

2006 annual report

East Ivanhoe
Community Corporation Limited
ABN 62 095 312 744





East Ivanhoe **Community Bank**[®] Branch
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Franchisee: East Ivanhoe Community Corporation Limited
233-235 Lower Heidelberg Road, East Ivanhoe, VIC 3079
ABN 62 095 312 744

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Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178. AFSL 237879 (BMPAR3056) <(10/06)>

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Chairman's report

For year ending 30 June 2006

It is with pleasure that I present the sixth Annual Report to Shareholders.

Current position

The 2006-year profit of \$158,423 (before income tax) is down on last years, mainly due to the allocation of \$120,000 to our Community Grants Programme and renewal of our franchise \$40,000.

This is the first year that we have had to pay income tax. All of the losses of our initial years have now been recouped. The amount of tax payable for the year is \$57,042.

It is expected that the growth in new banking business may slow a little in the next 12 months due to higher interest rates and a general slowing of the housing market.

The number of accounts operated at the Branch at present is 4,600 and the value of our banking book is now in excess of \$90 million.

Future growth

The Board of Directors are constantly looking at ways to attract new business to the bank.

I ask all Shareholders to think of the bank first for all banking needs and to recommend the bank to your friends and family.

As reported last year, the Board of Directors will be looking to build the reserves of the Company, whilst at the same time increase returns to Shareholders. The Board has announced that a dividend of 10 cents (fully franked) will be paid again this year. The dividend will be paid on 30 November 2006.

Management and staff

Once again I thank Noel Donnelly, Manager and his staff; Julie Bullen, Supervisor, Debbie and Jo-Ann (opening day appointees) and newer staff members in Amy and Sylvia for their contribution to the operations of the bank over the past year. Kay, one of our original employees has since resigned and we wish her well in the future.

The prompt friendly service provided by all the staff is a real plus for our Bank, especially as the other big banks try to "lift their game".

Bendigo Bank

The Board of Directors works closely with the Bendigo Bank Staff. They attend Board Meetings from time to time and their input is most helpful and appreciated.

Community Bank® branches continue to grow throughout Australia and have made a major contribution to the Bendigo Banks profits. There are now 185 branches throughout Australia.

Chairman's report continued

Ashdon Capp, (our Regional Manager) has been a great help to the staff and the Board of Directors throughout the year. He and other staff of the Bendigo Bank are most helpful and valuable resource to the Board.

Shareholders

Thank you to all the Shareholders who do their banking with us. If you haven't changed your accounts over yet we would love to see you soon.

As mentioned earlier in the report the 2006 Dividend of 10 cents per share (fully franked) will be paid on 30th November 2006.

This follows the 2005 dividend of the same amount paid on 30th November 2005.

The Company's shares are now listed on the Bendigo Stock Exchange along with about 50 other **Community Bank®** Companies, our shares can now be traded on the open market, although I don't think there have been any sales to date!

Community development

The Company has supported our local community through sponsorships and grants to the extent of \$159,000 throughout the year. It is expected that this support will bring new banking business to the bank, whilst at the same time give valuable support to community groups.

Sponsorships have been given to many community groups, schools, kindergartens and sporting organisations throughout the year. The bank also paid \$70,000 in the way of grants to community organisations. 12 applications were successful and will have received their grants before the Annual General Meeting.

Board of Directors

Once again I extend my thanks to each Board Member for their contribution throughout the year. Without their efforts (all voluntary) the Company would not be where it is today.

I look forward to meeting with the Shareholders at the Annual General Meeting on Tuesday 21 November 2006.



Graham P Norman
Chairman

Manager's report

For year ending 30 June 2006

We celebrated our 5th Birthday on 11 May this year and the results show that we have built a sound base of customers and business for the long term. Over the last financial year we have increased our business base by \$17 million to around \$93 million. Our account numbers also continue to grow, increasing by 500 to over 4,600.

Our branch won the Region 333 – Melbourne Eastern “2006 Branch of the Year Award” for a good mix of business growth and product sales. Thank you to all the customers and staff who assisted with gaining this achievement.

As we continue to grow, the local community is gaining a better understanding of how our business supports their local community. We benefit not just customers, but also provide funding by way of sponsorship and grants to the local community. Each time we grow we are able to increase our local support.

I would like to thank the Shareholders, Directors, Customers and Staff, who have combined to assist with our growth and success. I acknowledge and thank the staff for their excellent support and service, without them we would not have a successful branch.

We need to continue spreading the word to the local community of the benefits of banking locally, thus continuing our ability to grow and further support the local community.

We encourage you to continue to spread the word about your local East Ivanhoe **Community Bank®** Branch.



Noel Donnelly
Branch Manager

Directors' report

For year ending 30 June 2006

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

Mr Pasquale Verrocchi

Builders Labourer

Mr Alexander A Harris

Building Contractor

Mr Colin E Bales

Chartered Accountant

Resigned: 26 October 2005

Mr Peter Moloney

Barrister

Appointed: 26 October 2005

Mrs Deborah J Edgley

Home Duties

Appointed: 24 July 2006

Mrs Nancy L Caple

Retailer

Mrs Evelyn Stagg

Teacher

Mr Brian F Overton

Insurance Broker

Resigned: 7 October 2005

Mr Hans Heshusius

Retailer

Resigned: 28 August 2006

Mrs Jennifer M Grayling

General Manager

Appointed: 26 October 2005

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.

Directors' report continued

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).

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

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

	Primary benefits salary & fees \$	Post employment superannuation \$	Other \$	Total \$
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Branch Manager

2006	53,157	25,100	-	78,257
2005	53,957	21,206	-	75,163

Directors' report continued

Indemnification and insurance of Directors and Officers

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

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

Directors meetings

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

	2006
Number of meetings held:	15
Number of meetings attended:	
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

Directors' report continued

Corporate governance

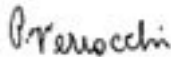
The Company has implemented various corporate governance practices, which include:

- (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



Graham Norman
Director

Financial statements

Income statement

For year ending 30 June 2006

	Note	2006 \$	2005 \$
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		(353,207)	(233,024)
Profit before income tax		174,962	212,863
Income tax expense	4	(56,968)	(14,973)
Profit after income tax expense		117,994	197,890
Earnings per share (cents per share)			
- 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.

Financial statements continued

Balance sheet

As at 30 June 2006

	Note	2006 \$	2005 \$
Current assets			
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
Total current assets		524,949	453,289
Non-current assets			
Deferred tax asset	4	7,626	7,552
Property, plant and equipment	8	71,701	76,564
Intangible assets	9	9,833	8,631
Total non-current assets		89,160	92,747
Total assets		614,109	546,036
Current liabilities			
Payables	10	37,951	25,640
Interest bearing liabilities	11	3,140	-
Current tax liability	4	-	17,865
Provisions	12	25,422	25,173
Total current liabilities		66,513	68,678
Total liabilities		66,513	68,678
Net assets		547,596	477,358
Equity			
Share capital	13	473,010	473,010
Retained earnings	14	74,586	4,348
Total equity		547,596	477,358

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2006

	Note	2006 \$	2005 \$
Share capital			
Ordinary shares			
Balance at start of year		473,010	473,010
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		473,010	473,010
Retained earnings			
Balance at start of year		4,348	(169,665)
Profit after income tax expense		117,994	197,890
Dividends paid		(47,756)	(23,877)
Balance at end of year		74,586	4,348

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2006

	Note	2006 \$	2005 \$
Cash flows from operating activities			
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)	-
Net cash flows from operating activities	15b	75,959	247,941
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(5,382)	(691)
Payments for intangible assets		(10,000)	-
Net cash flows from investing activities		(15,382)	(691)
Cash flows from financing activities			
Proceeds from borrowings		5,382	-
Repayment of borrowings		(2,242)	-
Dividends paid		(47,756)	(23,878)
Net cash flows from/(used in) financing activities		(44,616)	(23,878)
Net increase in cash held		15,961	223,372
Add opening cash brought forward		377,479	154,107
Closing cash carried forward	15a	393,440	377,479

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2006

Note 1: Summary of significant accounting policies

(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.

Notes to financial statements continued

Note 1: Summary of significant accounting policies continued

Income tax

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

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

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

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

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

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.

Notes to financial statements continued

Note 1: Summary of significant accounting policies 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

	30-Jun 2005 \$	1-Jul 2004 \$
Total equity under AGAAP	469,806	298,686
Adjustments - Deferred tax asset re: provisions	7,552	4,660
Total equity under AIFRS	477,358	303,346

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

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

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.

(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.

Notes to financial statements continued

Note 1: Summary of significant accounting policies continued

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).

Receivables and payables

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

Interest bearing liabilities

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

Notes to financial statements continued

Note 1: Summary of significant accounting policies continued

Provisions

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

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

Contributed capital

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

	2006	2005
	\$	\$

Note 2: Revenue from ordinary activities

Operating activities

- services commissions	790,995	697,216
- other revenue		
Total revenue from operating activities	790,995	697,216
Non-operating activities:		
- interest received	25,943	15,858
- other revenue	-	-
Total revenue from non-operating activities	25,943	15,858
Total revenue from ordinary activities	816,938	713,074

Notes to financial statements continued

	2006 \$	2005 \$
Note 3: Expenses		
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	-
	269,726	245,098
Depreciation of non-current assets:		
- plant and equipment	10,245	12,089
Amortisation of non-current assets:		
- intangibles	8,798	10,000
	19,043	22,089
Finance costs:		
- interest paid	-	-
Bad debts	1,898	1,125

Note 4: Income tax expense

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

Prima facie tax on profit before income tax at 30%	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	56,968	14,973

Notes to financial statements continued

	2006	2005
	\$	\$

Note 4: Income tax expense continued

Tax liabilities/assets

Current tax payable	-	17,865
Current tax refundable	(13,466)	-
Deferred tax asset		
Opening balance	7,552	4,660
Recognition of provisions	74	2,892
Closing balance	7,626	7,552

Note 5: Auditors' remuneration

Audit or review of the financial report of the Company	3,500	2,500
Other services	-	-
	3,500	2,500

Note 6: Cash assets

Cash at bank and on hand	393,440	377,479
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Note 7: Receivables & prepayments

Commission receivable	70,070	57,962
Debtors & Prepaid Expenses	47,973	17,848
	118,043	75,810

Note 8: Property, plant and equipment

Furniture and fittings

At cost	155,644	150,293
Less accumulated depreciation	(83,943)	(73,729)
	71,701	76,564
Total written down amount	71,701	76,564

Notes to financial statements continued

	2006	2005
	\$	\$

Note 8: Property, plant and equipment continued

Movements in carrying amounts

Furniture and fittings

Carrying amount at beginning of year	76,564	87,944
Additions	5,382	709
Disposals	-	-
Depreciation expense	(10,245)	(12,089)
Carrying amount at end of year	71,701	76,564

Note 9: Intangible assets

Franchise fee

At cost	10,000	50,000
Less accumulated amortisation	(167)	(41,369)
	9,833	8,631

Note 10: Payables

Trade creditors	37,951	25,640
	37,951	25,640

Note 11: Interest bearing liabilities

Current

Secured loans

- Furniture & fittings	3,140	-
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The Furniture & Fittings were secured by a charge over the fittings for which the loan was incurred. Interest is not payable on this loan.

Notes to financial statements continued

	2006	2005
	\$	\$

Note 12: Provisions

Employee benefits	25,422	25,173
Number of employees at year end	7	5

Note 13: Share capital

477,560 fully paid ordinary shares	473,010	473,010
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Note 14: Retained earnings

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	74,586	4,348

Note 15: Cash flow statement

(a) Reconciliation of cash

Cash assets	393,440	377,479
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(b) Reconciliation of profit after tax to
net cash provided from/(used in) operating activities

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 cash flows from operating activities	75,959	247,941

Notes to financial statements continued

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.

	2006	2005
Directors shareholdings		
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.

Notes to financial statements continued

16. Director and related party disclosures continued

Executive remuneration

	Primary benefits salary & fees	Post employment superannuation	Other	Total
Branch Manager	\$	\$	\$	\$
2006	53,157	25,100	-	78,257
2005	53,957	21,206	-	75,163

Note 17: Subsequent events

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

Note 18: Contingent liabilities

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

Note 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.

Note 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:

233-235 Lower Heidelberg Road,
Ivanhoe East, VIC 3079

Notes to financial statements continued

	2006	2005
	\$	\$

Note 21: Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

(i) Previous year final

Franked dividends - 10 cents per share

(2005: 5 cents unfranked per share)	47,756	23,877
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(b) Dividends proposed and not recognised as a liability

Franked dividends - 10 cents per share

(2005: 10 cents per share)	47,756	47,756
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(d) Franking credit balance

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)	-
	54,440	17,865

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%).

Notes to financial statements continued

	2006	2005
	\$	\$

Note 22: Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	117,994	197,890
Weighted average number of ordinary shares for basic and diluted earnings per share	477,560	477,560

Note 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.

Notes to financial statements continued

Note 23: Financial instruments continued

Interest rate risk

Financial instrument	Fixed interest rate maturing in											
	Floating		1 year		Over 1 to		Over		Non Interest		Weighted	
	interest rate		or less		5 years		5 years		bearing		average	
											effective	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%

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

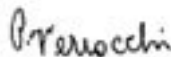
Payables	-	-	-	-	-	-	-	-	37,951	25,640	N/A	N/A
Non int bearing liabilities	-	-	-	-	-	-	-	-	3,140	-	N/A	N/A
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Directors' declaration

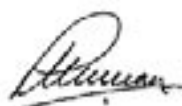
In accordance with a resolution of the Directors of East Ivanhoe Community Corporation Limited, I state that:

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 Norman
Director

Signed at East Ivanhoe, Victoria on 12 September 2006.

Independent audit report



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

Auditor's independence declaration



Audit and Assurance Services

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

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 12 September 2006.

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 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

		Number of ord. Shares	% Held
1	Barlow Financial Services Pty Ltd	10000	2.09
2	Berwell Pty Ltd	10000	2.09
3	JL Knorr Pty Ltd <A/C Super Fund>	10000	2.09
4	Riadel Pty Ltd	10000	2.09
5	Miss Joanne Bingham	6250	1.31
6	Dr Damian Francis Clarke	6250	1.31
7	Mr Geoffrey Henry Edwin Knorr	6250	1.31
8	Mr Kenneth Walter Norman <KW Norman Family A/C>	6250	1.31
9	Ciliberto Nominees Pty Ltd	6000	1.26
10	Mrs Susan Hoppe	5251	1.10
		76251	15.96

C. Voting rights

Each Shareholder has one vote regardless of the number of shares held.

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 - 1000	140	92058
1001 - 5000	75	256750
5001 - 10000	20	128752
10001 - 100000	0	0
100001 and over	0	0
Total	235	477560

There are 2 Shareholders holding less than a marketable parcel of shares (\$500 in value).

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 Directors 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.

The Board does have an Audit Committee.

F. Address and telephone number of the office where the securities register is kept:

Bendigo Bank Limited

Share Registry Office

Fountain Court

Bendigo 3552

Telephone: 03 5433 9339

G. East Ivanhoe Community Corporation Limited

Noel Donnelly

Branch Manager

233 - 235 Lower Heidelberg Road,

East Ivanhoe, VIC 3079

Telephone: 03 9497 5133

