

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Directors Report**

Your Directors submit the financial report of the company for the financial year ended 30 June 2006.

**Directors**

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

Mr Graham P Norman Chartered Accountant	Mrs Nancy L Caple Retailer
Mr Pasquale Verrocchi Builders Labourer	Mrs Evelyn Stagg Teacher
Mr Alexander A Harris Building Contractor	Mr Brian F Overton Insurance Broker Resigned: 7 October 2005
Mr Colin E Bales Chartered Accountant Resigned: 26 October 2005	Mr Hans Heshusius Retailer Resigned: 28 August 2006
Mr Peter Moloney Barrister Appointed: 26 October 2005	Mrs Jennifer M Grayling General Manager Appointed: 26 October 2005
Mrs Deborah J Edgley Home Duties Appointed: 24 July 2006	Mrs Gabrielle E Reardon Teacher Appointed: 26 June 2006

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 banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

There has been no significant change in the nature of these activities during the year.

**Operating Results**

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was \$117,994 (2005: \$197,898).

<b>Year Ended 30 June 2006</b>		
<b>Dividends</b>	<b>Cents</b>	<b>\$'000</b>
Final dividends recommended after year end:	10	48
Dividends paid in the year:		
- As recommended in the prior year report	10	48

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Directors Report**

**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.

**Significant events after the balance date**

Other than the declaration of a dividend as disclosed above, 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.

**Executive Remuneration**

	<u>Primary</u> <u>Benefits</u> Salary & Fees \$	<u>Post</u> <u>Employment</u> Superannuation \$	<u>Other</u> \$	<u>Total</u> \$
Branch Manager				
2006	53,157	25,100	-	78,257
2005	53,957	21,206	-	75,163

**Indemnification and Insurance of Directors and Officers**

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

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

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Directors Report**

**Directors Meetings**

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

	2006
<b>Number of Meetings Held:</b>	15
<b>Number of Meetings Attended:</b>	
Mr G P Norman	14
Mrs N L Caple	11
Mr B F Overton (Resigned 7 October 2005)	-
Mr A A Harris	13
Mr P Verrocchi	14
Mr H Heshusius (Resigned 28 August 2006)	5
Mr C E Bales (Resigned 26 October 2005)	5
Mrs E Stagg	14
Mrs J M Grayling (Appointed 26 October 2005)	9
Mr P Moloney (Appointed 26 October 2005)	11
Mrs G E Reardon Appointed 26 June 2006)	4
Mrs D J Edgley (Appointed 24 July 2006)	4

**Corporate Governance**

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

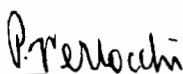
- (a) The establishment of an audit committee. Members of the audit committee are G Norman (Convenor), P Moloney and P Verrocchi.
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

**Auditor's Independence Declaration**


A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of the Board of Directors at East Ivanhoe on 12 September 2006

Peter Verrocchi, Director

  
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Graham P Norman, Director

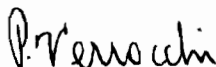
  
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**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Directors Declaration**

In accordance with a resolution of the directors of East Ivanhoe Community Corporation 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 2006 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 2006.



Peter Verrocchi, Director



Graham P Norman, Director

Signed at East Ivanhoe, Victoria on 12 September 2006.



## Audit and Assurance Services

McBain & Co Audit and Assurance Services  
ABN – 26 028 714 960

PO Box 82  
BALWYN VIC 3103

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF  
EAST IVANHOE COMMUNITY CORPORATION LIMITED  
ACN 095 312 744**

### Scope

We have audited the financial report of East Ivanhoe Community Corporation Limited comprising the Directors' Report, Directors' Declaration, Income Statement, Balance Sheet, Cashflow Statement and notes to and forming part of the financial statements for the year ended 30 June 2006. The company's directors are responsible for the financial report. We have conducted an independent audit of this 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 as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

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

### Independence

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration attached to this financial report, has not changed at the date of providing our audit opinion.

### Audit Opinion

In our opinion, the financial report of East Ivanhoe Community Corporation 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 2006 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

**McBain & Co  
Audit & Assurance Services**

**David W McBain (FCA, CPA)  
Partner**

28... September 2006



## Audit and Assurance Services

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McBain & Co Audit and Assurance Services  
ABN – 26 028 714 960

PO Box 82  
BALWYN VIC 3103

### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EAST IVANHOE COMMUNITY CORPORATION LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

- (i) no contraventions of the auditor independence requirements as set out in Corporations Act 2001 in relation to the audit and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

*McBain & Co*

**McBain & Co**  
**Audit and Assurance Services**

55 Whitehorse Road  
BALWYN VIC 3103

*David McBain*

**David McBain (FCA, CPA)**  
**Partner**

28... September 2006

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Income Statement**  
**for year ended**  
**30 June 2006**

	<u>Notes</u>	<b>2006</b> <b>\$</b>	<b>2005</b> <b>\$</b>
Revenues from ordinary activities	2	816,938	713,074
Employee benefits expense	3	(269,726)	(245,098)
Depreciation and amortisation expense	3	(19,043)	(22,089)
Administration and other expenses from ordinary activities		<u>(353,207)</u>	<u>(233,024)</u>
<b>Profit before income tax</b>		174,962	212,863
Income tax expense	4	<u>(56,968)</u>	<u>(14,973)</u>
<b>Profit after income tax expense</b>		<u><u>117,994</u></u>	<u><u>197,890</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the year	22	24.70	41.40
- diluted for profit for the year	22	24.70	41.40
- dividends paid per share	21	10	10

The accompanying notes form part of these financial statements

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Balance Sheet**  
**As at 30 June 2006**

	<u>Notes</u>	<b>2006</b> \$	<b>2005</b> \$
<b>Current Assets</b>			
Cash assets	6	393,440	377,479
Current Tax Asset	4	13,466	-
Debtors & Prepayments	7	47,973	17,848
Receivables	7	70,070	57,962
<b>Total Current Assets</b>		<u>524,949</u>	<u>453,289</u>
<b>Non-Current Assets</b>			
Deferred tax asset	4	7,626	7,552
Property, plant and equipment	8	71,701	76,564
Intangible assets	9	9,833	8,631
<b>Total Non-Current Assets</b>		<u>89,160</u>	<u>92,747</u>
<b>Total Assets</b>		<u>614,109</u>	<u>546,036</u>
<b>Current Liabilities</b>			
Payables	10	37,951	25,640
Interest bearing liabilities	11	3,140	-
Current tax liability	4	-	17,865
Provisions	12	25,422	25,173
<b>Total Current Liabilities</b>		<u>66,513</u>	<u>68,678</u>
<b>Total Liabilities</b>		<u>66,513</u>	<u>68,678</u>
<b>Net Assets</b>		<u>547,596</u>	<u>477,358</u>
<b>Equity</b>			
Share capital	13	473,010	473,010
Retained earnings	14	74,586	4,348
<b>Total Equity</b>		<u>547,596</u>	<u>477,358</u>

The accompanying notes form part of these financial statements

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Statement of Changes in Equity**  
**For the year ended**  
**30 June 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>SHARE CAPITAL</b>		
<i>Ordinary shares</i>		
Balance at start of year	473,010	473,010
Issue of share capital	-	-
Share issue costs	-	-
<b>Balance at end of year</b>	<u><u>473,010</u></u>	<u><u>473,010</u></u>
<b>RETAINED EARNINGS</b>		
Balance at start of year	4,348	(169,665)
Profit after income tax expense	117,994	197,890
Dividends paid	<u>(47,756)</u>	<u>(23,877)</u>
<b>Balance at end of year</b>	<u><u>74,586</u></u>	<u><u>4,348</u></u>

The accompanying notes form part of these financial statements

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Cash Flow Statement**  
**For the year ended**  
**30 June 2006**

	<u>Notes</u>	<b>2006</b> <b>\$</b>	<b>2005</b> <b>\$</b>
<b>Cash Flows From Operating Activities</b>			
Cash receipts in the course of operations		866,964	755,938
Cash payments in the course of operations		(695,390)	(467,381)
Interest received		19,227	11,152
Net GST paid		(44,096)	(51,768)
Income tax paid		(70,746)	-
<b>Net cash flows from operating activities</b>	15b	75,959	247,941
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(5,382)	(691)
Payments for intangible assets		(10,000)	-
<b>Net cash flows from investing activities</b>		(15,382)	(691)
<b>Cash Flows From Financing Activities</b>			
Proceeds from borrowings		5,382	-
Repayment of borrowings		(2,242)	-
Dividends paid		(47,756)	(23,878)
<b>Net cash flows from/(used in) financing activities</b>		(44,616)	(23,878)
<b>Net increase in cash held</b>		15,961	223,372
Add opening cash brought forward		377,479	154,107
<b>Closing cash carried forward</b>	15a	393,440	377,479

The accompanying notes form part of these financial statements

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended**  
**30 June 2006**

**1. Basis of preparation of the Financial Report**

**(a) Basis of accounting**

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

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

**(b) Statement of compliance**

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

This is the first full year financial report based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly. The financial report prepared at 30 June 2005 was based on Australian Accounting Standards applicable for periods commencing before 1 January 2005 ('AGAAP'). Other than detailed at 1(c) below, the accounting policies have been consistently applied and are consistent with those applied in the 30 June 2005 financial statements.

Reconciliations of:

- AIFRS equity as at 1 July 2004 and 30 June 2005; and
- AIFRS profit for the year ended 30 June 2005,

to the balances reported in the 30 June 2005 financial report prepared under AGAAP are detailed in note 1(d) below.

**(c) Summary of significant amended accounting policies**

Other than detailed below, the accounting policies have been consistently applied and are consistent with those applied in the 30 June 2005 financial statements. Also refer to note 1(e).

The following accounting policies are different to those used in the 30 June 2005 financial report due to the first time adoption of AIFRS.

**Income tax**

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

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

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

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended**  
**30 June 2006**

**1. Basis of preparation of the Financial Report (continued)**

**Income tax (continued)**

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

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

**Property, plant and equipment**

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

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

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

Computers	25%
Plant & Equipment	10-20%

***Impairment***

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

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

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**Recoverable amount of assets**

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

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended**  
**30 June 2006**

**1. Basis of preparation of the Financial Report (continued)**

**(d) Impact of adoption of AIFRS**

The impacts of adopting AIFRS on the total equity and profit after tax as reported under AGAAP are illustrated below:

**Reconciliation of total equity as presented under AGAAP to that under AIFRS**

	<b>30-Jun 2005 \$</b>	<b>01-Jul 2004 \$</b>
Total equity under AGAAP	469,806	298,686
Adjustments - Deferred tax asset re: provisions	<u>7,552</u>	<u>4,660</u>
Total equity under AIFRS	<u><u>477,358</u></u>	<u><u>303,346</u></u>

**Reconciliation of profit after tax presented under AGAAP to that under AIFRS**

	<b>Year Ended 30-Jun 2005 \$</b>
Profit after tax as previously reported (AGAAP)	194,998
Adjustments - Deferred tax asset re: provisions	<u>2,892</u>
Profit after tax under AIFRS	<u><u>197,890</u></u>

**Explanation of material adjustments to the cash flow statement**

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended**  
**30 June 2006**

**1. Basis of preparation of the Financial Report (continued)**

**(e) Significant accounting policies**

The following is a summary of the material accounting policies adopted. The below accounting policies are consistent with the previous year. Also refer to note 1(c).

**Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the 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.

**Employee Benefits**

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

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

**Intangibles**

Franchise fees have been amortised on a straight line basis at a rate of 20% per annum.

**Cash**

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

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

**Comparative Figures**

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

**Revenue**

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

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended**  
**30 June 2006**

**1. Basis of preparation of the Financial Report (continued)**

**Receivables and Payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**Interest Bearing Liabilities**

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

**Provisions**

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

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

**Contributed Capital**

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

<b>2. Revenue from ordinary activities</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Operating activities		
- services commissions	790,995	697,216
- other revenue		
Total revenue from operating activities	<u>790,995</u>	<u>697,216</u>
Non-operating activities:		
- interest received	25,943	15,858
- other revenue	-	-
Total revenue from non-operating activities	<u>25,943</u>	<u>15,858</u>
Total revenue from ordinary activities	<u>816,938</u>	<u>713,074</u>

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended**  
**30 June 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>3. Expenses</b>		
Employee benefits expense		
- wages and salaries	222,951	208,909
- superannuation costs	45,292	35,135
- workers' compensation costs	1,234	1,054
- other costs	249	-
	<u>269,726</u>	<u>245,098</u>
Depreciation of non-current assets:		
- plant and equipment	10,245	12,089
Amortisation of non-current assets:		
- intangibles	8,798	10,000
	<u>19,043</u>	<u>22,089</u>
Finance Costs:		
- interest paid	-	-
Bad debts	1,898	1,125
<b>4. Income Tax Expense</b>		
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%	52,489	63,861
Add tax effect of:		
- Non-deductible expenses	5,082	3,000
- Non-assessable income	(603)	(3,854)
- Prior year tax losses not previously brought to account	-	(48,034)
Income tax expense	<u>56,968</u>	<u>14,973</u>
<b>Tax liabilities/Assets</b>		
Current tax payable	<u>-</u>	<u>17,865</u>
Current tax refundable	<u>(13,466)</u>	<u>-</u>
<b>Deferred tax asset</b>		
Opening balance	7,552	4,660
Recognition of provisions	74	2,892
Closing balance	<u>7,626</u>	<u>7,552</u>

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended**  
**30 June 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>5. Auditors' Remuneration</b>		
Audit or review of the financial report of the company	3,500	2,500
Other services	-	-
	<u>3,500</u>	<u>2,500</u>
<b>6. Cash Assets</b>		
Cash at bank and on hand	<u>393,440</u>	<u>377,479</u>
<b>7. Receivables &amp; Prepayments</b>		
Commission receivable	70,070	57,962
Debtors & Prepaid Expenses	47,973	17,848
	<u>118,043</u>	<u>75,810</u>
<b>8. Property, Plant and Equipment</b>		
<i>Furniture and fittings</i>		
At cost	155,644	150,293
Less accumulated depreciation	<u>(83,943)</u>	<u>(73,729)</u>
	<u>71,701</u>	<u>76,564</u>
Total written down amount	<u>71,701</u>	<u>76,564</u>
<b>Movements in carrying amounts</b>		
<i>Furniture and fittings</i>		
Carrying amount at beginning of year	76,564	87,944
Additions	5,382	709
Disposals	-	-
Depreciation expense	<u>(10,245)</u>	<u>(12,089)</u>
Carrying amount at end of year	<u>71,701</u>	<u>76,564</u>

**East Ivanhoe Community Corporation Limited**  
**ABN 62 095 312 744**  
**Notes to the Financial Statements**  
**for the year ended**  
**30 June 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>9. Intangible Assets</b>		
<i>Franchise Fee</i>		
At cost	10,000	50,000
Less accumulated amortisation	<u>(167)</u>	<u>(41,369)</u>
	<u>9,833</u>	<u>8,631</u>
<b>10. Payables</b>		
Trade creditors	37,951	25,640
	<u>37,951</u>	<u>25,640</u>
<b>11. Interest Bearing Liabilities</b>		
<i>Current</i>		
Secured loans		
- Furniture & Fittings	<u>3,140</u>	<u>-</u>
The Furniture & Fittings were secured by a charge over the fittings for which the loan was incurred. Interest is not payable on this loan.		
<b>12. Provisions</b>		
Employee benefits	<u>25,422</u>	<u>25,173</u>
Number of employees at year end	<u>7</u>	<u>5</u>
<b>13. Share Capital</b>		
477,560 fully paid ordinary shares	<u>473,010</u>	<u>473,010</u>

**East Ivanhoe Community Corporation Limited**  
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**for the year ended**  
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	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>14. Retained Earnings</b>		
Balance at the beginning of the financial year	4,348	(169,665)
Profit after income tax	117,994	197,890
Dividends	(47,756)	(23,877)
Balance at the end of the financial year	<u>74,586</u>	<u>4,348</u>
<b>15. Cash Flow Statement</b>		
<b>(a) Reconciliation of cash</b>		
Cash assets	<u>393,440</u>	<u>377,479</u>
<b>(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities</b>		
Profit after income tax	117,994	197,890
Non cash items		
- Depreciation	10,245	12,089
- Amortisation	8,798	10,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(12,108)	(7,978)
- (Increase) decrease in prepayments	(30,125)	5,092
- (Increase) decrease in tax assets	(13,466)	-
- (Increase) decrease in deferred tax assets	(74)	(2,892)
- Increase (decrease) in payables	12,311	6,236
- Increase (decrease) in provisions	(17,616)	27,504
Net cashflows from operating activities	<u>75,959</u>	<u>247,941</u>

**16. Director and Related Party Disclosures**

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

Mr G P Norman  
Mrs N L Caple  
Mr B F Overton (Resigned 7 October 2005)  
Mr A A Harris  
Mr P Verrocchi  
Mr H Heshusius (Resigned 28 August 2006)  
Mr C E Bales (Resigned 26 October 2005)  
Mrs E Stagg  
Mrs J M Grayling (Appointed 26 October 2005)  
Mr P Moloney (Appointed 26 October 2005)  
Mrs G E Reardon Appointed 26 June 2006)  
Mrs D J Edgley (Appointed 24 July 2006)

Mr C E Bales, a Director of the company supplied accountancy services during the year \$2,800, (2005: \$3,540). Mr G P Norman, a Director of the company supplied accountancy services during the year \$10,340. (2005: Nil)

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.

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	2006	2005
<b>16. Director and Related Party Disclosures (continued)</b>		
<b>Directors shareholdings</b>		
Mr G P Norman	10,251	10,251
Mrs N L Caple	5,251	5,251
Mr B F Overton (Resigned 7 October 2005)	10,501	10,501
Mr A A Harris	5,251	5,251
Mr P Verrocchi	10,251	10,251
Mr H Heshusius (Resigned 28 August 2006)	2,751	2,751
Mr C E Bales (Resigned 26 October 2005)	551	551
Mrs E Stagg	1,000	1,000
Mrs J M Grayling (Appointed 26 October 2005)	-	-
Mr P Moloney (Appointed 26 October 2005)	-	-
Mrs G E Reardon Appointed 26 June 2006)	-	-
Mrs D J Edgley (Appointed 24 July 2006)	-	-

Other than stated above there was no movement in directors shareholdings during the year. Each share held is valued at \$1 and is fully paid. The above holdings are held personally or in associated entities.

**Executive Remuneration**

	Primary <u>Benefits</u> Salary & Fees \$	Post <u>Employment</u> Superannuation \$	<u>Other</u> \$	<u>Total</u> \$
Branch Manager				
2006	53,157	25,100	-	78,257
2005	53,957	21,206	-	75,163

**17. Subsequent Events**

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

**18. Contingent Liabilities**

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

**19. 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 East Ivanhoe and district, Victoria.

**20. Corporate Information**

East Ivanhoe Community Corporation 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:  
235 Lower Heidelberg Road  
Ivanhoe East VIC 3079

**East Ivanhoe Community Corporation Limited**  
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	2006 \$	2005 \$
<b>21. Dividends paid or provided for on ordinary shares</b>		
<b>(a) Dividends paid during the year</b>		
(i) Previous year final		
Franked dividends - 10 cents per share (2005: 5 cents unfranked per share)	47,756	23,877
<b>(b) Dividends proposed and not recognised as a liability</b>		
Franked dividends - 10 cents per share (2005: 9 cents per share)	47,756	47,756
<b>(d) Franking credit balance</b>		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30%	50,279	-
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	17,627	17,865
- Franking debits that will arise from the refund of income tax as at the end of the financial year	(13,466)	-
	<u>54,440</u>	<u>17,865</u>

The tax rate at which dividends have been franked is 30% (2005: 30%).  
Dividends proposed will be franked at a rate of 30% (2005: 30%).

**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	<u>117,994</u>	<u>197,890</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>477,560</u>	<u>477,560</u>

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**23. Financial Instruments**

**Net Fair Values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The company does not have any unrecognised financial instruments at year end.

**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 Balance Sheet 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**

Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in						Non Interest Bearing		Weighted average Effective interest rate	
	2006 \$	2005 \$	1 year or less		Over 1 to 5 years		Over 5 years					
			2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 %	2005 %
Financial Assets												
Cash assets	21,258	16,348	-	-	-	-	-	-	-	-	4.50	4.25
Term deposit	372,182	361,131	-	-	-	-	-	-	-	-	5.67	5.50
Receivables	-	-	-	-	-	-	-	-	70,070	57,962	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	37,951	25,640	N/A	N/A
Non Int Bearing Liabilities	-	-	-	-	-	-	-	-	3,140	-	N/A	N/A
Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	-	-