

Dear Shareholder,

Recently it was my pleasure to attend and be part of our strategic plan review and update day that was independently facilitated.

The purpose of the day was to review the progress of the strategic plan established around one year ago and to amend the plan to cater for the company's future needs and goals.

It made me very proud to see the passion, commitment, skill and knowledge that my fellow directors brought to the day and the discussions held.

In preparing for the day, I was asked to look at and summarise the results of the company over the last few years. I selected June 2011 as a starting point and looked at the changes in some key performance indicators up to and including December 2013. It was encouraging to note that the company has experienced significant growth, particularly given the challenging external environment.

Listed below are some of the key indicators of growth as well as the shift to higher earning banking activities experienced over the given period.

	<u>June 2011</u>	<u>Dec 2013</u>	<u>Growth</u>
Total Business Size (\$mill)	52.0	74.7	30.3%
Loans (\$mill)	12.5	26.5	89.2%
Deposits (\$mill)	30.8	31.6	2.5%
Loans / Total Business	24.0%	34.5%	

However it must be acknowledged that this growth, which has been generated by our hard working board members and staff, has not been reflected by commensurate growth in incomes earned by the company.

The principle reason is that the margins earned by us have been reduced by the general banking and lending conditions in the market. Put simply, we are selling more, gaining customers, growing market share but the price we earn from the services and products have been reduced.

Sadly the board of Fraser Coast Community Enterprise Ltd has no control over these factors. They are set and dictated by the financial markets, both domestic and international.

As I said above, we are proud of our work to date, but as always there is more to be done and I assure all shareholders all the volunteer board members will continue to work hard to:

- grow and improve the business activities and operations that we can have an impact on to grow income, and
- carefully monitor our expenditures, and
- to improve the profit expectations of the company.

Results could also be improved if our shareholders used our banking and related services to a greater extent. Our research shows that significant numbers of shareholders do not use any of our products or services, while those that do, do not make best use of all available options. So come into the branch and find out how your everyday banking can help generate profits for our community.

Yours Sincerely,
Neil Canning FCA
Chairman