



Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company/scheme details

Company/scheme name

RAYNESVILLE & DISTRICT FINANCIAL SERVICES LTD

ACN/ARBN/ARSN/PIN/ABN

115 308 015

Lodgement details

Who should ASIC contact if there is a query about this form?

Firm/organisation

WIK ARMITAGE DONNIE

Contact name/position/description

SCOTT AGHLEY / ACCOUNTANT

ASIC registered agent number (if applicable)

Telephone number

03 51 53 0222

Postal address or DX address

95 MACLEOD STREET

RAIRSDALE VIC 3875

1 Reason for lodgement of statement and reports

Tick appropriate box

- A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- A registered scheme (B)
- Amendment of financial statements or directors' report (company) (C)
- Amendment of financial statements or directors' report (registered scheme) (D)
- A large proprietary company that is not a disclosing entity (H)
- A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- A small proprietary company that is requested by ASIC to prepare and lodge statements and reports (J)
- A prescribed interest undertaking that is a disclosing entity (K)

Dates on which financial year begins and ends

Financial year begins

01/07/07
 [D] [M] [Y]

to

Financial year ends

30/06/08
 [D] [M] [Y]

2 Details of large proprietary company

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

C How many employees are employed by the large proprietary company and the entities that it controls?

D How many members does the large proprietary company have?

3 Auditor's report

Were the financial statements audited?

Yes

No

If no, is there a class order exemption current for audit relief?

Yes

No

If yes, does the auditor's report (s308) for the financial year contain a statement of:

Reasons for the auditor not being satisfied as to the matters referred to in s307?

Yes

No

Details of the deficiency, failure or shortcoming concerning any matter referred to in s307?

Yes

No

4 Details of current auditor or auditors

Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

AFS & ASSOCIATES PTY LTD

ACN/ABN

51061795337

or

Firm name (if applicable)

4 Continued... Details of current auditor or auditors

Office, unit, level

Street number and Street name

Suburb/City
 State/Territory

Postcode
 Country (if not Australia)

Date of appointment

[D] [D] [M] [M] [Y] [Y]

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number (for individual auditor or authorised audit company)

Family name
 Given name

or
 Company name

ACN/ABN

or
 Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City
 State/Territory

Postcode
 Country (if not Australia)

5 Statements and reports to be attached to this form

- Financial statements for the year (as per s295(2) and accounting standards)
 - Income statement for the year*
 - Balance sheet as at the end of the year*
 - Statement of cash flows for the year*
 - Statement of changes in equity or statement of recognised income and expense for the year*
 - If required by accounting standards - the consolidated income statement, balance sheet, statement of cash flows and statement of changes in equity/statement of recognised income and expense*
- Notes to financial statements (as per s295(3))
 - Disclosures required by the regulations*
 - Notes required by the accounting standards*
 - Any other information necessary to give a true and fair view (see s297)*
- The directors' declaration about the statements and notes (as per s295(4))
- The directors' report for the year, including the auditor's independence declaration (as per s298 to s300A)
- Auditor's report required under s308 and s314
- Concise report (if any) (s314)

Signature

See Guide for details of signatory.

I certify that the attached documents marked () are a true copy of the original reports required to be lodged under s319 of the Corporations Act 2001.

Name

JOHN SPILLIN

Signature



Capacity

Director

Company secretary

Date signed

24, 09, 08

[D] [D] [M] [M] [Y] [Y]

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form electronically by visiting the ASIC website
www.asic.gov.au

For help or more information

Telephone 1300 300 630

Email info.enquiries@asic.gov.au

Web www.asic.gov.au

**Paynesville & District
Financial Services Limited**

Financial Statements

as at

30 June 2008

Paynesville District Financial Services Limited
ABN 80 115 308 015
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:

Geoffrey Douglas Brooks

Chairman

Age: 60

Occupation: Sales and Marketing

Experience and expertise: Director of local manufacturing and design business. Previously, 25 years in the golf industry as a club manager, consultant and franchise owner.

Founding Director.

Other current Directorships: Director of Ferngully Investments Pty Ltd.

Former directorships in last 3 years: NIL

Special responsibilities: Chairman of the Board

Interests in shares: 5001 Ordinary Shares. (5,000 held with related parties).

Arthur Peter Huntley

Director

Age: 62

Occupation: Retired Accountant

Experience and expertise: Over 25 years finance and management experience with large chemical company both within Australia and overseas.

Other current Directorship: NIL

Former Directorship in last 3 years: NIL

Special responsibilities: Member of Finance Committee

Interest in shares: NIL

Mark Anthony Kenney

Director

Age: 42

Occupation: Business Proprietor

Experience and expertise: Owner/operator of Joinery business for the past 17 years.

Founding Director

Other Current Directorships: Director of Paynesville Joinery Pty Ltd.

Former Directorships in last 3 years: NIL

Special responsibilities: Member of Properties and Facilities, Business Development and Marketing & Sponsorship committees.

Interests in Shares: 10,001 Ordinary Shares (10,000 held with related parties)

Donald William Blainey

Director (*Resigned 24 September 2007*)

Age: 66

Occupation: Retired Solicitor

Experience and expertise:

Retired solicitor who ran the insurance law department in a large city firm.

Founding Director.

Other current Directorships: Don Blainey

Superannuation Fund Pty Ltd

Former Directorships in the last 3 years: NIL

Special responsibilities: Deputy Chairman

Interests in shares: 501 Ordinary Shares.

Leslie John Mathieson

Director

Age: 55

Occupation: Managing Director

Experience and expertise: Executive appointments with East Gippsland Water for 6 years including at present Managing Director. Presently, also, Executive member of the Institute of Water Administration and Chairperson, Victorian Water Industry Training Advisory Board. Former Secretary/Manager (CEO) of the Orbost Water Board.

Other Current Directorships: NIL

Former Directorships in last 3 years: NIL

Special responsibilities: NIL

Interests in Shares: NIL

Andrew Sutherland McKee

Director

Age: 62

Occupation: Retired

Experience and expertise: Former Sales Manager with a Unilever group for 8 years. Joint owner and franchisee specialising in fire and flood restoration for 11 years. Director and Manager of Contract Furnishing Company for 20 years.

Other current Directorships: NIL

Former Directorships in last 3 years: NIL

Special responsibilities: NIL

Interest in shares: NIL

Paynesville District Financial Services Limited
ABN 80 115 308 015
Directors' Report

Andrew Charles Quirke

Director
Age: 47
Occupation: Business Proprietor
Experience and expertise: Co-owns and operates a local computer sales and service business.
Founding Director
Other current Directorships: NIL
Former Directorships in last 3 years: NIL
Special responsibilities: Member of Secretarial and Governance Committee
Interests in Shares: 3001 Ordinary Shares.

John Charles Smellin

Director
Age: 61
Occupation: Business Proprietor
Experience and Expertise:
Substantial administrative experience in public and private sector. For 17 years held positions as CEO and PEO of licensed clubs. Presently, the licensee of a hotel.
Founding Director.
Other current Directorships: Director Mashjo Pty Ltd
Former Directorships in last 3 years: NIL
Special responsibilities: Company Secretary and Co-Ordinator of Secretarial and Governance Committee.
Public Officer for the company.
Interests in Shares: 6001 Ordinary Shares (6000 held with related parties)

Gerard Squire Veitch

Director
Age: 58
Occupation: Business Proprietor
Experience and expertise:
Marine Engineer by profession and owns/operates a marine contracting and construction business.
Founding Director
Other current Directorships: Director of Gippsland Lakes Jetties Pty Ltd.
Former Directorships in last 3 years: NIL
Special Responsibilities: Member of Finance Committee.
Interests in Shares: 10,001 Ordinary Shares (5,000 held with related parties)

Ellen Ruth Wilson OAM

Director
Age: 65
Occupation: Caterer
A caterer by profession and tireless community worker involved in many voluntary activities for the Paynesville community.
Founding Director
Other current Directorships: NIL
Former Directorships in last 3 years: NIL
Special Responsibilities: Member of Human Resource Committee.
Interests in Shares: 501 Ordinary Shares.

Robert Allen Rowe

Director
Age: 66
Occupation: Retired
Experience and expertise: Skills developing coordinator for three years prior to that 25 years as a production foreman.
Other current Directorships: NIL
Former Directorships in last 3 years: NIL
Special responsibilities
Interest in shares: NIL

Margaret Gae Supplitt

Director (*Resigned 5 September 2007*)
Age: 41
Occupation: Project Manager
Experience and expertise: Civil engineer employed by Riviera Properties as a Project Manager. Previously gained experience in local and state government agencies, the resource sector and property development. Also currently acts as the Chair of the East Gippsland Shire's Economic Advisory Board.
Other current Directorships: NIL
Former Directorships in last 3 years: NIL
Special responsibilities: NIL
Interest in shares: 2,000 Ordinary shares.

Glenn David Williams

Director
Age: 65
Occupation: Retired
Experience and expertise: Managing Director, General Advertising Co, CEO and Director Clemenger Horne Advertising. Past member Australia Day Committee, Victoria.
Other current Directorships: NIL
Former Directorships in last 3 years: NIL
Special responsibilities: NIL
Interest in shares: NIL

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

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

Paynesville District Financial Services Limited
ABN 80 115 308 015
Directors' Report

Company Secretary

The company secretary is John Charles Smellin. John was appointed to the position of secretary on 27 February 2006. John is a founding Director and accepted appointment as Secretary following the resignation of Robert Rees. He is also a Director of Mashjo Pty Ltd, his business company.

Principal activities

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

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

Operating Results

Operations have continued to perform in line with expectations. The loss of the company for the financial year after provision for income tax was:

| Year ended 30 June 2008 | Year ended 30 June 2007 |
|----------------------------|----------------------------|
| \$ | \$ |
| (21,439) | (105,229) |

Remuneration Report

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

The Branch Manager commenced employment on 21 April 2008. He receives gross remuneration of \$70,000 and employee superannuation support.

Dividends

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

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely Developments

The company will continue its policy of facilitating banking services to the community.

Paynesville District Financial Services Limited
ABN 80 115 308 015
Directors' Report

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest except as disclosed in note 18 to the financial statements. 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 Manager of the company except where the liability arises out of conduct involving the lack of good faith.

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

Directors Meetings

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

| | Number of Board Meetings <u>eligible to attend</u> | <u>Number attended</u> |
|--|---|-------------------------------|
| Geoffrey Douglas Brooks | 14 | 13 |
| Donald William Blainey (<i>Resigned 24 September 2007</i>) | 3 | 1 |
| Arthur Peter Huntley | 14 | 12 |
| Leslie John Mathieson | 14 | 10 |
| Mark Anthony Kenney | 14 | 8 |
| Andrew Sutherland McKee | 14 | 12 |
| Andrew Charles Quirke | 14 | 14 |
| Robert Allen Rowe | 14 | 8 |
| John Charles Smellin | 14 | 14 |
| Margaret Gae Supplitt (<i>Resigned 5 September 2007</i>) | 2 | 1 |
| Gerard Squire Veitch | 14 | 9 |
| Glenn David Williams | 14 | 11 |
| Ellen Ruth Wilson OAM | 14 | 7 |

Paynesville District Financial Services Limited
ABN 80 115 308 015
Directors' Report

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

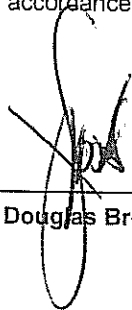
all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

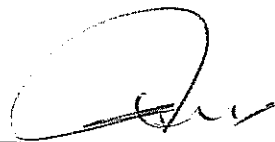
Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of the Board of Directors at Paynesville on 24 September 2008.



Geoffrey Douglas Brooks, Chairman



John Charles Smellin, Company Secretary

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
to the directors of Paynesville & District Financial Services Limited**

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

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 24th day of September 2008

Paynesville District Financial Services Limited
ABN 80 115 308 015
Income Statement
for the year ended 30 June 2008

| | <u>Notes</u> | 2008 <u>\$</u> | 2007 <u>\$</u> |
|---|--------------|--------------------------|--------------------------|
| Revenues from ordinary activities | 3 | 455,706 | 323,677 |
| Salaries and employee benefits expense | | (262,088) | (250,767) |
| Advertising and promotion expenses | | (2,119) | (1,791) |
| Occupancy and associated costs | | (43,150) | (35,236) |
| Systems costs | | (26,248) | (29,378) |
| Depreciation and amortisation expense | 4 | (49,348) | (49,223) |
| General administration expenses | | (107,842) | (104,956) |
| Loss before income tax credit | | (35,090) | (147,674) |
| Income tax credit | 5 | 13,651 | 42,445 |
| Loss for the period | | (21,439) | (105,229) |
| Loss attributable to members of the entity | | (21,439) | (105,229) |
| Earnings per share (cents per share) | | <u>c</u> | <u>c</u> |
| - basic for profit for the year | 19 | (2.70) | (13.26) |

The accompanying notes form part of these financial statements

Paynesville District Financial Services Limited
 ABN 80 115 308 015
 Balance Sheet
 as at 30 June 2008

| | <u>Notes</u> | <u>2008</u> \$ | <u>2007</u> \$ |
|--------------------------------------|--------------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash assets | 6 | 276,862 | 303,830 |
| Trade and other receivables | 7 | 38,193 | 38,469 |
| Total Current Assets | | <u>315,055</u> | <u>342,299</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | 8 | 131,141 | 174,204 |
| Intangible assets | 9 | 47,115 | 6,901 |
| Deferred tax assets | 10 | 96,263 | 82,612 |
| Total Non-Current Assets | | <u>274,519</u> | <u>263,717</u> |
| Total Assets | | <u>589,574</u> | <u>606,016</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 43,837 | 39,688 |
| Borrowings | 12 | 5 | 286 |
| Provisions | 13 | 15,170 | 15,200 |
| Total Current Liabilities | | <u>59,012</u> | <u>55,174</u> |
| Non-Current Liabilities | | | |
| Provisions | 13 | 1,159 | - |
| Total Non-Current Liabilities | | <u>1,159</u> | <u>-</u> |
| Total Liabilities | | <u>60,171</u> | <u>55,174</u> |
| Net Assets | | <u>529,403</u> | <u>550,842</u> |
| Equity | | | |
| Issued capital | 14 | 793,513 | 793,513 |
| Accumulated losses | 15 | (264,110) | (242,671) |
| Total Equity | | <u>529,403</u> | <u>550,842</u> |

The accompanying notes form part of these financial statements

Paynesville District Financial Services Limited
ABN 80 115 308 015
Statement of changes in equity
for the year ended 30 June 2008

| | 2008 | 2007 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Total equity at the beginning of the period | 550,842 | 656,071 |
| Net loss for the period | (21,439) | (105,229) |
| Net income/expense recognised directly in equity | - | - |
| Dividends provided for or paid | - | - |
| Shares issued during period | - | - |
| Total equity at the end of the period | <u><u>529,403</u></u> | <u><u>550,842</u></u> |

The accompanying notes form part of these financial statements

Paynesville District Financial Services Limited
 ABN 80 115 308 015
 Statement of Cashflows
 for the year ended 30 June 2008

| | <u>Notes</u> | 2008 \$ | 2007 \$ |
|--|--------------|------------|------------|
| Cash Flows From Operating Activities | | | |
| Receipts from customers | | 467,648 | 316,025 |
| Payments to suppliers and employees | | (468,015) | (473,173) |
| Interest paid | | 14 | - |
| Interest received | | 19,885 | 24,001 |
| Net cash provided by/(used in) operating activities | 16 | 19,532 | (133,147) |
| Cash Flows From Investing Activities | | | |
| Payments for property, plant and equipment | | (1,500) | (3,291) |
| Payments for intangible assets | | (45,000) | - |
| Net cash used in investing activities | | (46,500) | (3,291) |
| Net decrease in cash held | | (26,968) | (136,438) |
| Cash at the beginning of the financial year | | 303,830 | 440,268 |
| Cash at the end of the financial year | 6(a) | 276,862 | 303,830 |

The accompanying notes form part of these financial statements

1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

Goods and services tax

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

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

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

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

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Paynesville District Financial Services Limited
ABN 80 115 308 015
Notes to the Financial Statements
for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

Intangibles

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

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

1. Summary of significant accounting policies (continued)**Property, plant and equipment**

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

| | |
|--------------------------|----------------|
| - leasehold improvements | 40 years |
| - plant and equipment | 2.5 - 40 years |
| - furniture and fittings | 4 - 40 years |

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the company's investment in each branch.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Estimated Impairment of Goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(above). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

1. Summary of significant accounting policies (continued)

Impairment of assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Borrowings

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

Provisions

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

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

Contributed Equity

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

Paynesville District Financial Services Limited
 ABN 80 115 308 015
 Notes to the Financial Statements
 for the year ended 30 June 2008

1. Summary of significant accounting policies (continued)

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market Risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit Risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank Limited.

(iv) Liquidity Risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

| 3. Revenue from ordinary activities | 2008 | 2007 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Operating activities: | | |
| - services commissions | 435,813 | 299,676 |
| Total revenue from operating activities | <u>435,813</u> | <u>299,676</u> |
| Non-operating activities: | | |
| - interest received | 19,893 | 24,001 |
| Total revenue from non-operating activities | <u>19,893</u> | <u>24,001</u> |
| Total revenues from ordinary activities | <u><u>455,706</u></u> | <u><u>323,677</u></u> |

Paynesville District Financial Services Limited
 ABN 80 115 308 015
 Notes to the Financial Statements
 for the year ended 30 June 2008

| | 2008 | 2007 |
|--|-----------------|-----------------|
| | \$ | \$ |
| 4. Expenses | | |
| Depreciation of non-current assets: | | |
| - plant and equipment | 17,290 | 19,950 |
| - leasehold improvements | 27,273 | 27,273 |
| Amortisation of non-current assets: | | |
| - franchise agreement | 2,000 | 2,000 |
| - redomiciled account | 2,785 | - |
| | <u>49,348</u> | <u>49,223</u> |
| Finance costs: | | |
| - interest paid | <u>14</u> | <u>133</u> |
| 5. Income tax expense | | |
| The components of tax expense comprise: | | |
| - Current tax | - | - |
| - Deferred tax on provisions | (4,899) | - |
| - Recoupment of prior year tax losses | - | - |
| - Future income tax benefit attributable to losses | (8,752) | (42,445) |
| | <u>(13,651)</u> | <u>(42,445)</u> |
| The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows: | | |
| Operating loss | (35,090) | (147,674) |
| Prima facie tax on loss from ordinary activities at 30% | (10,527) | (44,303) |
| Add tax effect of: | | |
| - non-deductible expenses | 1,436 | 600 |
| - timing difference expenses | 339 | 1,258 |
| Current tax | (8,752) | (42,445) |
| Movement in deferred tax | (4,899) | - |
| | <u>(13,651)</u> | <u>(42,445)</u> |
| 6. Cash assets | | |
| Cash at bank and on hand | <u>276,862</u> | <u>303,830</u> |
| The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows: | | |
| 6(a) Reconciliation of cash | | |
| Cash at bank and on hand | <u>276,862</u> | <u>303,830</u> |
| 7. Trade and other receivables | | |
| Trade receivables | 33,106 | 33,587 |
| Prepayments | 5,087 | 4,882 |
| | <u>38,193</u> | <u>38,469</u> |

Paynesville District Financial Services Limited
 ABN 80 115 308 015
 Notes to the Financial Statements
 for the year ended 30 June 2008

| | 2008 | 2007 |
|---|----------------|----------------|
| | \$ | \$ |
| 8. Property, plant and equipment | | |
| <i>Plant and equipment</i> | | |
| At cost | 111,145 | 109,645 |
| Less accumulated depreciation | (47,797) | (30,507) |
| | <u>63,348</u> | <u>79,138</u> |
| <i>Leasehold improvements</i> | | |
| At cost | 136,363 | 136,363 |
| Less accumulated depreciation | (68,570) | (41,297) |
| | <u>67,793</u> | <u>95,066</u> |
| Total written down amount | <u>131,141</u> | <u>174,204</u> |
| Movements in carrying amounts: | | |
| <i>Plant and equipment</i> | | |
| Carrying amount at beginning | 79,138 | 95,796 |
| Additions | 1,500 | 3,293 |
| Disposals | - | - |
| Less: depreciation expense | (17,290) | (19,951) |
| Carrying amount at end | <u>63,348</u> | <u>79,138</u> |
| <i>Leasehold improvements</i> | | |
| Carrying amount at beginning | 95,066 | 122,340 |
| Additions | - | - |
| Disposals | - | - |
| Less: depreciation expense | (27,273) | (27,274) |
| Carrying amount at end | <u>67,793</u> | <u>95,066</u> |
| Total written down amount | <u>131,141</u> | <u>174,204</u> |
| 9. Intangible assets | | |
| <i>Franchise Fee</i> | | |
| At cost | 10,000 | 10,000 |
| Less: accumulated amortisation | (5,100) | (3,100) |
| | <u>4,900</u> | <u>6,900</u> |
| <i>Redomicile Account</i> | | |
| At cost | 45,000 | - |
| Less: accumulated amortisation | (2,785) | - |
| | <u>42,215</u> | <u>-</u> |
| Total Intangible assets | <u>47,115</u> | <u>6,900</u> |
| 10. Deferred Tax | | |
| Deferred Tax Asset | | |
| - Opening Balance | 82,612 | 40,167 |
| Future income tax benefits attributable to losses | 8,752 | 42,445 |
| Recoupment of prior year tax losses | - | - |
| Deferred tax on provisions | 4,899 | - |
| - Closing Balance | <u>96,263</u> | <u>82,612</u> |

Paynesville District Financial Services Limited
 ABN 80 115 308 015
 Notes to the Financial Statements
 for the year ended 30 June 2008

| | 2008 | 2007 |
|---|------------------|------------------|
| | \$ | \$ |
| 11. Trade and other payables | | |
| Trade Creditors | 11,439 | 20,753 |
| Other creditors & accruals | 32,398 | 18,935 |
| | <u>43,837</u> | <u>39,688</u> |
| | | |
| 12. Borrowings | | |
| Bank Credit Card | <u>5</u> | <u>285</u> |
| | | |
| 13. Provisions | | |
| Current | | |
| Employee provisions | <u>15,170</u> | <u>15,200</u> |
| Non-Current | | |
| Employee provisions | <u>1,159</u> | <u>-</u> |
| Number of employees at year end | <u>5</u> | <u>5</u> |
| | | |
| 14. Contributed equity | | |
| 793,513 Ordinary shares fully paid of \$1 each (2007: 793,513) | <u>793,513</u> | <u>793,513</u> |
| | | |
| 15. Accumulated losses | | |
| Balance at the beginning of the financial year | (242,671) | (137,442) |
| Net loss from ordinary activities after income tax | (21,439) | (105,229) |
| Balance at the end of the financial year | <u>(264,110)</u> | <u>(242,671)</u> |
| | | |
| 16. Statement of cashflows | | |
| <i>Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities</i> | | |
| Loss from ordinary activities after income tax | (21,439) | (105,229) |
| Non cash items: | | |
| - depreciation | 44,563 | 47,223 |
| - amortisation | 4,785 | 2,000 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in receivables | 276 | (18,834) |
| - (increase)/decrease in other assets | (13,651) | (42,445) |
| - increase/(decrease) in payables | 3,869 | (20,053) |
| -increase/(decrease) in provisions | 1,129 | 4,191 |
| Net cashflows provided by/(used in) operating activities | <u>19,532</u> | <u>(133,147)</u> |

Paynesville District Financial Services Limited

ABN 80 115 308 015

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

| 17. Auditors' remuneration | 2008 | 2007 |
|---|--------------|--------------|
| | \$ | \$ |
| Amounts received or due and receivable by Needham Ashley & Associates for: | | |
| - audit & review services | - | 2,340 |
| - non audit services | - | - |
| | <u>-</u> | <u>2,340</u> |
| Amounts received or due and receivable by East Gippsland Financial Services for: | | |
| - audit & review services | - | 2,800 |
| - non audit services | - | - |
| | <u>-</u> | <u>2,800</u> |
| Amounts received or due and receivable by AFS & Associates for: | | |
| - audit & review services | 4,000 | - |
| - non audit services | 380 | - |
| | <u>4,380</u> | <u>-</u> |

18. Director and Related party disclosures

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

Geoffrey Douglas Brooks
 Donald William Blainey (Resigned 24 September 2007)
 Arthur Peter Huntley
 Leslie John Mathieson
 Mark Anthony Kenney
 Andrew Sutherland McKee
 Andrew Charles Quirke
 Robert Allen Rowe
 John Charles Smellin
 Margaret Gae Supplitt (Resigned 5 September 2007)
 Gerard Squire Veitch
 Glenn David Williams
 Ellen Ruth Wilson OAM

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.

Paynesville District Financial Services Limited
 ABN 80 115 308 015
 Notes to the Financial Statements
 for the year ended 30 June 2008

18. Director and Related party disclosures (continued)

| Directors shareholdings | <u>2008</u> | <u>2007</u> |
|---|-------------|-------------|
| Geoffrey Douglas Brooks | 5,001 | 5,001 |
| Donald William Blainey (Resigned 24 September 2007) | 5,001 | 5,001 |
| Arthur Peter Huntley | - | - |
| Leslie John Mathieson | - | - |
| Mark Anthony Kenney | 10,001 | 10,001 |
| Andrew Sutherland McKee | - | - |
| Andrew Charles Quirke | 3,001 | 3,001 |
| Robert Allen Rowe | - | - |
| John Charles Smellin | 6,001 | 6,001 |
| Margaret Gae Supplitt (Resigned 5 September 2007) | 2,000 | 2,000 |
| Gerard Squire Veitch | 10,001 | 10,001 |
| Glenn David Williams | - | - |
| Ellen Ruth Wilson OAM | 501 | 501 |

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

19. Earnings per Share

| | <u>2008</u> | <u>2007</u> |
|--|---------------|---------------|
| | \$ | \$ |
| (a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share | (21,439) | (105,229) |
| | <u>2008</u> | <u>2007</u> |
| | <u>Number</u> | <u>Number</u> |
| (b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | 793,513 | 793,513 |

20. Events occurring after the balance sheet date

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

21. Contingent liabilities

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

22. Segment reporting

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

23. Registered office/Principal place of business

The registered office and principal place of business is:

61 The Esplanade
 Paynesville, VIC 3880.

25. Financial Instruments**Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

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

Interest rate risk

| Financial instrument | Floating interest rate | | Fixed interest rate maturing in | | | | Non interest bearing | | Weighted average effective interest rate | |
|------------------------------|------------------------|--------|---------------------------------|-------------------|--------------|------|----------------------|--------|--|--------|
| | 2008 | 2007 | 1 year or less | Over 1 to 5 years | Over 5 years | 2008 | 2007 | 2008 | 2007 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | |
| Financial assets | | | | | | | | | | |
| Cash assets | 19,570 | 10,989 | 257,141 | 292,691 | - | - | 150 | 150 | 7.95% | 6.25% |
| Receivables | - | - | - | - | - | - | 38,193 | 38,469 | N/A | N/A |
| Financial liabilities | | | | | | | | | | |
| Interest bearing liabilities | 5 | 286 | - | - | - | - | - | - | 15.75% | 14.40% |
| Payables | - | - | - | - | - | - | 39,582 | 39,688 | N/A | N/A |

Paynesville District Financial Services Limited
ABN 80 115 308 015
Directors' Declaration

In accordance with a resolution of the directors of Paynesville & District Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the *Corporations Regulations 2001*.

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



Geoffrey Douglas Brooks, Chairman



John Charles Smellin, Company Secretary

Signed on the 24th of September 2008.

INDEPENDENT AUDITOR'S REPORT

To the members of Paynesville & District Financial Services Limited

We have audited the accompanying financial report of Paynesville & District Financial Services Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

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

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

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



DAVID HUTCHINGS

ANDREW FREWIN & STEWART

61-65 Bull Street, Bendigo, 3550

Dated this 24th day of September 2008



Annexure 3A

BSX Listing Rules

Half yearly/Yearly Disclosure

References Version 1, Operative 23/8/2000

Chapter 3, BSX Listing Rules

PAYNESVILLE & DISTRICT FINANCIAL SERVICES LTD

Name of entity

115 308 015

ABN, ACN or ARBN

Half yearly (tick)

Annual (tick)

| |
|---|
| |
| X |

30 JUNE 2008

Financial year ended
(‘Current period’)

Summary

| | | | | \$A,000 |
|---|----|----------------|----|---------|
| Sales revenue or operating revenue | up | 41% | to | 455.71 |
| Profit (loss) before abnormal items and after tax | up | 79.6% | to | (21.44) |
| Abnormal items before tax | | gain (loss) of | | |
| Profit (loss) after tax but before outside equity interests | up | 79.6% | to | (21.44) |
| Extraordinary items after tax attributable to members | | gain (loss) of | | - |
| Profit (loss) for the period attributable to members | up | 79.6% | to | (21.44) |

| | | |
|---|--------------------------|-------|
| Dividends (distributions) | Franking rate applicable | NIL |
| Current period | Final | NIL ¢ |
| | Interim | NIL ¢ |
| Previous corresponding period | Final | NIL ¢ |
| | Interim | NIL ¢ |
| Record date for determining entitlements to the dividend, (in the case of a trust distribution) | | N/A |

Annexure 3A
Half Yearly/Yearly Disclosure

Short details of any bonus or cash issue or other items(s) of importance not previously released to BSX:

N/A

Consolidated profit and loss account

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|---|------------------------|---|
| Sales revenue or operating revenue | 455.71 | 323.68 |
| Expenses from ordinary activities | (490.8) | (471.35) |
| Borrowing costs | - | - |
| Share of net profit (loss) of associates and joint venture entities | - | - |
| Profit (loss) from ordinary activities before tax | (35.09) | (147.67) |
| Income tax on ordinary activities | 13.65 | 42.44 |
| Profit (loss) from ordinary activities after tax | (21.44) | (105.23) |
| Outside equity interests | - | - |
| Profit (loss) from ordinary activities after tax attributable to members | (21.44) | (105.23) |
| Profit (loss) from extraordinary activities after tax attributable to members | - | - |
| Profit (loss) for the period attributable to members | (21.44) | (105.23) |
| Retained profits (accumulated losses) at the beginning of the financial period | (242.67) | (137.44) |
| Net transfers to and from reserves | - | - |
| Net effect of changes in accounting policies | - | - |
| Dividends paid or payable | - | - |
| Retained profits (accumulated losses) at end of financial period | (264.11) | (242.67) |

Annexure 3A
Half Yearly/Yearly Disclosure

Profit restated to exclude amortisation of goodwill

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|---|------------------------|---|
| Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill | (21.44) | (105.23) |
| Less (plus) outside equity interests | - | - |
| Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members | (21.44) | (105.23) |

Revenue and expenses from operating activities

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|---|------------------------|---|
| Details of revenue and expenses | | |
| Gross margin | 244.29 | 181.57 |
| Commission | 105.57 | 58.61 |
| Fee income | 45.54 | 34.08 |
| Market development | 40.42 | 25.42 |
| Sundry income | - | - |
| Interest income | <u>19.89</u> | <u>24.00</u> |
| | 455.71 | 323.68 |
| Expenses | | |
| Employment expenses | 262.09 | 250.77 |
| Depreciation & Amortisation | 49.35 | 49.22 |
| Other expenses | <u>179.36</u> | <u>171.36</u> |
| | 490.80 | 471.35 |
| Profit(loss) from ordinary activities before tax | <u>(35.09)</u> | <u>(147.67)</u> |

Annexure 3A
Half Yearly/Yearly Disclosure

Intangible and extraordinary items

| | Consolidated - current period | | |
|--|-------------------------------|------------------------|----------------------|
| | Before tax \$A'000 | Related tax \$A'000 | After tax \$A'000 |
| Amortisation of goodwill | - | - | - |
| Amortisation of other intangibles | 4.79 | - | 4.79 |
| Total amortisation of intangibles | 4.79 | - | 4.79 |
| Extraordinary items (details) | - | - | - |
| Total extraordinary items | - | - | - |

Comparison of half year profits

(Annual statement only)

| | Current year - \$A'000 | Previous year - \$A'000 |
|--|------------------------|----------------------------|
| Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year | (26.28) | (56.35) |
| Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year | 4.84 | (48.88) |

Consolidated balance sheet

| Current assets | At end of current period \$A'000 | As shown in last annual report \$A'000 | As in last half yearly statement \$A'000 |
|-----------------------------|-------------------------------------|--|--|
| Cash | 276.86 | 303.83 | 274.44 |
| Receivable | 38.19 | 38.47 | 33.82 |
| Investments | - | - | - |
| Inventories | - | - | - |
| Current tax benefit | - | - | - |
| Total current assets | 315.05 | 342.30 | 308.27 |
| Non-current assets | - | - | - |
| Receivables | - | - | - |
| Investments | - | - | - |
| Deferred Tax Asset | 96.26 | 82.61 | 92.04 |

Annexure 3A
Half Yearly/Yearly Disclosure

| | | | |
|---|---------------|---------------|---------------|
| Other property, plant and equipment (net) | 131.14 | 174.20 | 151.75 |
| Intangibles (net) | 47.11 | 6.90 | 49.79 |
| Other (provide details if material) | - | - | - |
| Total non-current assets | 274.52 | 263.71 | 293.58 |
| Total assets | 589.57 | 606.01 | 601.85 |
| Current liabilities | | | |
| Accounts payable | 43.84 | 39.68 | 58.91 |
| Borrowings | - | - | - |
| Provisions | 16.33 | 15.20 | 17.37 |
| Other (provide details if material) | - | 0.29 | .99 |
| Total current liabilities | 60.17 | 55.17 | 77.27 |
| Non-current liabilities | | | |
| Accounts payable | - | - | - |
| Borrowings | - | - | - |
| Provisions | - | - | - |
| Other (provide details if material) | - | - | - |
| Total non-current liabilities | - | - | - |
| Total liabilities | 60.17 | 55.17 | 77.27 |
| Net assets | 529.40 | 550.84 | 524.57 |
| Equity | | | |
| Capital | 793.51 | 793.51 | 793.51 |
| Reserves | - | - | - |
| Retained profits (accumulated losses) | (264.11) | (242.67) | (268.94) |
| Equity attributable to members of the parent entity | - | - | - |
| Outside equity interests in controlled entities | - | - | - |
| Total equity | 529.40 | 550.84 | 524.57 |
| Preference capital and related premium included | - | - | - |

Annexure 3A
Half Yearly/Yearly Disclosure

Consolidated statement of cash flows

| Cash flows related to operating activities | Current period \$A'000 | Previous corresponding period \$A'000 |
|--|------------------------|---------------------------------------|
| Receipts from customers | 467.65 | 316.03 |
| Payments to suppliers and employees | (468.02) | (473.17) |
| Dividends received | - | N/A |
| Interest and other items of similar nature received | 19.90 | 24.00 |
| Interest and other costs of finance paid | - | - |
| Income taxes paid | - | - |
| Other (provide details if material) | - | - |
| Net operating cash flows | 19.53 | (133.15) |
| <hr/> | | |
| Cash flows related to investing activities | | |
| Payments for purchases of property, plant and equipment | (46.50) | (3.29) |
| Proceeds from sale of property, plant and equipment | - | - |
| Payment for purchases of equity investments | - | - |
| Proceeds from sale of equity investments | - | - |
| Loans to other entities | - | - |
| Loans repaid by other entities | - | - |
| Payment for Intangible Assets | - | - |
| Net investing cash flows | (46.50) | (3.29) |
| <hr/> | | |
| Cash flows related to financing activities | | |
| Proceeds from issues of securities (shares, options, etc.) | - | - |
| Proceeds from borrowings | - | - |
| Repayment of borrowings | - | - |
| Dividends paid | - | - |
| Other (provide details if material) | - | - |
| Net financing cash flows | - | - |

Annexure 3A
Half Yearly/Yearly Disclosure

Net increase (decrease) in cash held

| | | |
|--|---------------|---------------|
| Cash at beginning of period (see Reconciliation of cash) | 303.83 | 440.27 |
| Exchange rate adjustments | - | - |
| Cash at end of period (see Reconciliation of cash) | 276.86 | 303.83 |
| | | |

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

| |
|-----|
| NIL |
|-----|

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|------------------------------------|---------------------------|---|
| Cash on hand and at bank | 19.72 | 11.15 |
| Deposits at call | 257.14 | 292.68 |
| Bank overdraft | - | - |
| Other (provide details) | - | - |
| Total cash at end of period | 276.86 | 303.83 |

Ratios

Profit before tax/sales

Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue

| | Current period | Previous corresponding period |
|--|----------------|----------------------------------|
| | (7.7%) | (43.6%) |

Profit after tax/equity interests

Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period

| | | |
|--|---------|---------|
| | (4.05%) | (18.1%) |
|--|---------|---------|

Earnings per security (EPS)

Calculation of basic, and fully diluted, EPS in

| | Current period | Previous corresponding period |
|--|----------------|----------------------------------|
| | | |

**Annexure 3A
Half Yearly/Yearly Disclosure**

| | | |
|--|-------------|---------------|
| accordance with AASB 1027: Earnings per Share | | |
| (a) Basic EPS | (2.70)cents | (13.26) cents |
| (b) Diluted EPS (if materially different from (a)) | N/A | N/A |

NTA backing

| | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | 60.77% | 69.12% |

Details of specific receipts/outlays, revenues/expenses

| | Current period A\$'000 | Previous corresponding period \$A'000 |
|---|------------------------|---------------------------------------|
| Interest revenue included | 19.89 | 24.00 |
| Interest revenue included but not yet received (if material) | - | - |
| Interest costs excluded from borrowing costs capitalised in asset values | - | - |
| Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material) | - | - |
| Depreciation (excluding amortisation of intangibles) | 44.56 | 47.22 |
| Other specific relevant items | - | - |

Control gained over entities having material effect

| | |
|--|-----|
| Name of entity | NIL |
| Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired | \$ |
| Date from which such profit has been calculated | |
| Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period | \$ |

Annexure 3A
Half Yearly/Yearly Disclosure

Loss of control of entities having material effect

| | |
|--|-----|
| Name of entity | NIL |
| Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control | \$ |
| Date from which the profit (loss) has been calculated | |
| Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period | \$ |
| Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control | \$ |

Dividends

| | |
|---|-----|
| Date the dividend is payable | N/A |
| Record date to determine entitlements to the dividend (ie. on the basis of registerable transfers received up to 5.00 pm) | N/A |

Amount per security

| | | <i>Franking rate applicable</i> | % | % | % |
|--|---------------|---------------------------------|-----|-------|-----|
| <i>(annual report only)</i> | | | | | |
| Final dividend: | Current year | ¢ NIL | N/A | ¢ NIL | N/A |
| | Previous year | ¢ NIL | N/A | ¢ NIL | N/A |
| <i>(Half yearly and annual statements)</i> | | | | | |
| Interim dividend: | Current year | ¢ NIL | N/A | ¢ NIL | N/A |
| | Previous year | ¢ NIL | N/A | ¢ NIL | N/A |

Annexure 3A
Half Yearly/Yearly Disclosure

Total annual dividend (distribution) per security
(Annual statement only)

| | Current year | Previous year |
|-----------------------|--------------|---------------|
| Ordinary securities | ¢ NIL | ¢ NIL |
| Preference securities | ¢ NIL | ¢ NIL |

Total dividend (distribution)

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|-----------------------|---------------------------|---|
| Ordinary securities | \$ NIL | \$ NIL |
| Preference securities | \$ NIL | \$ NIL |
| Total | \$ NIL | \$ NIL |

Half yearly report – interim dividend (distribution) on all securities or Annual report – final dividend (distribution) on all securities

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|-----------------------|---------------------------|---|
| Ordinary securities | \$ NIL | \$ NIL |
| Preference securities | \$ NIL | \$ NIL |
| Total | \$ NIL | \$ NIL |

The dividend or distribution plans shown below are in operation.

DIVIDEND AND DISTRIBUTION ARE LIKELY TO BEGIN WHEN THE BRANCH BEGINS TO MAKE PROFITS

The last date(s) for receipt of election notices to the dividend or distribution plans N/A

Annexure 3A
Half Yearly/Yearly Disclosure

Any other disclosures in relation to dividends (distributions)

N/A

Equity accounted associated entities and other material interests

Equity accounting information attributable to the to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Entities share of: NIL

| | Current period A\$'000 | Previous corresponding period A\$'000 |
|--|---------------------------|--|
| Profit (loss) from ordinary activities before tax. | | |
| Income tax | | |
| Profit (loss) from ordinary activities after tax | | |
| Extraordinary items net of tax | | |
| Net profit (loss) | | |
| Outside equity interests | | |
| Net profit (loss) attributable to members | | |

Material interests in entities which are not controlled entities

The entity has an interest (that is material to it) in the following entities.

Name of entity NIL

| | Percentage of ownership interest held at end of period or date of disposal | | Contribution to profit (loss) from ordinary activities and extraordinary items after tax | |
|---|--|-------------------------------------|--|--|
| | Current period | Previous corresponding period | Current period \$A'000 | Previous corresponding period \$A'000 |
| Equity accounted associates and joint venture entities | | | | |
| Total | N/A | | | |
| Other material interests | | | | |

Annexure 3A
Half Yearly/Yearly Disclosure

| | | | | |
|--------------|--|--|--|--|
| Total | | | | |
|--------------|--|--|--|--|

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of securities

| | Number issued | Number listed | Issue Price (cents) | Paid-up value (cents) |
|--|---------------|---------------|---------------------|-----------------------|
| Preference securities <i>(description)</i> | NIL | NIL | NIL | NIL |
| Changes during current period | NIL | NIL | NIL | NIL |
| Ordinary securities | 793513 | 793513 | 100 | 100 |
| Changes during current period | 793513 | 793513 | 100 | 100 |
| Convertible debt securities <i>(description and conversion factor)</i> | NIL | NIL | NIL | NIL |
| Changes during current period | NIL | NIL | NIL | NIL |

| | | | Exercise price | Expiry date |
|---|-----|--|----------------|-------------|
| Options <i>(description and conversion factor)</i> | NIL | | | |
| Changes during current period | | | | |
| Exercised during current period | | | | |
| Expired during current period | | | | |
| Debentures | NIL | | | |
| Unsecured Notes | NIL | | | |

Annexure 3A
Half Yearly/Yearly Disclosure

Discontinuing Operations - N/A

Consolidated profit and loss account

| | Continuing operations | | Discontinuing operations | | Total entity | |
|--|--------------------------|---|--------------------------|---|--------------------------|---|
| | Current period - \$A'000 | Previous corresponding period - \$A'000 | Current period - \$A'000 | Previous corresponding period - \$A'000 | Current period - \$A'000 | Previous corresponding period - \$A'000 |
| Sales revenue or operation revenue | | | | | | |
| Other revenue | | | | | | |
| Expenses from ordinary activities | | | | | | |
| Profit (loss) before tax | | | | | | |
| Less tax | | | | | | |
| Profit (loss) from ordinary activities after tax | | | | | | |

Consolidated statement of cash flows

| | Continuing operations | | Discontinuing operations | | Total entity | |
|--------------------------|--------------------------|---|--------------------------|---|--------------------------|---|
| | Current period - \$A'000 | Previous corresponding period - \$A'000 | Current period - \$A'000 | Previous corresponding period - \$A'000 | Current period - \$A'000 | Previous corresponding period - \$A'000 |
| Net operating cash flows | | | | | | |
| Net investing cash flows | | | | | | |
| Net financing cash flows | | | | | | |

Annexure 3A
Half Yearly/Yearly Disclosure

Other disclosures - N/A

| | Current period A\$'000 | Previous corresponding period A\$'000 |
|--|---------------------------|--|
| Carrying amount of items to be disposed of: | | |
| - total assets | | |
| - total liabilities | | |
| Profit (loss) on disposal of assets or settlement of liabilities | | |
| Related tax | | |
| Net profit (loss) on discontinuance | | |

Description of disposals

N/A

Comments by *directors*

Basis of accounts preparation

If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

BEGAN TRADING ON 12 DECEMBER 2005 AND ARE STEADILY IMPROVING OUR MONTHLY INCOME GENERATION. HOPE TO RETURN A PROFIT WITHIN 3 YEARS OF TRADING.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

NIL

Annexure 3A
Half Yearly/Yearly Disclosure

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

NO TAX PAID AS YET. FRANKING ACCOUNT IS CURRENTLY \$ NIL.

Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

N/A

Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

N/A

Additional disclosure for trusts

Number of units held by the management company or responsible entity to their related parties.

NIL

A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- Initial service charges
- Management fees
- Other fees

NIL

Annual meeting

(Annual statement only)

The annual meeting will be held as follows:

Place

75 THE ESPLANADE, PAYNESVILLE,
3880

Date

Time

7.00PM

Approximate date the annual report will be available

10 November 2008

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.


Annexure 3A
Half Yearly/Yearly Disclosure

- 2 This statement, and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 In the case of a half-yearly report the same accounting standards and methods of computation are followed as compared with the most recent annual accounts.
- 4 This statement does give a true and fair view of the matters disclosed.
- 5 This statement is based on financial statements to which one of the following applies:

(Tick one)

- The financial statements have been audited.
- The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- The financial statements are in the process of being audited or subject to review.
- The financial statements have *not* yet been audited or reviewed.

- 6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any will follow immediately they are available.
- 7 The entity does not have a formally constituted audit committee.

Sign here:  Date: September 24, 2008
(Company secretary)

Print name: JOHN SMELLIN

Notes

True and fair view If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

Income tax If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

Annexure 3A
Half Yearly/Yearly Disclosure

Additional information An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.