Doncaster East **Community Bank®** Branch
Templestowe Village **Community Bank®** Branch

annual report 2012

Manningham Community Enterprises Limited

ABN 69 101 174 270

Contents

Chairman's report

For year ending 30 June 2012

Banking is our business… the community is our focus.

What an amazing year for our two branches!

As we have said many times before, the Bendigo and Adelaide Bank's **Community Bank®** model is a unique banking model that forges long term relationships and partnerships with all sectors on our community and adds value to all our stakeholders. This is, without doubt - our point of difference.

The 2011/12 financial year has been another outstanding year for Manningham Community Enterprises Ltd (MCEL) with continued growth in our business footings at both the Doncaster East and Templestowe Village **Community Bank®** branches, increased profitability, increased sponsorship with community partners and increased contributions to the bank's Community Enterprise Foundation™.

The Templestowe Village **Community Bank®** Branch continues to show improved performance. We expect that in the course of 2012/13, this branch will break even and start to contribute to MCEL profitability.

Business growth

Combined business volumes of the two branches for the full financial year were $234.6 million, which is 7.6 per cent up on last year. This follows continuous business volume growth each year since opening the Doncaster East branch almost 10 years ago.

Income growth

MCEL continued to grow the total gross income this year to $2.053 million, an increase of 8.2 per cent over the previous year, which has enabled us to increase our contribution to the community even more over the period 2011/12.

Operating expenses

Expenses totaled $1.348 million compared with $1.245 million last year an increase of 8.3 per cent.

Profit

Directors are pleased to announce a full year profit (before tax) of $36,938 (after tax of $34,122), which was down on last year's profit of $249,259. However the 2011/12 before tax profit was struck after contributing $350,000 to Community Enterprise Foundation™ and a further $287,924 to community sponsorships. Once sponsorships and Community Enterprise Foundation™ contributions are factored in, the before tax net profit actually increased 8.7 per cent over 2011/12.

Directors, shareholders, staff and our customers should feel very proud of what a difference these funds are making to our Manningham community.

Community Enterprise Foundation™ grants

Again one of the highlights of our year was the grants made to many community organisations through the bank's Community Enterprise Foundation™. This year, we were delighted to provide some $143,245 to 15 local community groups and not-for-profit organisations at our grants presentation night held in June 2012.

Examples of these, were grants to Doncare of $50,000 for the continuance of their programs for the elderly and disadvantaged, East Doncaster Cricket Club for their excellent 'No Boundaries' cricket program, Beverly Hills Junior Football Club for their thought provoking and inspiring 'Social Responsibility Workshops' and, The Pines Learning for their 'Skills to Apply For Work' project and 'VCAL on the Move' to name just a few.

Chairman's report (continued)

This year we were able to set aside some $637,924 in total to the community, up from $401,660 last year - a simply outstanding result. This has brought the cumulative figure provided back to our community over the past eight years to well over $1.6 million.

My thanks go yet again, to the members of the Community Enterprise Foundation™ Committee, Chairman Ray Lord, Jim Christie and Heather Herbert.

Our staff

MCEL is proud of its friendly and passionate staff. Our employees, led by Senior Manager, Paul Thompson and Templestowe Village Branch Manager, Chris Cahir invest their time and energy to ensure the success of our business, its customers, partners and the wider community. Their involvement in community is exemplified by their presence at the many community functions and sporting events throughout the year. I would like to acknowledge these efforts on behalf of all Directors.

I would also like to acknowledge our Regional Manager Ashdon Capp for his contribution to MCEL results this year. Also thanks to the Retail Operations Manager, Kathy Lazarou. Kathy, for adding value to our operations and for the continued up-skilling of our people.

Your Board

May I express my appreciation to your 2011/12 Board of Directors – Erica Mounter (VC), Ray Barrington, Daryl Brown, Jim Christie, David Carson, Keith Crothers, Eileen Haw, Heather Herbert, Ray Lord and Trevor Waring and our Officers to the Board - Nicky White (Treasurer) and Ian Goldsmith.

Two of our Directors have recently retired - to Eileen Haw and David Carson I would like to express our thanks and appreciation for the constructive and valuable contribution they have made to the success of MCEL over recent years.

Sponsorship & Marketing Committee

This year has been an exceptional year for our Sponsorship and Marketing Committee under the Chairmanship of Ray Lord. The energy and effort that has been put into engaging with our many sponsors and partners has been exceptional. We are now making significant impact on our sponsored partner's understanding of how the **Community Bank®** model works and how it can benefit our community.

One of our major marketing partnerships we made this year was $80,000 to Manningham Community Health Services Ltd for four vehicles to enable the continuance of their healthcare programs for the less fortunate in our community.

HR Committee

We have seen this year further personal growth of the of the MCEL team. I would like to acknowledge the work of our management and the HR Committee – Keith Crothers (Chair), Ray Barrington, Ray Lord, Nicky White and Paul Thompson for their efforts in developing policies and processes that have contributed to the excellent morale and personal development of our staff.

Council Liaison Committee

Our Council Liaison Committee under the Chairmanship of Daryl Brown also had a busy year with the preparation and signing of a Memorandum of Understanding with the Manningham City Council to provide seeding capital for the redevelopment of two highball centres in Manningham. This is a long-term commitment, which will evolve over the next few years.

Governance Committee

During the course of the year your Board undertook a Strategic Review of the business, which has resulted in the preparation of the MCEL Strategic Plan 2012 – 2017. We are indebted to the Governance Committee Chair, Jim Christie and his committee, Ray Lord, Keith Crothers and Paul Thompson for the preparation of this plan. The Goals and Actions detailed in this plan are already being acted up.

Chairman's report (continued)

Finance & Audit Committee

The Finance and Audit Committee has worked consistently this year to keep the Board informed. Thanks must go to Chair, Erica Mounter, Jim Christie, Ray Lord, Heather Herbert and Paul Thompson with special thanks to our Treasurer Nicky White for providing professional reports that are both accurate and timely.

Youth Engagement and Cultural Diversity Committee

Our Youth Engagement and Cultural Diversity Committee have also been busy over the year. Under Chair, Heather Herbert we have continued with our Junior Observer Program. This program selects a number of students each year to 'sit on' the Board and is designed to help develop young people into future leaders and maybe even future Directors.

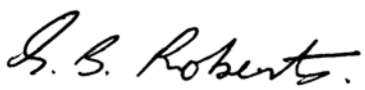
This year we welcomed Winnie Chiu, Hui-Ling Chang and Jacqueline Teh into the 2012 program. They have visited Bendigo and Adelaide Bank's head office in Bendigo and participated in a number of Board meetings over the year.

The future

We will continue to work every day to ensure our **Community Bank®** branches feed into prosperity, not off it. We understand successful customers; create a successful community, which creates a successful bank, but only in that order. And we are genuinely connected with our customers and partners and are engaged with the community we live in.

This is the **Community Bank®** point of difference; it's why people choose to bank with us and why they will continue to do so. If we can deliver on this promise, we believe our point of difference will drive further growth and success to benefit all of our key stakeholders - our customers, people, partners, shareholders and the Manningham and wider community.

Thank you to our shareholders, customers and the local community for supporting your **Community Bank®** branches over the past year, there is no doubt your continued support will contribute to the success of the business and enabled us to provide significant funds to local community programs and projects.



Geoff Roberts
Chairman

Senior Manager's report

For year ending 30 June 2012

The old saying "time flies when you're having fun" comes to mind as I write this, my tenth Manager's report.

Over the course of this period there are considerable achievements that we all can be extremely proud of.

As at the end of the financial year, total business under management spread across the two branches of Doncaster East and Templestowe Village of $234.6 million represented growth of $14.8 million in what was a very difficult financial market. Total deposits of $133.2 million and lending of $101.6 million maintains our excellent mix of business.

The greatest satisfaction obtained over the year is the continued return of funds in community contributions totalling in excess of $677,000. We continue to work with local clubs, community groups and organisations to meet the dreams of their members and clients. Since the opening of Doncaster East in March 2003 and Templestowe Village in December 2009, our combined community contributions now exceed $1.7 million – as I have often said, for a business located in the suburbs of Melbourne, numbers like these are difficult to fathom.

The above results would not be possible without the contributions of several parties:

- Firstly to our staff who I would like to name individually as they are a key driver of our business. To Lisa Jones, Catherine Dole, Elise Chan, Tina O'Shea, Bernadette Furlong, Dianne Smith, Lyndee Stride, Michelle Ellard, Lauren Guatteri and Kim Nihill, a huge thank you for your personal and professional service at all times.
- To our Directors who work tirelessly to support both branches. The management of two bank branches presents numerous challenges, which have been addressed in conjunction with the Board within a mutually enjoyable working relationship.
- To our partners, staff from Bendigo and Adelaide Bank. Ashdon Capp, Kathy Lazarou, Chris Haggarty and all their support team, a huge thanks for their efforts and commitment.

Spreading the word still remains our key phrase. Our existing customers and shareholders have been instrumental in referring new business to our branches, and it is gratifying to see the confidence of our customers in helping to create our successful branches.

In summary it has been a wonderful decade however I would like to think that the journey has just begun.

May I again ask that you all continue to play your part in the growth of our branch by spreading the word about the very personal and professional banking service provided by both your **Community Bank®** branches.

Paul Thompson
Senior Manager

Templestowe Village Manager's report

For year ending 30 June 2012

In what is hopefully my first of many years at the Templestowe Village **Community Bank®** Branch I'd firstly like to thank the Board, Senior Manager Paul Thompson and the staff for welcoming me into the Manningham Community Enterprises Ltd (MCEL) family in April of this year. A special thank you to Lisa Jones for her efforts in running the show between February and April and her continued support for me over the last few months.

Whilst there have been some changes to our branch staffing, a big thank you to Michelle Ellard, Lauren Guatteri and Kim Nihill for their assistance and efforts in flying the flag for Templestowe and the **Community Bank®** concept in the last 12 months. Thanks also to Justyna Echaust who has since left us to join our friends 'over the river' at the Diamond Creek **Community Bank®** Branch.

It has been a challenging year for the Templestowe Village **Community Bank®** Branch. Coming up to our third anniversary the branch has seen a number of changes, both in staffing and business performance. I believe we are now in a period of transition and growth.

Business slowed in 2012 with the overall balance sheet reducing by $4.7 million from $52.5 million to $47.8 million. Whilst this is disappointing, I'm pleased to say that at the time of writing we are back above the $50 million mark with a head of steam up as we head to the middle part of the 2013 financial year. The market is tight and competitive in the banking sector as uncertainty creeps into our customers' and potential customers' mindsets. In this environment, our point of difference and how we present it becomes even more important.

The **Community Bank®** model is something that was foreign to me until five months ago. Now that I'm a part of it, I wish I'd seen the light a long time ago! The people involvement, passion and way of doing business are all something our competitors could learn from. As shareholders, you should be congratulated for your support of the model and our brand.

I am excited about the prospects the 2013 year holds. We are re-introducing ourselves to local businesses and the wider community, increasing our engagement with community organisations and re-creating an awareness of what the **Community Bank®** model means and how important local support is to its success. I am especially excited about the School Banking program we are introducing this year.

There is big opportunity for the Templestowe Village **Community Bank®** Branch. All I can ask of our shareholders is to spread the word and tell the story of this branch. Ours, yours and the community's strength can only improve through increasing awareness of what we do.

Chris Cahir
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2012

Thanks to your support as shareholders the **Community Bank®** network has achieved a significant milestone this year, contributing more than $80 million to support the communities these unique companies operate within.

This figure was almost unimaginable when the **Community Bank®** model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. However, in the years since the **Community Bank®** model has become so much more.

In the past financial year a further 20 **Community Bank®** branches have opened, this growth is in-line with our forecast and consistent with what we have seen in recent years. Demand for the model remains strong and there are currently another 32 **Community Bank®** sites in development, with many more conversations happening with communities Australia wide.

At the end of the financial year 2011/12 the **Community Bank®** network had achieved the following:

- Returns to community – $80 million
- **Community Bank®** branches – 295
- **Community Bank®** branch staff – more than 1,400
- **Community Bank®** branch Directors – 1,905
- Volume footings – $21.75 billion
- Customers – 500,000
- Shareholders – 71,197
- Dividends paid to shareholders – $28.8 million

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, so they can not only enhance banking services, but more importantly aggregate the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community.

In the past 14 years we have witnessed the **Community Bank®** network's returns to communities grow exponentially each year, with $470,000 returned within the first five years, $8.15 million within the first eight and $22.58 million by the end of the first decade of operation.

Today that figure is an astonishing $80 million and with the continued growth and popularity of the **Community Bank®** model, returns should top $100 million by the end of 2013. These dollars add up to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco (telecommunications solution), sponsorships, scholarships and Community Enterprises that provide **Community Bank®** companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank®** company has a committed and strong partner and over the last financial year our company has also seen much success.

Bendigo and Adelaide Bank report (continued)

Last December, our Bank joined the ranks of Australia's A-rated banks following an upgrade announced by Standard & Poor's. Its decision to raise our long-term rating from BBB+ to A– means the Bank (and its **Community Bank®** partners) are now rated 'A' by all three of the world's leading credit rating agencies. This is a huge boost to the Bank and will allow us to access new funding opportunities. It will also enable our group to service supporters who were precluded from banking with us because we were not A rated.

The rating upgrade is a welcome boost for the Bank and its partners at a time when funding is expensive and likely to remain so, margins have been eroded across the industry, credit growth is sluggish at best and subsequently, the profitability of banks remains under pressure.

Not surprisingly, these factors continue to place pressure on our Bank's margin and as **Community Bank®** margin share is still in part based on fixed trails, this is continuing to reflect a skew in margin share between the Bank and its **Community Bank®** partners.

We've been working with the **Community Bank®** network to take action to reduce this imbalance (which is in favour of the **Community Bank®** partners) and see the share of revenue on core banking products closely aligned to the key principal of 50/50 revenue share. Recent market developments are challenging this goal, but the Bank and its partners remain committed to addressing this.

It's Bendigo and Adelaide Bank's vision to be Australia's leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank®** shareholders to support us as we work with our partners to deliver on our goals and ensure our sustained and shared success.

As **Community Bank®** shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

We thank you all for the part you play in driving this success.

Russell Jenkins
Executive Customer and Community

Directors' report

For the financial year ended 30 June 2012

Your directors submit the financial statements of the company for the financial year ended 30 June 2012.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Geoffrey Bruce Roberts
Chairman
Age: 68
Occupation: Management Consultant/Investor
Experience and expertise: Geoff has had over thirty five years of experience in the manufacturing, distribution, clothing and footwear industries having worked as a Senior Marketing Executive with the McPherson Group of companies, Director and CEO roles with the Yakka Group and more recently with Oliver Footwear. Whilst in these roles also he sat on many Industry boards. He has significant community involvement with his work with Rotary International. His qualifications include a Graduate Diploma of Business studies and has attended many professional development programs over the years.

Erica Janice Mounter
Deputy Chairman
Age: 68
Occupation: Accountant
Experience and expertise: Erica is a member of the Australian Society of Accountants. Having returned to study as a mature age student, Erica achieved a Bachelor of Business with an Accounting major. Erica is currently working part time and in her spare time assists both Life Education Victoria and Templestowe Retirement Village with their accounting needs.

Raymond Thomas Lord
Director
Age: 65
Occupation: Retired
Experience and expertise: Raymond has thirty years experience in the sporting, community and service industries. He has significant community involvement with Horticultural Therapy, Community Radio, Children with Down Syndrome, Blind Sports Victoria, and other sporting clubs. His qualifications include a Graduate Diploma of Welfare Studies, Certificate of Business Studies (Administration & Management) and Justice of the Peace.

James Douglas Christie RFD
Director
Age: 67
Occupation: Consultant
Experience and expertise: James brings a wealth of experience from his former career, both in Australia and overseas, as a senior executive in the retail-banking sector. James also served as a Lieutenant Colonel in the Australian Army Reserve. He currently works as a consultant to Bendigo and Adelaide Bank Limited mentoring both new and established **Community Bank®** companies. He has served as an elected member of the **Community Bank®** Strategic Advisory Board and is also currently a Director of Principled Mortgage Investments Limited. He is an Affiliate of Chartered Secretaries Australia and a former Fellow of both the Australian Institute of Banking and Finance and the Australian Institute of Management.

Directors (continued)

Raymond Bruce Barrington
Director
Age: 64
Occupation: Retail Florist
Experience and expertise: Raymond has had 10 years banking and finance experience in ES&A and ANZ Bank. He has a wealth of experience in small business having run the family business for 20 years. He has been a board member of the Manningham Centre for the past 12 months.

Daryl Lindsay George Brown
Director
Age: 68
Occupation: Accountant/Taxation Agent
Experience and expertise: Daryl has been in the finance industry all his working life. His experience includes corporate management in the manufacturing industry as well as has having his own Public Accounting Practice specializing in Small Busines Development. The practice has been operating for 32 years. He is a Certified Practising Accountant, is a Director of a number of private companies and sits on the Board of a number of not-for-profit organisations. Daryl is very community minded and has been involved in many community projects through his Church, the Rotary Club of Manningham and MCEL. He is chairman of MCEL Special Projects Committee.

Trevor Leigh Waring
Director
Age: 62
Occupation: Property Manager/Plantation Developer
Experience and expertise: Trevor spent seven years as a City Councillor becoming Mayor in 1989-1990. His past experience includes drainage contracting, cleaning and house husband. He has a history of involvement in numerous community groups. Trevor is currently managing hardwood eucalyptus plantations for environmental benefits, carbon credits and long term sawlogs.

Keith Crothers
Director
Age: 65
Occupation: Business Manager
Experience and expertise: Keith has 35 years experience in the IT industry in consulting, project management and people management roles and held a senior administrative position for five years in a not-for-profit association. He is a Senior Election Officer with the Victorian Electoral Commission.

Eileen Margaret Connon Haw
Secretary/Director
Age: 63
Occupation: Retired
Experience and expertise: Eileen's career background was initially as a health professional before entering into the retail trade. During the past 6 years, Eileen has been involved in the Templestowe Village as a trader, property owner and secretary of both the Templestowe Traders Association and the Templestowe Village **Community Bank®** Steering Committee. Eileen was integral in igniting the interest in bringing Bendigo Bank to the village, an though now retired from the Traders Association and business, she is still committed to the future of Templestowe Village and the local community.

Directors (continued)

Heather Elizabeth Herbert
Director
Age: 66
Occupation: Retired
Experience and expertise: Heather has lived in the Manningham areas since 1965 when she and her husband, Lloyd, bought their first home. Heather has been married for 43 years and has three adult children and a granddaughter. For more than 20 years Heather was a member of Bulleen Tennis Club and was a committee member for 15 years where she held many different positions and represented the club on several district committees and the VTA Council. In February 2008 Heather was invited to join the Templestowe Village Steering Committee and has enjoyed all the challenges involved with helping to establish a **Community Bank®** at Templestowe at the end of 2009.

David James Carson
Director (Resigned 30 June 2012)
Age: 69
Occupation: Sales/Engineering
Experience and expertise: David, married to wife Margaret for 45 years and with 3 adult children, is currently employed as a Refrigeration Sales Engineer - an industry he has been involved in for nearly 50 years. David was an inaugural member of the Templestowe Village **Community Bank®** steering Committee, where he held the role of Deputy Chairman and permanent Board Representative to Manningham Community Enterprises Limited. Over the past several years David has served on several local community committees in Templestowe including The Thompsons Road Panel for 6 years, as a current board member of the Templestowe RSL club for the past 4 years and Templestowe Rotary Club for the past 5 years. David has also represented his local Rotary club in Rotary Australia World Community Service for the past 2 years, specialising in overseas medical aid to third world countries. David has also served on several management boards, namely the St Giles Hospital in Tasmania, on 2 school boards and Jaycees. David has been awarded life membership to all 4.

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 Eileen Margaret Connon Haw, Eileen took over as Secretary from Keith Crothers, on 26 November 2009. Eileen previously had experience as a Secretary for the Templestowe Traders Association.

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 franchised branches of Bendigo and Adelaide Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2012 $	Year ended 30 June 2011 $
	34,122	167,024

Remuneration Report

Remuneration Policy

The remuneration policy of Manningham Community Enterprise Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

Key Management Personnel Remuneration Policy

Key management personnel receive a base salary , superannuation and performance incentives.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the board's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Employment agreements were entered into with key management personnel.

Remuneration Structure

All directors are independent non-executive Directors and are paid Directors' fees as disclosed below.

Non-executive director remuneration policy:

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and regularly reviews the amount of fees paid, based on market practices, duties and accountability.

The maximum aggregate amount of fees that can be paid to non-executive Directors requires approval by shareholders as required by the Corporations Act 2001 and NSX listing rules.

Remuneration Report (continued)

Non-executive director remuneration policy: (continued)

Fees for non-executive Directors are not linked to the performance of the Company.

Performance based remuneration

The Company does not pay performance based remuneration to any Director.

Company performance, shareholder wealth and directors' and executives' remuneration

The following table shows the gross revenue, profits and dividends for the last 6 years for the entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures shows excellent growth in revenue, increased payments to community groups and projects as well as consistent returns to shareholders. The improvement in the company's performance over the last 6 years has been reflected in the company's share price with an increase each year, with the exception of 2009 when the share price fell in line with the business valuation and subsequent bonus share issue. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall trend in shareholder wealth over the past 6 years.

	2012	2011	2010	2009	2008	2007	2006
Revenue	2,053,008	1,896,071	1,481,080	1,197,210	1,010,886	793,703	638,128
Net profit	34,122	167,024	107,478	173,134	157,997	139,669	100,874
Share price at year end	0.90	1.00	0.85	0.90	1.00	1.00	1.00
Net dividend paid	172,837	108,023	71,501	71,501	68,251	-	48,751

Directors' Fees

For the year ended 30 June 2012 the directors received total remuneration, as follows:

	$
Geoffrey Bruce Roberts	$6,600.00
Erica Janice Mounter	-
Raymond Thomas Lord	$4,900.00
James Douglas Christie RFD	-
Raymond Bruce Barrington	$3,500.00
Daryl Lindsay George Brown	$4,900.00
Trevor Leigh Waring	$3,500.00
Keith Crothers	$4,900.00
Eileen Margaret Connon Haw	$4,900.00
Heather Elizabeth Herbert	$4,900.00
David James Carson (Resigned 30 June 2012)	$3,500.00

Remuneration Report (continued)

Directors' Fees (continued)

Fees and payments to directors reflect the demands which are made on and the responsibilities of the directors. Directors' fees are reviewed annually by the Board. The Chairman's, Secretary's and Treasurer's fees are determined independently to the fees of remaining directors.

Key management personnel compensation is disclosed in Note 19 to the financial statements.

Options issued as part of remuneration for the year ended 30 June 2012

No options have been issued as part of remuneration for the year ended 30 June 2012.

Employment Contracts of Directors

There are no employment contracts for Directors.

Remuneration of Executives

Remuneration package paid to the Senior Manager of the Company for the year ended 30 June 2012 was in the range $105,000.00 - $130,000.00 (2011: $105,000 to $130,000).

	Year Ended 30 June 2012	
Dividends	**Cents**	**$**
Dividend declared and paid during the period:	8	172,837

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 statements.

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 19 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' Meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended		Committee Meetings Attended													
			Finance/Director Remuneration		Human Resources		Marketing & Sponsorship		Community Enterprise Foundation™		Strategic Planning/ Policy Governance & Succession Planning		Youth Engagement & Cultural Diversity		Council Liaison	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Geoffrey Bruce Roberts	11	10	4	3	9	6	10	6	3	3	2	2	6	3	9	8
Erica Janice Mounter	11	10	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Raymond Thomas Lord	11	10	4	4	9	5	10	10	3	3	2	2	6	3	4	3
James Douglas Christie RFD	11	5	4	4	-	-	-	-	3	3	2	2	-	-	-	-
Raymond Bruce Barrington	11	11	-	-	9	7	10	10	-	-	-	-	6	5	4	4
Daryl Lindsay George Brown	11	10	-	-	-	-			-	-	-	-	-	-	9	9
Trevor Leigh Waring	11	10	-	-	-	-	10	8	-	-	-	-	6	5	4	4
Keith Crothers	11	8	-	-	2	2	4	3	3	3	2	2	-	-	-	-
Eileen Margaret Connon Haw	11	9	-	-	-	-	-	-	-	-	-	-	6	2	-	-
Heather Elizabeth Herbert	11	10	4	3	9	7	-	-	3	1	-	-	6	5	-	-
David James Carson (Resigned 30 June 2012)	11	7	-	-	-	-	10	7	-	-	-	-	6	3	-	-

A - eligible to attend
B - number attended

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.

Non Audit Services (continued)

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;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, 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.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

Signed in accordance with a resolution of the board of directors at Doncaster East, Victoria on 6 September 2012.

G. B. Roberts.

Geoffrey Bruce Roberts,
Chairman

Erica Janice Mounter,
Deputy Chairman

Auditor's independence declaration

Partners in success
Chartered Accountants

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Manningham 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 2012 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

Graeme Stewart
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 6 September 2012

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

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Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2012

	Note	2012 $	2011 $
Revenues from ordinary activities	4	2,053,008	1,896,071
Employee benefits expense		(778,632)	(710,482)
Charitable donations, sponsorship, advertising and promotion		(668,077)	(401,660)
Occupancy and associated costs		(229,341)	(217,215)
Systems costs		(78,438)	(72,493)
Depreciation and amortisation expense	5	(64,076)	(65,739)
Finance costs	5	(24)	(17)
General administration expenses		(197,482)	(179,206)
Profit before income tax expense		**36,938**	**249,259**
Income tax expense	6	(2,816)	(82,235)
Profit after income tax expense		**34,122**	**167,024**
Total comprehensive income for the year		**34,122**	**167,024**
Earnings per share (cents per share)		**c**	**c**
- basic for profit for the year	21	1.58	7.73

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2012

	Note	2012 $	2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	630,749	744,606
Trade and other receivables	8	201,672	178,443
Current tax assets	11	36,659	12,303
Total Current Assets		**869,080**	**935,352**
Non-Current Assets			
Property, plant and equipment	9	404,022	428,128
Intangible assets	10	47,840	77,622
Deferred tax assets	11	19,915	11,784
Financial assets		10,000	-
Total Non-Current Assets		**481,777**	**517,534**
Total Assets		**1,350,857**	**1,452,886**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	83,121	48,503
Provisions	13	63,095	61,275
Total Current Liabilities		**146,216**	**109,778**
Non-Current Liabilities			
Provisions	13	4,902	4,654
Total Non-Current Liabilities		**4,902**	**4,654**
Total Liabilities		**151,118**	**114,432**
Net Assets		**1,199,739**	**1,338,454**
Equity			
Issued capital	14	1,138,759	1,138,759
Retained earnings	15	60,980	199,695
Total Equity		**1,199,739**	**1,338,454**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the Year Ended 30 June 2012

	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2010	**1,138,759**	**140,694**	**1,279,453**
Total comprehensive income for the year	**-**	**167,024**	**167,024**
Transactions with owners in their capacity as owners:			
Shares issued during period		-	-
Costs of issuing shares		-	-
Dividends provided for or paid	-	(108,023)	(108,023)
Balance at 30 June 2011	**1,138,759**	**199,695**	**1,338,454**
Balance at 1 July 2011	**1,138,759**	**199,695**	**1,338,454**
Total comprehensive income for the year	**-**	**34,122**	**34,122**
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(172,837)	(172,837)
Balance at 30 June 2012	**1,138,759**	**60,980**	**1,199,739**

The accompanying notes form part of these financial statements.

Statement of Cashflows
for the Year Ended 30 June 2012

	Note	2012 $	2011 $
Cash Flows From Operating Activities			
Receipts from customers		2,173,752	2,033,130
Payments to suppliers and employees		(2,106,461)	(1,779,113)
Interest received		48,155	29,102
Interest paid		(24)	(17)
Income taxes paid		(35,303)	(97,976)
Net cash provided by operating activities	**16**	**80,119**	**185,126**
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(11,139)	(27,624)
Loans advanced		(10,000)	-
Net cash used in investing activities		**(21,139)**	**(27,624)**
Cash Flows From Financing Activities			
Dividends paid		(172,837)	(108,023)
Net cash used in financing activities		**(172,837)**	**(108,023)**
Net increase/(decrease) in cash held		**(113,857)**	**49,479**
Cash and cash equivalents at the beginning of the financial year		744,606	695,127
Cash and cash equivalents at the end of the financial year	**7(a)**	**630,749**	**744,606**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention 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.

Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The adoption of the revised AASB 124 Related Party Disclosures has not resulted in the disclosure of any additional related party transactions in the current period or any prior period and is not likely to affect future periods. The adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project have not affected the disclosure of any items in the financial statements.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2011.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branches at Doncaster East and Templestowe, Victoria.

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. 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. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as "day to day" banking business (ie 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank®** partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank®** companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) 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 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 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 entity intends to settle its tax assets and liabilities on a net basis.

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, 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.

d) 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.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and Cash Equivalents

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.

f) 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.

g) 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

Note 1. Summary of Significant Accounting Policies (continued)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) 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 transaction 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.

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 statement of comprehensive income.

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company 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.

m) 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 of 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.

n) 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.

o) 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.

p) 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 from 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 taxation authority are classified as operating cash flows.

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 and 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 and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and 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 and 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.

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%.

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

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 2012 can be seen in the statement of comprehensive income.

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

Note 3. 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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Note 3. Critical Accounting Estimates and Judgements (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 4. Revenue from Ordinary Activities

	2012 $	2011 $
Operating activities:		
- gross margin	1,334,583	1,115,297
- services commissions	432,025	498,039
- other revenue	240,483	245,303
Total revenue from operating activities	**2,007,091**	**1,858,639**
Non-operating activities:		
- interest received	45,917	37,432
Total revenue from non-operating activities	**45,917**	**37,432**
Total revenues from ordinary activities	**2,053,008**	**1,896,071**

Notes to the financial statements (continued)

		2012 $	2011 $

Note 5. Expenses

		2012 $	2011 $
Depreciation of non-current assets:			
- plant and equipment		11,040	13,626
- leasehold improvements		18,923	17,972
- motor vehicles		4,332	4,360
Amortisation of non-current assets:			
- franchise agreement		18,296	18,297
- franchise renewal fee		11,485	11,484
		64,076	**65,739**
Finance costs:			
- interest paid		**24**	**17**
Loss on disposal of non-current assets		**951**	**4,517**
Bad debts		**229**	**1,075**

Note 6. Income Tax Expense

		2012 $	2011 $
The components of tax expense comprise:			
- Current tax		23,584	77,874
- Future income tax benefit attributed to losses		-	-
- Movement in deferred tax		(8,131)	4,361
- Recoupment of prior year tax loss		-	-
- Adjustments to tax expense of prior periods		(12,637)	-
		2,816	**82,235**
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		40,437	249,259
Prima facie tax on profit from ordinary activities at 30%		12,131	74,778
Add tax effect of:			
- non-deductible expenses		4,800	8,935
- timing difference expenses		8,131	(4,361)
- other deductible expenses		(1,478)	(1,478)
		23,584	**77,874**
Movement in deferred tax	11	(8,131)	4,361
Adjustments to tax expense of prior periods		(12,637)	-
		2,816	**82,235**

Notes to the financial statements (continued)

	2012 $	2011 $

Note 7. Cash and Cash Equivalents

	2012 $	2011 $
Cash at bank and on hand	88,761	78,240
Term deposits	524,113	648,491
Security deposit	17,875	17,875
	630,749	**744,606**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 7(a) Reconciliation of cash

	2012 $	2011 $
Cash at bank and on hand	88,761	78,240
Term deposits	524,113	648,491
Security deposit	17,875	17,875
	630,749	**744,606**

Note 8. Trade and Other Receivables

	2012 $	2011 $
Trade receivables	168,542	141,051
Other receivables and accruals	13,089	15,327
Prepayments	20,041	22,065
	201,672	**178,443**

Note 9. Property, Plant and Equipment

	2012 $	2011 $
Plant and equipment		
At cost	153,039	152,230
Less accumulated depreciation	(78,353)	(66,362)
	74,686	**85,868**
Leasehold improvements		
At cost	370,366	376,483
Less accumulated depreciation	(68,982)	(66,506)
	301,384	**309,977**
Motor vehicles		
At cost	34,645	34,645
Less accumulated depreciation	(6,693)	(2,362)
	27,952	**32,283**
Total written down amount	**404,022**	**428,128**

Notes to the financial statements (continued)

	2012 $	2011 $

Note 9. Property, Plant and Equipment (continued)

Movements in carrying amounts:

	2012 $	2011 $
Plant and equipment		
Carrying amount at beginning	85,868	89,241
Additions	809	10,253
Disposals	-	-
Less: depreciation expense	(11,991)	(13,626)
Carrying amount at end	**74,686**	**85,868**
Leasehold improvements		
Carrying amount at beginning	309,977	327,950
Additions	10,330	-
Disposals	(951)	-
Less: depreciation expense	(17,972)	(17,973)
Carrying amount at end	**301,384**	**309,977**
Motor vehicles		
Carrying amount at beginning	32,283	23,788
Additions	-	34,645
Disposals	-	(21,790)
Less: depreciation expense	(4,331)	(4,360)
Carrying amount at end	**27,952**	**32,283**
Total written down amount	**404,022**	**428,128**

Note 10. Intangible Assets

	2012 $	2011 $
Franchise fee		
At cost	151,484	151,484
Less: accumulated amortisation	(111,302)	(93,005)
	40,182	**58,479**
Renewal processing fee		
At cost	57,425	57,425
Less: accumulated amortisation	(49,767)	(38,282)
	7,658	**19,143**
Total written down amount	**47,840**	**77,622**

	2012 $	2011 $
Note 11. Tax		
Current:		
Income tax refundable	**36,659**	**12,303**
Non-Current:		
Deferred tax assets		
- accruals	7,955	1,065
- employee provisions	20,400	19,887
	28,355	**20,952**
Deferred tax liability		
- accruals	3,927	4,598
- deductible prepayments	4,513	4,570
	8,440	**9,168**
Net deferred tax asset	**19,915**	**11,784**
Movement in deferred tax charged to statement of comprehensive income	**(8,131)**	**4,361**

Note 12. Trade and Other Payables

	2012 $	2011 $
Trade creditors	45,249	22,682
Other creditors and accruals	37,872	25,821
	83,121	**48,503**

Note 13. Provisions

	2012 $	2011 $
Current:		
Provision for annual leave	33,546	37,335
Provision for long service leave	29,549	23,940
	63,095	**61,275**
Non-Current:		
Provision for long service leave	**4,902**	**4,654**

Note 14. Contributed Equity

	2012 $	2011 $
2,160,461 Ordinary shares fully paid (2011: 2,160,461)	1,185,461	1,185,461
Less: equity raising expenses Doncaster East	(22,075)	(22,075)
Less: equity raising expenses Templestowe	(24,627)	(24,627)
	1,138,759	**1,138,759**

* 975,000 Bonus Shares were issued on 30 September 2009.

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 member 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 more than one capacity (for example, the person is a member 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 member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member 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 members 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 and Adelaide Bank Limited 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").

Note 14. Contributed Equity (continued)

Prohibited shareholding interest (continued)

- 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 346. As at the date of this report, the company had 374 shareholders.

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 member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member'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, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2012 $	2011 $

Note 15. Retained Earnings

	2012 $	2011 $
Balance at the beginning of the financial year	199,695	140,694
Net profit from ordinary activities after income tax	34,122	167,024
Dividends paid or provided for	(172,837)	(108,023)
Balance at the end of the financial year	**60,980**	**199,695**

Note 16. Statement of Cashflows

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

	2012 $	2011 $
Profit from ordinary activities after income tax	34,122	167,024
Non cash items:		
- depreciation	34,295	36,318
- amortisation	29,781	29,421
- loss on disposal of non-current assets	951	4,517

	2012 $	2011 $
Note 16. Statement of Cashflows (continued)		
Changes in assets and liabilities:		
- increase in receivables	(23,229)	(8,024)
- increase in current tax assets	(24,356)	12,237
- (increase)/decrease in deferred tax assets	(8,131)	4,361
- increase/(decrease) in payables	34,618	(55,492)
-increase/(decrease) in provisions	2,068	(5,236)
Net cashflows provided by operating activities	**80,119**	**185,126**

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	104,608	173,561
- between 12 months and 5 years	99,459	197,890
- greater than 5 years	-	-
	204,067	**371,451**

The property leases on both properties are both non-cancellable leases with a five-year term, with rent payable monthly in advance.

Note 18. Auditors' Remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,500	4,500
- share registry services	3,910	2,726
- non audit services	4,090	2,975
	12,500	**10,201**

	2012 $	2011 $

Note 19. Director and Related Party Disclosures

The names of directors' who have held office during the financial year and their remuneration including superannuation, as follows:

	2012 $	2011 $
Geoffrey Bruce Roberts	6,600	4,500
Erica Janice Mounter	-	-
Raymond Thomas Lord	4,900	6,000
James Douglas Christie RFD	-	-
Raymond Bruce Barrington	3,500	4,500
Daryl Lindsay George Brown	4,900	3,000
Trevor Leigh Waring	3,500	4,500
Keith Crothers	4,900	4,500
Eileen Margaret Connon Haw	4,900	2,000
Heather Elizabeth Herbert	4,900	2,000
David James Carson (Resigned 30 June 2012)	3,500	2,000

Fees and payments to directors reflect the demands which are made on and the responsibilities of the directors. Directors' fees are reviewed annually by the Board. The Chairman's, Secretary's and Treasurer's fees are determined independently to the fees of remaining directors.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

	2012 $	2011 $
Barrington's of Doncaster, a retail florist operated by Raymond Bruce Barrington supplied goods and services to the value of	**-**	**380**
Raymond Thomas Lord performed marketing and consultancy services to the value of	**14,780**	**-**

Directors' Shareholdings	2012	2011
Geoffrey Bruce Roberts	5,000	5,000
Erica Janice Mounter	17,001	17,001
Raymond Thomas Lord	6,251	6,251
James Douglas Christie RFD	25,003	25,003
Raymond Bruce Barrington	7,501	7,501
Daryl Lindsay George Brown	8,000	8,000

Note 19. Director and Related Party Disclosures (continued)

Directors' Shareholdings (continued)	2012	2011
Trevor Leigh Waring	66,751	66,751
Keith Crothers	17,500	17,500
Eileen Margaret Connon Haw	5,000	5,000
Heather Elizabeth Herbert	7,000	7,000
David James Carson (Resigned 30 June 2012)	15,000	15,000

There was no movement in directors' shareholdings during the year.

Note 20. Dividends Paid or Provided

	2012 $	2011 $
a. Dividends paid during the year		
100% (2011: 100%) franked dividend - 8 cents (2010: 5 cents) per share	**172,837**	**108,023**
The tax rate at which dividends have been franked is 30% (2011: 30%).		
# The dividend paid during the 2011 financial year was based on shareholdings prior to the bonus share issue and issue of shares under the Templestowe Village prospectus and is therefore based on total shareholdings of 650,011.		
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	161,880	200,651
- franking debits that will arise from refund of income tax as at the end of the financial year	(34,264)	(12,303)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	**127,616**	**188,348**
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	**127,616**	**188,348**

	2012 $	2011 $
Note 21. Earnings Per Share		
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	34,122	167,024
	Number	**Number**
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,160,461	2,160,461

Note 22. 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 23. Contingent Liabilities

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

Note 24. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Doncaster East and Templestowe, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
900 - 902 Doncaster Road	900 - 902 Doncaster Road
Doncaster East VIC 3109	Doncaster East VIC 3109
	128 James Street
	Templestowe VIC 3106

Note 26. 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.

Note 26. Financial Instruments (continued)

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average effective interest rate	
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 %	2011 %
Financial Assets												
Cash and cash equivalents	88,261	77,740	541,988	666,366	-	-	-	-	500	500	5.27	4.78
Receivables	-	-	-	-	-	-	-	-	168,542	141,051	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	56,605	44,953	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Manningham 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:

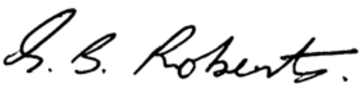
(i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(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 AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Geoffrey Bruce Roberts,
Chairman

Erica Janice Mounter,
Deputy Chairman

Signed on the 6th of September 2012.

Independent audit report

Partners in success

Chartered Accountants

Independent auditor's report to the members of Manningham Community Enterprises Limited

Report on the financial report

We have audited the accompanying financial report of Manningham Community Enterprises Limited, which comprises the balance sheet as at 30 June 2012, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and 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 fair 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 statements comply 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 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

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Independent audit report (continued)

Independence

In conducting our audit we have complied with 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 Manningham Community Enterprises Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2012 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. 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 Manningham Community Enterprises Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Graeme Stewart
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 6 September 2012

NSX report

Share information

In accordance with National Stock Exchange of Australia listing rules the company provides the following information as at 25 September 2012, which is within six weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	53
1,001 to 5,000	207
5,001 to 10,000	43
10,001 to 100,000	69
100,001 and over	0
Total shareholders	**372**

Each of the above shareholders are entitled to one vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than five per cent of voting rights) as each shareholder is entitled to one vote. Normally holding more than five percent of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 10 shareholders holding less than a marketable parcel of shares ($500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to $1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of fully paid shares held	Percentage of issued capital
Reloade Pty Ltd <Salmon Superfund A/C>	$70,000	3.24%
Thomas Leigh Pty Ltd <The Waring Family Superannuation Fund>	$62,751	2.90%
Northern Suburbs Secretarial Services Pty Ltd <Juleton A/C>	$47,000	2.18%
John Alexander Kent <Estate John Kent A/C>	$37,500	1.74%
Winpar Holdings Limited	$35,750	1.65%
Mr Richard Everritt Thorne	$35,250	1.63%
Russell Breadmore & Lynne Breadmore <R & L Breadmore Superfund A/C>	$35,000	1.62%
Mrs Philomena Ann Bangham	$25,000	1.16%
Mr James Douglas Christie & Mrs Deborah Anne Christie <Christie Super Fund A/C>	$25,000	1.16%
Judy Anne Tutty & Marcus James Tutty	$25,000	1.16%
	$398,251	**18.44%**

NSX report (continued)

Registered office and principal administrative office

The registered office of the company is located at:
900 Doncaster Road, Doncaster East VIC 3109
Phone: (03) 9840 2028

The principal administrative office of the company is located at:
900 Doncaster Road, Doncaster East VIC 3109
Phone: (03) 9840 2028

Security register

The security register (share register) is kept at:
AFS & Associates
61 – 65 Bull Street, Bendigo VIC 3550
Phone: (03) 5443 5304

Company Secretary

Ray Lord was elected Company Secretary of Manningham Community Enterprises Limited on September 27 2012. Ray is a founding Director of MCEL, he was the first Company Secretary and was Chairman between 2007 and 2010.

Corporate governance

The company has implemented various corporate governance practices, which include:

(a) The establishment of an audit committee. Members of the audit committee are Erica Mounter, Jim Christie, Heather Herbert and Ray Lord.

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3A

There are no material differences between the information in the company's Annexure 3A and the information in the financial documents in its annual report.

Doncaster East **Community Bank®** Branch
900 Doncaster Road, Doncaster East VIC 3109
Phone: (03) 9840 2028

Templestowe Village **Community Bank®** Branch
128 James Street, Templestowe VIC 3106
Phone: (03) 9846 1455

Franchisee: Manningham Community Enterprises Limited
900 Doncaster Road, Doncaster East VIC 3109
Phone: (03) 9840 2028
ABN: 69 101 174 270
www.bendigobank.com.au/doncaster_east

Bendigo Bank

(BMPAR12096) (09/12)