

Fleurieu Community Enterprises Limited
ABN 72 116 550 157

2006
annual report

Aldinga Beach Community Bank® Branch.
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PO Box 447 Aldinga Beach South Australia 5173
Phone: (08) 8557 8166 Fax: (08) 8557 8177

Franchisee: Fleurieu Community Enterprises Limited
Shop 7 Aldinga Central Shopping Centre Aldinga Beach Road
Aldinga Beach South Australia 5173
ABN 72 116 550 157

www.bendigobank.com.au
Bendigo Bank Limited, Fountain Court, Bendigo, VIC. 3550 ABN 11 068 049 178.
(S11462) (05/06)

Aldinga Beach
Community Bank® Branch  **Bendigo Bank**

Contents

Chairperson's Report	1
Manager's Report	3
Directors' Report	4
Auditor's Independence Declaration	10
Income Statement	11
Balance Sheet	12
Statement of Changes in Equity	13
Cash flow statement	14
Notes to the financial statements	15
Director's declaration	34
Independent Audit Report	35

Chairperson's Report

For year ending 30 June 2006

In our inaugural year, I am pleased to announce that the future looks promising for Fleurieu Community Enterprises and the Aldinga Beach area. The past 12 months have been very demanding on all of the Board and staff involved in getting the branch up and running, but as they say "the proof is in the pudding" and we now have a fully operational bank branch in Aldinga Beach.

There have been many challenges, from the initial feasibility study, to capital raising, followed by the fit-out of the branch and staff recruitment and finally to the training of our branch team and the opening of the branch. The Board and I have approached these challenges with enthusiasm and dedication from the initial idea right through to fruition.

We thank you for your support and hope it continues into the future.

Performance

From the date of our opening on 20 April 2006 until 30 June 2006, we have opened a total of 454 accounts and have a total business on the books (deposits and loans) of \$3.167 million. An excellent start - and a credit to David Weeks, our Branch Manager, and his team.

Dividends

Being our first year, no dividends will be paid at this time. Once we are running at a profit, dividends will be considered by the Board. We anticipate that this is unlikely until at least our third financial year of operation.

Staffing

David Weeks has been our Branch Manager since opening along with our team of customer service officers including Sheena, Annie and Cathy. We are pleased to announce that our full-time position has been upgraded to Customer Service Supervisor to cope with demand. The position has been filled by Julie Bryant. This will allow David to get out on the road more and concentrate on business development and leave Julie to deal with the day-to-day operation of the branch.

Board

It was most unfortunate that subsequent to the end of the financial year Jason Evans resigned from the board.

The Board sincerely thanks Jason for the contribution he made during his time with us. We welcome Karen Suter, a Teacher and active member of the community, who has been attending meetings and has nominated for the position left vacant by Jason.

A handwritten signature in black ink, appearing to read "George Apap".

George Apap

Chairman

Manager's Report

It is with much pleasure that I present the following results for Aldinga Beach **Community Bank®** Branch Bendigo Bank.

In just over two months from our official opening on 20 April 2006, we have opened 454 accounts. Our total deposits and loans have grown to \$3.167 million, an excellent result in just a short time. This growth in dollar terms is most encouraging and there are signs that this is looking to continue over the next few months.

Our staff have exceeded expectations in not just their work ethic, but also their commitment to providing excellent customer service to all members of the local community. I would like to take this opportunity to personally thank them for their efforts over the past few months.

The support from you, our local community in firstly pledging your support, and then backing this up by converting your banking to Bendigo Bank has been excellent.

However, if you haven't had the opportunity to do this yet, please call into our branch and look at how we can help you with all of your banking and insurance needs.

Remember, if you are supporting your local branch of Bendigo Bank, you are also helping to support your local community.



David Weeks

Aldinga Beach Community Bank® Branch Manager

Directors' Report

Your directors present their report together with the financial report of the Company for the period 6 October 2005 to 30 June 2006 ("the financial period").

Directors

The following persons were directors of Fleurieu Community Enterprises Ltd during the whole of the financial period and up to the date of this report:

G Apap (appointed 6 October 2005)

S Beck (appointed 15 December 2005)

ADR Dutton (appointed 15 December 2005)

JE Evans (appointed 15 December 2005 & resigned 1 October 2006)

NS Looker (appointed 6 October 2005)

AJ Lucey (appointed 15 December 2005)

GF Lucey (appointed 15 December 2005)

GR Marshall (appointed 15 December 2005)

JB Martin (appointed 6 October 2005)

PJ Smith (appointed 15 December 2005)

Directors have been in office throughout the reporting period to the date of the report unless otherwise stated.

Principal Activity and Review of Operations

The principal activity and focus of the Company's operations during the financial period was the operation of Aldinga Beach Bank Branch of Bendigo Bank, pursuant to a franchise agreement.

Operating Results

The amount of the loss from ordinary activities of the Company after income tax was \$194,194 for the financial period ended 30 June 2006.

Dividends

The company did not pay or declare a dividend during the financial period.

Directors' Report continued

Significant Changes in State Of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial period under review, not otherwise disclosed in these financial statements.

Matters Subsequent to the end of the Financial Period

No matters or circumstances have arisen since the end of the financial period, that 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 subsequent financial years.

Likely Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Information on directors

During the last financial year seventeen Board meetings were conducted. The numbers of meetings attended by each director are listed below.

George Apap

Chairman, President of Aldinga Bay Residents Association (ABRA), President of Land Tax and Rate Payers Association of SA, Former President Neighbourhood Watch SA of Aldinga Bay, Justice of the Peace, Past Director of Labour Union Retirement Fund, Former Union Secretary. Now retired. Involved with the Community Bank since initiation.

Directors' Report continued

Information on directors (continued)

John Blakiston Martin

Secretary, qualified architect, project manager, HRM professional and equities trader. Currently freelance management consultant specialising in Change Management, Project Management, Executive Recruitment and Human Resources. Past and Present owner/manager of a series of private and public sector consultancy practices.

Anthony David Rowley Dutton

Treasurer, currently owner/operator local accounting and finance practice. Former Finance Director, many years experience as a Public Accountant and consultant covering most sectors.

Adam John Lucey

Vice-Chairman, Director of multiple companies with interests in commercial property development, project management and construction. Also holds a builder's licence.

Stanley Beck

President of Friends of the Libraries Aldinga. Former Treasurer of Sellicks Progress Association, President of the former Sellicks Neighbourhood Watch. Former owner/operator of a wholesale/retail electronics and repair business. Past experience as an importer. Currently retired.

Narelle Susan Looker

Currently semi-retired Community Centre Officer. Former Director of the local council Community Services Board. Various positions on many committees and boards including Southern Vales Cancer Council, Aldinga Community Centre and Seniors advisory group.

Directors' Report continued

Information on directors (continued)

George Francis Lucey

Currently Managing Director of a Commercial Property Development and Construction company. Over 50 years experience in commercial property development and holds a builder's licence. Patron of Adelaide Polocross Club.

Graham Richard Marshall

Currently Operations Manager and Director of an IT company. Also Director and Financial Controller of a local small business. Former Operations Manager and National Customer Service Manager of IT companies supporting the hospitality industry.

Peter John Smith

Currently Centre Manager at Aldinga Central Shopping Centre for over 14 years during which time he has developed an extensive network of contacts in the area.

Jason Elliot Evans

Jason has previous experience in manufacturing, hospitality and logistics. Current community involvement includes Aldinga Football Club Treasurer, Aldinga Bay Traders Association President. Formerly FGBMFI President Fleurieu Chapter.

Jason resigned 1st October 2006

Directors' Report continued

Meetings of Directors

During the financial period, 17 meetings of Directors were held. Attendances by each Director during the financial period were:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
George Apap	17	17
Adam Lucey	17	13
John Martin	17	12
Anthony Dutton	17	9
George Lucey	17	12
Jason Evans	17	7
Narelle Looker	17	16
Stanley Beck	17	17
Graham Marshall	17	11
Peter Smith	17	15

Indemnifying Officer or Auditor

Indemnities have been given, during and since the end of the financial period, for any persons who are or have been a director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Share Options

No options over issued shares or interests in the Company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

Directors' Report continued

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a Law of the Commonwealth or of a State or Territory.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial period.

Auditor's Independence Declaration

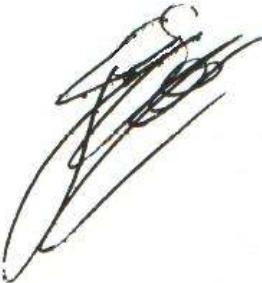
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors at Aldinga Beach

Dated: 28th September 2006



George Apap
Chairman



John Blakiston Martin
Secretary

Auditor's Independence Declaration

RSM Bird Cameron Partners
Chartered Accountants

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525 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 1800 F +61 3 9286 1999
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Fleurieu Community Enterprises Ltd for the financial period ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fleurieu Community Enterprises Ltd.

RSM Bird Cameron Partner

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Jason Croall

J S CROALL
Partner

Dated: 19 October 2006
Melbourne

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Income Statement

For the period 6 October 2005 to 30 June 2006

	2006
	Note
	\$
Revenue from continuing operations	2
	18,556
Employee benefits expense	74,845
Depreciation expense	2,000
Administration expenses	123,800
IT leasing and running expenses	6,713
Borrowing expenses	52
Other expenses	5,340
Loss before income tax expense	(194,194)
Income tax expense	5
	-
Loss for the financial period	(194,194)

The above income statement should be read in conjunction with the accompanying notes

Balance Sheet

As at 30 June 2006

	Note	2006 \$
CURRENT ASSETS		
Cash and cash equivalents	6	344,176
Other receivables	7	10,837
TOTAL CURRENT ASSETS		355,013
NON CURRENT ASSETS		
Plant and equipment	8	147,104
Other receivables	9	17,210
TOTAL NON CURRENT ASSETS		164,314
TOTAL ASSETS		519,327
CURRENT LIABILITIES		
Trade and other payables	10	13,612
TOTAL CURRENT LIABILITIES		13,612
TOTAL LIABILITIES		13,612
NET ASSETS		505,715
CONTRIBUTED EQUITY		
Contributed equity	11	699,909
Accumulated losses	12	(194,194)
TOTAL EQUITY		505,715

The above balance sheet should be read in conjunction with the accompanying notes

Statement of Changes in Equity

For the period 6 October 2005 to 30 June 2006

	2006
	Note
	\$
Total equity at incorporation	-
Net income recognised directly in equity	-
Loss for the financial period	(194,194)
Total recognised income and expense for financial period	(194,194)
Transactions with equity holders in their capacity as equity holders:	
Contribution of equity, net of transaction costs	11 699,909
Total equity at the end of the financial period	505,715

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cash flow statement

For the period 6 October 2005 to 30 June 2006

	2006	
	Note	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		20,412
Payments to suppliers and employees (inclusive of GST)		(227,831)
 Net cash outflow from operating activities	13(a)	 (207,419)
 Cash flows from investing activities		
Payments for plant and equipment		 (148,314)
 Net cash outflow from investing activities		 (148,314)
 Cash flows from financing activities		
Proceeds from issue of shares		 717,215
Share issue transaction costs		 (17,306)
 Net cash inflow from financing activities		 699,909
 Net increase in cash and cash equivalents		 344,176
Cash and cash equivalents at the beginning of the financial period		 -
Cash and cash equivalents at the end of the financial period	6	 344,176

The above cash flow statement should be read in conjunction with the accompanying notes

Notes to the financial statements

	Page
1 Significant accounting policies	16
2 Revenue	23
3 Expenses	23
4 Auditor's remuneration	24
5 Income tax expense	25
6 Cash and cash equivalents	25
7 Other current assets	25
8 Property, plant and equipment	26
9 Other non-current assets	27
10 Payables	27
11 Contributed equity	27
12 Accumulated losses	27
13 Reconciliation of cash flows from operating activities	28
14 Key management personnel disclosures	29
15 Financial instruments	32
16 Segment reporting	33
17 Subsequent events	33
18 Contingencies	33
19 Company details	33

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report covers Fleurieu Community Enterprises Ltd as an individual entity. Fleurieu Community Enterprises Ltd is a company limited by shares, incorporated and domiciled in Australia.

(a) Basis of preparation

The general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the financial statements and notes of Fleurieu Community Enterprises Ltd comply with International Financial Reporting Standards (IFRSs).

The principal accounting policies adopted in the preparation of the financial report are set out below. These accounting policies have been consistently applied, unless otherwise stated.

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Fleurieu Community Enterprises Ltd financial statements to be prepared in accordance with AIFRS. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Historical Cost Convention

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

Critical accounting estimates and judgments

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The directors are of the opinion that there are no critical accounting estimates and judgements.

(b) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

Franchise Margin Income

Franchise margin income is recognised as the gross margin percentage, as set out in the franchise agreement. This is recognised on a monthly basis on receipt of the amount from Bendigo Bank Ltd.

Interest

Interest income is recognised as it accrues.

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax (continued)

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(d) Property, Plant and Equipment

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

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

Depreciation is calculated on a straight line basis for all buildings and plant and equipment. Estimates of remaining useful lives are made on a regular basis.

The expected useful lives are as follows:

<i>Class of Fixed Asset</i>	<i>Useful Life</i>
Plant and Equipment	5 years
Leasehold Improvements	40 years

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash includes cash on hand and deposits held at call which are readily convertible to cash and are not subject to significant risk of changes in value.

(g) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid.

(h) Employee Benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(j) Impairment of assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Goods and Services Tax (GST) (continued)

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Financial Reporting Period

The financial reporting period covered by these financial statements is from the period 6 October 2005, being the date of incorporation, to 30 June 2006.

(m) Going Concern

The financial report has been prepared on a going concern basis after consideration by the Directors of the following matter:

- (i) The Bendigo Bank has confirmed that it will support the Company such that it will be in a position to meet its financial obligations for a period of twelve months from the date of this report.

In consideration of the above matter, the Directors believe that it is appropriate to adopt the going concern basis of accounting in the preparation of this financial report.

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

	2006
	\$
2. REVENUE	
Operating activities:	
Franchise margin income	18,533
Revenue from outside the operating activities:	
Interest	23
	<hr/> 18,556 <hr/>
3. EXPENSES	
Profit/(loss) before income tax	
includes the following specific expenses:	
Depreciation:	
Leasehold improvements	651
Plant & equipment	559
Total depreciation	<hr/> 1,210 <hr/>
Borrowing costs:	
Interest paid	<hr/> 52 <hr/>

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

	2006
	\$
4. AUDITOR'S REMUNERATION	
During the year the following fees were paid or payable for services provided by the auditor of the Company:	
 Audit services	
Audit of financial reports	1,550
 Other assurance services	
Due diligence services	2,100
 Advisory services	
Conduct of feasibility study	12,488
Australian Tax Office	
applications	90
	12,578

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

	2006
	\$
5. INCOME TAX EXPENSE	
a. Numerical reconciliation of income tax expense to <i>prima facie</i> tax payable	
Loss from continuing operations before income tax expense	(194,194)
Tax at the Australian tax rate of 30%	(58,258)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	
- Permanent differences	119
- Sundry	27,463
- Tax losses not brought to account	<u>30,677</u>
Income tax expense	<u>-</u>
b. Tax losses	
Unused tax losses for which no deferred tax asset has been recognised	102,257
Potential tax benefit @ 30%	<u>30,677</u>
6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS	
Cash at bank and on hand	<u>344,176</u>
7. CURRENT ASSETS – OTHER	
GST Receivable	5,229
Prepayments	5,608
	<u>10,837</u>

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

	2006		
	\$		
8. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment:			
Cost	14,377		
Less: Accumulated depreciation	(559)		
	13,818		
 Leasehold improvements			
Cost	133,937		
Less: Accumulated depreciation	(651)		
	133,286		
 Total property, plant and equipment	147,104		
 <i>Reconciliations</i>			
 Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are set out below:			
	Leasehold Improvements	Plant and Equipment	Total
Carrying amount at 6 October 2005	-	-	-
Additions	133,937	14,377	148,314
Depreciation expense	(651)	(559)	(1,210)
Carrying amount at 30 June 2006	133,286	13,818	147,104

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

	2006
	\$
9. NON-CURRENT ASSETS – OTHER	
Prepayments	17,210
10. CURRENT LIABILITIES - PAYABLES	
Other creditors	10,244
PAYG Withholding	3,368
	13,612
11. CONTRIBUTED EQUITY	
Reconciliation of movements in capital	
	Issued capital
Opening balance	-
Share issue	717,215
Transaction costs arising on share issue	(17,306)
Closing balance	699,909
12. ACCUMULATED LOSSES	
Movements in accumulated losses were as follows:	
Balance at incorporation	-
Net loss for the period	(194,194)
Balance 30 June	(194,194)

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

	2006
	\$
13. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	
(a) Reconciliation of net cash flows from operating activities to net loss from ordinary activities after income tax	
 Loss from ordinary activities	
after tax	(194,194)
Depreciation	1,210
 Changes in assets and liabilities	
(Increase) in other assets	(28,047)
Increase in payables	13,612
 Net cash outflow from operating activities	(207,419)

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

14. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Fleurieu Community Enterprises Limited during the financial period:

George Apap	Non-Executive Director - Chairman
Stanley Beck	Non-Executive Director
Anthony Dutton	Non-Executive Director
Jason Evans	Non-Executive Director
Narelle Looker	Non-Executive Director
Adam Lucey	Non-Executive Director
George Lucey	Non-Executive Director
Graham Marshall	Non-Executive Director
John Martin	Non-Executive Director
Peter Smith	Non-Executive Director

Jason Evans resigned from the position of director on 1 October 2006.

(b) Other key management personnel

The following persons were key management personnel of Fleurieu Community Enterprises Limited during the financial period:

David Weeks	Bank Manager
-------------	--------------

(c) Key management personnel compensation

	2006
Short-term employee benefits	\$ 7,952

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

14. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Shareholdings

	Balance at incorporation	Received as remuneration	Options exercised	Net change Others *	Balance 30 June 2006
Directors					
George Apap	-	-	-	2,001	2,001
Stanley Beck	-	-	-	2,001	2,001
Anthony Dutton	-	-	-	1	1
Jason Evans	-	-	-	1	1
Narelle Looker	-	-	-	1	1
Adam Lucey	-	-	-	1	1
George Lucey	-	-	-	1	1
Graham Marshall	-	-	-	1	1
John Martin	-	-	-	1	1
Peter Smith	-	-	-	1	1
Other key management personnel					
David Weeks	-	-	-	-	-

* Net change others refers to shares purchased or sold during the financial period

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

14. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(e) Other transactions with key management personnel

Two directors, Mr A Lucey and Mr G Lucey, are directors and shareholders of Ashford Group. Fleurieu Community Enterprises Ltd entered into a contract with Ashford Group during the financial period for the leasehold improvements of the building. The contract was based on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel of Fleurieu Community Enterprises Ltd

2006	\$
------	----

Amounts recognised as property, plant and equipment

Leasehold improvements of building	130,000
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Aggregate amounts of assets at balance date relating to the above types of other transactions with key management personnel of the Company

Non-Current assets	130,000
--------------------	----------------

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

15. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the company's business.

(a) Interest rate risk

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

2006

	Rates	Variable	Fixed	Non-interest years	Total
			1 year	1 to 5 years	
Financial Assets					
Cash assets	343,876		-	-	300 344,176
	343,876		-	-	300 344,176
Net financial assets	343,876		-	-	300 344,176

(b) Credit risk

At the balance sheet date there was no significant credit risk.

Notes to the financial statements

For the period 6 October 2005 to 30 June 2006

15. FINANCIAL INSTRUMENTS (continued)

(c) Fair values

The fair value of financial assets and liabilities of the Company approximates their carrying amount.

The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

16. SEGMENT REPORTING

The Company manages a Community Bank branch of Bendigo Bank at Aldinga Beach in South Australia.

17. SUBSEQUENT EVENTS

There have been no events subsequent to balance date that would materially impact the financial report.

18. CONTINGENT LIABILITIES

There were no contingent liabilities at the reporting date.

19. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Shop 7

Aldinga Central Shopping Centre

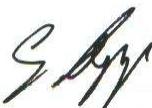
Aldinga Beach SA 5173

Director's declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 11 to 33, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the period ended on that date of the Company.
2. in the Directors' opinion, as is detailed in Note 1(m) Going Concern, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

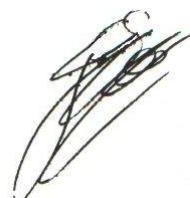
This declaration is made in accordance with a resolution of the Board of Directors.



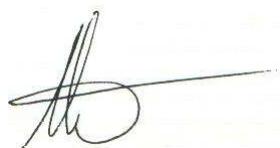
George Apap
Director



Adam Lucey
Director



John Martin
Director



Tony Dutton
Director



George Lucey
Director

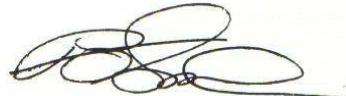
Narelle Looker
Director



Stanley Beck
Director



Graham Marshall
Director



Peter Smith
Director

Independent Audit Report

RSM Bird Cameron Partners Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FLEURIEU COMMUNITY ENTERPRISES LTD

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and the Directors' declaration for Fleurieu Community Enterprises Ltd (the Company) for the period 6 October 2005 to 30 June 2006.

The Directors of the Company are responsible for preparing a financial report that gives a true and fair presentation of the financial report, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed 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 in order to express an opinion to the members of the Company. Our audit was 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 judgment, 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 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 accounting estimates made by the Directors.

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

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RSM Bird Cameron Partners is an
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International, an affiliation of independent
accounting and consulting firms.



35

**INDEPENDENT AUDIT REPORT (Cont.)
TO THE MEMBERS OF FLEURIEU COMMUNITY ENTERPRISES LTD**

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion, the financial report of Fleurieu Community Enterprises Ltd is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position at 30 June 2006 and of its performance for the period 6 October 2005 to 30 June 2006; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Jason Croall
J S CROALL
Partner

Dated: 19 October 2006
Melbourne