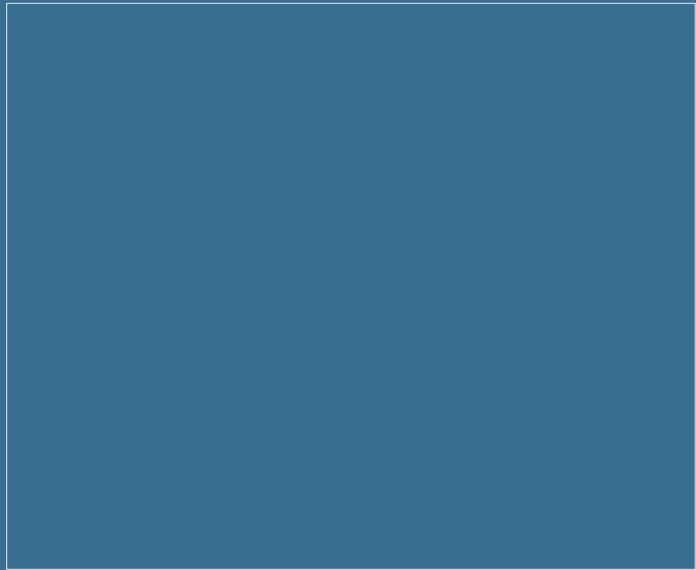
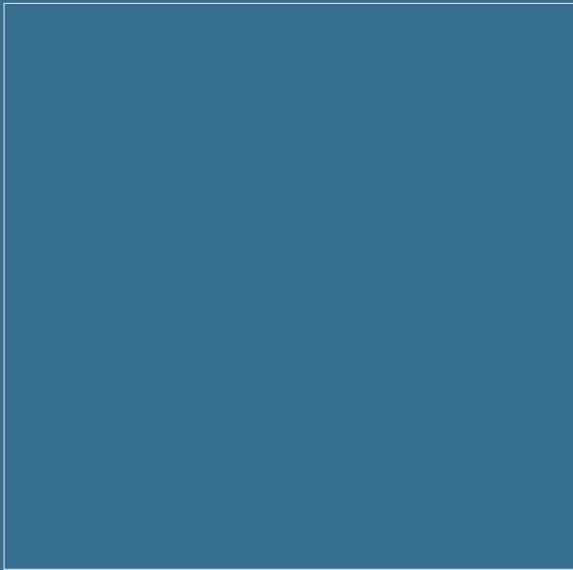


annual report | 2009



Pine Rivers
Community Finance Limited
ABN 14 098 199 476

Brendale **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2009

The Board of Directors are proud of their achievements for the financial year ending June 2009.

The main focus of Board activity has been the setting up of the branch in Samford. I would like to take this opportunity to thank my fellow Board members for their focus and professionalism as we moved through the agenda to make this Samford **Community Bank**[®] Branch a reality.

The extra workload on our Brendale staff was significant given the marketing and promotional work that was required, not to mention the customer enquiry from Samford that was all handled through the Brendale **Community Bank**[®] Branch. On behalf of the Board I say thank you to all of our staff members and acknowledge that the success of this venture was heavily weighted to their involvement. I also wish to acknowledge the support throughout this process from the Bendigo and Adelaide Bank **Community Bank**[®] Development team and the local Steering Committee from Samford.

During this year we have continued to improve the return to you the shareholders. We have paid our first dividend allocated from profits from the 07/08 financial year and we have also allocated a one for five bonus issue of shares. At the time of reading this report you will also have received a dividend for the 08/09 year. These returns to you equate to a 31% return on your initial investment. Given the volatility of the banking sector worldwide we are very proud of this achievement. I would also like to acknowledge the faith shown in us by those of you who have increased your shareholding by taking up further shares in the Samford **Community Bank**[®] project.

We are very confident that our staff at both branches will continue to grow the business and we look forward to our continued development of strong ties within these communities through our grants program.

I would like to congratulate the staff at Brendale **Community Bank**[®] Branch for winning for the fourth year in a row the professional services category at the Quest awards night.

Please join us at the Annual General Meeting on Monday the 2nd November.



David Ffrench
Chairman

Manager's report

For year ending 30 June 2009

It gives me great pleasure to present to the Board and shareholders my annual report for the 2008 - 2009 financial year.

Global economic conditions have made the past 12 months one of the most challenging years we have seen in the banking environment for some time. The volatile markets and commercial uncertainty has been seen right across Australia.

Given these conditions, it is pleasing to note that we have once again seen some significant highlights and a successful year of trading by the Brendale **Community Bank**[®] Branch of Bendigo Bank.

The Brendale **Community Bank**[®] Branch increased its total assets by nearly \$9 M, with footings now being placed at \$86.273 million. These results are very encouraging, and indicate the on-going support we receive from local business, consumers and shareholders. We appear to be having a good balance of both commercial and consumer loans that are now on our books.

Each year, the Quest newspaper conducts the Business Achievers Awards, and for the fourth consecutive year, Brendale **Community Bank**[®] Branch won this prestigious award in the "Professional Services" category.

This is a direct reflection of how the customers perceive the **Community Bank**[®] concept in both the banking environment and the local Community. I do believe that our customer service is second to none, and for those shareholders who currently do not bank with us, I do ask you to come into the branch and experience "The Bendigo Way".

The Community focus of the branch and the positive benefits it brings to the local Community is evident. The interaction we hold with many local Community groups underpins our success, and it is pleasing to note that our contributions truly do make a difference. The **Community Bank**[®] Company contributes much needed financial support to a range of charitable, sporting and educational initiatives.

In the coming year, we plan to have our sponsorships and grants to the Community much more structured, and we look forward to assisting more local organisations throughout the year.

After feasibility studies were completed for the establishment of a second site at Samford, a decision was made to launch a prospectus. Constant communication was made with the local Community and it was a pleasure to open the Samford **Community Bank**[®] Branch for trading on Monday 3 August 2009. I would like to thank the existing shareholders who have supported this expansion by purchasing further shares and welcome the new shareholders together with the management and staff of the branch.

Again, I thank all the customers who bank at the Brendale **Community Bank**[®] Branch. Because of your support, we are able to continue to support our Community.



Ross Growcott

Area Manager

Brendale & Samford **Community Bank**[®] Branches

Directors' report

For year ending 30 June 2009

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

Directors

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

David Graeme Ffrench

Chairman (Non-executive) #

Qualifications: Nil

Experience: Board member since November, 2003;

Chairman of Board since November 2005;

Managing Director of Southern Express Couriers Pty Ltd.

Special Responsibilities: Company Secretary until November, 2008.

Thomas Joseph Coogan

Director - Treasurer (Non-executive) (Appointed 3 November 2008)

Qualifications: Bachelor of Business; Fellow of the Institute of Chartered Accountants in Australia.

Experience: Board member since November, 2008.

Director of Coogans Pty Ltd since 1989.

Special Responsibilities: Treasurer since November 2008.

Geertje Jose Bowden

Director (Non executive)

Qualifications: Bachelor of Behavioural Science.

Experience: Board member since 2005; Director and owner of Moreton Bay Regional Real Estate.

Robert Ian Millar

Director - Deputy Chairman (Non executive)

Qualifications: Diploma Australian Institute of Company Directors (AICD); Fellow of AICD, Fellow Financial Services Institute of Australia.

Experience: Board member since 2007; 30 years experience in banking and finance industry;

Councillor Moreton Bay Regional Council since 2000 (Chairman of Corporate Services, Member of Audit Committee); Member Local Government Mutual Liability Pool Board since 2008.

Peter Anthony Carrigan

Director (Non executive) #

Qualifications: Bachelor of Laws

Experience: Board member since June 2008;

Business owner since June 1994.

Special Responsibilities: Company Secretary since November 2008.

Julie Brooks

Director (Non executive)

Qualifications: Certificate III in Disability Services.

Experience: Board member since June 2002.

Member of the Brendale Steering Committee.

Member of the Management Committee of Pine Rivers Neighbourhood Assn Inc.

Special Responsibilities: Minutes Secretary since June 2002.

Directors' report continued

Terrence Graham Orreal

Director (Non executive) (Resigned 21 July 2008)

Qualifications: Nil

Experience: Board member from June 2002 to July 2008; Business owner.

Ray Burton

Director (Non executive) (Resigned 28 July 2008)

Qualifications: Nil

Experience: Board member from June 2005 to July 2008; Former CEO of Pine Rivers Shire Council.

Gregory Michael Symington

Director (Non executive)

Qualifications: Bachelor of Engineering (Computer Systems); Diploma of Project Management; Member of Australian Institute of Project Managers.

Experience: Board member since 2006; 4 years banking experience in E-Channels.

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

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

David Graeme Ffrench held the position of Company Secretary until 3 November 2008. Peter Anthony Carrigan was appointed Company Secretary on 3 November 2008 replacing David Graeme Ffrench.

Principal activities

The principal activities of the Company during the course of the financial year were:

- providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There have been no significant changes in the nature of these principal activities during the financial 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 \$91,961 (2008: \$99,553).

Dividends

\$

Dividends paid or declared for payment during the financial year are as follows:

- | | |
|---|--------|
| - Final ordinary dividend of \$0.07 per share paid on 16 September 2008. | 40,040 |
| - Final ordinary dividend of \$0.04 per share recommended by the directors to be paid on 7 October 2009 out of profits for the year ended 30 June 2009. | 27,457 |

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

- On 8 May, 2009, the Company made a one for five bonus issue of shares to shareholders at that date.
- The Company undertook a feasibility study and issued a prospectus for a capital raising to facilitate the opening of a second branch. This also entailed entering into a second franchise agreement with Bendigo and Adelaide Bank Ltd for the new branch. The branch commenced operation in August 2009.

Directors' report continued

Significant events after the balance date

Since the end of the financial year, the Company completed its capital raising and opened the second branch of the Company at Samford. The financial impact of the opening of the branch is disclosed in the prospectus dated 25 June 2009. The branch and Company is forecast to run at losses during the first year of operation of the branch. The Company forecasts to return to profit in the financial year ended 30 June 2011.

Likely developments

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

Directors' benefits

French Commercial Lawyers, the principal of which is related to David Graeme French, received \$Nil (2008: \$440) during the year in respect of legal services provided to the Company. Hollingworth Spence Lawyers received \$2,200 in 2009 (2008: \$Nil) in respect of legal services provided to the Company. Peter Anthony Carrigan is associated with that firm.

No other 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. 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

During the financial year, 45 meetings of Directors (including committees of Directors) were held.

Attendances by each Director during the year were as follows:

	Directors' meetings	Planning committee	Marketing committee
David Graeme Ffrench	10 (11)	20 (22)	12 (12)
Julie Brooks	10 (11)	N/A	N/A
Thomas Joseph Coogan	6 (7)	12 (14)	N/A
Terrence Graham Orreal	0 (1)	N/A	N/A
Geertje Jose Bowden	10 (11)	N/A	10 (12)
Ray Burton	1 (1)	N/A	N/A
Robert Ian Millar	9 (11)	22 (22)	N/A
Gregory Michael Symington	11 (11)	22 (22)	N/A
Peter Anthony Carrigan	9 (11)	22 (22)	N/A

Figures in bold brackets are number of meetings the Director was eligible to attend.

N/A indicates the Director was not a member of the relevant committee.

Corporate governance

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

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company, disclosed on page 8.

Signed in accordance with a resolution of the Board of Directors on 5 October 2009.



David Graeme Ffrench, Chairman



Thomas Joseph Coogan, Treasurer

Richmond Sinnott & Delahunty
Chartered Accountants



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

5 October 2009

The Directors
Pine Rivers Community Finance Limited
PO Box 7081
BRENDALE QLD 4500

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Pine Rivers Community Finance Limited for the year 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

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenue from ordinary activities	2	747,777	652,173
Employee benefits expense	3	(324,374)	(274,684)
Charitable donations and sponsorship		(18,072)	(5,312)
Depreciation and amortisation expense	3	(27,458)	(26,801)
Finance costs	3	(443)	(4,035)
Occupancy expenses		(63,536)	(49,920)
Administration and other expenses from ordinary activities		(179,203)	(141,100)
Profit before income tax expense		134,691	150,321
Income tax expense	4	(42,730)	(50,768)
Profit after income tax expense		91,961	99,553
Earnings per share (cents per share)			
- basic for profit for the year	23	15.61	17.40
- diluted for profit for the year	23	15.61	17.40
- dividends paid or provided for per share	24	4.00	7.00

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash and cash equivalents	6	220,228	130,655
Trade and other receivables	7	74,434	65,245
Other assets	8	15,947	9,717
Total current assets		310,609	205,617
Non-current assets			
Property, plant and equipment	9	126,901	138,737
Deferred tax assets	4	13,264	55,994
Intangible assets	10	30,466	40,795
Total non-current assets		170,631	235,526
Total assets		481,240	441,143
Current liabilities			
Trade and other payables	11	114,311	63,507
Short-term provisions	12	27,457	11,221
Borrowings	13	1,186	1,593
Total Current liabilities		142,954	76,321
Non-current liabilities			
Trade and other payables	11	-	27,500
Total non-current liabilities		-	27,500
Total liabilities		142,954	103,821
Net assets		338,286	337,322
Equity			
Issued capital	14	521,208	544,708
Accumulated losses	15	(182,922)	(207,386)
Total equity		338,286	337,322

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Cash receipts in the course of operations		799,695	695,112
Cash payments in the course of operations		(646,492)	(498,186)
Interest received		6,053	3,121
Borrowing costs		(443)	(4,035)
Net cash flows provided by/(used in) operating activities	16b	158,813	196,012
Cash flows from investing activities			
Payments for property, plant and equipment		(5,293)	(11,030)
Net cash flows used in investing activities		(5,293)	(11,030)
Cash flows from financing activities			
Equity raising costs		(23,500)	-
Dividends paid		(40,040)	-
Repayment of borrowings		(407)	(114,993)
Net cash flows provided by/(used in) financing activities		(63,947)	(114,993)
Net increase in cash held		89,573	69,989
Add opening cash brought forward		130,655	60,666
Closing cash carried forward	16a	220,228	130,655

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Share capital			
Ordinary shares			
Balance at start of year		544,708	544,708
Equity raising costs		(23,500)	-
Balance at end of year		521,208	544,708
Retained earnings/(accumulated losses)			
Balance at start of year		(207,386)	(306,939)
Profit after income tax expense		91,961	99,553
Dividends paid or provided for		(67,497)	-
Balance at end of year		(182,922)	(207,386)

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 5 October 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

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 financial statements.

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.

Depreciation is calculated over the estimated useful life of the asset as follows:

Class of Asset	Depreciation Rate
Plant & equipment	2.5 - 40%
Office furniture & equipment	7.1 - 37.5%
Furniture & fittings	5 - 20%

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.

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.

Notes to the financial statements continued

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

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.

At balance date, the Company had no employees. All employee services are provided by permanently seconded employees of Bendigo and Adelaide Bank Ltd.

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.

Comparative figures

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

Revenue

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

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.

Notes to the financial statements continued

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

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.

	2009	2008
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities:

- profit share	491,740	453,033
- services commissions	232,901	195,343
- other revenue	17,083	676
Total revenue from operating activities	741,724	649,052

Non-operating activities:

- interest received	6,053	3,121
Total revenue from ordinary activities	747,777	652,173

Notes to the financial statements continued

	2009 \$	2008 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	279,688	230,918
- superannuation costs	27,236	21,091
- workers' compensation costs	664	568
- other costs	16,786	22,107
	324,374	274,684
Depreciation of non-current assets:		
- plant and equipment	16,421	15,764
- leasehold improvements	708	708
Amortisation of non-current assets:		
- intangibles	10,329	10,329
	27,458	26,801
Finance Costs:		
- interest paid	443	4,035
Bad debts	2,970	2,265

Note 4. Income tax expense

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

Prima facie tax on profit before income tax at 30% (2008: 30%)	40,407	45,096
Add tax effect of:		
- Non-deductible expenses	2,323	5,672
Current income tax expense	42,730	50,768
Income tax expense	42,730	50,768
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.	13,264	55,994

Notes to the financial statements continued

	2009 \$	2008 \$
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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	3,650	3,650
- Share registry services	8,701	-
	12,351	3,650

Note 6. Cash and cash equivalents

Cash at bank and in hand	220,228	130,655
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Note 7. Trade and other receivables

Trade debtors	74,234	65,045
Deposit refundable	200	200
	74,434	65,245

Note 8. Other assets

Prepayments	15,947	9,717
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Note 9. Property, plant and equipment

Leasehold improvements

At cost	28,324	28,324
Less accumulated depreciation	(5,249)	(4,541)
	23,075	23,783

Plant and equipment

At cost	194,289	188,996
Less accumulated depreciation	(90,463)	(74,042)
	103,826	114,954
Total written down amount	126,901	138,737

Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	23,783	24,491
Depreciation expense	(708)	(708)
Carrying amount at end of year	23,075	23,783
Plant and equipment		
Carrying amount at beginning of year	114,954	119,688
Additions	5,293	11,030
Depreciation expense	(16,421)	(15,764)
Carrying amount at end of year	103,826	114,954

Note 10. Intangible assets

Franchise fee

At cost	50,000	50,000
Less accumulated amortisation	(20,438)	(10,438)
	29,562	39,562

Preliminary expenses

At cost	-	43,889
Less accumulated amortisation	-	(43,889)
	-	-

Borrowing expenses

At cost	1,644	1,644
Less accumulated amortisation	(740)	(411)
	904	1,233
	30,466	40,795

Notes to the financial statements continued

	2009 \$	2008 \$
Note 11. Trade and other payables		
Current		
Trade creditors	43,739	25,262
Accrued expenses	48,145	2,970
PAYG withholding payable	6,526	9,474
GST payable / (refundable)	10,254	10,470
Superannuation payable	-	4,145
Other	5,647	11,186
	114,311	63,507
Non current		
Franchise renewal deferred payment	-	27,500

Note 12. Short-term provisions

Dividends provided for	27,457	-
Employee benefits	-	11,221
	27,457	11,221
Number of employees at year end	-	4

All staffing requirements are provided by permanently seconded employees of Bendigo and Adelaide Bank Ltd.

Note 13. Borrowings

Current		
Bank loan	1,186	1,593

Notes to the financial statements continued

	2009 \$	2008 \$
Note 14. Issued capital		
686,410 Ordinary Shares each fully paid #	544,708	544,708
Equity raising costs	(23,500)	-
	521,208	544,708

27,300 bonus shares were issued on a one for one basis on 8 July 2002 to certain shareholders for no consideration.

114,402 bonus shares were issued on a one for five basis on 8 May 2009 for no consideration.

Note 15. Accumulated losses

Balance at the beginning of the financial year	(207,386)	(306,939)
Profit after income tax	91,961	99,553
Dividends provided for or paid	(67,497)	-
Balance at the end of the financial year	(182,922)	(207,386)

Note 16. Cash flow statement

(a) Reconciliation of cash

Cash assets	220,228	130,655
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(b) Reconciliation of profit after tax to net cash from operating activities

Profit after income tax	91,961	99,553
Non cash items		
- Depreciation	17,129	16,472
- Amortisation	10,329	10,329
Changes in assets and liabilities		
- (Increase) decrease in receivables	(15,419)	(17,521)
- (Increase) decrease in deferred income tax asset	42,730	50,768
- Increase (decrease) in payables	23,304	32,569
- Increase (decrease) in provisions	(11,221)	3,842
Net cash flows from operating activities	158,813	196,012

Notes to the financial statements continued

	2009 \$	2008 \$
Note 17. Capital and leasing commitments		
Operating lease commitments		
Operating leases contracted for but not capitalised in the financial statements		
Payable:		
- Not later than 1 year	70,294	44,067
- Later than 1 year, but not later than 5 years	199,420	131,845
	269,714	175,912

The Brendale branch property lease has a five year term and an option to renew for a further ten year term with rent payable monthly in advance. The lease allows for sub-letting. The Company entered into a lease for the Samford branch in March 2009 for a five year term with an option to renew for a further five year term.

Note 18. Director and related party disclosures

Directors' shareholdings

The following fully paid ordinary shares were held by the relevant Directors personally or by controlled associated entities:

		2009	2008
David Graeme Ffrench	#	2,400	2,000
Julie Brooks	#	3,001	2,501
Thomas Joseph Coogan		-	-
Terrence Graham Orreal		4,801	4,001
Geertje Jose Bowden	#	1,200	1,000
Ray Burton		-	-
Robert Ian Millar	#	-	-
Gregory Michael Symington	#	-	-
Peter Anthony Carrigan		1,200	-

Peter Anthony Carrigan acquired 1,000 fully paid ordinary shares in the Company in November 2008. The shares held by Directors or their associated entities were all eligible for the one for five bonus issue on 8 May 2009. Apart from these changes, there were no other movements in Directors' shareholdings during the year.

Since the end of the financial year, shares were allotted to the following Directors or their controlled associated entities in the capital raising pursuant to the prospectus dated 25 June 2009.

Notes to the financial statements continued

Note 18. Director and related party disclosures (continued)

David Graeme Ffrench	5,000
Julie Brooks	500
Geertje Jose Bowden	2,000
Robert Ian Millar	3,500
Gregory Michael Symington	2,500

Note 19. Subsequent events

Since the end of the financial year, the Company completed its capital raising and opened the second branch of the Company at Samford. The financial impact of the opening of the branch is disclosed in the prospectus dated 25 June 2009. The branch and Company is forecast to run at losses during the first year of operation of the branch. The Company forecasts to return to profit in the financial year ended 30 June 2011.

Note 20. Contingent liabilities

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

Note 21. Segment reporting

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

Note 22. Corporate information

Pine Rivers Community Finance Ltd is a Company limited by shares incorporated in Australia.

The registered office of the Company is:

Unit 1/41 Deakin Street
Brendale QLD 4500

The principal place of business is:

Shop 4 Brendale 7-Day Shopping Centre
Kremzow Rd.
Brendale QLD 4500

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (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 after income tax expense	91,961	99,553
Weighted average number of ordinary shares for basic and diluted earnings per share	588,933	572,008

24. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

(i) Previous year final

Unfranked dividends - 7 cents per share (2008: Nil)	40,040	-
	40,040	-

(b) Dividends proposed

(i) Not recognised as a liability

Unfranked dividends - Nil cents per share (2008: 7 cents per share)	-	40,040
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(ii) Recognised as a liability

Unfranked dividends - 4 cents per share (2008: Nil cents per share)	27,457	-
	27,457	40,040

Note 25. 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 is assisted in the area of risk management by an internal audit function.

Notes to the financial statements continued

Note 25. Financial risk management (continued)

(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 \$	2008 \$
Cash assets	220,228	130,655
Receivables	74,434	65,245
	294,662	195,900

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

None of the assets of the Company are past due (2008: nil 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.

Notes to the financial statements continued

Note 25. Financial risk management (continued)

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2009					
Trade and other payables	114,311	(114,311)	(114,311)	-	-
Borrowings	1,186	(1,186)	(1,186)	-	-
	115,497	(115,497)	(115,497)	-	-
30 June 2008					
Trade and other payables	91,007	(91,007)	(91,007)	-	-
Borrowings	1,593	(1,763)	(1,763)	-	-
	92,600	(92,770)	(92,770)	-	-

(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.

Interest rate risk

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.

Sensitivity analysis

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

	Carrying amount	
	2009 \$	2008 \$
Fixed rate instruments		
Financial assets	-	18,374
Financial liabilities	-	-
	-	18,374
Variable rate instruments		
Financial assets	220,228	112,281
Financial liabilities	(1,186)	(1,593)
	219,042	110,688

Notes to the financial statements continued

Note 25. Financial risk management (continued)

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. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates 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 year ended 30 June 2009 can be seen in the Income Statement.

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

Director's declaration

The Directors of the Company declare that:

- (a) the financial statements and notes as set out on pages 9 to 27 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards; and
 - (ii) give a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
- (b) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors dated 5 October 2009.



David Graeme Ffrench, Chairman



Thomas Joseph Coogan, Treasurer

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PINE RIVERS COMMUNITY FINANCE LIMITED

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

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 Pine Rivers Community Finance Limited, for the year 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.

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.

Independent audit report continued

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 Pine Rivers Community Finance 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 year 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 & Delahanty

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

W. J. Sinnott

W. J. SINNOTT

Partner

Bendigo

Date: 5 October 2009

Brendale **Community Bank**[®] Branch
Shop 4, Brendale 7 Day Shopping Centre
Kremzow Road, Brendale QLD 4500
Phone: (07) 3881 0720

Franchisee: Pine Rivers Community Finance Limited
1/41 Deakin Street, Brendale QLD 4500
Phone: (07) 3350 5858
ABN: 14 098 199 476

www.bendigobank.com.au/public/brendale
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (KKQAR9001) (06/09)