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Chairperson's report

For year ending 30 June 2005

It is once again my privilege on behalf of the Directors to present to you the Company's Annual Report, which covers the Bank's second full year of trading. This is a significant milestone in that we are now able to make valid year on year comparisons of the Company's performance for the first time.

There have been many significant achievements during the year under review but none are more significant than our continuing strong growth in total business volumes. Significantly this growth has been achieved in what is arguably the most competitive environment the financial services industry has ever experienced and at a time when lending for housing has remained at subdued levels. Despite these industry challenges our Branch grew its business by an amazing \$29 million this year - exceeding what was regarded as a challenging budget by 38%. This is a truly outstanding result which has enabled us to claim the title of the highest growth branch in the Victorian Community Bank® network of 70 branches. We were placed second on an Australia wide basis. The result confirms yet again the continuing and ever growing community support for this enterprise.

Business growth translates directly into revenue and as detailed in the Financial Statements revenue totalled \$449,982. This represents a significant 66% increase over the previous 12 months. Given the competitive environment and ever narrowing profit margins your Directors consider this to be an excellent result.

Operating costs totalled \$447,364 compared to last year's costs of \$409,748 - an increase of just 9%. Again your Directors believe this is a good result given a conscious decision by the Board to increase expenditure in the area of Advertising and Promotion.

It follows that we are pleased to announce the Company's first annual (before tax) profit of \$2,618. A favourable variation of \$140,990 on last year's loss.

Not only has the Company's financial performance been sound over the past 12 months but the operational performance of both the Branch and Company has also been very sound. Bendigo Bank has rated the Branch's operational performance at the highest level and our Company Auditors have again commented favourably on the quality of the Company's financial management and record keeping.

Clearly, both the continuing business success and operational efficiency of the Branch is a direct result of the dedication and commitment of our Branch Staff under the leadership of our Manager, Paul Thompson. We are very fortunate to have such an effective team. Over the past 12 months they have had to cope with a number of unexpected challenges and on each occasion they have performed superbly.

During the past 12 months Directors conducted an assessment of the Board's performance and identified a number of areas for improvement. The two most significant findings were:

The need to continually improve the effectiveness and professionalism of the Board by identifying community spirited individuals with skills and experience in the areas of marketing, sales, public relations and communications who would be prepared to join the Board as Directors.

A desire to improve the professionalism of the Board by having each Director and Officer of the Company (being the Manager and Treasurer) commit to attendance of a Bendigo Bank sponsored professional development program or conference each year. Ongoing Director education is seen as an important priority.

Chairperson's report continued

Significant progress has been made in each of these areas.

Linda Linmeieres a principal and Director of Peter Parkes Real Estate, was identified as a person with the skills and experience to make a significant contribution and we were delighted when she agreed to join the Board as a Director. Shareholders will be asked to confirm her appointment at our forthcoming AGM.

In the area of professional development, seven Directors (and Company Officers) have attended a total of 12 programs over the past 12 months. Others are scheduled to attend programs in coming months.

Two existing Directors, Irene Kornienko and Kevin Madden have decided to stand down with effect from our forthcoming AGM. As founding members of the Community Bank® Steering Committee and founding Directors of the Company, their impact has been huge and we hope that the community recognises just how significant their contribution has been. They, along with Director Ray Barrington, were the trio who initiated the Community Bank® project, stuck with it through many challenging times and played their part in developing what is now a sound and profitable Company. On behalf of all shareholders and customers of the Bank we thank them most sincerely.

For the remainder of the current year it would seem that market conditions are going to remain very competitive. The pressure on margins will remain and there is no indication of any improvement in the housing market. It follows that we do not anticipate that the business will grow as strongly this year as it did in the year to June 2005. However, we do expect another year of solid growth, which will increase our revenue while growth in costs should remain modest. Therefore we are expecting a further significant increase in profitability this financial year.



Jim Christie
Chairman

Manager's report 30 June 2005

The year has certainly gone quickly, celebrating our second birthday in March and finishing the 2005 financial year with excellent results. We grew the business by \$29 million, a remarkable achievement, which ranked the Doncaster East Branch at number 2 out of 154 Community Bank® Branches Australia wide.

As at June 30th we held 3,099 accounts totalling \$65.40 million in total business. Deposits totalled \$35.79 million with a loan portfolio of \$29.61 million.

It is especially pleasing that we are increasingly opening accounts and writing loans for family and friends referred by existing customers. This form of referral demonstrates the high value our existing customers place on their relationship with the Branch, and demonstrates the confidence they have in recommending our services to others. Interestingly, Bendigo Bank topped the Nielson "customer recommendation" ratings for the March 2005 quarter, with 92% of the Bank's satisfied customers happy to recommend it to others.

The result is a testament to the quality of the Bank's people, its service culture (which empowers staff to achieve the best possible financial outcomes for its customers), and Bendigo Bank's reputation for community engagement.

To my team at the Branch, Lisa Jones, Susan Scroop, Elise Chan, Anna Plane, (who joined us in January 2005) & Meredith Byrne, my thanks for their dedication and professional approach in continuing to provide a superior level of personalised service at all times. Also thanks to Teresa Mullen who left us in December 2004 to return home to Adelaide.

To the Directors I again thank them for their support and encouragement. The management of a Bank presents numerous challenges, which have been addressed in conjunction with the Board within a mutually enjoyable working relationship.

The continued growth of the Doncaster East Community Bank® Branch will, of course, be reliant upon the continued support of the local community. So, as an owner of the business, please continue to lend your support as an advocate for the Branch and encourage family, friends and neighbours to open an account with us, which in turn will support the local community through our sponsorship programs.



Paul Thompson
Manager

Directors' report 30 June 2005

Your Directors submit the financial report of the company for the financial year ended 30 June 2005.

Directors

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

James Douglas Christie RFD

Chairman

Age: 61

Occupation: Investor

Experience and expertise: James brings a wealth of experience from his former 38 year career as a senior executive in the retail banking sector, both in Australia and overseas. James served as Lieutenant Colonel in the Australian Army Reserve and is a Fellow member of both the Australian Institute of Banking and Finance and the Australian Institute of Management.

William Howard Larkin OAM

Director

Age: 71

Occupation: Retired

Experience and expertise: Bill spent 16 years as an Executive Officer of the Australian Radiation Laboratory with the Commonwealth Department of Health. Bill was elected to Local Government as Councillor of the City of Doncaster and Templestowe 1979-1989 and Mayor from 1983-1984, 1988-1989. He was elected Councillor to Manningham City Council in 1977 to current and Mayor in 2004. He is also Chairman of the Manningham Centre Association (Aged Care facilities) with \$16m in Council owned assets and \$7m annual turnover under management.

Raymond Bruce Barrington

Director

Age: 57

Occupation: Retail Florist

Experience and expertise: Raymond has had 10 years banking and finance experience in ES & A and ANZ Bank. He has a wealth of experience in small business having been self employed in the family business for the past 20 years.

Daryl Lindsay George Brown

Director (appointed 8 July 2004)

Age: 61

Occupation: Accountant

Experience and expertise: Daryl is a Certified Practising Accountant and principal of an accounting firm specialising in small business. He is also partner in a Mortgage Broking and Asset Finance company.

Raymond Thomas Lord

Secretary

Age: 58

Occupation: Media Liason Officer

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

Kevin Matthew Madden

Director

Age: 70

Occupation: Clothing Retailer

Experience and expertise: Kevin has a wealth of experience in small business having been a business owner for 54 years with 30 years as a Jackson Court trader. He was overall winner of the Small Business Awards in 1997. Kevin was born in Bendigo and resides in East Doncaster.

Erica Janice Mounter

Director

Age: 61

Occupation: Accountant

Experience and expertise: Erica is a member of the Australian Society of Accountants. Having returned to study as a mature age student, Erica achieved a Bachelor of Business with an Accounting major. After working full time for approximately 20 years Erica is semi retired

Directors' report continued

Trevor Leigh Waring

Director

Age: 56

Occupation: Property Manager/Plantation Developer

Experience and expertise: Trevor spent seven years as a city Councillor before becoming Mayor in 1989-1990. His past experience includes drainage contracting and cleaning. He has a history of involvement in numerous community groups. Trevor is currently tackling the salinity issues faced by hardwood timber plantations in Central Victoria, Australia.

Irene Kornienko

Director

Age: 54

Occupation: Financial Controller

Experience and expertise: Irene has worked previously as owner/manager in the Retail Fashion & Footwear sector. She is presently employed as Financial Controller in a family owned retail liquor merchant operation.

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

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

Company Secretary

The Company Secretary is Raymond Thomas Lord . Ray was appointed to the position of Company Secretary on 11th July 2002.

Qualifications and experience:

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

Principal activities

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

Operating Results

The loss of the company for the financial year was:

	Year ended 30-Jun-05 \$	Year ended 30-Jun-04 \$
	(1767)	(100,460)

Remuneration Report

Remuneration paid to the Senior Manager of the Company for the year ended 30 June 2005 was in the range \$60,000.00 to \$70,000.00

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

Directors' report continued

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.

Likely Developments

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

Directors' Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

The company has indemnified all Directors and Officers of the company in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Officers of the company except where the liability arises out of conduct involving the lack of good faith

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

Directors Meetings

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

Number of Meetings Held: 11

Number of Meetings Attended:

James Douglas Christie	8
Raymond Thomas Lord	11
William Howard Larkin	6
Kevin Matthew Madden	11
Erica Janice Mounter	9
Daryl Lindsay George Brown	8
Raymond Bruce Barrington	10
Irene Kornienko	10
Peter McLaughlin (Resigned AGM October 28)	1
Trevor Leigh Waring	7

Directors' report continued

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position and, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality and objectivity of the auditor;

none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24

Signed in accordance with a resolution of the Board of Directors at Doncaster East
on the 10th of September 2005.



James Douglas Christie - Chairman



Erica Janice Mounter - Director

Financial Statements

Statement of financial performance

For year ending 30 June 2005

	Note	2005 \$	2004 \$
Revenues from ordinary activities	2	449,982	271,376
General administration		(57,088)	(66,532)
Salaries and employee benefits expense		(238,770)	(210,305)
Advertising and promotion		(9,883)	(3,871)
Occupancy and associated Costs		(84,841)	(75,880)
Systems costs		(32,450)	(29,141)
Depreciation and amortisation expense	3	(24,221)	(24,009)
Borrowing cost expense	3	(112)	(10)
Profit (Loss) from ordinary activities before income tax credit		2,618	(138,372)
Income tax credit (charge) relating to			
Ordinary activities	4	(4,386)	37,912
Loss from ordinary activities after income tax charge / credit		(1,767)	(100,460)
Total changes in equity other than those resulting from transactions with owners as owners		(1,767)	(100,460)

Financial statements continued

Statement of financial position

As at 30 June 2005

	Note	2005 \$	2004 \$
CURRENT ASSETS			
Cash assets	5	26,070	26,178
Receivables	6	54,482	31,714
Total Current Assets		80,552	57,892
NON-CURRENT ASSETS			
Property, plant and equipment	7	186,139	195,421
Intangibles	8	28,652	40,652
Deferred tax assets	9	105,902	110,289
Total Non-Current Assets		320,694	346,362
Total Assets		401,246	404,254
CURRENT LIABILITIES			
Payables	10	28,006	39,799
Provisions	11	23,758	13,206
Total Current Liabilities		51,764	53,005
Total Liabilities		51,764	53,005
Net Assets		349,482	351,249
EQUITY			
Contributed equity	12	627,936	627,936
Accumulated losses	13	(278,454)	(276,687)
Total Equity		349,482	351,249

Financial statements continued

Statement of cash flows

For year ending 30 June 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in the course of operations		(466,898)	(410,229)
Cash receipts in the course of operations		468,889	294,154
Interest received		951	3,963
Interest paid		(112)	(10)
Net cash provided by (used in)			
operating activities	14(b)	2,830	(112,122)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,938)	(1,199)
Payment for franchise agreement		-	-
Net cash used in investing activities		(2,938)	(1,199)
Net decrease in cash held		(108)	(113,321)
Cash at the beginning of the financial year		26,178	139,499
Cash at the end of the financial year	14(a)	26,070	26,178

Notes to the financial statements

1. Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies are consistent with the previous year.

Income tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised.

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 financial statements continued

1. Summary of significant accounting policies (continued)

Employee entitlements

The provision for employee entitlements to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates 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

The cost of the company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

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

Property, plant and equipment

Property, plant and equipment are carried at cost or at independent or directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected netcash flows that will be received from the assets employment and subsequent disposal.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation rate (%)
Leasehold improvements	2.5 - 15
Plant and equipment	2.5 - 25

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 commission fees revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST).

Notes to financial statements continued

1. Summary of significant accounting policies (continued)

Payment terms

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

Receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Provisions

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

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

Contributed Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

2. Revenues from ordinary activities

	2005 \$	2004 \$
OPERATING ACTIVITIES		
- margin income	254,777	143,865
- commissions	87,826	53,657
- other revenue	106,428	69,891
NON-OPERATING ACTIVITIES:		
- interest received	951	3,963
	449,982	271,376

Notes to financial statements continued

	2005	2004
	\$	\$

3. Expenses

DEPRECIATION OF NON-CURRENT ASSETS

- leasehold improvements	5,813	5,341
- plant & equipment	6,408	6,668

AMORTISATION OF NON-CURRENT ASSETS:

- intangibles	12,000	12,000
	24,221	24,009

BORROWING EXPENSES:

- Interest paid	112	10
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4. Income Tax Expenses

The prima facie tax on the profit
from ordinary activities before income tax
is reconciled to income tax payable as follows:

Operating Profit (Loss)	2,618	(138,372)
Prima facie tax on loss from ordinary activities at 30%	786	(41,512)
Add tax effect of:		
- Non-deductible expenses	3,600	3,600
Income tax expense on operating profit/loss	4,386	(37,912)

5. Cash Assets

Cash at bank and on hand	8,195	8,303
Security Deposit	17,875	17,875
	26,070	26,178

The company has lodged a security deposit with Bendigo Bank Limited to secure obligations under the lease of its premises.

Notes to financial statements continued

	2005 \$	2004 \$
6. Receivables		
Trade receivables	54,482	31,714
7. Property, plant and equipment		
<i>Leasehold improvements</i>		
At cost	130,588	132,586
Less accumulated depreciation	(16,836)	(11,023)
Total written down amount	113,752	121,563
<i>Plant & equipment</i>		
At cost	85,464	80,526
Less accumulated depreciation	(13,077)	(6,668)
Total written down amount	72,387	73,858
	186,139	195,421
MOVEMENTS IN CARRYING AMOUNTS:		
<i>Leasehold improvements @ cost</i>		
Carrying amount at beginning	121,563	198,864
Additions	-	-
Disposals	-	-
Final fit out expense variance	(3,594)	23,804
Items reclassified (Plant & Equipment)	1,596	(79,327)
Fit out items expensed	-	(16,437)
Less depreciation expense	(5,813)	(5,341)
Carrying amount at end	113,752	121,563
<i>Plant & Equipment @ cost</i>		
Carrying amount at beginning	73,858	-
Additions	6,533	1,199
Items reclassified (Plant & Equipment)	(1,596)	79,327
Less depreciation expense	(6,408)	(6,668)
Carrying amount at end	72,387	73,858
	186,139	195,421

Notes to financial statements continued

	2005 \$	2004 \$
8. Intangible assets		
Franchise Fee		
At cost	60,000	60,000
Less accumulated amortisation	(31,348)	(19,348)
	28,652	40,652
9. Deferred Tax Benefit		
Future income tax benefit		
Tax losses - revenue	105,902	110,289
10. Payables		
Trade creditors	28,006	39,799
11. Provisions		
Employee provision	23,758	13,206
Number of employees at year end	6	5
12. Contributed equity		
Balance at beginning of the year	627,936	631,912
Fully paid ordinary shares issued	-	-
Less: Equity raising costs	-	(3,976)
Balance at end of the financial year	627,936	627,936
13. Retained Losses		
Balance at the beginning of the financial year	(276,687)	(176,227)
	(1,767)	(100,460)
Balance at the end of the financial year	(278,454)	(276,687)

Notes to financial statements continued

	2005	2004
	\$	\$

14. Statement of cashflows

(a) Reconciliation of cash

Cash at bank and on hand	8,195	8,303
Security Deposit (not available for use by the entity)	17,875	17,875
	26,070	26,178

(b) Reconciliation of profit

*from ordinary activities after
tax to net cash provided
by/(used in) operating activities*

- Loss from ordinary activities after income tax	(1,767)	(100,460)
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NON CASH ITEMS:

- depreciation	12,221	12,009
- amortisation	12,000	12,000

CHANGES IN ASSETS AND LIABILITIES:

- (increase)/decrease in receivables	(22,768)	(29,647)
- (increase)/decrease in other assets	4,385	(49,254)
- increase/(decrease) in payables	(1,241)	43,230
Net cashflows used in operating activities	2,830	(112,122)

15. Auditors' remuneration

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

- audit & review services	2,700	2,700
- other services in relation to the entity	1,200	950
	3,900	3,650

Notes to financial statements continued

16. Director and Related party disclosures

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

James Douglas Christie	Raymond Thomas Lord
William Howard Larkin	Kevin Matthew Madden
Erica Janice Mounter	Raymond Bruce Barrington
Peter McLaughlin - Resigned at AGM 28 October 2004	Irene Kornienko
Trevor Leigh Waring	Daryl Brown

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

Directors shareholdings	2005	2004
There was no movement in directors shareholdings during the year. Each share held is valued at \$1 and is fully paid.		
James Douglas Christie	11501	11501
Raymond Thomas Lord	2501	2501
William Howard Larkin	1001	1001
Kevin Matthew Madden	5001	5001
Erica Janice Mounter	6001	6001
Raymond Bruce Barrington	1501	1501
Irene Kornienko	5001	5001
Peter McLaughlin - Resigned at AGM 28 October 2004	2001	2001
Trevor Leigh Waring	5001	5001
Daryl Brown	2000	2000

Notes to financial statements continued

17. International Financial Reporting Standards - Impact of adopting Australian equivalents to IFRS

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company has established a project team to manage the transition to AIFRS, including training of staff and internal control changes necessary to gather all the required financial information. The transition is currently on schedule.

In the Company's opinion, no material impacts are expected in relation to the financial report for the year ended 30 June 2005. There are no impacts to be disclosed

17 (a) Income tax

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005, there would have been no impact on the value of deferred tax assets or liabilities.

18. Subsequent events

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

19. Contingent liabilities

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

20. Earnings per Share

	2005	2004
	¢	¢
Profits per share for the financial year were:	(.0027)	(15)

21. Segment reporting

The economic entity facilitates community banking services under management rights to operate a franchised branch of Bendigo Bank Limited. The economic entity operates in one geographic area being Doncaster East, Victoria.

Notes to financial statements continued

22. Registered office/Principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
900 Doncaster Road	900 Doncaster Road
Doncaster East VIC 3109	Doncaster East VIC 3109

23. Financial Instruments

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 the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest rate risk

	Floating Interest rate	1 Year or less	Over 1 to 5 years	Over 5 years	Non Interest bearing	Weighted average effective interest rate
	\$	\$	\$	\$	%	%

For year ending 30 June 2005

FINANCIAL ASSETS

Cash assets	8,195	-	-	-	100	0.05
Term Deposit	-	17,875	-	-	-	4.05
Receivables	-	-	-	-	54,482	N/A

FINANCIAL LIABILITIES

Payables	-	-	-	-	28,006	N/A
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For year ending 30 June 2004

FINANCIAL ASSETS

Cash assets	8,203	-	-	-	100	0.05
Term Deposit	-	17,875	-	-	-	4.50
Receivables	-	-	-	-	31,714	N/A

FINANCIAL LIABILITIES

Payables	-	-	-	-	39,799	N/A
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Directors' declaration

In accordance with a resolution of the directors of Doncaster East Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001 in Australia; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:



James Douglas Christie - Chairman



Erica Janice Mounter - Director

Signed at Doncaster East on the 10th day of September 2005.

Independent audit report



INDEPENDENT AUDIT REPORT

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

To the members of Doncaster East Community Financial Services Limited

Scope

We have audited the financial report of Doncaster East Community Financial Services Ltd for the financial year ended 30 June 2005 including the Directors' Declaration. The company's Directors are responsible for the financial report. We have 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 to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and performance as presented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the financial report of Doncaster East Community Financial Services Ltd 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 2005 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 12th day of September 2005

Independent auditor's declaration



Doncaster East Community Financial Services Limited
ABN 69 101 174 270
Auditors' Declaration

PO Box 454
Bendigo VIC 3552
61-65 Bull Street
Bendigo VIC 3550
Phone (03) 5443 0344
Fax (03) 5443 5304
afs@afsbendigo.com.au
www.afsbendigo.com.au
ABN 51 061 795 337

12 September 2005

Auditor's Independence Declaration

As lead auditor for the audit of Doncaster East Community Financial Services Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Doncaster East Community Financial Services Limited.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo VIC 3550

BSX report

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 15 September 2005.

A. Corporate Governance Statement

The board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

The board recognises the importance of a strong corporate governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our company into the future. We believe that building policy framework will assist clarify the future direction of our local company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

B. Substantial Shareholders – Ten largest shareholders

	Ordinary Shares	Number of Ord Shares
1. Mr John & Mrs Norma Kent	15,000	2.00%
2. Russell Breadmore & Lynne Breadmore	10,000	1.33%
R & L Breadmore Super Fund A/C]		
3. James D Christie & Deborah A Christie [Christie Super Fund A/C]	10,000	1.33%
4. Judy A Tutty & Marcus J Tutty	10,000	1.33%
5. Mr Trevor Leigh Waring	5,001	0.67%
6. Mrs Ina H Altes	5,000	0.67%
7. Mr Frank Bangham	5,000	0.67%
8. Mrs Philomena Bangham	5,000	0.67%
9. Mr Robert E Bohun & Mrs Rae Bohun	5,000	0.67%
10. Mr Neil A Bradshaw	5,000	0.67%
	75,001	10%

C. Voting Rights

Each shareholder has one vote

BSX report continued

D. Distribution of Shareholders

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

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	146	105,208
1,001 - 5,000	132	494,802
5,001 - 10,000	4	35,001
10,001 - 100,000	1	15,000
100,001 and over	-	-
Total	283	650,011

There are no shareholders holding less than a marketable parcel of shares.

E. Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all Director's is reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

The Board and Directors aim to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

Information is communicated to the shareholders through:

- The Annual Report which is distributed to all shareholders
- The Annual General Meeting and other meetings as appropriate
- Announcements on the Bendigo Stock Exchange
- Newsletters

The Board does have an Audit Committee.

BSX report continued

F. Address and telephone number of the Office which securities register is kept:

Bendigo Bank Limited
Share Registry Office
Fountain Court
BENDIGO 3552
Telephone: 03 5433 9339

G. Doncaster East Community Financial Services Limited

Ray Lord
Company Secretary
900 Doncaster Road
DONCASTER EAST Victoria 3109
Telephone: 03 9840 2028

Notes
