

annual report 2009



Kolan/Perry
Community Enterprises Limited
ABN 21 123 507 844

Gin Gin Community Bank® Branch

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Chairman's report

For year ending 30 June 2009

This financial year sees Gin Gin **Community Bank**[®] Branch celebrate its 2nd birthday. The last twelve months have seen solid growth which shows what great Community spirit we have, even in these tough economic times.

The forecast for this financial year should bring Gin Gin **Community Bank**[®] Branch into new territory, as we become profitable.

We have a few new Directors on board to assist our dynamic team into the future. With their help and expertise we will keep the Board focused into the financial year taking Gin Gin **Community Bank**[®] Branch and the shareholders into profitability.

To all of the volunteer Directors and their families, I thank you for your commitment and personal sacrifice to the Gin Gin **Community Bank**[®] Company and its shareholders.

Over 2008/2009 with the help from Bendigo and Adelaide Bank, we proudly gave out \$12,000 in sponsorship and marketing to our local not-for-profit groups and organisations.

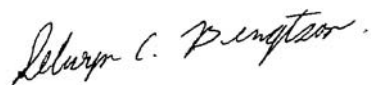
Going forward we hope to greatly increase what we give back into our Community.

Based on what other **Community Bank**[®] companies have done, there are no limits to what we can achieve if the shareholders, the people of our Community and local business and not-for-profit organisations supported the **Community Bank**[®] branch with their complete banking needs.

I like to recognise Bendigo and Adelaide Bank for their continued support at our Board and Staff level. I would like to thank them for their guidance in ways to grow our business, with special thanks to Kate Wakeling.

I would like to congratulate our staff who continually exceed our expectations and acknowledge the enthusiasm and dedication in their respective roles as custodians of our customer's financial needs.

Together with the board I look forward to another great year for the Gin Gin **Community Bank**[®] Branch.



Selwyn Bengtson

Chairman

Manager's report

For year ending 30 June 2009

The financial period ended with Gin Gin **Community Bank**[®] Branch performing well and achieving the high expectations set in growing our business.

It is with pleasure I announce that the overall business grew from \$11 million to \$25 million. Throughout the year the branch continued to stand out with lending and deposit growth, with an increase of over 500 accounts opened and continual high insurance sales and commissions recorded.

Over the 2008/2009 period we have had a few staff changes due to maternity leave. We have also taken on a new employee under a 2 year traineeship. I am proud to acknowledge and congratulate the entire Gin Gin **Community Bank**[®] Branch team for their enthusiasm and continued support. The team has consistently offered our customers a high level of service which greatly increases our customer's experience.

We will be celebrating our second birthday in December. The branch should also reach profitability in the next 8 months. We recently hosted a Community forum in Gin Gin to ask the Community to decide where we should be directing some of our profits. A great response from the Perry and Kolan district Community groups as they gave us a fantastic amount of information which has given us the opportunity to invest in future projects.

Bendigo and Adelaide Bank continues to support the branch by providing funds which allows Gin Gin **Community Bank**[®] Branch to support our local sporting and not-for-profit groups and organisations.

I would like to thank the Directors of the Gin Gin **Community Bank**[®] Branch. Their continued support, dedication and time offered with volunteer work, show the difference of what a **Community Bank**[®] Branch does and can do for a great Community like ours.

In the next year I am looking forward to handing back our profits to the Community and paying a dividend to our shareholders. This would not be possible without the hard work and dedication from the staff and Directors, the continual support and business referrals from our shareholders.

In closing I would like to encourage everyone to come into the Gin Gin **Community Bank**[®] Branch and see what we have to offer. You can make our branch successful and greatly increase our profits by supporting us with your own and your family's banking. Give us a call so we can discuss your financial needs and work together to build a strong and successful community.



Robert Atherton

Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

2008/09 will go down as one of the most tumultuous financial years in history. The global financial crisis and its aftermath wiped trillions of dollars off the world's net wealth. Some of the biggest names in international banking disappeared; many other banks – vastly bigger than Bendigo and Adelaide Bank Ltd – turned to governments to bail them out. Not surprisingly, confidence sagged, reflected in rising unemployment and stock markets falling by around half their former valuations.

In short, we have seen the biggest financial meltdown since the Great Depression of nearly 80 years ago.

Amidst all that turmoil, though, our grassroots banking movement marched steadily on. Twenty new **Community Bank®** branches joined Bendigo and Adelaide Bank Ltd's national network. Around 120,000 new customers switched to the Bendigo style of banking. And 70 more communities continued their local campaign to open a **Community Bank®** branch.

Those statistics are impressive in themselves, but it is the story behind them that is really important.

That's the story of ordinary people – an awful phrase, but you know what I mean – who inherently understand that the role of a bank is to feed into prosperity, rather than profit from it. That lesson was forgotten by many bankers across the globe, with devastating consequences. But it is now well understood by the residents of 237 towns and suburbs that own their own **Community Bank®** branch, because every day they see the fruits of their investment in locally owned banking.

Again, the statistics are impressive enough – \$29 million paid out in community projects and nearly \$11 million in local shareholder dividends. But again, the real stories lie behind the numbers – new community centres and fire trucks, more local nurses, new walking tracks and swimming pools, safer young drivers, more trees and fewer wasteful incandescent globes, innovative water-saving projects... the list goes on.

And of course more money retained and spent locally. And more jobs. Fifteen hundred or so just in the branches alone. More because of the flow-on, or multiplier, effect of those wages being spent locally. And yet more because of the extra shopping now done in communities made more prosperous and active by having their own bank branch.

Community Bank® branches have not escaped the fallout from the global turmoil. Like Bendigo and Adelaide Bank Ltd, they have received less income than in normal times. But also like Bendigo and Adelaide Bank Ltd, they have not needed anyone's help to get through this crisis. And every day we are reminded that banks that are relevant and connected locally will be valued by their customers and communities. For the better of all.



Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

Your Directors submit their report of the Company for the financial year ended 30 June 2009.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Selwyn Colin Bengtson

Chairman

66

Farmer/Grazier

Director, Isis Canegrowers & Chairman, Chaplaincy committee.

Interest in shares: 4,001

Kevin George Jensen

Director

56

Businessman

Owner/operator of local business.

Interest in shares: 501

Anne-Louise Bradford

Secretary

58

Home Duties

Gin Gin Auto Group & Historical Society member.

Treasurer of Gin Gin Girl Guildes.

Interest in shares: 1,001

David Bruce Apel

Director (Appointed 17 November 2008)

44

Grazier

Member, Gin Gin AP&I, Gin Gin Pony Club, Kolan Gardens Aged Care Advisory Board.

Interest in shares: 17,000

Paul Robert Stehbens

Director

43

School Teacher

Committee member of several local voluntary groups.

Current President of Show Society.

Interest in shares: 5,001

Susan Louise Bengtson

Treasurer

35

Teachers Aide

Treasurer of Local Ambulance Comm & AP&I society Catering Ladies.

Interest in shares: 6,501

Directors' report continued

Brian William Flanders JP

Director

66

Councillor

Member, Gin Gin Show Committee. Member, Gin Gin/Mt Perry Local Ambulance Committee. community committees.

Interest in shares: 1,001

Lance Edward Cislowski

Director (Appointed 17 November 2008)

51

Electrical Contractor

President Wallaville Hall Committee, Ex-President & Life Member of Hockey, Member, Show Society.

Interest in shares: 3,000

Arthur David Thomas Dingle

Director

67

Grazier

Long time resident who has held committee positions with several groups including President of Mount

Perry Show. He has also been a local councillor.

Interest in shares: 60,001

Robert John Wood

Director (Appointed 17 November 2008)

45

Publican

Chairman, Chamber of Commerce.

Interest in shares: 1,000

Beryl Jean Dingle-McLennan

Director (Resigned 17 November 2008)

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

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

Company Secretary

The Company Secretary is Ann-Louise Bradford was appointed to the position of Secretary on 18 January 2007. Ann had a long career in the manufacturing industry in Brisbane where she held a number of roles. Since moving to Gin Gin, she has been involved with the Gin Gin State School P & C, the Gin Gin CAR Group and also the Historical Society.

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank®** services under management rights to operate a franchised branch of Bendigo & Adelaide Bank Limited.

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

Directors' report continued

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 2009 | Year ended 30 June 2008 |
|--|----------------------------|----------------------------|
| | \$ | \$ |
| | (114,571) | (213,200) |

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.

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 17 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' report continued

Directors' meetings

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

Names of Directors

| | Number of Board meetings eligible to attend | Number attended |
|---|--|-----------------|
| Selwyn Colin Bengtson | 11 | 10 |
| Susan Louise Bengtson | 11 | 11 |
| Anne-Louise Bradford | 11 | 10 |
| Brian William Flanders JP | 11 | 11 |
| Paul Robert Stehbens | 11 | 9 |
| Arthur David Thomas Dingle | 11 | 6 |
| Kelvin George Jensen | 11 | 4 |
| Lance Edward Cislowski (Appointed 17 November 2008) | 6 | 6 |
| David Bruce Apel (Appointed 17 November 2008) | 6 | 4 |
| Robert John Wood (Appointed 17 November 2008) | 6 | 1 |
| Beryl Jean Dingle-McLennan (Resigned 17 November 2008) | 5 | 3 |

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;

Directors' report continued

- 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.

Directors' report continued

Auditor's Independence Declaration



As lead Auditor for the audit of Kolan/Perry Community Enterprises Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Kolan/Perry Community Enterprises Limited.

David Hutchings

Auditor Partner

Andrew Frewin & Stewart

Bendigo

Directors' report continued



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the directors of Kolan/Perry Community Enterprises Limited

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; 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 21st day of September 2009

Financial statements

Income statement For year ending 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|--|------|------------------|------------------|
| Revenue from ordinary activities | 3 | 192,567 | 42,477 |
| Salaries and employee benefits expense | | (236,552) | (238,378) |
| Charitable donations, sponsorship, advertising & promotion | | (7,693) | (2,891) |
| Occupancy and associated costs | | (23,438) | (10,102) |
| Systems costs | | (33,502) | (21,943) |
| Depreciation and amortisation expense | 4 | (20,668) | (26,290) |
| General administration expenses | | (73,684) | (48,599) |
| Loss before income tax credit | | (202,970) | (305,726) |
| Income tax credit | 5 | 61,399 | 92,526 |
| Loss for the period | | (141,571) | (213,200) |
| Loss attributable to members of the entity | | (141,571) | (213,200) |
| Earnings per share (cents per share) | | | |
| | | c | c |
| - basic for profit for the year | 19 | (19.49) | (31.24) |

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|--------------------------------------|------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash assets | 6 | 37,799 | 179,757 |
| Trade and other receivables | 7 | 17,269 | 3,244 |
| Total current assets | | 55,068 | 183,001 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 176,217 | 190,266 |
| Intangible assets | 9 | 6,833 | 8,833 |
| Deferred tax assets | 10 | 153,925 | 92,526 |
| Total non-current assets | | 336,975 | 291,625 |
| Total assets | | 392,043 | 474,626 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 18,252 | 16,339 |
| Provisions | 12 | 14,202 | 8,279 |
| Total current liabilities | | 32,454 | 24,618 |
| Non-current liabilities | | | |
| Provisions | 12 | 2,052 | - |
| Total non-current liabilities | | 2,052 | - |
| Total liabilities | | 34,506 | 24,618 |
| Net assets | | 357,537 | 450,008 |
| Equity | | | |
| Issued capital | 13 | 712,308 | 663,208 |
| Accumulated losses | 14 | (354,771) | (213,200) |
| Total equity | | 357,537 | 450,008 |

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

| | Note | 2009 \$ | 2008 \$ |
|--|-----------|------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 280,352 | 32,054 |
| Payments to suppliers and employees | | (479,943) | (295,910) |
| Interest paid | | (9) | (168) |
| Interest received | | 17,141 | 1,982 |
| Net cash used in operating activities | 15 | (182,459) | (262,042) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (4,619) | (215,389) |
| Payments for intangible assets | | - | (10,000) |
| Net cash used in investing activities | | (4,619) | (225,389) |
| Cash flows from financing activities | | | |
| Proceeds from issues of equity securities | | 49,100 | 682,500 |
| Payment for share issue costs | | (3,980) | (15,321) |
| Net cash provided by financing activities | | 45,120 | 667,179 |
| Net increase/(decrease) in cash held | | (141,958) | 179,748 |
| Cash at the beginning of the financial year | | 179,757 | 9 |
| Cash at the end of the financial year | 6a | 37,799 | 179,757 |

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

| | 2009 \$ | 2008 \$ |
|---|------------------|------------------|
| Total equity at the beginning of the period | 450,008 | 9 |
| Net loss for the period | (141,571) | (213,200) |
| Net income/expense recognised directly in equity | - | - |
| Total income and expense recognised by the entity for the year | (141,571) | (213,200) |
| Dividends provided for or paid | - | - |
| Shares issued during period | 49,100 | 682,500 |
| Costs of issuing shares | - | (19,301) |
| Total equity at the end of the period | 357,537 | 450,008 |

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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).

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.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

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 |

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.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

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.

Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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.

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.

Notes to the financial statements continued

Note 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 & Adelaide 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 & Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo & Adelaide 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 & Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

Notes to the financial statements continued

Note 2. Financial risk management (continued)

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the year.

Notes to the financial statements continued

| | 2009 \$ | 2008 \$ |
|--|------------|------------|
|--|------------|------------|

Note 3. Revenue from ordinary activities

Operating activities

| | | |
|------------------------|---------|--------|
| - services commissions | 176,927 | 38,561 |
| - other revenue | - | - |

| | | |
|--|----------------|---------------|
| Total revenue from operating activities | 176,927 | 38,561 |
|--|----------------|---------------|

Non-operating activities:

| | | |
|---------------------|--------|-------|
| - interest received | 15,640 | 3,916 |
|---------------------|--------|-------|

| | | |
|--|---------------|--------------|
| Total revenue from non-operating activities | 15,640 | 3,916 |
|--|---------------|--------------|

| | | |
|---|----------------|---------------|
| Total revenue from ordinary activities | 192,567 | 42,477 |
|---|----------------|---------------|

Note 4. Expenses

Depreciation of non-current assets:

| | | |
|--------------------------|--------|--------|
| - plant and equipment | 7,257 | 18,794 |
| - leasehold improvements | 11,411 | 6,329 |

Amortisation of non-current assets:

| | | |
|-----------------------|---------------|---------------|
| - franchise agreement | 2,000 | 1,167 |
| | 20,668 | 26,290 |

Finance Costs:

| | | |
|-----------------|-------|-----|
| - Interest paid | 9 | 168 |
| Bad debts | 1,592 | - |

Notes to the financial statements continued

| | Note | 2009 \$ | 2008 \$ |
|--|------|------------|------------|
|--|------|------------|------------|

Note 5. Income tax expense

The components of tax expense comprise:

| | | | |
|--|--|-----------------|-----------------|
| - Current tax | | - | - |
| - Deferred tax on provisions | | (2,262) | (2,484) |
| - Recoupment of prior year tax losses | | - | - |
| - Future income tax benefit attributable to losses | | (59,137) | (90,042) |
| | | (61,399) | (92,526) |

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | | | |
|---|----|-----------------|-----------------|
| Operating loss | | (202,970) | (305,726) |
| Prima facie tax on loss from ordinary activities at 30% | | (60,891) | (91,718) |
| Add tax effect of: | | | - |
| - non-deductible expenses | | 762 | 350 |
| - timing difference expenses | | 2,843 | 2,484 |
| - investment allowance | | (693) | - |
| - blackhole expenses | | (1,158) | (1,158) |
| Current tax | | (59,137) | (90,042) |
| Movement in deferred tax | 10 | (2,262) | (2,484) |
| | | (61,399) | (92,526) |

Notes to the financial statements continued

| | Note | 2009 \$ | 2008 \$ |
|--|------|------------|------------|
|--|------|------------|------------|

Note 6. Cash assets

| | | | |
|--------------------------|--|---------------|----------------|
| Cash at bank and on hand | | 37,799 | 59,757 |
| Term deposits | | - | 120,000 |
| | | 37,799 | 179,757 |

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 | | 37,799 | 59,757 |
| Term deposit | | - | 120,000 |
| | | 37,799 | 179,757 |

Note 7. Trade and other receivables

| | | | |
|-------------------|--|--------|-------|
| Trade receivables | | 17,269 | 3,244 |
|-------------------|--|--------|-------|

Notes to the financial statements continued

Note 8. Property, plant and equipment

Plant and equipment

| | | |
|-------------------------------|---------------|---------------|
| At cost | 57,317 | 52,698 |
| Less accumulated depreciation | (26,051) | (18,794) |
| | 31,266 | 33,904 |

Leasehold improvements

| | | |
|-------------------------------|----------------|----------------|
| At cost | 162,691 | 162,691 |
| Less accumulated depreciation | (17,740) | (6,329) |
| | 144,951 | 156,362 |

| | | |
|----------------------------------|----------------|----------------|
| Total written down amount | 176,217 | 190,266 |
|----------------------------------|----------------|----------------|

Movements in carrying amounts:

Plant and equipment

| | | |
|-------------------------------|---------------|---------------|
| Carrying amount at beginning | 33,904 | - |
| Additions | 4,619 | 52,698 |
| Disposals | - | - |
| Less: depreciation expense | (7,257) | (18,794) |
| Carrying amount at end | 31,266 | 33,904 |

Leasehold improvements

| | | |
|-------------------------------|----------------|----------------|
| Carrying amount at beginning | 156,362 | - |
| Additions | - | 162,691 |
| Disposals | - | - |
| Less: depreciation expense | (11,411) | (6,329) |
| Carrying amount at end | 144,951 | 156,362 |

| | | |
|----------------------------------|----------------|----------------|
| Total written down amount | 176,217 | 190,266 |
|----------------------------------|----------------|----------------|

Note 9. Intangible assets

Franchise fee

| | | |
|--------------------------------|--------------|--------------|
| At cost | 10,000 | 10,000 |
| Less: accumulated amortisation | (3,167) | (1,167) |
| | 6,833 | 8,833 |

Notes to the financial statements continued

| | 2009 \$ | 2008 \$ |
|---|----------------|---------------|
| Note 10. Deferred tax | | |
| Deferred tax asset | | |
| Opening balance | 92,526 | - |
| Future income tax benefits attributable to losses | 59,137 | 90,042 |
| Deferred tax on provisions | 2,262 | 2,484 |
| Closing balance | 153,925 | 92,526 |

Note 11. Trade and other payables

| | | |
|----------------------------|---------------|---------------|
| Trade creditors | 16,052 | 14,339 |
| Other creditors & accruals | 2,200 | 2,000 |
| | 18,252 | 16,339 |

Note 12. Provisions

| | | |
|--|---------------|--------------|
| Current | | |
| Employee provisions | 14,202 | 8,279 |
| Non-current | | |
| Employee provisions | 2,052 | - |
| Number of employees at year end | 5 | 4 |

Note 13. Contributed equity

| | | |
|--|----------------|----------------|
| 731,609 Ordinary shares fully paid (2008: 682,509) | 731,609 | 682,509 |
| Less: equity raising expenses | (19,301) | (19,301) |
| | 712,308 | 663,208 |

Rights attached to shares

(a) Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each shareholder attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in

Notes to the financial statements continued

Note 13. Contributed equity (continued)

more than one capacity (for example, the person is a shareholder and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a shareholder and one vote for each other shareholder that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each shareholder only one vote, regardless of the number of shares held, is to reflect the nature of the Company as a community based Company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** have the same ability to influence the operation of the Company.

(b) Dividends

Generally, dividends are payable to shareholder in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The Franchise Agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the Directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the Company's constitution and the Corporations Act.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the Company.

"In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the Company (the "10% limit").
- in the opinion of the Board they do not have a close connection to the community or communities in which
- the Company predominantly carries on business (the "close connection test").
- where the person is a shareholder, after the transfer of shares in the Company to that person the number of
- shareholders in the Company is (or would be) lower than the base number (the "base number test").
- the base number is 252. As at the date of this report, the Company had 298 shareholders.

Notes to the financial statements continued

Note 13. Contributed equity (continued)

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the Company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The Board has the power to request information from a person who has (or is suspected by the Board of having) a legal or beneficial interest in any shares in the Company or any voting power in the Company, for the purpose of determining whether a person has a prohibited shareholding interest. If the Board becomes aware that a shareholder has a prohibited shareholding interest, it must serve a notice requiring the shareholder (or the shareholder's associate) to dispose of the number of shares the Board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the Board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the Shares, less any expenses incurred by the Board in selling or otherwise dealing with those shares.

In the Constitution, shareholder acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual shareholders, but that such a result may be necessary to enforce the prohibition.

| | 2009 \$ | 2008 \$ |
|--|------------|------------|
|--|------------|------------|

Note 14. Accumulated losses

| | | |
|--|-----------|-----------|
| Balance at the beginning of the financial year | (213,200) | - |
| Net loss from ordinary activities after income tax | (141,571) | (213,200) |
| Dividends paid | - | - |
| Balance at the end of the financial year | (354,771) | (213,200) |

Notes to the financial statements continued

Note 15. Statement of cashflows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities

| | | |
|---|------------------|------------------|
| Loss from ordinary activities after income tax | (141,571) | (213,200) |
| Non cash items: | | |
| - depreciation | 18,668 | 25,123 |
| - amortisation | 2,000 | 1,167 |
| Changes in assets and liabilities: | | |
| - increase in receivables | (14,025) | (3,244) |
| - increase in other assets | (61,339) | (92,526) |
| - increase in payables | 5,833 | 12,359 |
| -increase in provisions | 7,975 | 8,279 |
| Net cashflows provided by operating activities | (182,459) | (262,042) |

Note 16. Auditors' remuneration

Amounts received or due and receivable by the

Auditor of the Company for:

| | | |
|---------------------------|--------------|--------------|
| - audit & review services | 3,400 | 3,000 |
| - non audit services | 1,607 | 5,660 |
| | 5,007 | 8,660 |

Notes to the financial statements continued

Note 17. Director and related party disclosures

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

Selwyn Colin Bengtson

Susan Louise Bengtson

Anne-Louise Bradford

Brian William Flanders JP

Paul Robert Stehbens

Arthur David Thomas Dingle

Kelvin George Jensen

Lance Edward Cislowski (Appointed 17 November 2008)

David Bruce Apel (Appointed 17 November 2008)

Robert John Wood (Appointed 17 November 2008)

Beryl Jean Dingle-McLennan (Resigned 17 November 2008)

Director, Lance Cislowski is the proprietor of Kolan & District Electrical, during the year the Company used his business to perform maintenance work at the premises. The costs for the year were \$251.30.

No other 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.

| Directors' shareholdings | 2009 | 2008 |
|--|-------------|-------------|
| Selwyn Colin Bengtson | 5,001 | 4,001 |
| Susan Louise Bengtson | 6,501 | 5,501 |
| Anne-Louise Bradford | 1,001 | 501 |
| Brian William Flanders JP | 1,001 | 1,001 |
| Paul Robert Stehbens | 5,001 | 5,001 |
| Arthur David Thomas Dingle | 60,001 | 60,001 |
| Kelvin George Jensen | 501 | 501 |
| Lance Edward Cislowski (Appointed 17 November 2008) | 3,000 | 3,000 |
| David Bruce Apel (Appointed 17 November 2008) | 17,000 | 17,000 |
| Robert John Wood (Appointed 17 November 2008) | 1,000 | 1,000 |
| Beryl Jean Dingle-McLennan (Resigned 17 November 2008) | 2,501 | 2,501 |

Notes to the financial statements continued

Note 18. Key management personnel disclosures

No Director of the Company receives remuneration for services as a Company Director or Committee member.

There are no Executives within the Company whose remuneration is required to be disclosed.

| | 2009 \$ | 2008 \$ |
|--|------------|------------|
|--|------------|------------|

Note 19. Earnings per share

(a) Loss attributable to the ordinary equity holders of the Company used in calculating earnings per share

| | |
|-----------|-----------|
| (141,571) | (213,200) |
|-----------|-----------|

| | 2009 | 2008 |
|--|--------|--------|
| | Number | Number |

(b) Weighted average number of ordinary shares used
as the denominator in calculating basic earnings per share

| | |
|---------|---------|
| 726,453 | 682,509 |
|---------|---------|

Note 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.

Note 21. Contingent liabilities

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

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates Community Bank(R) services pursuant to a franchise agreement with Bendigo & Adelaide Bank Limited. The economic entity operates in one geographic area being the Gin Gin district of Queensland.

Notes to the financial statements continued

Note 23. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office

63 Mulgrave Street

Gin Gin QLD 4671

Principal place of business

63 Mulgrave Street

Gin Gin QLD 4671

Note 24. Financial Instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. 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 Balance Sheet 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 | Fixed interest rate maturing in | | | | | | | | | | | |
|------------------------------|---------------------------------|--------|----------------|---------|-------------------|------|--------------|------|----------------------|--------|--|------|
| | Floating interest rate | | 1 year or less | | Over 1 to 5 years | | Over 5 years | | Non interest bearing | | Weighted average effective interest rate | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| Financial assets | | | | | | | | | | | | |
| Cash assets | 5,758 | 59,757 | - | - | - | - | - | - | | | 0.01 | 0.01 |
| Term deposit | | | 32,041 | 120,000 | | | | | | | 3.48 | 7.95 |
| Receivables | - | - | - | - | - | - | - | - | 17,269 | 3,244 | N/A | N/A |
| Financial liabilities | | | | | | | | | | | | |
| Payables | - | - | - | - | - | - | - | - | 18,252 | 16,339 | N/A | N/A |

Director's declaration

In accordance with a resolution of the directors of Kolan/Perry Community Enterprises 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 2009 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.



Selwyn Colin Bengtson,
Chairman



Anne-Louise Bradford
Secretary

Signed on 21 September 2009.

Independent audit report



PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

INDEPENDENT AUDITOR'S REPORT

To the members of Kolan/Perry Community Enterprises Limited

We have audited the accompanying financial statements of Kolan/Perry Community Enterprises Limited, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the company 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 in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

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.

Independent audit report continued

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 directors' 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 on the Financial Report

In our opinion:

- 1) The financial report of Kolan/Perry Community Enterprises Limited is in accordance with the Corporations Act 2001 including
 - (a) giving a true and fair view of the company's financial position as at 30 June 2009 and of its financial performance and its cash flows for the year then ended and;
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and;
- 2) The financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Kolan/Perry Community Enterprises Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



David Hutchings
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 21st day of September 2009

Gin Gin **Community Bank**® Branch
63 Mulgrave Street, Gin Gin QLD 4671
Phone: (07) 4157 3469 Fax: (07) 4157 3391

Franchisee: Kolan/Perry Community Enterprises Limited
PO Box 243, Gin Gin QLD 4671
Phone: (07) 4157 2561
ABN: 21 123 507 844

www.bendigobank.com.au/gin_gin
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR9010) (07/09)

