

Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company/scheme details

Company/scheme name

EAST IVANHOE COMMUNITY CORPORATION LTD

ACN/ARBN/ARSN/PIN/ABN

095 312 744

Lodgement details

Who should ASIC contact if there is a query about this form?

Firm/organisation

AICHER PARTNERS

Contact name/position description

MICHAEL AICHER

ASIC registered agent number (if applicable)

3310

Telephone number

03 9497 5333

Postal address

PO Box 170

IVANHOE VIC 3079

1 Reason for lodgement of statement and reports

Tick appropriate box

- ☒ A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- ☐ A registered scheme (B)
- ☐ Amendment of financial statements or directors' report (company) (C)
- ☐ Amendment of financial statements or directors' report (registered scheme) (D)
- ☐ A large proprietary company that is not a disclosing entity (H)
- ☐ A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- ☐ A small proprietary company that is requested by ASIC to prepare and lodge statements and reports (J)
- ☐ A prescribed interest undertaking that is a disclosing entity (K)

Dates on which financial year begins and ends

Financial year begins
01/07/06
[D] [D] [M] [M] [Y] [Y]

to

Financial year ends
30/06/07
[D] [D] [M] [M] [Y] [Y]

Date of annual general meeting (if applicable)

[] [] / [] [] / [] []
[D] [D] [M] [M] [Y] [Y]

2 Details of large proprietary company

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

C How many employees are employed by the large proprietary company and the entities that it controls?

D How many members does the large proprietary company have?

3 Auditor's report

Were the financial statements audited?

☒ Yes

☐ No

If no, is there a class order exemption current for audit relief?

☐ Yes

☐ No

If yes, does the auditor's report (s308) for the financial year contain a statement of:

Reasons for the auditor not being satisfied as to the matters referred to in s307?

☐ Yes

☐ No

Details of the deficiency, failure or shortcoming concerning any matter referred to in s307?

☐ Yes

☐ No

4 Details of current auditor

Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.

Auditor registration number (for individual auditor or authorised audit company)

Family name

Given name

or

Company name

MCBAIN MCCARTIN + CO

ACN/ABN

52 251 697 142

or

Firm name (if applicable)

4 Continued... Details of current auditor

Office, unit, level

LEVEL 1

Street number and Street name

123 WHITEHORSE ROAD

Suburb/City

BALWYN

State/Territory

VICTORIA

Postcode

3103

Country (if not Australia)

Date of appointment

28/04/03
[D] [D] [M] [M] [Y] [Y]

5 Statements and reports to be attached to this form

Financial statements for the year (as per s295(2) and accounting standards)

Income statement for the year

Balance sheet as at the end of the year

Statement of cash flows for the year

Statement of changes in equity or statement of recognised income and expense for the year

If required by accounting standards - the consolidated income statement, balance sheet, statement of cash flows and statement of changes in equity/statement of recognised income and expense

Notes to financial statements (as per s295(3))

Disclosures required by the regulations

Notes required by the accounting standards

Any other information necessary to give a true and fair view (see s297)

The directors' declaration about the statements and notes (as per s295(4))

The directors' report for the year, including the auditor's independence declaration (as per s298 to s300A)

Auditor's report required under s308 and s314

Concise report (if any) (s314)

Signature

See Guide for details of signatory.

I certify that the attached documents marked (A) are a true copy of the annual reports required under s319.

Name

NANCY L CAPLE

Signature

Nancy Caple

Capacity

☒ Director

☐ Company secretary

Date signed

25/09/07
[D] [D] [M] [M] [Y] [Y]

Lodgement

Send completed and signed forms to:

Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

For help or more information

Telephone 03 5177 3988

Email info.enquiries@asic.gov.au


Web www.asic.gov.au

EAST IVANHOE COMMUNITY CORPORATION LTD

ABN 62 095 312 744

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2007

THIS IS THE ANNEXURE "A"
OF 25 PAGES REFERRED TO IN
FORM 388 COPY OF
FINANCIAL STATEMENTS
AND REPORTS


.....
N L CAPLE 25/9/2007

EAST IVANHOE COMMUNITY CORPORATION LIMITED

ABN 62 095 312 744

DIRECTORS REPORT

Your Directors present their report on the company for the financial year ended 30 June 2007.

Directors & Information on Directors

The names and details of the Directors in office at any time during, or since the end of the year are:

Mr Graham P Norman
Chartered Accountant

Mrs Nancy L Caple
Retailer

Mrs Gabrielle E Reardon
Teacher

Mrs Evelyn Stagg
Teacher

Mr Alexander A Harris
Building Contractor

Mr Peter Moloney
Barrister

Mr Hans Heshusius
Retailer
Resigned: 28 August 2006

Mrs Jennifer M Grayling
General Manager
Resigned: 30 April 2007

Mr Pasquale Verrocchi
Builders Labourer
Resigned: 22 January 2007

Mrs Deborah J Edgley
Home Duties
Appointed: 24 July 2006

Mr John K Nelson
Accountant
Appointed: 28 May 2007

Mr Cameron D Bragg
Manager
Appointed: 30 April 2007

Ms Catherine Richmond
Lecturer
Appointed: 30 April 2007

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mrs Gabrielle E Reardon (Appointed on 22 January 2007; Resigned on 1 August 2007)

Mr John K Nelson (Appointed on 1 August 2007)

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.

No significant change in the nature of these activities occurred during the year.

Operating Results

The profit of the company for the financial year after provision for income tax was \$192,202 (2006: \$117,994).

EAST IVANHOE COMMUNITY CORPORATION LIMITED

ABN 62 095 312 744

DIRECTORS REPORT

Review of Operations

Operations have continued to perform in line with expectations.

Financial Position

The net assets of the company has increased by \$144,000 from 30 June 2006 to \$692,000 in 2007. This increase has largely resulted from the improved operating performance of the company.

Dividends

Dividends paid or declared since the start of the financial year are as follows:

	\$	cents
a. A fully franked dividend paid during the year, as recommended in last year's report	48,000	10
b. A fully franked dividend recommended on 30 June 2007 for payment for the year ended 30 June 2007	62,000	13

Share Options

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

Significant Changes in the State of Affairs

No significant changes in the state of affairs of the company occurred during the financial year.

After Balance Date Events

Other than the declaration of a dividend as disclosed above, no other matters or circumstances have arisen since the end of the financial year which 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 financial years.

Future Developments

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

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Directors Shareholding

	2007	2006
Mr G P Norman	12,751	10,251
Mrs N L Caple	5,251	5,251
Mrs G E Reardon	-	-
Mrs E Stagg	1,000	1,000
Mr A A Harris	5,251	5,251
Mr P Moloney	-	-
Mr H Heshusius (Resigned 28 August 2006)	2,751	2,751
Mrs J M Grayling (Resigned 30 April 2007)	-	-
Mr P Verrocchi (Resigned: 22 January 2007)	10,251	10,251
Mrs D J Edgley (Appointed 24 July 2006)	-	-
Mr J K Nelson (Appointed 28 May 2007)	500	-
Mr C D Bragg (Appointed 30 April 2007)	500	-
Ms C Richmond (Appointed 30 April 2007)	-	-

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.

EAST IVANHOE COMMUNITY CORPORATION LIMITED

ABN 62 095 312 744

DIRECTORS REPORT

Remuneration Report

This report details the nature and amount of remuneration for each director of East Ivanhoe Community Corporation Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

Directors

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.

Key Management Personnel Remuneration Policy

Key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and performance incentives.

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Key management personnel compensation is disclosed in Note 5 to the financial statements.

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each Director during the year were as follows:

	Board meetings Eligible to Attend	Meetings Attended
Mr G P Norman	11	10
Mrs N L Caple	11	8
Mrs G E Reardon	11	10
Mrs E Stagg	11	11
Mr A A Harris	11	9
Mr P Moloney	11	9
Mr H Heshusius (Resigned 28 August 2006)	1	1
Mrs J M Grayling (Resigned 30 April 2007)	9	5
Mr P Verrocchi (Resigned: 22 January 2007)	6	5
Mrs D J Edgley (Appointed 24 July 2006)	11	6
Mr J K Nelson (Appointed 28 May 2007)	2	2
Mr C D Bragg (Appointed 30 April 2007)	3	3
Ms C Richmond (Appointed 30 April 2007)	3	3

Corporate Governance

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

- The establishment of an audit committee. Members of the audit committee are G Norman (Convenor), P Moloney, J Nelson and P Verrocchi (resigned 22 January 2007).
- Director approval of operating budgets and monitoring of progress against these budgets;
- Ongoing Director training; and
- Monthly Director meetings to discuss performance and strategic plans.

EAST IVANHOE COMMUNITY CORPORATION LIMITED

ABN 62 095 312 744

DIRECTORS REPORT

Indemnifying Officers or Auditor

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.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

Proceedings on Behalf of Company

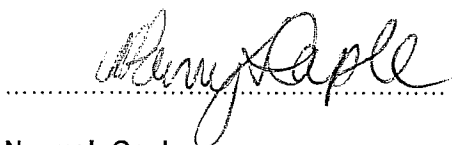
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of the Board of Directors.



Nancy L Caple

Director

Dated this 3rd day of September 2007

EAST IVANHOE COMMUNITY CORPORATION LIMITED

ABN 62 095 312 744

DIRECTORS DECLARATION

The directors of the company declare that:

- 1 The financial statements and notes, as set out herein, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards in Australia and Corporations Regulations 2001; and
 - b. giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date;
- 2 In the Directors' opinion 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
- 3 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 2007.

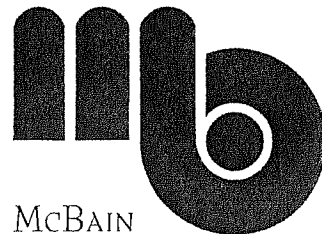
This declaration is made in accordance with a resolution of the Board of Directors at East Ivanhoe



Nancy L Caple

Director

Dated this 3rd day of September 2007



McBAIN
McCARTIN & Co

CHARTERED ACCOUNTANTS
AUDIT & ASSURANCE SERVICES

PO Box 82 BALWYN
VICTORIA, AUSTRALIA 3103
ABN 26 028 714 960

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- 1 no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- 2 no contraventions of any applicable code of professional conduct in relation to the audit.

McBain McCartin & Co

McBain McCartin & Co
Audit and Assurance Services

David W McBain

David W McBain (FCA, CPA)
Partner

Dated this 25th day of September 2007

123 Whitehorse Rd
BALWYN VIC 3103



McBAIN
McCARTIN & Co

CHARTERED ACCOUNTANTS
AUDIT & ASSURANCE SERVICES

PO BOX 82 BALWYN
VICTORIA, AUSTRALIA 3103
ABN 26 028 714 960

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
EAST IVANHOE COMMUNITY CORPORATION LIMITED**

ACN 095 312 744

Report on the financial report

We have audited the accompanying financial report of East Ivanhoe Community Corporation Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' of the directors' report.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with *Accounting Standard AASB 101: "Presentation of Financial Statements"*, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of East Ivanhoe Community Corporation Limited has not changed as at the date of providing our audit opinion.

Auditor's Opinion

In our opinion,

- a. the financial report of East Ivanhoe Community Corporation Limited is 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 2007 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.
- c. the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

McBain McCartin & Co.

McBain McCartin & Co
Audit and Assurance Services

David W. McBain

David W McBain (FCA, CPA)
Partner

Dated this 25th day of September 2007

123 Whitehorse Rd
BALWYN VIC 3103

EAST IVANHOE COMMUNITY CORPORATION LIMITED

ABN 62 095 312 744

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$	2006 \$
Revenue	2	925,121	790,995
Other income		31,768	25,943
Employee benefits expense	3	(300,145)	(269,726)
Depreciation and amortisation expense	3	(11,970)	(19,043)
Administration and other expenses	3	<u>(370,301)</u>	<u>(353,207)</u>
Profit before income tax		274,473	174,962
Income tax expense	4	<u>(82,271)</u>	<u>(56,968)</u>
Profit for the year		<u><u>192,202</u></u>	<u><u>117,994</u></u>
Earnings per share (cents per share)			
- basic for profit for the year	6	40.20	24.70
- diluted for profit for the year	6	40.20	24.70
Dividends paid per share (cents per share)	7	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 2007

	Notes	2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents	8	576,197	393,440
Current tax asset	9	-	13,466
Receivables & prepayments	10	119,015	118,043
TOTAL CURRENT ASSETS		<u>695,212</u>	<u>524,949</u>
NON CURRENT ASSETS			
Deferred tax asset	11	9,348	7,626
Plant and equipment	12	67,537	71,701
Intangible assets	13	7,833	9,833
TOTAL NON CURRENT ASSETS		<u>84,718</u>	<u>89,160</u>
TOTAL ASSETS		<u>779,930</u>	<u>614,109</u>
CURRENT LIABILITIES			
Payables	14	33,764	37,951
Financial liabilities	15	-	3,140
Current tax liability	16	22,960	-
Provisions	17	16,349	22,122
TOTAL CURRENT LIABILITIES		<u>73,073</u>	<u>63,213</u>
NON CURRENT LIABILITIES			
Provisions	17	14,815	3,300
		<u>14,815</u>	<u>3,300</u>
TOTAL LIABILITIES		<u>87,888</u>	<u>66,513</u>
NET ASSTS		<u>692,042</u>	<u>547,596</u>
EQUITY			
Share capital	18	473,010	473,010
Retained earnings		219,032	74,586
TOTAL EQUITY		<u>692,042</u>	<u>547,596</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 2007

	Notes	Issued Capital \$	Retained Earnings \$	Total \$
Balance as at 1 July 2005		473,010	4,348	477,358
Profit for the year		-	117,994	117,994
Dividends paid or provided for	7	-	(47,756)	(47,756)
Balance as at 30 June 2006		<u>473,010</u>	<u>74,586</u>	<u>547,596</u>
Profit for the year		-	192,202	192,202
Dividends paid or provided for	7	-	(47,756)	(47,756)
Balance as at 30 June 2007		<u>473,010</u>	<u>219,032</u>	<u>692,042</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 2007

	Notes	2007 \$	2006 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		1,007,988	866,964
Cash payments in the course of operations		(701,413)	(695,390)
Interest received		29,529	19,227
Net GST paid		(46,709)	(44,096)
Income tax paid		(49,936)	(70,746)
Net cash flows from operating activities	19	<u>239,459</u>	<u>75,959</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(5,806)	(5,382)
Payments for intangible assets		-	(10,000)
Net cash flows from investing activities		<u>(5,806)</u>	<u>(15,382)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	5,382
Repayment of borrowings		(3,140)	(2,242)
Dividends paid		(47,756)	(47,756)
Net cash flows used in financing activities		<u>(50,896)</u>	<u>(44,616)</u>
Net increase in cash held		182,757	15,961
Cash and cash equivalents at beginning of year		393,440	377,479
Cash and cash equivalents at end of year	8	<u><u>576,197</u></u>	<u><u>393,440</u></u>

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 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers East Ivanhoe Community Corporation Limited as an individual entity. East Ivanhoe Community Corporation Limited is a company limited by shares, incorporated and domiciled in

East Ivanhoe Community Corporation Ltd shares are publicly traded on the Bendigo Stock Exchange.

The financial report of East Ivanhoe Community Corporation Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Revenue

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

b. Goods and Services Tax

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

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

c. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

EAST IVANHOE COMMUNITY CORPORATION LIMITED

ABN 62 095 312 744

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

e. Plant and equipment

Plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use.

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

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Computers	15-50%
Plant & Equipment	10-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

f. Intangible Assets

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

g. Impairment of Assets

At each reporting date, the Directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Superannuation - Defined Contribution Plan

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

Provision for Dividends

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.

i. 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.

j. Comparative Figures

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

k. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Receivables and Payables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

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.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Interest Bearing Liabilities

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

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 2: REVENUE		
<i>Operating activities</i>		
Services commissions	925,121	790,995
Total revenue from operating activities	<u>925,121</u>	<u>790,995</u>
<i>Non-operating activities:</i>		
Interest received	31,768	25,943
Total revenue from non-operating activities	<u>31,768</u>	<u>25,943</u>
Total revenue	<u>956,889</u>	<u>816,938</u>
 NOTE 3: PROFIT BEFORE INCOME TAX		
Profit before income tax is stated after charging the following expenses:		
Employee benefits expense		
- wages and salaries	237,210	222,951
- superannuation costs	61,772	45,292
- workers' compensation costs	1,163	1,234
- other costs	-	249
	<u>300,145</u>	<u>269,726</u>
Depreciation of plant and equipment	9,970	10,245
Amortisation of intangibles	2,000	8,798
	<u>11,970</u>	<u>19,043</u>
Adminstration and other expenses		
Auditors remuneration		
- audit or review of fianncial report	8,150	3,500
- others	-	-
Bad debts	3,395	1,898
Donations and sponsorship	91,829	109,541
Rental expense on operating leases - minimum lease payments	51,637	54,559
Others	215,290	183,709
	<u>370,301</u>	<u>353,207</u>

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 4: INCOME TAX EXPENSE		
a. The components of tax expense comprise:		
Current tax	83,993	57,042
Deferred tax	(1,722)	(74)
	82,271	56,968
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%	82,342	52,489
Add tax effect of:		
Non-deductible expenses	600	5,082
Non-assessable income	(671)	(603)
Prior year tax losses not previously brought to account	-	-
Income tax expense	82,271	56,968
 The applicable weighted average effective tax rates are as follows:		
	30%	33%

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Branch Manager

Short Term Benefits		
Salary and fees	53,909	53,157
Post Employment Benefits		
Superannuation	46,064	25,100
Others		
Total Compensation	99,973	78,257

NOTE 6 : 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	192,202	117,994
 Weighted average number of ordinary shares for basic and diluted earnings per share	477,560	477,560

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 7 : DIVIDENDS		
<i>a. Dividends paid during the year</i>		
Prior year proposed final franked dividend - 10 cents (2006: 10 cents) per share	47,756	47,756
<i>b. Dividends proposed and not recognised as a liability</i>		
Franked dividend - 13 cents (2006: 10 cents) per share	62,083	47,756
<i>c. Franking credit balance</i>		
Balance of franking account at year end adjusted for franking credits arising from:		
- payment of provision for income tax	117,966	67,906
- refund of provision for income tax	-	(13,466)
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (b) as follows:	(38,218)	(17,627)
	79,748	36,813
The tax rate at which dividends have been franked is 30% (2006: 30%). Dividends proposed will be franked at a rate of 30% (2006: 30%).		
NOTE 8 : CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	12,104	21,258
Term deposits at bank	564,093	372,182
	576,197	393,440
NOTE 9 : CURRENT TAX ASSET		
Current tax refundable	-	13,466
NOTE 10 : RECEIVABLES AND PREPAYMENTS		
Commission receivable	76,596	70,070
Debtors & Prepaid Expenses	42,419	47,973
	119,015	118,043
NOTE 11 : DEFERRED TAX ASSET		
Opening balance	7,626	7,552
Recognition of provisions	1,722	74
Closing balance	9,348	7,626

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 12 : PLANT AND EQUIPMENT		
<i>Furniture and fittings</i>		
At cost	161,450	155,644
Accumulated depreciation	<u>(93,913)</u>	<u>(83,943)</u>
Total furniture and fittings	<u>67,537</u>	<u>71,701</u>
 Total plant and equipment	 <u>67,537</u>	 <u>71,701</u>
 <i>Movements in carrying amounts</i>		
Movement in the carrying amounts for each class of plant and equipment		
<i>Furniture and fittings</i>		
Balance at 1 July	71,701	76,564
Additions	5,806	5,382
Depreciation expense	<u>(9,970)</u>	<u>(10,245)</u>
Balance at 30 June	<u>67,537</u>	<u>71,701</u>
 NOTE 13 : INTANGIBLE ASSETS		
<i>Franchise Fee</i>		
At cost	10,000	10,000
Accumulated amortisation	<u>(2,167)</u>	<u>(167)</u>
	<u>7,833</u>	<u>9,833</u>
	1(f)	
 NOTE 14 : PAYABLES		
Trade payables	<u>33,764</u>	<u>37,951</u>
 NOTE 15 : FINANCIAL LIABILITIES		
Current		
Secured loans	<u>-</u>	<u>3,140</u>
 The loan was secured on the furniture and fittings for which the loan was incurred.		
 NOTE 16 : CURRENT TAX LIABILITY		
Current tax payable	<u>22,960</u>	<u>-</u>

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
NOTE 17 : PROVISIONS		
<i>Provision for Employee Benefits</i>		
Balance as at 1 July	25,422	25,173
Additional provisions	5,742	249
Balance as at 30 June	<u>31,164</u>	<u>25,422</u>
Analysis of Total Provisions		
Current	16,349	22,122
Non current	<u>14,815</u>	<u>3,300</u>
	<u>31,164</u>	<u>25,422</u>
 NOTE 18 : SHARE CAPITAL		
477,560 (2006: 477,560) fully paid ordinary shares	<u>473,010</u>	<u>473,010</u>
 NOTE 19 : CASH FLOW INFORMATION		
<i>Reconciliation of Cash Flow from Operations with Profit for the year</i>		
Profit for the year (after income tax)	192,202	117,994
Non cash flows in profit		
Depreciation	9,970	10,245
Amortisation	2,000	8,798
Changes in assets and liabilities		
(Increase)/ decrease in receivables	(6,526)	(12,108)
(Increase)/ decrease in prepayments	5,554	(30,125)
(Increase)/ decrease in tax assets	34,057	(13,466)
(Increase)/ decrease in deferred tax assets	(1,722)	(74)
Increase/ (decrease) in payables	(1,818)	12,311
Increase/ (decrease) in provisions	5,742	(17,616)
Net cashflows from operating activities	<u>239,459</u>	<u>75,959</u>
 NOTE 20 : CAPITAL AND LEASING COMMITMENTS		
a. Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
not later than 12 months	50,895	49,484
between 12 months and five years	<u>147,817</u>	<u>198,712</u>
	<u>198,712</u>	<u>248,196</u>
 b. Capital Expenditure Commitments		
There were no capital commitments as at 30 June 2007.		

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2007	2006
\$	\$

NOTE 21 : CONTINGENT LIABILITIES

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

NOTE 22 : 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 in Victoria.

NOTE 23 : RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Mr G P Norman, a Director of the company supplied accountancy services during the year \$Nil. (2006: \$10,340)

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.

NOTE 24 : EVENTS AFTER THE BALANCE SHEET DATE

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

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 25: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The company does not have any derivative instruments at 30 June 2007

i. Treasury Risk Management

A finance committee consisting of senior committee members meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Price Risk

The company is not exposed to any material commodity price risk.

b. Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Non-interest bearing		Floating interest rate		Fixed interest rate maturing within 1 year	
	2007	2006	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$	\$	\$
FINANCIAL ASSETS								
Cash at bank and on hand	4.50%	4.50%	-	-	12,103	21,258	-	-
Term deposits at bank	6.20%	5.67%	-	-	564,093	372,182	-	-
Receivables	0.00%	0.00%	76,596	70,070	-	-	-	-
Total financial assets			76,596	70,070	576,196	393,440	-	-
FINANCIAL LIABILITIES								
Payables	0.00%	0.00%	33,764	37,951	-	-	-	-
Secured loans	0.00%	0.00%	-	3,140	-	-	-	-
Total financial liabilities			33,764	41,091	-	-	-	-

EAST IVANHOE COMMUNITY CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 25: FINANCIAL RISK MANAGEMENT (*cont'd*)

c. Net Fair Values

Net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the Notes to the financial statements.

NOTE 26: 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:

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