57,270</u>	<u>75,475</u>

**Notes to the Financial Statements
for the year ended 30 June 2008**

1. Basis of preparation of the Financial Report

(a) Basis of accounting

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

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 5 September 2008.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

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

Income tax

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

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

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2008

1. Basis of preparation of the Financial Report (continued)

Property, plant and equipment

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

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Plant & equipment	2.5 - 20%

Impairment

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

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

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

Recoverable amount of assets

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

Goods and services tax

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

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

**Notes to the Financial Statements
for the year ended 30 June 2008****1. Basis of preparation of the Financial Report (continued)****Goods and services tax (continued)**

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

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

Employee Benefits

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

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

Intangibles

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

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative Figures

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

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

**Notes to the Financial Statements
for the year ended 30 June 2008****1. Basis of preparation of the Financial Report (continued)****Receivables and Payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Interest Bearing Liabilities

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

Provisions

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

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

Contributed Capital

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

2. Revenue from ordinary activities

	2008	2007
	\$	\$
Operating activities:		
- other revenue	1,572,094	1,383,266
Total revenue from operating activities	<u>1,572,094</u>	<u>1,383,266</u>
Non-operating activities:		
- interest revenue	17,526	12,648
- other revenue	-	-
Total revenue from non-operating activities	<u>17,526</u>	<u>12,648</u>
Total revenues from ordinary activities	<u>1,590,520</u>	<u>1,395,914</u>

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

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Notes to the Financial Statements for the year ended 30 June 2008

3. Expenses	2008	2007
	\$	\$
Employee benefits expense		
- wages and salaries	758,919	697,166
- superannuation costs	63,725	59,247
- workers' compensation costs	2,401	2,941
- other costs	5,209	7,042
	<u>830,254</u>	<u>766,396</u>
Depreciation of non-current assets:		
- plant and equipment	47,387	34,559
Amortisation of non-current assets:		
- intangibles	43,216	35,984
	<u>90,603</u>	<u>70,543</u>
Bad debts	2,559	2,323
4. Income Tax Expense		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before Income tax at 30%	15,737	(85)
Add tax effect of:		
- Non-deductible expenses	5,309	5,980
Current income tax expense	<u>21,046</u>	<u>5,895</u>
Income tax expense	<u>21,046</u>	<u>5,895</u>
Tax liabilities		
Current tax payable/(receivable)	<u>(1,846)</u>	<u>(34,636)</u>
5. Auditors' Remuneration		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	<u>3,650</u>	<u>3,650</u>

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

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**Notes to the Financial Statements
for the year ended 30 June 2008**

	2008	2007
	\$	\$
6. Cash Assets		
Cash on hand	600	600
Cash at bank	211,809	121,767
Cash deposits at bank	200,000	200,000
	<u>412,409</u>	<u>322,367</u>
7. Receivables		
Trade debtors	144,942	136,988
Other debtors	13,222	-
Prepaid expenses	9,613	-
	<u>167,777</u>	<u>136,988</u>
8. Investments		
Shares in Public Companies	500	500
	<u>500</u>	<u>500</u>
9. Property, Plant and Equipment		
<i>Plant and equipment</i>		
At cost	571,878	560,598
Less accumulated depreciation	(261,747)	(215,010)
Total written down amount	<u>310,131</u>	<u>345,588</u>
<i>Computer software</i>		
At cost	5,000	5,000
Less accumulated depreciation	(810)	(260)
Total written down amount	<u>4,090</u>	<u>4,740</u>
Total Property, Plant & Equipment	<u>314,221</u>	<u>350,328</u>
Movements in carrying amounts		
<i>Plant and equipment</i>		
Carrying amount at beginning of year	345,588	130,665
Additions	11,280	249,222
Disposals	-	-
Depreciation expense	(46,737)	(34,299)
Carrying amount at end of year	<u>310,131</u>	<u>345,588</u>
<i>Computer software</i>		
Carrying amount at beginning of year	4,740	-
Additions	-	5,000
Disposals	-	-
Depreciation expense	(650)	(260)
Carrying amount at end of year	<u>4,090</u>	<u>4,740</u>

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

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Notes to the Financial Statements for the year ended 30 June 2008

	2008	2007
	\$	\$
10. Intangible Assets		
<i>Franchise Fee</i>		
At cost	67,000	127,000
Less accumulated amortisation	<u>(58,006)</u>	<u>(114,002)</u>
	<u>8,994</u>	<u>12,998</u>
 <i>Training Fee & Startup Assistance</i>		
At cost	228,744	159,944
Less accumulated amortisation	<u>(149,841)</u>	<u>(50,629)</u>
	<u>78,903</u>	<u>109,315</u>
 Total Intangible Assets	 <u><u>87,897</u></u>	 <u><u>122,313</u></u>
 11. Payables		
Trade creditors	26,776	22,988
Other creditors and accruals	<u>86,792</u>	<u>85,249</u>
	<u><u>113,568</u></u>	<u><u>108,237</u></u>
 12. Provisions		
Employee benefits	<u>104,143</u>	<u>84,751</u>
Number of employees at year end	<u>20</u>	<u>20</u>
 13. Share Capital		
760,008 Ordinary Shares fully paid of \$1 each	760,008	749,008
234,804 Bonus Shares*	-	-
Less preliminary expenses	<u>(50,339)</u>	<u>(50,339)</u>
	<u><u>709,669</u></u>	<u><u>698,669</u></u>
 * During 2005, 234,808 bonus shares were issued for no consideration at the rate of 1 share for every 2 held.		
 14. Retained Earnings		
Balance at the beginning of the financial year	75,475	123,918
Profit/(loss) after income tax	31,411	(6,178)
Dividends paid or proposed	<u>(49,616)</u>	<u>(42,265)</u>
Balance at the end of the financial year	<u><u>57,270</u></u>	<u><u>75,475</u></u>

**Notes to the Financial Statements
 for the year ended 30 June 2008**

	2008	2007
	\$	\$
15. Cash Flow Statement		
<i>(a) Reconciliation of cash</i>		
Cash assets	<u>412,409</u>	<u>322,367</u>
<i>(b) Reconciliation of profit/(loss) after tax to net cash from/(used in) operating activities</i>		
Profit/(loss) from ordinary activities after income tax	31,411	(6,178)
Non cash items		
- Depreciation	47,387	34,559
- Amortisation	43,216	35,984
Changes in assets and liabilities		
- (Increase) decrease in receivables	(30,789)	(21,568)
- Increase (decrease) in payables	5,331	25,946
- Increase (decrease) in provisions	19,392	23,807
- (Increase) decrease in current tax receivable	32,790	(65,979)
Net cashflows from/ (used in) operating activities	<u>148,738</u>	<u>26,571</u>

16. Directors and Related Party Disclosures

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

- Robert Geoffrey Rudd
- Stephen David McIntosh (Resigned 5 February 2008)
- Ronald Keith Hinksman (Resigned 2 April 2008)
- John Gregory Burton (Resigned 2 April 2008)
- Maxwell Robert Hiron
- Brian Wilfred Lindbeck
- Warren Neville Price (Resigned 2 April 2008)
- Barry Kenneth McDonald
- Kenneth George Howes
- Garry Samuel Morris
- Colin Moran (Appointed 23 April 2008)

During the year Max Hiron received \$nil (2007: \$87) for services rendered to the Company.

During the year Brian Lindbeck received the amount \$7,035 (2007 \$2,702) as reimbursement of telephone, it and motor vehicle expenses.

This payment was made under normal commercial terms and conditions.

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.

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

ABN 90 092 538 620

Notes to the Financial Statements for the year ended 30 June 2008

16. Directors and Related Party Disclosures (continued)

Directors shareholdings	2008	2007
Robert Geoffrey Rudd	4,502	4,502
Stephen David McIntosh (Resigned 5 February 2008)	6,502	6,502
Ronald Keith Hinksman (Resigned 2 April 2008)	7,500	7,500
John Gregory Burton (Resigned 2 April 2008)	1,502	1,502
Maxwell Robert Hiron	2,502	2,502
Brian Wilfred Lindbeck	4,502	4,502
Warren Neville Price (Resigned 2 April 2008)	1,502	1,502
Barry Kenneth McDonald	3,000	3,000
Kenneth George Howes	1,502	1,502
Garry Samuel Morris	750	750
Colin Moran (Appointed 23 April 2008)	10,000	10,000

Movements in shares held

There was no movement in directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid or bonus issue. The above holdings are held personally or in associated entities

17. Subsequent Events

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

18. Contingent Liabilities

Apart from below, there were no other contingent liabilities at the date of this report to affect the financial statements.

A bank guarantee for a rental bond for the Lisarow property of \$9,000 and a bank guarantee for fortnightly wages of \$35,000 has been made by the company.

19. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being the Central Coast of NSW.

20. Corporate Information

East Gosford Community Financial Services Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the National Stock Exchange.

The registered office and principal place of business is: 101 Victoria Street
East Gosford NSW 2250

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

ABN 90 092 538 620

Notes to the Financial Statements for the year ended 30 June 2008

	2008	2007
	1\$	1\$
21. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
(i) Current year interim		
Franked dividends - nil cents per share (2007: nil cents per share)	-	-
(ii) Prior year final		
Franked dividends - 5 cents per share (2007: 6 cents per share)	49,616	42,265
 (b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2007: 30%)	105,030	138,038
- Franking credits that will arise from the payment/(refund) of income tax payable/(refundable) at the end of the financial year	<u>(1,846)</u>	<u>(34,636)</u>
	<u>103,184</u>	<u>103,402</u>

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

22. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

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

Profit/(loss) after income tax expense	<u>31,411</u>	<u>(6,178)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>844,112</u>	<u>587,010</u>

Notes to the Financial Statements
For the year ended 30 June 2008

23. Financial risk management

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit Risk

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

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

	<u>Carrying Amount</u>	
	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Cash assets	412,408	322,367
Receivables	167,777	136,988
	<u>580,186</u>	<u>459,355</u>

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

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

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

(b) Liquidity risk

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

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

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

ABN 90 092 568 620

Notes to the Financial Statements For the year ended 30 June 2008

23. Financial risk management (continued)

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

	Carrying amount \$'000	Contractual cash flows \$'000	1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000
30 June 2008					
Payables	113,568	(113,568)	(113,568)	-	-
	<u>113,568</u>	<u>(113,568)</u>	<u>(113,568)</u>	<u>-</u>	<u>-</u>
30 June 2007					
Payables	108,237	(108,237)	(108,237)	-	-
	<u>108,237</u>	<u>(108,237)</u>	<u>(108,237)</u>	<u>-</u>	<u>-</u>

(c) Market risk

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

Interest Rate Risk

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

Sensitivity analysis

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

	Carrying Amount	
	2008	2007
	\$	\$
Fixed rate instruments		
Financial assets	200,000	200,000
Financial liabilities	-	-
	<u>200,000</u>	<u>200,000</u>
Variable rate instruments		
Financial assets	212,409	122,367
Financial liabilities	-	-
	<u>212,409</u>	<u>122,367</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Notes to the Financial Statements
For the year ended 30 June 2008

23. Financial risk management (continued)

(d) Net fair values

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

(e) Capital management

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

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

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2008 can be seen in the Income Statement.

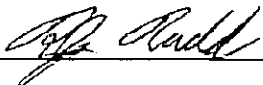
There were no changes in the Company's approach to capital management during the year.

Directors' Declaration

In accordance with a resolution of the directors of East Gosford & District Financial Services Limited,
I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2008.



Robert Rudd, Chairman

Signed at East Gosford, New South Wales on 5 September 2008

Richmond Sinnott & Delahunty
Chartered Accountants



**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF EAST GOSFORD & DISTRICTS
FINANCIAL SERVICES LIMITED**

Partners:
Kenneth J Richmond
Warren J Sinnott
Phillip P Delahunty
Drew A Andrews

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for East Gosford & Districts Financial Services Limited, for the year ended 30 June 2008.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LIMITED

ABN 90 092 538 620

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of East Gosford & Districts Financial Services Limited is in accordance with:

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

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

W. J. Sinnott

W. J. SINNOTT

Partner

Bendigo

Date: 5 September 2008

BSX Additional Information

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in the Annual Report is as follows. The information is current as at 19th August 2008.

A. Corporate Governance Statement

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

The Board recognises the importance of strong and effective corporate governance. The Board has adopted the Policy Guidelines issued by Bendigo Bank and has converted many of the Guidelines into company Policy. The establishment of our local Policy Manual has allowed the adoption of policy recommendation, rigorous review of existing policy and the development of new policies and procedures that will govern our company into the future. We believe that building this rigorous policy framework, together with attention to risk management and the development of a code-of-conduct, probity and ethical behaviour statements, will assist to clarify the future direction of our local company, provide accountability and transparency and ensure there are sound, efficient and effective guiding principles in place for future decision making.

B. Substantial Shareholders – Ten largest shareholders

	Ordinary Shares	Number of Ord Shares
1 Mr Robert Rodger & Mrs Loretta Rodger	18,000	1.81%
2 Mr Keya Pfyeld	17,500	1.76%
3 Mr Gregory Sanders & Mrs Mina Sanders	17,500	1.76%
4 Mr Robert Zirkler & Mrs Christina Zirkler	17,500	1.76%
5 Mr Robert Connell & Mrs Cathy Connell	15,000	1.51%
6 Mr Geoffrey Nicholson & Mrs Lois Nicholson	15,000	1.51%
7 PKC Investments Pty Ltd	15,000	1.51%
8 Staffend Pty Ltd	15,000	1.51%
9 Mr Richard Everitt Thorne	15,000	1.51%
10 Mrs Robyn Denham	12,500	1.26%
	158,000	15.88%

C. Voting Rights

Each shareholder has one vote

D. Distribution of Shareholders

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

			Ordinary Shares	
			Number of Holders	Number of Shares
1	-	1,000	100	70,650
1,001	-	5,000	173	402,166
5,001	-	10,000	36	290,400
10,001	-	100,000	16	228,000
100,000 and over				
<hr/>				
Total			325	994,816

We have eight shareholders with a holding less than a marketable parcel of shares totaling 1400

E. Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all Director's is reviewed annually by the board. Directors whose performance is unsatisfactory are asked to retire

The Board and Director's aims to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors

Michael James Bell is the Company's Secretary.

F. Registered office of the Company:

101 Victoria Street
EAST GOSFORD NSW 2250

Telephone: 02 4323 4559

G. Address and telephone number of the Office which securities register is kept:

Computershare Investor Services Pty Ltd
ABN 48 078 279 277
Yarra Falls 452 Johnston Street
ABBOTSFORD VIC 3067

Telephone: 03 9415 5000

EAST GOSFORD AND DISTRICTS
FINANCIAL SERVICES LIMITED

SPONSORSHIP

RECIPIENTS AS AT JUNE 2008

00/07

07/08

COAST PATROL
COAST UNITED HOCKEY
OURIMBAH UNIVERSITY
TRAILWALKERS
LIONS CENTRAL COAST
LITTLE ATHLETICS
WAMBERAL SURF CLUB
GOSFORD SAILING CLUB
EAST GOSFORD ROTARY
EAST GOSFORD FOOTBALL
LIONS BASEBALL CLUB
MANGROVE MTN. COUNTRY FAIR
WYOMING SOCCER CLUB
CENTRAL COAST YOUTH CENTRE
GOSFORD CITY BRASS BAND
GOSFORD KARIONG JNR R/LEAGUE
LIONS WYOMING
GOSFORD CITY ROTARY
CENTRAL COAST KIDS DAY OUT
GOSFORD CITY SPORTS STADIUM
GOSFORD RSL JNR. SWIM CLUB
CENTRAL COAST CANCER COUNCIL
FAIRHAVEN SERVICES
TERRIGAL B.M.X.
COMMUNITY CHEST
KULNURA P&C ASSOEN
DODGERS BASEBALL CLUB
CENTRAL COAST SURF CLUBS CHARITY DAY
GOSFORD PUBLIC SCHOOL
LISAROW HIGH SCHOOL
LIONS GOSFORD CITY
NAVY CADETS T/S HAWKESBURY
HAVEN EDUCATION CENTRE
COAST SHELTER
R.Y.D.A.
TERRIGAL JNR. RUGBY CLUB
GOSFORD CITY SOCCER CLUB
NARARA - WYOMING JNR CRICKET CLUB
CENTRAL COAST ARAFMI
DADS IN EDUCATION LTD.
VIETNAM VETERANS ASSOCIATION OF AUSTRALIA
BRISBANE WATER MARINE WATCH
LIONESSE CLUB EAST GOSFORD
OUR LADY OF THE ROSARY SCHOOL WYOMING
TERRIGAL SURF CLUB

**EAST GOSFORD AND DISTRICTS
 FINANCIAL SERVICES LIMITED**

SPONSORSHIP

RECIPIENTS AS AT JUNE 2008

00/07

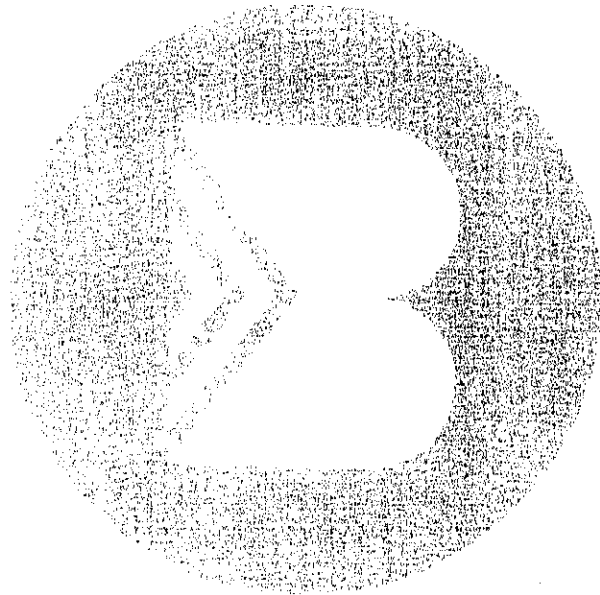
07/08

NIAGRA PARK PUBLIC SCHOOL
 NARARA VALLEY HIGH SCHOOL BAND
 KINCUMBER COMMUNITY FESTIVAL
 HAND BRAKE TURN
 GOSFORD CITY SEAGULLS
 ST PATRICKS CATHOLIC PRIMARY SCHOOL
 BEARS BASEBALL CLUB
 AUSTRALIAN BREASTFEEDING ASSOCIATION
 KINCUMBER PACIFIC DOLPHINS SWIM CLUB
 GLENVALE SCHOOL
 KINCUMBER ROOS FOOTBALL CLUB
 GOSFORD GOLF TRAINEE PROGRAM
 CENTRAL COAST HIGHLAND DANCING
 TEMPO TERRIFIC CONCERT BAND
 KINCUMBER MENS SHED
 TERRIGAL AVOCA PANTHERS AFL
 ST EDWARDS OLD BOYS UNION
 CENTRAL COAST MANUFACTURERS ASSOCH
 EAST GOSFORD PROGRESS ASSOCH
 TERRIGAL PRIMARY SCHOOL
 COPACABANA PUBLIC SCHOOL
 KINCUMBER PRIMARY SCHOOL
 GENERATION GREEN
 GOSFORD DISTRICT TENNIS ASSOCH
 NIAGARA PARK JNR AFL
 KINCUMBER COLTS RLFC
 MOUNTAIN DISTRICTS SPORTS ASSOCH
 OURIMBAH JUNIOR RUGBY CLUB
 DAVISTOWN RSL BOWLING CLUB

=====
\$112,947
 =====

=====
\$49,795
 =====

Notes



Sponsored Teams



Narara
Wyoming
Junior
Cricket
Club



Wyoming
Soccer
Club



Gosford
Kariong
Junior
Rugby
League
Club