



Sunshine Coast Community
Financial Services Limited
ABN 12 100 576 261

Cooroy, Marcoola and Tewantin
Community Bank[®] branches of Bendigo Bank

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Chairman's report

For year ending 30 June 2010



The 2009/2010 financial year results reflected a strong recovery for the Company. In the three years since the start of the Global Financial Crisis, the nature of banking has fundamentally changed the way banking and financial services are conducted throughout the world. As reported last year margins were cut during 2008/2009 and our profit growth was affected. However with margins returning to a more normal percentage, a pleasing profit growth in 2009/2010 was achieved.

The chart below shows that the profit before tax in 2009/2010 grew by 57.7% against 2008/2009.

	2009/2010 \$	2008/2009 \$	2007/2008 \$
Profit before tax	396,541	251,811	254,749
Profit after tax	279,029	169,294	171,583
Earnings per share after tax	16.38 cents	9.93 cents	10.07 cents

It is important to reflect on the purpose of our bank. At the recent National **Community Bank**[®] Conference in Adelaide, Rob Hunt (who was the former CEO and **Community Bank**[®] visionary some 12 years ago), said that the **Community Bank**[®] concept was the mechanism providing communities with the resources to improve the balance sheet of those communities. It is done through profits of **Community Bank**[®] branches providing community benefits on an ongoing and long term sustainable basis.

Our Company is no exception. Up to 30 June 2010 we have contributed some \$275,000 to our various communities. We are now proud to support some 60 organisations with this money, some of whom could not exist without us. Support has been provided to schools, education services, health care services, volunteers clubs, sporting associations, charities and the arts. There would hardly be a share holder or their family and friends who do not directly or indirectly benefit from this support.

Not only is it the direct contributions which assist communities, it is also most of the expenditure and all of the profits of the business which are spent locally and not redirected to a corporate or global head office. With the multiplier effect of local money circulation, we are really making a difference.

To really make this work even more successfully within our communities, and provide ever growing profits and dividends, we obviously need to grow our business. I now encourage all shareholders who do not currently bank with us to seriously consider moving some or all of their banking over. We need your support too.

Chairman's report continued

Our highlight this year was moving our Marcoola **Community Bank**[®] Branch to a much needed new premises next door with more space and a higher profile. The branch had outgrown the existing property as it became more established and successful thanks to some very hard work by Manager Judy Davis and her team. To them I offer my congratulations on running a successful branch and managing the complex move to our new location.

I would like to take this opportunity to thank all your volunteer Directors who give their time and expertise so generously. I would like to especially recognise the efforts of our former Chair Greg Reddaway for his never ending work as a Director since 2004. I would also like to thank Karla Hobson who recently resigned as a Director to return to New Zealand for all her support and hard work over the last six years.

To our other Directors please accept my special thanks and to Peter Billingham a particular thank you for all the incredible work you do as Company Secretary and financial guru.

To our amazing staff and our outstanding managers who work so tirelessly both at the office and at the innumerable after hours and weekend events, a great big thank you. The Board sincerely appreciates your efforts. Welcome back our Cooroy Manager Fiona Hutchings from maternity leave and thank you to Wayne Hoens for holding the fort during Fiona absence. Wayne is now our Branch Manager in Tewantin replacing Angela Warren who moved to our Cooroy branch as a Customer Relationship Manager.

I would like to thank Ian Williams, our Community Liaison and Marketing Co-ordination consultant, for his passion, enthusiasm and commitment to the Company. Thank you also to our Junior Board Observers from Noosa District High School for their time to attend Board meetings.

All this hard work resulted in our Company being awarded the Queensland award for the prestigious 2009/2010 Bendigo **Community Bank**[®] "Hall of Fame." A very pleasing result indeed.

Your Board continues to explore long term expansion possibilities as finances and demand dictate and we look forward to ongoing success into the foreseeable future. Having said that the current economic environment is still somewhat challenging and it may be some time before we see our local economy return to a more buoyant times.

Please recommend your family and friends to discuss their banking needs with any of our very experienced and competent Managers and feel confident that you can call them direct. They would love to hear from you so please don't hesitate to make contact. Every dollar of business helps your community and your dividend.

Best wishes,



Rick Cooper
Chairman

Cooroy Manager's report

For year ending 30 June 2010



The beginning of the financial year saw changes within the Cooroy **Community Bank**® Branch.

I commenced maternity leave, and in my place relieving Manager Wayne Hoens was appointed, coming to us from Business Banking in Maroochydore.

Wayne has many years' banking experience both within Bendigo Bank and Commonwealth Bank. Wayne fitted in perfectly and was a great addition to the Cooroy team. Thank you Wayne for your dedication and we are delighted to have since welcomed him as the new manager at the Tewantin **Community Bank**® Branch.

Cooroy is as always vibrant and positive as ever, however we are still feeling the effects of a downturn in the economy. In some instances business has just been that little bit harder to write. Despite this, Cooroy **Community Bank**® Branch had another successful year. We exceeded all our budgeted targets including lending, deposit growth, insurances and income.

Recently, the branch took out the prestigious award of 'Branch of the Year' on the Sunshine Coast. This was simply the result of a number of things - consistent and dedicated hard work from the staff at the branch for one. Good quality business generated from a solid customer base for another, and a steady stream of new customers that come to us to conduct business.

The branch continues to engage the community in a number of sponsorship ventures. Many of whom we now have long standing relationships with, and a number of new ones. Our partnerships range from schools, sporting



Cooroy **Community Bank**® Branch team (l-r): Barbara Schilds, Simone Flavelle, Fiona Hutchings, Casey Pritchard and Angela Warren.

Cooroy Manager's report continued

groups and local charities and community groups. We thank these organisations for the opportunity to partner them in so many of their wonderful projects.

We also thank them for the business they conduct with the bank and the many people they subsequently refer to us. A special mention is given to the Cooroy Chamber of Commerce and its Christmas in Cooroy celebrations. We are the major sponsors of the street parade and it is coming up shortly on Saturday 4 December.

Our Community Connection Manager Ian Williams works tirelessly to assist us in identifying and engaging within the communities in which we operate. Without him we would be lost, thank you Ian.

Cooroy branch finished the year with just under 2,800 customers. Total business held on the books was sitting at 86.2 million.

Thank you to all the staff who worked at Cooroy throughout the year. A number of these moved on within the bank and I wish them well. Emily Horwood (now at Sarina branch), Wayne Hoens (now at Tewantin branch), Fiona Dixon (also at Tewantin) and Jenny Spinks (now at Maroochydore branch).

Thank you also to those who have remained with us - Angela Warren, Barbara Schilds, Casey Pritchard, and Simone Flavelle.

Our Regional and State support offices also assist us constantly and I thank them sincerely. Thanks Garth Seymour, Paul Hampson, Peter Bourke and Steve Rowe.

Our Board continued to guide and support our Cooroy branch and I thank them for it.

In finishing I want to pay mention to our loyal customers and shareholders who choose to conduct their banking with us. Their ongoing banking business that is managed through the branch enables us to be successful and keep injecting funds back into our local community.



Fiona Hutchings
Branch Manager

Marcoola Manager's report

For year ending 30 June 2010



What an exciting year we have had at Marcoola **Community Bank®** Branch.

We've seen a few changes, most notably, our long anticipated expansion. While we only physically moved a few meters (right next door in fact) we are now the proud staff of a 'branch of the future', which has a range of modern machinery including a Teller

Cash Recycling machine and a coin counting machine all designed to make life easier and more convenient for you, our customers.

The coin machine is proving very popular with our customers as there is no requirement to either count or bag those coins anymore. Simply tip them into the machine and bank the money straight into your account.

We love the new space and after throwing an opening party to celebrate, we have all settled in with a renewed focus on providing a complete banking service to the Marcoola and North Shore.

Over the past 12 months I am proud to say that we have seen a growth of just over 12% in total business held and the number of customers doing business with us grew by 7.2%. So, it's, been a solid year given the general economic conditions that were experienced during the past financial year.

We continue to be guided by a strong and dedicated Board. I give special thanks to Jay Pashley (North Shore Realty) and Debbie Johnson (Building Sunshine Coast Green), who both work very hard for the Marcoola and



Marcoola **Community Bank®** Branch team (l-r): Hayley Turner, Renae Webb, Judy Davis and Carmen Knight.

Marcoola Manager's report continued

North Shore area and we value their roles on our Board and in our community. Our Board not only provide their time and expertise, but also actively participate in the return of profits to our communities.

We have continued to support many local clubs, sporting groups and charities and my staff have participated in many events throughout the community to "give back" of their time as well. Hayley, Renae and Carmen all been out and about in our community making a contribution and I thank them for the time they take to volunteer to help build our community.

Additionally, we have participated in many local events over the past 12 months. To our Regional Manager, Business Banking staff, Financial Planners and Branch Managers and staff at other branches, thank you all for attending and contributing to our events.

Lastly, thanks to all of my customers for their business and I ask that you spread the word that by doing business with Marcoola **Community Bank**[®] Branch you will enable us to give more funds and time back to our community.

Benny Pike (a renowned local), once confronted me for a response to his remark, "You North Shore people think you are the centre of the universe!"

My response was, "Absolutely, we live in the best place in Australia"

Come and join your **Community Bank**[®] branch, and contribute something great to this wonderful community!



Judy Davis
Branch Manager

Tewantin Manager's report

For year ending 30 June 2010



The 2010 financial year has been another interesting time in the financial world. Whilst all of us are still being influenced by the global economic fallout, Tewantin **Community Bank®** Branch has maintained its growth and continues to provide great service to our community.

At the forefront of our success has been our excellent staff and I would like to pay tribute to the team, past and present. During the year, Angela Warren and Hayley Turner relocated to Cooroy **Community Bank®** Branch and Marcoola **Community Bank®** Branch, respectively, to further their careers. Our current front line team consists of - Rosalie Horwood, Fiona Dixon, Lloyd Sloman, Sarah Vogler and Ben Baker. In addition we have our specialists - Paul Hampson - Business Banking, Peter Bourke - Financial Advisor and Steve Rowe - Insurance.

I joined the team at the beginning of July 2010 following almost 11 months as Manager at Cooroy **Community Bank®** Branch - minding the store while Fiona Hutchings was on maternity leave. I am very pleased and thrilled to be given the opportunity to continue to work with the Board and to be the Manager at Tewantin **Community Bank®** Branch and I am keen to build on the solid foundation laid by my predecessors.

This last year saw Tewantin **Community Bank®** Branch open 600 new accounts, taking our customer numbers to 2,140. Our total book of loans and deposits was \$64 million as at the end of June 2010. This is a strong result



Tewantin **Community Bank®** Branch team (l-r): Sarah Vogler, Ben Baker, Wayne Hoens, Rosalie Horwood and Lloyd Sloman. Fiona Dixon (front row).

Tewantin Manager's report continued

given the economic climate and one which is attributed to the professional and meaningful service provided by our staff and our wide range of financial solutions. We have a solid base and will build on this in the years ahead.

I am excited about this next year. We have already completed some cosmetic changes at the branch, including another private office and surprisingly it makes the place look a little bigger. These changes have also allowed us to improve on our already friendly and efficient service with more staff on the customer side of the counter.

It is very pleasing to me to be a part of a team that puts back to the community – not just donations to worthy causes, but real sponsorships to meaningful projects that benefit the wider community. This is achieved through the hard work of the branch staff, the Board and also the excellent and tireless work done by our Community Connection Manager, Ian Williams.

Additionally and more importantly all of this could not happen without our customers and in conclusion I would like to thank all our customers and shareholders for their continued support. No truer words have been spoken than - Bank with us and everyone benefits.

I look forward to seeing you all in the branch.



Wayne Hoens
Branch Manager

Directors' report

For the financial year ended 30 June 2010

Your Directors submit the financial report of the Company for the financial year ended 30 June 2010.

Directors

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

Frederick Charles Broomhall

Director

Occupation: Property Developer

Lewis James Brennan (Resigned 01/09/2009)

Director

Occupation: Councillor

Leonard Harold Daddow

Director

Occupation: Automobile Dealer

Gregory John Reddaway (Resigned 11/05/2010)

Director

Occupation: Property Developer

Peter William Billingham

Director

Occupation: Chartered Accountant

Rick Cooper

Director

Occupation: Retired

Geoffrey Thomas Nicholls

Director

Occupation: Retired

Jay Pashley

Director

Occupation: Real Estate Agent

Karla May Hobson (Resigned 27/08/2010)

Director

Occupation: Self Employed

Debra Megan Johnson

Director

Occupation: Building Consultant

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

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

Operating results

The profit of the Company for the financial year after provision for income tax was \$279,029 (2009: \$169,294).

Directors' report continued

Dividends	Year ended 30 June 2010	
	Cents per share	\$
Dividends paid or provided for in the year:		
- Final dividend for the year ended 30 June 2009	7.50	127,817

Significant events after the balance date

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.

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.

Likely developments

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

Directors' benefits

Other than detailed below 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. 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.

Billinghurst Martin Pty Ltd of which Peter Billinghurst is a partner received a fee of \$9,342 (2009: \$9,875) for accounting services provided to Sunshine Coast Community Financial Services for the year ended 30 June 2010.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Directors' report continued

Directors' meetings

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

Director	Board meetings #
Lewis James Brennan (Resigned 01/09/2009)	0 (2)
Debra Megan Johnson	9 (11)
Frederick Charles Broomhall	11 (11)
Gregory John Reddaway (Resigned 11/05/2010)	9 (9)
Leonard Harold Daddow	9 (11)
Rick Cooper	8 (11)
Peter William Billinghamurst	11 (11)
Jay Pashley	10 (11)
Geoffrey Thomas Nicholls	11 (11)
Karla May Hobson (Resigned 27/08/2010)	10 (11)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company Secretary

Peter Billinghamurst has been the Company Secretary of Sunshine Coast Community Financial Services Limited since 2004. His qualifications and experience include being a chartered accountant who has worked in the accounting profession for approximately 28 years.

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.

Directors' report continued

Auditor Independence Declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty

Chartered Accountants



29 September 2010

The Directors
Sunshine Coast Community Financial Services Limited
PO Box 815
COOROY QLD 4563

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

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Sunshine Coast Community Financial Services Limited for the year ended 30 June 2010, 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.

Philip Delahunty
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Cooroy on 29 September 2010.

Peter Billinghamurst
Director

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue from ordinary activities	2	2,020,666	1,756,592
Employee benefits expense	3	(810,192)	(799,951)
Charitable donations and sponsorship		(86,204)	(45,274)
Depreciation and amortisation expense	3	(76,334)	(72,830)
Finance costs	3	(2,936)	-
Other expenses from ordinary activities	3	(648,459)	(586,726)
Profit before income tax expense		396,541	251,811
Income tax expense	4	(117,512)	(82,517)
Profit after income tax expense		279,029	169,294
Other comprehensive income		-	-
Total comprehensive income		279,029	169,294
Earnings per share (cents per share)			
- basic for profit for the year	22	16.37	9.93
- diluted for profit for the year	22	16.37	9.93

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	6	379,854	264,752
Receivables	7	172,566	164,936
Other financial assets	8	7,873	5,571
Total current assets		560,293	435,259
Non-current assets			
Property, plant and equipment	9	434,194	223,778
Deferred tax assets	4	81,572	199,084
Intangible assets	10	119,238	158,792
Total non-current assets		635,004	581,654
Total assets		1,195,297	1,016,913
Current liabilities			
Payables	11	96,885	95,106
Provisions	12	-	-
Loans and borrowings	13	4,495	-
Total current liabilities		101,380	95,106
Non current liabilities			
Loans and borrowings	13	20,898	-
Total non current liabilities		20,898	25,393
Total liabilities		122,278	95,106
Net assets		1,073,019	921,807
Equity			
Share capital	14	1,623,067	1,623,067
Accumulated losses	15	(550,048)	(701,260)
Total equity		1,073,019	921,807

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts in the course of operations		2,201,712	1,727,457
Cash payments in the course of operations		(1,743,520)	(1,439,511)
Interest paid		(2,936)	-
Interest received		9,466	7,166
Net cash flows from operating activities	16b	464,722	295,112
Cash flows from investing activities			
Payments for property, plant and equipment		(247,196)	(12,434)
Payments for intangible assets		-	(68,862)
Net cash flows used in investing activities		(247,196)	(81,296)
Cash flows from financing activities			
Dividends paid		(127,817)	(85,137)
Proceeds from borrowings		25,393	-
Net cash flows used in financing activities		(102,424)	(85,137)
Net increase in cash held		115,102	128,679
Cash and cash equivalents at start of year		264,752	136,073
Cash and cash equivalents at end of year	16a	379,854	264,752

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended June 2010

	Note	2010 \$	2009 \$
Share capital			
Balance at start of year		1,623,067	1,623,067
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		1,623,067	1,623,067
Accumulated losses			
Balance at start of year		(701,260)	(785,342)
Profit after income tax expense		279,029	169,294
Dividends paid	23	(127,817)	(85,212)
Balance at end of year		(550,048)	(701,260)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Sunshine Coast Community Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 29 September 2010.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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 2009 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

Notes to the financial statements continued

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

Income tax (continued)

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.

Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent Directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their useful life to the entity commencing from the date of acquisition/revaluation. All property, plant and equipment is depreciated using the diminishing value method, with rates ranging from 2.5% to 30% per annum.

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 Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as 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 reporting 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 statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments.

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.

Loans and borrowings

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.

Notes to the financial statements continued

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

Provisions (continued)

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.

Share 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.

	2010 \$	2009 \$
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Note 2. Revenue from ordinary activities

Operating activities

- services commissions	2,011,200	1,749,426
Total revenue from operating activities	2,011,200	1,749,426

Non-operating activities:

- interest received	9,466	7,166
Total revenue from non-operating activities	9,466	7,166
Total revenue from ordinary activities	2,020,666	1,756,592

Note 3. Expenses

Employee benefits expense

- wages and salaries	705,891	706,637
- superannuation costs	62,544	55,428
- payroll tax	39,295	35,757
- workers' compensation costs	2,462	2,129
	810,192	799,951

Depreciation of non-current assets:

- plant and equipment	36,780	35,425
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 3. Expenses (continued)		
Amortisation of non-current assets:		
- intangibles	39,554	37,405
	76,334	72,830
Finance costs:		
- Interest paid	2,936	-
	2,936	-
Administration expenses		
- Rent	131,662	120,707
- Information technology related costs	83,242	82,651
- Other administration expenses	429,120	375,229
- Loss on disposal of fixed assets	-	-
- Bad debts	4,435	8,139
	648,459	586,726

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%	118,962	75,543
Add / (less) tax effect of:		
- Non-deductible / (other deductible) expenses	(1,450)	6,974
Current income tax expense	117,512	82,517
Income tax expense	117,512	82,517
Deferred tax assets		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.		
Income tax losses	41,894	159,406
Capital tax losses	39,678	39,678

Notes to the financial statements continued

	2010 \$	2009 \$
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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	3,900	3,650
- Share registry services	7,838	1,800
	11,738	5,450

Note 6. Cash and cash equivalents

Cash at bank and on hand	379,854	264,752
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Note 7. Receivables

Trade debtors	172,566	164,936
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Note 8. Other financial assets

Prepayments	7,873	5,571
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Note 9. Property, plant and equipment

Plant and equipment

At cost	719,872	502,040
Less accumulated depreciation	(310,577)	(278,262)
	409,295	223,778

Motor vehicle

At cost	29,364	-
Less accumulated depreciation	(4,465)	-
	24,899	-

Total written down amount	434,194	223,778
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning of year	223,778	246,769
Additions	217,832	12,434
Disposals	-	-
Depreciation expense	(32,315)	(35,425)
Carrying amount at end of year	409,295	223,778
Plant and equipment		
Carrying amount at beginning of year	-	-
Additions	29,364	-
Disposals	-	-
Depreciation expense	(4,465)	-
Carrying amount at end of year	24,899	-

Note 10. Intangible assets

Franchise fee		
At cost	317,771	317,771
Less accumulated amortisation	(198,533)	(158,979)
	119,238	158,792

Note 11. Payables

Trade creditors	93,185	92,406
Other creditors and accruals	3,700	2,700
	96,885	95,106

Note 12. Provisions

Employee Benefits	-	-
	-	-

All branch staff are employees of Bendigo and Adelaide Bank Ltd.

Notes to the financial statements continued

	2010 \$	2009 \$
Note 13. Loans and borrowings		
Current		
Bank loan	4,495	-
	4,495	-
Non-current		
Bank loan	20,898	-
	20,898	-

Note 14. Share capital

1,672,988 Ordinary shares fully paid of \$1 each	1,672,988	1,672,988
31,250 Ordinary shares fully paid of \$1 each #	-	-
Less: Equity raising costs	(49,921)	(49,921)
	1,623,067	1,623,067

31,250 shares issued for nil consideration as bonus shares.

Note 15. Accumulated losses

Balance at the beginning of the financial year	(701,260)	(785,342)
Dividend paid or provided for	(127,817)	(85,212)
Profit after income tax	279,029	169,294
Balance at the end of the financial year	(550,048)	(701,260)

Note 16. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	379,854	264,752
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(b) Reconciliation of profit after tax to net cash provided from operating activities

Profit after income tax	279,029	169,294
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 16. Statement of cash flows (continued)		
Non cash items		
- Depreciation	36,780	35,425
- Amortisation	39,554	37,405
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	(9,932)	(21,969)
- Increase (decrease) in payables	1,779	(7,560)
- (Increase) decrease in deferred income tax asset	117,512	82,517
Net cash flows from operating activities	464,722	295,112

Note 17. Director and related party disclosures

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

Lewis James Brennan (Resigned 01/09/2009)

Frederick Charles Broomhall

Gregory John Reddaway (Resigned 11/05/2010)

Leonard Harold Daddow

Rick Cooper

Peter William Billinghamurst

Jay Pashley

Geoffrey Thomas Nicholls

Karla May Hobson (Resigned 27/08/2010)

Debra Megan Johnson

Other than detailed below no Director or related entity has entered into a material contract with the Company.

Billinghurst Martin Pty Ltd of which Peter Billinghamurst is a partner received a fee of \$9,342 (2009: \$9,875) for accounting services provided to Sunshine Coast Community Financial Services for the year ended 30 June 2010.

Notes to the financial statements continued

Note 17. Director and related party disclosures (continued)

Directors' shareholdings	2010	2009
Lewis James Brennan (Resigned 01/09/2009)	11,601	11,601
Frederick Charles Broomhall	5,676	5,676
Gregory John Reddaway (Resigned 11/05/2010)	27,125	27,125
Leonard Harold Daddow	8,201	8,201
Rick Cooper	26,993	26,993
Peter William Billinghamurst	1,051	1,051
Jay Pashley	20,000	20,000
Geoffrey Thomas Nicholls	12,513	12,513
Karla May Hobson (Resigned 27/08/2010)	6,625	6,625
Debra Megan Johnson	15,000	15,000

There was no movement in Director shareholdings during the year. Other than detailed below each share held has a paid up value of \$1 and is fully paid.

The above holdings are held personally or in associated entities.

The following Directors' shares were issued for \$0 as part of the original bonus issue:

Lewis James Brennan (Resigned 01/09/2009)	148	148
Frederick Charles Broomhall	200	200
Leonard Harold Daddow	200	200
Peter William Billinghamurst	100	100
Geoffrey Thomas Nicholls	548	548

Note 18. Subsequent events

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

Note 19. Contingent liabilities

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

Notes to the financial statements continued

Note 20. 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 the Sunshine Coast, QLD.

Note 21. Corporate information

Sunshine Coast Community Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is: 36A Maple Street, Cooroy QLD 4563.

	2010	2009
	\$	\$

Note 22. 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	279,029	169,294
Weighted average number of ordinary shares for basic and diluted earnings per share	1,704,238	1,704,238

Note 23. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

Previous year final

Unfranked dividends - 7.5 cents per share (2009: 5 cents per share)	(127,817)	85,212
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The dividends paid during the year were unfranked.

Notes to the financial statements continued

Note 24. 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.

(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 reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2010	2009
	\$	\$
Cash assets	379,854	264,752
Receivables	172,566	164,936
	552,420	429,688

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.

None of the assets of the Company are past due (2009: 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 24. Financial risk management (continued)

(b) Liquidity risk (continued)

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2010					
Payables	96,885	(96,885)	(96,885)	-	-
Loans and borrowings	25,393	(33,493)	(7,887)	(25,606)	-
	122,278	(130,378)	(104,772)	(25,606)	-
30 June 2009					
Payables	95,106	(95,106)	(95,106)	-	-
	95,106	(95,106)	(95,106)	-	-

(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	
	2010 \$	2009 \$
Fixed rate instruments		
Financial assets	278,692	122,365
Financial liabilities	(25,393)	-
	253,299	122,365

Notes to the financial statements continued

Note 24. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Carrying amount	
	2010	2009
	\$	\$
Variable rate instruments		
Financial assets	84,120	127,360
Financial liabilities	-	-
	84,120	127,360
Non interest bearing		
Financial assets	17,042	15,027
Financial liabilities	-	-
	17,042	15,027

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 2009 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 Statement of Financial Position. 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 Statement of Financial Position.

Notes to the financial statements continued

Note 24. Financial risk management (continued)

(e) Capital management (continued)

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

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2010 can be seen in the Statement of Comprehensive Income.

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

Directors' declaration

In accordance with a resolution of the Directors of Sunshine Coast Community Financial Services 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 2010 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; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.



Peter Billinghamurst
Secretary

Signed at Cooroy on 29 September 2010

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SUNSHINE COAST COMMUNITY FINANCIAL SERVICES LIMITED

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

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Sunshine Coast Community Financial Services Limited, for the year ended 30 June 2010.

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 Sunshine Coast Community Financial Services 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 2010 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 & DELAHUNTY

Chartered Accountants



Philip Delahunty

Partner
Bendigo

Date: 29 September 2010

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in the report are as follows.

- (a) The information is current as at 30 September 2010.
- (b) There are no material differences between the entities Annexure 3A and the financial statements contained in the annual report.
- (c) Corporate governance statement

The Board manages and monitors the business on behalf of the shareholders to whom they are accountable.

The Board recognises the importance of strong corporate governance. The Board has developed a policies and procedures manual which is subject to ongoing review. This framework will assist with governing the Company into the future by providing accountability and guiding principles for future decision making. The Board has an audit committee.

Composition of the Board

The Directors in office at the date of this statement are:

Name	Position
Peter William Billinghamurst	Secretary
Geoffrey Thomas Nicholls	Director
Jay Pashley	Director
Leonard Harold Daddow	Director
Debra Megan Johnson	Director
Frederick Charles Broomhall	Director
Richard John Cooper	Director

The Board meets monthly and follows meeting guidelines to ensure that all Directors have all of the necessary information to participate in discussion on all agenda items.

Board responsibilities

The Board acts on behalf of and is accountable to the shareholders of the Company and as such it seeks to identify the expectations of its shareholders. The Board also reviews its regulatory and ethical expectations and obligations. In addition the Board is responsible for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage those risks.

The Board is also responsible for ensuring that its management activities are aligned with its future goals and appropriate strategies to mitigate material business risks. The mechanisms in place that assist the Board to meet these objectives are:

- Board approval of a business plan for each branch which encompasses the Company's vision and mission statements. Ongoing review and adjustments to the business plans to ensure future growth and success.
- Formation of a policies and procedures manual to give the Board a clear framework for its administrative decisions.

BSX report continued

(c) Corporate governance statement (continued)

Board responsibilities (continued)

- Implementation of operating plans and budgets and monitoring progress against budgets both internally and industry performance guidelines.
- Attending state and national conferences with representatives from other **Community Bank**[®] branches in the network.
- Provision of training opportunities for Directors to assist them with the discharge of their obligations.

Monitoring of the Board's performance

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner the performance of all Directors is reviewed by the Chairman. Directors are subject to a peer review process. Directors whose performance is unsatisfactory would be asked to retire.

- (d) There are no substantial shareholders as each shareholder only has one vote regardless of the number of shares.
- (e) There are 754 shareholders of ordinary shares in the Company.
- (f) There is one vote per shareholder.
- (g) Distribution of equity securities

The number of shareholders, by size of holding, are:

Range	Number of shareholders
1-1000	395
1,001-5,000	286
5,001-10,000	48
10,001 -100,0000	25
Total	754

- (h) The number of non marketable parcels less than \$500 was 13.

BSX report continued

(i) Ten largest shareholders

The names of the ten largest shareholders of quoted shares are:

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Murray William & Lyndal Jane Brown as trustee for <Hinternoosa Super A/C>	45,501	2.67
Monika Wicklandt	44,500	2.61
Winpar Holdings Limited	33,725	1.98
Jill Maree Killen	30,000	1.76
Zedmont Pty Ltd as trustee for <Cooper Collins Super Fund Ac>	26,993	1.58
Jennifred Pty Ltd as trustee for <Broomhall Super Fund A/C>	26,674	1.57
Thomas Bransby Killen	23,125	1.36
Philip George & Debra Megan Johnson as trustee for <Pj & Dj Super Fund A/C>	21,934	1.29
Gregory John Reddaway as trustee for <Greg Reddaway Discretion Ac>	21,875	1.28
George William Perry	21,000	1.23
	295,327	17.33

(j) The name of the entity's Secretary is Peter William Billingham.

(k) Address and telephone number of registered office

36A Maple Street,
Cooroy QLD 4563
Phone: (07) 5447 7131

(l) Address and telephone number at which securities register is kept

Richmond Sinnott & Delahunty
172 - 176 Mclvor Road,
Bendigo VIC 3552
Phone: (03) 5443 1177

Cooroy **Community Bank**[®] Branch
36 Maple Street, Cooroy QLD 4563
Phone: (07) 5447 7131 Fax: (07) 5447 7723

Marcoola **Community Bank**[®] Branch
Shop 1, 930 David Low Way, Marcoola QLD 4564
Phone: (07) 5448 8582 Fax: (07) 5448 9689

Tewantin **Community Bank**[®] Branch
Shop 1, 105 Poinciana Avenue, Tewantin QLD 4565
Phone: (07) 5440 5289 Fax: (07) 5440 5291

Franchisee: Sunshine Coast Community Financial Services Limited
36 Maple Street, Cooroy QLD 4563
Phone: (07) 5447 7131 Fax: (07) 5447 7723
ABN: 12 100 576 261

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Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR10040) (08/10)



Christmas in Cooroy celebrations, December 2009