

Fleurieu Community Enterprises Limited

ABN 72 116 550 157



Dear Shareholder

The Board is pleased to update you on Fleurieu Community Enterprise's half-year results to 31 December 2015, seeing continued growth of our customer numbers, deposits and loans. This includes encouraging positive growth from our Willunga Customer Service Centre (CSC), which has pioneered a new method of bringing banking to our community in a cost effective manner.

Willunga CSC

In less than 9 months we are already seeing more than 10% of our deposits and loans coming from new Willunga region customers. The Board is also encouraged by shareholder and community feedback that has extended beyond simply Willunga and offers us further scope for expansion in the coming years.

Interest Margins

We are also conscious, like many savers and retirees, that we are suffering from a low interest rate environment where the margins we earn from our Bendigo Bank franchise are running at record low levels. Borrowers are also continuing to take the opportunity to accelerate the repayment of their loans making growth in our portfolio a little harder to achieve. This has become a phenomenon we have had to adapt to and we have increased our focus on managing costs and accelerating growth through our community contacts.

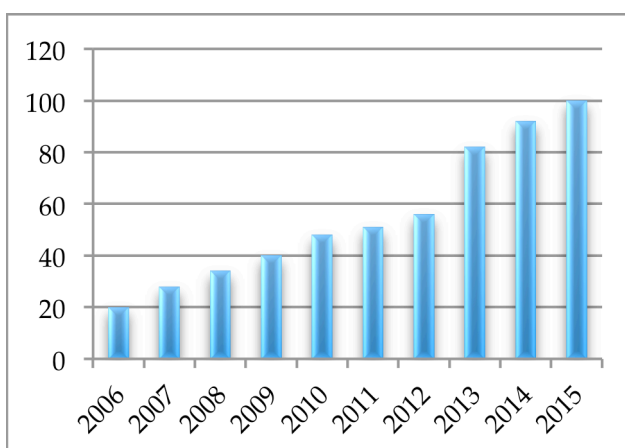
Costs and Efficiencies

As we highlighted at our Annual General Meeting, the investment into Willunga has a short term cost to our bottom line and prevented us from trading profitably enough to make a dividend payment. Our Net Loss for the 6 months to 31 December 2015 is \$26,736 and we have taken steps to reduce expenses where possible through negotiation and greater efficiency. Our property, wages and marketing costs in particular have reduced. The Board remains confident that the return to profitable trading is on track in the second half of the year and we look forward to leveraging our well known brand and service in Aldinga, Willunga and beyond.

Footings Milestone

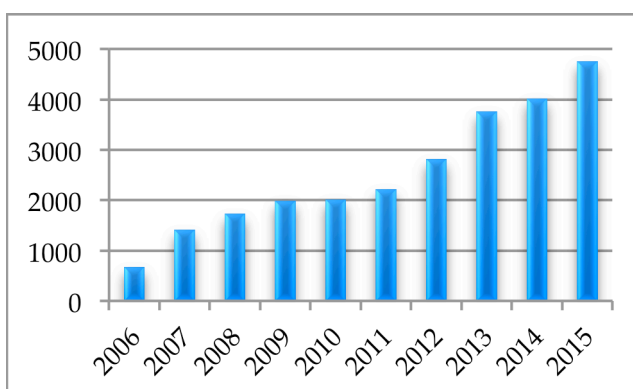
A new milestone was achieved in December 2015 with our total Footings (loans plus deposits) exceeding \$100 million for the first time. This double-digit growth in customers, accounts and footings is a strong demonstration that despite the head winds, we are making positive progress toward a viable business with an extended area of operation.

Footings Growth (\$ million)



The support we are receiving from the community continues to grow and we reached 4,752 accounts by the end of the Half Year.

Account Growth



Share Registry

The new Share Registry software has been instrumental in providing board and shareholder efficiencies. In addition, ShareData Pty Ltd has announced that shareholders can now update their details directly on the ShareData website if they have a registered email address. An email will be sent out with details shortly.

Community Investments

Our commitment to the Community continues and our total community reinvestment now exceeds \$185,000. Without your support we would not have this positive position in the Community and we encourage you to continue to be advocates for our business. Referring friends, family and community organisations to Annette, Kate and the team at Aldinga and Willunga will accelerate our business, improve our financial performance and allow us to reach the larger size we require to be sustainable in the years ahead.

Some of the organisations that have benefited in the past 9 months are listed below:

- Aldinga Football Club
- Willunga High School Volleyball
- Cinemallunga
- Willunga Tennis & Netball Club
- Parenting Playground
- Meals on Wheels
- Aldinga Cricket Club
- Willunga Gold Club
- Fleurieu Folk Festival
- Advent Pageant Aldinga Beach
- Friends of Sellicks Beach
- Willunga Neighbourhood Watch
- McLaren Flat Bowling Club
- McLaren Vale Business Awards
- Aldinga Community Kindergarden
- Aldinga Community Centre
- Aldinga After 5 Markets
- Aldinga Soccer Club
- McLaren Vale Vintage & Classic
- Myponga Netball Club

10th Birthday Celebration

This year we celebrate our 10th anniversary since opening the Aldinga Beach branch and the 1st birthday of the Willunga CSC. It is wonderful to be able to reflect on our achievements at these milestones!



Franchise Renewal

The 5 yearly renewal of our Franchise Agreement is due in April and the Board is working with Bendigo and Adelaide Bank to refine the documents and seek assurances of the new arrangements, particularly in regard to a new income calculation. This is broadly expected to be neutral for FCE, certainly in the next 2 years, and we expect to finalise it shortly.

Board

Our Board continues to develop, and we expect to add further new talent to our Board in the coming months as we ensure we have the depth and experience to undertake the strategic and operational challenges ahead. We have adopted Anita Bailetti as our new Finance Director to cover Eva Szollosi who is expecting their second child. Anita is a Chartered Accountant and brings her wealth of accounting and business experience to the Board.



Staff

We have also seen staff changes in the period and whilst we will miss the smiling faces of Tina and Rachel, we welcome Jordan and expect some more faces as we rebalance the team for the journey ahead.



Ron Logan Chairman

Franchisee of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237870
Shop 32, Aldinga Central Shopping Centre, 1 Pridham Boulevard, Aldinga Beach SA 5173
PO Box 447, Aldinga Beach SA 5173
<http://www.bendigobank.com.au/public/community/our-branches/aldinga-beach>