

# Inner East Community Finance Limited

27 February 2023

Market Announcement  
National Stock Exchange (**NSX**)

## **BY ELECTRONIC LODGEMENT**

Dear Sir/Madam

### **2023 INTERIM REPORT**

Inner East Community Finance Limited (NSX: IEC) attaches its Interim Report for the half-year ended 31 December 2022.

Yours sincerely

**Steve Miller**  
Company Secretary  
Inner East Community Finance Limited

### **For further information contact:**

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Chair  
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Steve Miller  
Company Secretary  
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# Inner East Community Finance Ltd

ABN: 96 099 590 593

Interim Financial Report for the half-year ended 31 December 2022



## Inner East Community Finance Ltd

### Directors' Report

For the half-year ended 31 December 2022

The Directors present their report, together with the financial statements, on Inner East Community Finance Ltd for the half-year ended 31 December 2022.

### Directors

The following persons were Directors of Inner East Community Finance Ltd (the Company) during or since the end of the half-year:

Juliann Ruth Byron	Nicole Evelynne Kenyon - resigned 31/12/2022
Nicholas Coker - appointed 27/10/2022	Damien Leo Hudson - resigned 30/11/2022
Coral Therese Ross - appointed 5/12/2022	Michael Sapountzis - resigned 25/10/2022
Robert Einar Stensholt	Andrew Graham Whittaker - resigned 27/10/2022

### Principal activities

The principal activities of the company during the course of the financial period were providing Community Bank branch services under management rights to operate four franchised branches of Bendigo and Adelaide Bank Limited (Bendigo and Adelaide Bank) in Canterbury, Surrey Hills, Ashburton and Balwyn.

### Review and results of operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was \$1,175,287 (2021 loss: \$10,880)

The company had better performance in the six months due to increased income from the higher net interest margin environment.

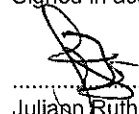
### Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting period 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.

### Auditor's independence declaration

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 2 for the half year ended 31 December 2022.

Signed in accordance with a resolution of the Directors at Canterbury.



.....  
Juliann Ruth Byron

Chair

Dated: 22 February 2023

**Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Inner East Community Finance Limited**

In accordance with s 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Inner East Community Finance Limited. As the lead audit partner for the review of the financial report of Inner East Community Finance Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.

**RSD Audit**



**Mahesh Silva**  
**Partner**  
**41A Breen Street**  
**Bendigo VIC 3550**

**Dated:** 22<sup>nd</sup> February 2022

# Inner East Community Finance Ltd

## Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	2022 \$	2021 \$
<b>Revenue</b>	3,790,726	2,133,310
<b>Expenses</b>		
Employment expenses	1,336,426	1,364,667
Depreciation and amortisation	287,986	275,075
Administration and general costs	223,050	247,653
Interest on finance leases	55,714	8,320
Occupancy expenses	51,373	81,443
IT expenses	47,968	60,369
ATM expenses	8,023	11,958
Other expenses	-	14,755
	<u>2,010,540</u>	<u>2,064,240</u>
<b>Profit before charitable donations &amp; sponsorship</b>	<u><b>1,780,186</b></u>	<u><b>69,070</b></u>
Charitable donations and sponsorship	191,253	87,372
<b>Profit/(loss) before income tax expense</b>	<u><b>1,588,933</b></u>	<u><b>(18,302)</b></u>
Income tax expense/(benefit)	413,646	(7,422)
<b>Profit/(loss) after income tax expense</b>	<u><b>1,175,287</b></u>	<u><b>(10,880)</b></u>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u><b>1,175,287</b></u>	<u><b>(10,880)</b></u>
<b>Total comprehensive income attributable to the ordinary shareholders of the company</b>	<u><b>1,175,287</b></u>	<u><b>(10,880)</b></u>
<b>Earnings per share</b>	¢	¢
- Basic earnings per share	<u>0.43</u>	<u>(0.004)</u>

The accompanying notes form part of these financial statements

## Inner East Community Finance Ltd

### Statement of Financial Position

For the half-year ended 31 December 2022

	31 December 2022	30 June 2022
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,981,997	448,717
Trade and other receivables	758,349	493,731
Financial assets	1,530,136	1,530,136
Other assets	105,379	101,820
<b>Total Current Assets</b>	<b>4,375,861</b>	<b>2,574,404</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	1,099,127	1,163,083
Right-of-use assets	2,305,436	2,464,394
Intangible assets	322,306	320,204
<b>Total Non-Current Assets</b>	<b>3,726,869</b>	<b>3,947,681</b>
<b>Total Assets</b>	<b>8,102,730</b>	<b>6,522,085</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	447,323	155,834
Lease liabilities	263,640	283,895
Employee benefits	257,340	273,473
Current tax payable	426,876	-
<b>Total Current Liabilities</b>	<b>1,395,179</b>	<b>713,202</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	2,202,063	2,317,137
Employee benefits	16,003	15,568
Deferred tax liability	145,338	117,650
<b>Total Non-Current Liabilities</b>	<b>2,363,404</b>	<b>2,450,355</b>
<b>Total Liabilities</b>	<b>3,758,583</b>	<b>3,163,557</b>
<b>Net Assets</b>	<b>4,344,147</b>	<b>3,358,528</b>
<b>Equity</b>		
Issued capital	1,226,767	1,226,767
Retained earnings	3,117,380	2,131,761
<b>Total Equity</b>	<b>4,344,147</b>	<b>3,358,528</b>

The accompanying notes form part of these financial statements

# Inner East Community Finance Ltd

## Statement of Changes in Equity

For the half-year ended 31 December 2022

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2022</b>		<u>1,226,767</u>	<u>2,131,761</u>	<u>3,358,528</u>
<i>Comprehensive income for the half year</i>				
Profit for the half year		-	1,175,287	1,175,287
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	5	-	(189,668)	(189,668)
<b>Balance at 31 December 2022</b>		<u>1,226,767</u>	<u>3,117,380</u>	<u>4,344,147</u>
<b>Balance at 1 July 2021</b>		<u>1,239,934</u>	<u>2,191,776</u>	<u>3,431,710</u>
<i>Comprehensive income for the half year</i>				
Loss for the half year		-	(10,880)	(10,880)
<i>Transactions with owners in their capacity as owners</i>				
Share buy-backs		(5,852)	-	(5,852)
Dividends paid or provided	5	-	(190,638)	(190,638)
<b>Balance at 31 December 2021</b>		<u>1,234,082</u>	<u>1,990,258</u>	<u>3,224,340</u>

The accompanying notes form part of these financial statements

Inner East Community Finance Ltd

Statement of Cash Flows

For the half-year ended 31 December 2022

	2022 \$	2021 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	3,894,461	2,353,307
Interest received	6,509	8,971
Payments to suppliers and employees	(1,960,723)	(2,036,204)
Interest paid	(55,714)	(8,320)
Income tax refund	40,918	153,861
<b>Net cash flows generated by operating activities</b>	<b>1,925,451</b>	<b>471,615</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of property, plant and equipment	-	1,928
Proceeds from disposal of financial assets	-	300,000
Purchase of property, plant and equipment	(2,284)	(44,420)
Purchase of intangible assets	(64,890)	-
<b>Net cash flows from/(used in) investing activities</b>	<b>(67,174)</b>	<b>257,508</b>
<b>Cash Flows From Financing Activities</b>		
Payments for share buy-back	-	(5,852)
Repayment of leases	(135,329)	(209,240)
Dividends paid	(189,668)	(190,638)
<b>Net cash flows used in financing activities</b>	<b>(324,997)</b>	<b>(405,730)</b>
<b>Net increase in cash held</b>	<b>1,533,280</b>	<b>323,393</b>
Cash and cash equivalents at beginning of period	448,717	374,296
<b>Cash and cash equivalents at end of period</b>	<b>1,981,997</b>	<b>697,689</b>

The accompanying notes form part of these financial statements



## Inner East Community Finance Ltd

### Notes to the Financial Statements

For the half-year ended 31 December 2022

#### **Note 1: Summary of Significant Accounting Policies**

##### **(a) Basis of preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Inner East Community Finance Ltd (the Company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by the company during the period.

##### **(b) Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Company has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

##### **(c) Critical Accounting Estimates and Judgements**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2022.

#### **Note 2: Events after the End of the Interim Period**

There have been no events subsequent to reporting date that would materially affect the financial statements at the reporting date.

#### **Note 3: Contingent Assets and Liabilities**

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

#### **Note 4: Segment Reporting**

The economic entity operates in a single service sector where it facilitates community banking services in Canterbury, Surrey Hills, Ashburton, and Balwyn, in the state of Victoria pursuant to four franchise agreements with Bendigo and Adelaide Bank Limited.

## Inner East Community Finance Ltd

### Notes to the Financial Statements

For the half-year ended 31 December 2022

	2022 \$	2021 \$
<b>Note 5: Dividends</b>		
A final fully franked dividend of 7 cents per share for the year ended 30 June 2022 was declared in the half year period to 31 December 2022 (Dec 2021: 7 cents)	(189,668)	(190,638)
<b>Note 6: Earnings per Share</b>		
Basic earnings per share (cents)	0.43	(0.004)
Earnings used in calculating basic earnings per share	1,175,287	(10,880)
Weighted average number of ordinary shares used in calculating basic earnings per share.	2,709,547	2,722,196

## Inner East Community Finance Ltd


### Directors Declaration

For the half-year ended 31 December 2022

In accordance with a resolution of the Directors of Inner East Community Finance Ltd, the Directors of the Company declare that:

- (1) the financial statements and notes set out on pages 3 to 8 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (b) giving a true and fair view of the entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and;
- (2) 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.

  
.....  
Juliann Ruth Byron  
Chair

Canterbury  
Signed on 22 February 2023

## Independent Auditor's Review Report to the Members of Inner East Community Finance Limited

### Conclusion

We have reviewed the half-year financial report of Inner East Community Finance Limited, which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Inner East Community Finance Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Inner East Community Finance Limited financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Directors' Responsibility for the Half-Year Financial Report

The directors of Inner East Community Finance Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410* requires us to conclude whether we have become aware of any matter that makes us believe that the half-year 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



**Mahesh Silva**  
Partner  
RSD Audit  
41A Breen Street, Bendigo VIC 3550

**Dated:** 22<sup>nd</sup> February 2023