

**MUNDARING COMMUNITY
FINANCIAL SERVICES LIMITED**

ACN 097 289 677

**Interim Financial Report for the half year
ended 31 December 2008**

C O N T E N T S

Directors' Report
Auditor's Independence Declaration
Income Statement
Balance Sheet
Statement of Changes in Equity
Cash Flow Statement
Notes to the Financial Statements
Directors' Declaration
Independent Review Report

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

ABN 63 097 289 677

Interim Financial Report

DIRECTORS' REPORT

Your directors present the financial report of the Company for the half-year ended 31 December 2008.

Directors

The names of Directors in office during or since the end of the half-year are:

Phillip Stanley I'Dell, Dip Mgmt, MBA, AIMM, GAICD (Chairman)

Neil Michael Cole

Karen Radford Treanor (retired 20 November 2008)

Frank Stanley Kamp FCIS, MAICD, SIA(Aff.)

Arthur Maddison.

Gerard Alexander Tonks FCA, FCIS

Neridah Zlatnik

Victoria Brown (appointed 3 December 2008)

Review of Operations

The principal activity and focus of the Company's operations during the half-year was the operation of the Mundaring Community Bank Branch of Bendigo Bank, pursuant to a franchise agreement.

During the six months period there was a sharp fall in official interest rates, brought on by the Reserve Bank of Australia in response to the global financial crisis that erupted in that period. This resulted in a squeeze on the bank's margin between deposits and loans and a resultant decrease in operating income.

Branch and corporate costs were as per budget as also were the expenditures for the community but the annual budget for these was mostly expended, as planned, in this first half.

The result for the six months was a loss, after tax credit, of \$(30,166) compared with a profit of \$97,697 in the corresponding 2007 period. The Directors are carefully monitoring and controlling, wherever possible, the income and costs of the business and they do not expect the annual result for the full year to worsen. The quantum of business has been retained and is in line with budget.

Auditor's declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2008 is attached to the financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director

Dated this day of March 2009

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

Interim Financial Report

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the audit for the half year ended 31 December 2008 there have been:

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

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
WEST PERTH WA 6005

N A Calder
Partner

Date:

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

Interim Financial Report

INCOME STATEMENT

For the half-year ended 31 December 2008

	31 Dec 2008	31 Dec 2007
	\$	\$
Revenue	<u>686,615</u>	<u>663,629</u>
Employee benefits expense for operations	(353,113)	(272,998)
Depreciation and amortisation expense	(16,476)	(10,841)
Finance costs	(1,190)	(932)
Marketing advertising	(25,074)	(43,017)
Community sponsorships	(57,983)	(30,018)
Employees for community organisations	(64,128)	-
Overheads, rents & IT	<u>(209,602)</u>	<u>(166,951)</u>
Total expenses	<u>(727,566)</u>	<u>(524,757)</u>
Profit/(loss) before income tax expense	(40,951)	138,872
Income tax (expense)/credit	10,785	(41,475)
Profit/(loss) from continuing operations	<u>(30,166)</u>	<u>97,697</u>
Profit/(loss) attributable to members of the Company	<u>(30,166)</u>	<u>97,697</u>
Basic earnings/(loss) cents per share	(5.33)	17.27

The accompanying notes form part of these financial statements

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

Interim Financial Report

BALANCE SHEET

As at 31 December 2008

	31 Dec 2008	30 June 2008
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	540,996	622,025
Trade and other receivables	110,468	135,256
Stocks of consumables at cost	14,066	-
Income tax receivable	31,918	-
Other current assets	3,628	21,793
TOTAL CURRENT ASSETS	<u>701,076</u>	<u>779,074</u>
NON CURRENT ASSETS		
Plant and equipment	114,658	75,041
Intangible assets	32,042	37,042
Other non-current assets	3,500	3,500
Deferred tax assets	20,546	9,118
TOTAL NON CURRENT ASSETS	<u>170,746</u>	<u>124,701</u>
TOTAL ASSETS	<u>871,822</u>	<u>903,775</u>
CURRENT LIABILITIES		
Trade and other payables	76,559	144,084
Short term borrowings	15,941	13,237
Short term provisions	78,485	30,396
TOTAL CURRENT LIABILITIES	<u>170,985</u>	<u>187,717</u>
NON-CURRENT LIABILITIES		
Long term borrowings	28,633	13,688
TOTAL NON-CURRENT LIABILITIES	<u>28,633</u>	<u>13,688</u>
TOTAL LIABILITIES	<u>199,618</u>	<u>201,405</u>
NET ASSETS	<u>672,204</u>	<u>702,370</u>
EQUITY		
Contributed equity	559,585	559,585
Retained profits	112,619	142,785
TOTAL EQUITY	<u>672,204</u>	<u>702,370</u>

The accompanying notes form part of these financial statements

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

Interim Financial Report

**STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2008**

	Issued Capital \$	Retained earnings \$	Total \$
Balance as at 1.7.2007	559,585	123,481	683,016
Profit attributable to members of the Company		97,697	97,697
Dividends paid or provided for		(67,885)	(67,885)
Balance at 31.12.2007	559,585	153,293	712,878

	Issued Capital \$	Retained earnings \$	Total \$
Balance as at 1.7.2008	559,585	142,785	702,370
Profit/(loss) attributable to members of the Company	-	(30,166)	(30,166)
Dividends paid or provided for	-	-	-
Balance at 31.12.2008	559,585	112,619	672,204

The accompanying notes form part of these financial statements

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

Interim Financial Report

CASH FLOW STATEMENT

For the half year ended 31 December 2008

	31 Dec 2008	31 Dec 2007
	\$	\$
Cash flows from operating activities		
Receipts from customers	694,383	614,276
Interest received	17,139	18,279
Finance costs	(1,190)	-
Income tax paid	(14,331)	(37,430)
Payments to suppliers and employees	<u>(672,745)</u>	<u>(490,156)</u>
Net cash provided by operating activities	<u>23,256</u>	<u>104,969</u>
Cash flows from investing activities		
Purchase of non-current assets	<u>(53,362)</u>	<u>(6,219)</u>
Net cash used in investing activities	<u>(53,362)</u>	<u>(6,219)</u>
Cashflows from Financing Activities		
New borrowing	32,221	(5,010)
Repayment of borrowings	(8,176)	-
Dividends paid	<u>(74,968)</u>	<u>(67,885)</u>
Net cash used in financing activities	<u>(50,923)</u>	<u>(72,895)</u>
Net increase/(decrease) in cash held	(81,029)	25,855
Cash and cash equivalents held at the beginning of the financial year	<u>622,025</u>	<u>662,962</u>
Cash and cash equivalents held at the end of the half year	<u>540,996</u>	<u>688,817</u>

The accompanying notes form part of these financial statements

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2008

NOTE 1: BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies are consistent with those in the June 2008 financial report, excepting that for the first time stocks of consumables (marketing materials) were brought to account with a value of \$14,066. The effect of this change in accounting policy was to increase operating profit before tax by \$14,066 and increase net equity by \$14,066.

The Company now has two employees with seven or more years service and has brought to account for the first time pro-rata long service leave entitlement amounting to \$19,921.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified, if required, by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting would be used.

NOTE 2: DIVIDENDS

	31 Dec.2008	31 Dec. 2007
Distributions paid		
Fully franked dividend paid on 20 th December 2008 of 14 cents per share franked at the tax rate of 30%	<u>74,968</u>	<u>67,885</u>

NOTE 3: SEGMENT INFORMATION

The company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Ltd in Western Australia

NOTE 4: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There has been no change in contingent assets and liabilities since the last reporting date.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period that significantly affected or may significantly affect the operations of the Company, the results of these operations, or the state of affairs of the Company in subsequent financial years.

MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

Interim Financial Report

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial reports comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, notes to the financial statements and this declaration:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the financial position as at 31 December 2008 and of the performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Phillip Stanley I'Dell
Chairman

Dated this day of March 2009

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF MUNDARING COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Half year Financial Report

We have reviewed the half year financial report of Mundaring Community Financial Services Limited (company) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration at the half year end.

Director's Responsibility for the Half year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. Our review has been conducted in accordance with Auditing Standards on Review Engagements ASRE 2410 Review on an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporation Regulations 2001, and other mandatory financial reporting requirements in Australia. As the auditor of Abc Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Mundaring Community Financial Services Limited is not in accordance with the Corporations Act 2001 including:

- A. giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
- B. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
WEST PERTH WA 6005

N A Calder
Partner
Date: