annual report | 2009

Mission Beach
Community Enterprises Limited
ABN 15 129 575 560

Mission Beach **Community Bank®** Branch

Contents

Chairman's report

For year ending 30 June 2009

I am pleased to present the first Annual Report for Mission Beach Community Enterprises Ltd.
The branch opened its doors on 22 July 2008. We closed the Prospectus in May 2009 fully subscribed with 372 shareholders who raised $875,000 in capital funds. It has been an exciting and encouraging year, however there have been quite a few challenges.

Despite the impact on our revenue caused by lower than forecast margins, I am pleased to report steady progress made by the Company during its first year of operation, although short of our expectations. Another challenge has been our quest to find just the right Branch Manager for our bank branch and our Community.

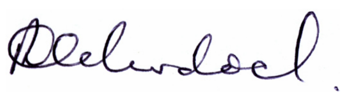
At the outset, we promised $10,000 to be returned to the Community through donations, sponsorships and grants and I am delighted to report that the process is well under way. We have been fortunate to receive significant media coverage from our bequests, firmly cementing the concept of being a bank for the Community.

The Directors continue to work diligently and tirelessly in a voluntary capacity to support the strategic direction of the Company. I thank them for their efforts and support. Four of our Directors attended the National Conference in Bendigo celebrating 150 years of Bendigo Bank history and 10 years of the **Community Bank®** network. We have had one Director resign in February of this year while four new Directors joined in April. All Directors have different talents and this diversity has helped us form a competent and well rounded Board.

Our gratitude is extended to our branch staff. Alicia, Diana and Jodi have been a tower of strength since our opening and have proven themselves to be flexible, customer focused, Community minded and above all, extraordinarily capable in dealing with staff shortages caused by the Branch Manager vacancy.

As we are still in the development phase of building our footings and income stream, we are not in a position to pay a dividend this year. We believe that by supporting the Community through grants and sponsorships, our growth will accelerate as the community becomes aware of the tangible flow of benefits to our town.
It is a growth story that everyone in the Community can be part of, just by banking with us. In turn, rewards to our pioneering shareholders will come as soon as we become profitable in the near future.

We thank you for your conviction and commitment.



Rhonda Murdoch
Chair

Acting Branch Manager's report

For year ending 30 June 2009

Mission Beach **Community Bank®** Branch has gone from strength to strength since our opening on 22 July 2008.

We are currently holding a total of 773 accounts, with more than $12.27M in both lending and deposits on our books. Our deposit products are holding a larger percentage share of the footings, however loan enquiries and approvals are on the increase. We have had some large business loans processed, and these are reflected in the total above.

Much of the first year has been about establishing our presence in Mission Beach. Locating the branch in the new Mission Beach Marketplace (Woolworths Centre) has given us great exposure. The purchase of a foreign exchange rates board has highlighted the fact that we are the only foreign exchange facility in town. Improved external advertising treatment on our all glass frontage has created better visual impact.

I would like to thank our fabulous staff Jodi and Diana. Without their commitment and continued efforts since the branch opening, we wouldn't have achieved what we have.

Our aim, moving into the new financial year, is to continue our expected growth in Lending and Deposits. We are becoming more prominent with Insurance sales and will maintain growth in this area. Our goal is to reach and surpass our budget, which can be achieved by support of existing customers and prospective clients. By achieving this we are able to further emphasise our stability and return benefits to our Community.

March 2009 saw the State **Community Bank®** conference held at Mission Beach with more than 100 delegates in attendance. It was a smashing success for the bank, our branch and the Community. Well done to all involved.

We have been able to assist some of our valuable Community organisations this year with donations and sponsorship including Mission Beach Surf Life Saving Club, Mission Beach State School and Mission Beach Artists. The staff are also on a monthly roster to assist Meals on Wheels.

Again, thank you to all, especially our Board, for your tireless efforts, support of initiatives and encouragement and for your hard work in reaching the capital target to get the branch open. We look forward to your continuing efforts and support to help us reach our targets for the coming year ahead.

As a shareholder, you have an amazing opportunity to support your **Community Bank®** branch and your Community, so if you aren't currently banking with us, please come in and talk to us so that we may have the opportunity to help you with your banking needs.

Alicia Dewberry

Acting Bank Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2009

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

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

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

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

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

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

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

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

Russell Jenkins
Chief General Manager

Directors' report

For year ending 30 June 2009

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2009.

Directors

The names of Directors in office at any time during or since the end of the year are:

Patrick Bernard Biddlecombe
Director
Retired Executive Chef

Tracey Lehua Chamlin
Director
Education Adviser

Anthony Trevor Lee
Director
Solicitor

Richard Manson Giuliany
Director
Semi-retired

Resigned - 3 February 2009

Preston Lee Clothier
Director
Retired Film Director

Appointed - 7 April 2009

Peter Anthony Leach
Director
Pharmacist

Appointed - 7 April 2009

Debbie Lee Brittain
Director
Restaurateur/Office Manager

Rhonda Catherine Murdoch
Chairperson
Property Owner/Manager

Richard Thomas Brant
Company Secretary
Computing and It Consultant

Lynda Mae Hannah
Director
Retired Education Adviser

Appointed - 7 April 2009

Brigitte Yelds
Treasurer
Accounts Manager

Appointed - 7 April 2009

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

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

Directors’ report continued

Principal activities

The principal activities of the Company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating results

Operations have performed in line with expectations. The loss of the Company for the financial period after provision for income tax was $283,958.

Dividends

The Directors recommend that no dividend be paid for the current period.

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 period under review not otherwise disclosed in this report

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors’ benefits

No Director has received or become entitled to receive, during or since the financial period, 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. 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 Managers of the company except where the liability arises out of conduct involving the lack of good faith. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an auditor of the Company or a related body corporate.

Directors' report continued

Directors' meetings attended

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

Number of meetings held: 14

Names of Directors

	Number of meetings attended
Patrick Bernard Biddlecombe	7
Debbie Lee Brittain	12
Tracey Lehua Chamlin	12
Rhonda Catherine Murdoch	14
Anthony Trevor Lee	14
Richard Thomas Brant	13
Richard Manson Giuliany (resigned 3 February 2009)	5
Lynda Mae Hannah (appointed 7 April 2009)	4
Preston Lee Clothier (appointed 7 April 2009)	4
Brigitte Yelds (appointed 7 April 2009)	4
Peter Anthony Leach (appointed 7 April 2009)	3

Company Secretary

Richard Thomas Brant has been the Company Secretary of Mission Beach Community Enterprises Ltd since 2008. Richard Thomas Brant's qualifications and experience include attending a Company Director's Course, Community Bank Secretary's Workshop and wide ranging experience in Commonwealth Government roles and the private sector.

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 Rhonda Catherine Murdoch, Brigitte Yields and Richard Thomas Brant;

(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.

Directors' report continued

Auditor Independence Declaration

The directors received the following declaration from the auditor of the company:

Richmond Sinnott & Delahunty
Chartered Accountants

In relation to our audit of the financial report of Mission Beach Community Enterprises Ltd for the financial period ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott

Partner

Richmond Sinnott & Delahunty

Bendigo

17 September 2009

Signed in accordance with a resolution of the Board of Directors in Mission Beach, Queensland on 17 September 2009

Rhonda Catherine Murdoch

Chairperson

Richmond Sinnott & Delahunty
Chartered Accountants

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

17 September 2009

The Directors
Mission Beach Community Enterprises Limited
Shop 5, 34-40 Dickinson St
Wongaling Beach QLD 4852

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Mission Beach Community Enterprises Limited for the period ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Woodbury Court, 172 McIvor Road Bendigo 3550. PO Box 30 Bendigo 3552. Ph: (03) 5443 1177. Fax: (03) 5444 4344. Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $
Revenue	2	97,536
Employee benefits expense	3	(172,056)
Depreciation and amortisation expense	3	(8,738)
Finance costs	3	(52)
Other expenses from ordinary activities		(286,148)
Profit/Loss before income tax		(369,458)
Income tax benefit	4	85,500
Profit/(loss) after income tax expense		**(283,958)**

Earnings per share (cents per share)		
- basic for profit / (loss) for the period	21	(32.45)
- basic for profit / (loss) for the period	21	(32.45)
- basic for profit / (loss) for the period	20	-

The accompanying notes form part of these financial statements.

Balance Sheet
For year ending 30 June 2009

	Note	2009 $
Current assets		
Cash assets	6	318,835
Receivables	7	2,240
Total current assets		**321,075**
Non-current assets		**183,799**
Property, plant and equipment	8	(286,148)
Deferred income tax asset	4	85,500
Intangible assets	9	8,000
Total non-current assets		**277,299**
Total assets		**598,374**
Current liabilities		
Payables	10	22,401
Provisions	11	3,227
Total current liabilities		**25,628**
Total liabilities		**25,628**
Net assets		**572,746**
Equity		
Share capital	12	856,704
Retained earnings / (accumulated losses)	13	(283,958)
Total equity		**572,746**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $
Cash flows from operating activities		
Cash receipts in the course of operations		81,563
Cash payments in the course of operations		(440,847)
Other income		1,584
Interest received		20,368
Net cash flows from/(used in) operating activities	**14b**	**(337,332)**
Cash flows from investing activities		
Payment for intangible assets		(10,000)
Payments for property, plant and equipment		(190,537)
Net cash flows from/(used in) investing activities		**(200,537)**
Cash flows from financing activities		
Member contributions		875,000
Equity raising costs		(18,296)
Net cash flows from/(used in) financing activities		**856,704**
Net increase/(decrease) in cash held		**318,835**
Add opening cash brought forward		-
Closing cash carried forward	**14a**	**318,835**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	2009 $
Share capital	
Ordinary shares	
Balance at start of period	-
Issue of share capital	875,000
Share issue costs	(18,296)
Balance at end of period	**856,704**
Retained earnings/(accumulated losses)	
Balance at start of period	-
Profit/(loss) after income tax expense	(283,958)
Dividends paid	-
Balance at end of period	**(283,958)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 17 September 2009.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Fit-out costs	2.5%
Plant & equipment	4-25%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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 cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

Interest bearing liabilities

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

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed capital

Issued and paid up capital is 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.

Comparative figures

The entity commenced operations during the period, hence there are no comparative figures.

Notes to the financial statements continued

	2009 $

Note 2. Revenue from ordinary activities

Operating activities	
- services commissions	75,584
- other revenue	-
Total revenue from operating activities	**75,584**
Non-operating activities:	
- interest received	20,368
- other revenue	1,584
Total revenue from non-operating activities	**21,952**
Total revenue from ordinary activities	**97,536**

Note 3. Expenses

Employee benefits expense	
- wages and salaries	121,720
- superannuation costs	10,671
- workers' compensation costs	107
- other costs	39,558
	172,056
Depreciation of non-current assets:	
- plant and equipment	4,924
- buildings	1,814
Amortisation of non-current assets:	
- intangibles	2,000
	8,738
Finance costs:	
- Interest paid	52
- Bad debts	50

Notes to the financial statements continued

	2009 $

Note 4. Income tax expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30%	(110,837)
Add tax effect of:	
- Non-deductible expenses	25,337
Current income tax expense/ (benefit)	**(85,500)**
Income tax expense/ (benefit)	**(85,500)**
Deferred income tax asset	
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	**(85,500)**

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	2,700
- Completion of feasibility study	3,000
- Completion of taxation return	450
- Accounting work for prospectus	1,800
	7,950

Notes to the financial statements continued

	2009 $
Note 6. Cash assets	
Cash at bank and on hand	**318,835**
Note 7. Receivables	
GST receivable	1,661
Trade debtors	579
	2,240
Note 8. Property, plant and equipment	
Buildings	
At cost	117,757
Less accumulated depreciation	(1,814)
	115,943
Plant and equipment	
At cost	72,780
Less accumulated depreciation	(4,924)
	67,856
Total written down amount	**183,799**
Movements in carrying amounts	
Building	
Carrying amount at beginning of year	-
Additions	117,757
Disposals	-
Depreciation expense	(1,814)
Carrying amount at end of year	**115,943**

Notes to the financial statements continued

	2009 $	2008 $

Note 8. Property, plant and equipment (continued)

Plant and equipment

Carrying amount at beginning of year		-
Additions		72,780
Disposals		-
Depreciation expense		(4,924)
Carrying amount at end of year		**67,856**

Note 9. Intangible assets

Franchise fee

At cost		10,000
Less accumulated amortisation		2,000
		8,000

Note 10. Payables

Trade creditors		10,159
Other creditors and accruals		12,242
		22,401

Note 11. Provisions

Employee benefits		3,227
Number of employees at period end		3

Note 12. Share Capital

875,000 Ordinary Shares fully paid of $1 each		875,000
Share Issue Costs		(18,296)
		856,704

	2009 $

Note 13. Retained earnings / (accumulated losses)

Balance at the beginning of the financial period	-
Profit/(loss) after income tax	(283,958)
Dividends	-
Balance at the end of the financial period	**(283,958)**

Note 14. Cash flow statements

(a) Reconciliation of cash	
Cash assets	318,835
(b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities	
Profit / (loss) after income tax	(283,958)
Non cash items	
- Depreciation	6,738
- Amortisation	2,000
Changes in assets and liabilities	
- (Increase) decrease in deferred income tax asset	85,500
- (Increase) decrease in receivables	(2,240)
- Increase (decrease) in payables	22,401
- Increase (decrease) in provisions	3,227
Net cashflows from/(used in) operating activities	**(166,332)**

Note 15. Director and related party disclosures

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

Patrick Bernard Biddlecombe

Debbie Lee Brittain

Tracey Lehua Chamlin

Rhonda Catherine Murdoch

Anthony Trevor Lee

Richard Thomas Brant

Richard Manson Giuliany (resigned 3 February 2009)

Lynda Mae Hannah (appointed 7 April 2009)

Preston Lee Clothier (appointed 7 April 2009)

Brigitte Yelds (appointed 7 April 2009)

Peter Anthony Leach (appointed 7 April 2009)

No Director or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	**2009**
Patrick Bernard Biddlecombe	26,000
Debbie Lee Brittain	1,000
Tracey Lehua Chamlin	1,500
Rhonda Catherine Murdoch	5,000
Anthony Trevor Lee	6,000
Richard Thomas Brant	500
Richard Manson Giuliany (resigned 3 February 2009)	2,000
Lynda Mae Hannah (appointed 7 April 2009)	1,500
Preston Lee Clothier (appointed 7 April 2009)	12,500
Brigitte Yelds (appointed 7 April 2009)	4,000
Peter Anthony Leach (appointed 7 April 2009)	2,000

All shares were purchased during the period. Each share held has a paid up value of $1 and is fully paid.

Notes to the financial statements continued

Note 16. Subsequent events

There have been no events after the end of the financial period that would materially affect the financial statements.

Note 17. Contingent liabilities

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

Note 18. Segment reporting

The economic entity operates in the financial services sector were it provides banking services to its clients. The economic entity operates in one geographic area being Mission Beach, Queensland.

Note 19. Corporate information

Mission Beach Community Enterprises Ltd is a Company limited by shares incorporated in Australia.

The registered office is:	35 Reid Road
	Wongaling Beach QLD 4852
The principal place of business is:	Shop 5, 34-40 Dickinson Street
	Wongaling Beach QLD 4852

Note 20. Dividends paid or provided for on ordinary shares

The Directors recommend that no dividend be paid for the current period.

Note 21. Earnings per share

	2009 $
Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the period.	
Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of any dilutive options or preference shares).	
The following reflects the income and share data used in the basic and diluted earnings per share computations:	
Profit/(loss) after income tax expense	(283,958)
Weighted average number of ordinary shares for basic and diluted earnings per share	875,000

Note 22. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount 2009 $
Cash assets	318,835
Receivables	2,240
	321,075

Note 22. Financial risk management (continued)

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Ltd and the Australian Taxation Office.

None of the assets of the Company are past due and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount $	Contractual cash flows $	1 year or less $	Over 1 to 5 years $	More than 5 years $
30 June 2009	22,401	(22,401)	(22,401)	–	–
Payables	(22,401)	(22,401)	(22,401)	–	–

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

<u>Interest rate risk</u>

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Note 22. Financial risk management (continued)

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount 2009 $
Fixed rate instruments	
Financial assets	230,002
Financial liabilities	-
	230,002
Variable rate instruments	
Financial assets	88,833
Financial liabilities	-
	88,833

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. This assumes all other variables remain constant.

(d) 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 year end.

(e) 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%.

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 period ended 30 June 2009 can be seen in the Income Statement.

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

Directors' declaration

In accordance with a resolution of the Directors of Mission Beach Community Enterprises Limited,
I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;

(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.

Rhonda Catherine Murdoch
Chairperson

Signed in Mission Beach, Queensland on 17 September 2009.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF MISSION BEACH
COMMUNITY ENTERPRISES LIMITED

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Mission Beach Community Enterprises Limited, for the period ended 30 June 2009.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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ABN 60 616 244 309

Independent audit report continued

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Mission Beach Community Enterprises Limited is in accordance with:

(a) the Corporations Act 2001 including:

(i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the period ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott.

W. J. SINNOTT
Partner
Bendigo

Date: 17 September 2009

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Bendigo Bank