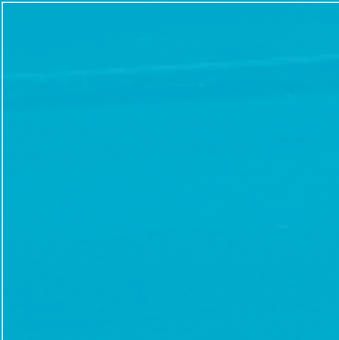


East Ivanhoe Community
Corporation Limited
ABN 62 095 312 744

East Ivanhoe Community Bank Branch Bendigo Bank



2007 annual report

East Ivanhoe
Community Bank Branch **Bendigo Bank**



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Chairman's report

For year ending 30 June 2007

It is with pleasure that I present this seventh Annual Report to shareholders.

Our vision

Our vision is to be a key element in the success of our community's development, sustainability and prosperity. We will provide a level of service and community involvement which has people wondering why they're not banking with East Ivanhoe **Community Bank**® Branch.

Our mission

Our mission is:

- to grow a sound and profitable banking facility for the East Ivanhoe and surrounding communities;
- to provide value for our shareholders, staff, customers and the community; and
- to support community programs and groups in providing key benefits to their communities.

Current position

I proudly announce to you the 2007 year profit as \$274,473 before income tax. This is an improvement on last year's profit before tax of \$174,962.

This profit does not include the allocation of \$130,000 for our community grant scheme to the Community Enterprise Foundation and local sponsorships.

The number of accounts operated at the branch has grown from 4,600 to 5,000 in the last 12 months and the value of our banking book has increased from \$93 million to \$106 million.

The East Ivanhoe Community Corporation had a healthy retained earnings of \$219,032 at 30 June. Given similar economic conditions, alongside a continuation of this steady growth, we are confident our success will continue over the next 12 month period.

Management and staff

Branch Manager Noel Donnelly, Customer Service Supervisor Julie Bullen, Customer Relations Officer Jo-Ann Downey and Customer Service Officers Debbie, Sylvia, Amy, Kerryn and Nita are a highly experienced team. They are critical players in the successful results that we are enjoying. They are our windows to the community, providing excellent service to our valuable customer base. The Board appreciates their energy and enthusiasm, and their strong commitment to our Company Vision and Values.

Chairman's report continued

Business initiatives and development

In December 2006, the Board updated our business plan. Key initiatives were created giving the Board members strategic focus to grow and develop our six-year-old business. Board members continue to actively seek opportunities to promote our business in the community. I urge you as shareholders to assist your Board in this role.

One important task this year has been for the Board to renew the Company Franchise Agreement with Bendigo Bank. We are fortunate to have a legal practitioner on our Board who, along with outside legal advice, is guiding the Board through this process. The renewal of the Franchise Agreement is currently in the final stages and we anticipate signing soon. This will take the Franchise Agreement through for a further 15 years to 2021.

Community contributions

During this 12 month period, East Ivanhoe **Community Bank**® Branch of Bendigo Bank has supported the community with a figure of \$100,890. This has included:

- \$30,400 to sponsorship and donations
- \$70,490 towards grants to 11 different local not-for-profit organisations.

It is natural that the process of sponsorships, donations and grants will lead to building a healthier business as the return on this investment into our community is realised. Our aim is to maximise this return on our community investment.

Shareholders

Thank you for your support. You are ambassadors of our **Community Bank**® branch and the tangible benefits it brings to the community. We want you to help us spread the word and support the bank branch that supports your community.

Proudly, the Board of Directors has announced a dividend of 13c per share fully franked for 2007. This is an increase from 10c fully franked in 2006. We remind you that trading of our shares is on the open market at the Bendigo Stock Exchange.

The Board of Directors join me in encouraging those shareholders who are not yet banking with the East Ivanhoe **Community Bank**® Branch of Bendigo Bank to consider doing so.

Chairman's report continued

Board of Directors

This past year has seen numerous changes to Board personnel. Peter Verrocchi and Hans Heshusius have retired from the Board. Three new Board members - Cameron Bragg, John Nelson and Katy Richmond - have been welcomed while Deb Edgely, a current Board member, is on 12 months leave of absence.

This year has seen change to Board positions with me stepping into Graham Norman's position as Chairman. Graham has remained as Treasurer and Deputy Chairman, with John Nelson taking the Company Secretary's role.

All Board members equally share positions on the following sub-committees - Human Resources, Audit and Governance, Marketing and Sponsorship, Grants and Business Development.

Being new into the role of Chairman, I am grateful for the support of Deputy Chairman Graham Norman along with all Board members. All Board members contribute generously and voluntarily of their time. Together we embrace the philosophy of community banking and work co-operatively toward achieving our goals.

I look forward to our Annual General Meeting with shareholders on Tuesday 13 November 2007.



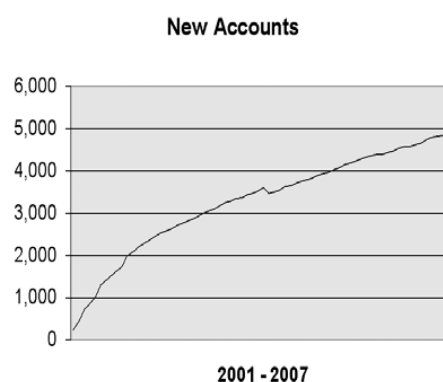
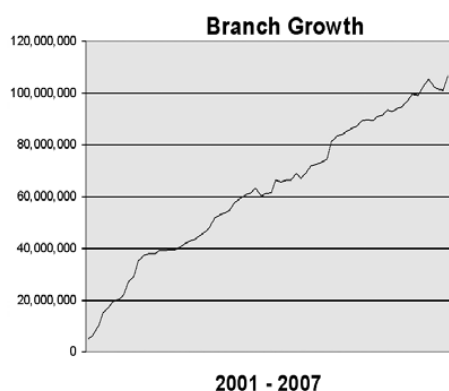
Nancy L Caple

Chairman

Manager's report

For year ending 30 June 2007

We celebrated our sixth birthday in May this year and our results show 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 \$13 million to around \$106 million. Our account numbers also continue to grow, increasing by 400 to over 5,000.



As we continue to grow and we tell and re-tell our community story, 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 our local community. The more we grow, the more support our local community receives.

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

Noel Donnelly
Branch Manager

Bendigo Bank Ltd report

For year ending 30 June 2007

As we approach the 10th anniversary of the **Community Bank®** network it is timely to reflect on what has been achieved. The opening of the first **Community Bank®** branches in Victoria's Wimmera in 1998 changed the Australian banking landscape – how significant this change has been is only now starting to become obvious.

Today, the **Community Bank®** brand is represented in every State and Territory of Australia, with the final frontier, the Northern Territory, falling with the opening of Coolalinga **Community Bank®** Branch in September 2006. Nine months later we were celebrating the opening of our 200th **Community Bank®** Branch in the Victorian seaside community of Dromana.

When you take the time to list them, the official statistics are impressive:

- \$10 billion in combined banking business
- \$10 million in grants to community groups and projects
- \$7 million in dividends paid to shareholders
- 1000 **Community Bank®** branch staff

But perhaps what has been most significant during 2007 have been merger talks. Bendigo rejected a merger proposal from Bank of Queensland in April. Less than four months later, Bendigo Bank's Board unanimously supported a merger proposal with Adelaide Bank. The merger will be voted on by Adelaide Bank shareholders in late-2007.

Under the merged group, our unique **Community Bank®** model will continue to grow and prosper, and new Company-owned and **Community Bank®** branches will continue to open.

The Bendigo Bank brand will be retained, customers' accounts will not change and the same friendly faces will be at your local branch to provide for your banking needs. As a **Community Bank®** shareholder, you will notice no changes – you remain a shareholder of your local community Company.

Nationally, the merger will increase Bendigo Bank's network, delivering our customers access to 24 branches in South Australia and 90 ATMs. Over time, new products and services will follow.

Bendigo Bank participates in the development of community banking with an enormous sense of pride. We are indeed fortunate to be your partner and look forward to celebrating 10 years of community banking in 2008.



Russell Jenkins

Chief General Manager Retail & Distribution

Directors' report

For year ending 30 June 2007

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

Directors and 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 Gabrielle E Reardon

Teacher

Mr Alexander A Harris

Building Contractor

Mr Hans Heshusius

Retailer

Resigned: 28 August 2006

Mr Pasquale Verrocchi

Builders Labourer

Resigned: 22 January 2007

Mr John K Nelson

Accountant

Appointed: 28 May 2007

Ms Catherine Richmond

Lecturer

Appointed: 30 April 2007

Mrs Nancy L Caple

Retailer

Mrs Evelyn Stagg

Teacher

Mr Peter Moloney

Barrister

Mrs Jennifer M Grayling

General Manager

Resigned: 30 April 2007

Mrs Deborah J Edgley

Home Duties

Appointed: 24 July 2006

Mr Cameron D Bragg

Manager

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.

Directors' report continued

Operating results

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

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' report continued

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.

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.

Directors' report continued

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:

- (a) 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).
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and

Directors' report continued

(d) Monthly Director meetings to discuss performance and strategic plans.

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 3 September 2007.

Auditor's independence declaration



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

Financial statements

Income statement

For year ending 30 June 2007

	Note	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	(370,301)	(353,207)
Profit before income tax		274,473	174,962
Income tax expense	4	(82,271)	(56,968)
Profit for the year		192,202	117,994
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.

Financial statements continued

Balance sheet

As at 30 June 2007

	Note	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		695,212	524,949
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		84,718	89,160
Total assets		779,930	614,109
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		73,073	63,213
Non current liabilities			
Provisions	17	14,815	3,300
Total non current liabilities		14,815	3,300
Total liabilities		87,888	66,513
Net assts		692,042	547,596
Equity			
Share capital	18	473,010	473,010
Retained earnings		219,032	74,586
Total equity		692,042	547,596

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2007

	Note	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		473,010	74,586	547,596
Profit for the year		-	192,202	192,202
Dividends paid or provided for	7	-	(47,756)	(47,756)
Balance as at 30 June 2007		473,010	219,032	692,042

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2007

	Note	2007 \$	2006 \$
Cash flows 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	239,459	75,959
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		(5,806)	(15,382)
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		(50,896)	(44,616)
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	576,197	393,440

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 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 Australia.

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.

Notes to financial statements continued

Note 1: Statement of significant accounting policies (continued)

Accounting policies (continued)

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.

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:

Class of fixed asset	Depreciation rate
Computers	15-50%
Plant & equipment	10-25%

Notes to financial statements continued

Note 1: Statement of significant accounting policies (continued)

e. Plant and equipment (continued)

Depreciation (continued)

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 Director's estimate of the recoverable amount of the cash-generating unit to which the asset belongs.

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.

Notes to financial statements continued

Note 1: Statement of significant accounting policies (continued)

h. Provisions (continued)

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.

Notes to financial statements continued

	2007	2006
	\$	\$

Note 2. Revenue

Operating activities

Services commissions	925,121	790,995
Total revenue from operating activities	925,121	790,995

Non-operating activities:

Interest received	31,768	25,943
Total revenue from non-operating activities	31,768	25,943
Total revenue	956,889	816,938

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
	300,145	269,726

Depreciation of plant and equipment	9,970	10,245
Amortisation of intangibles	2,000	8,798
	11,970	19,043

Finance expenses

Interest paid	-	-
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Notes to financial statements continued

	2007 \$	2006 \$
Note 3. Profit before income tax (continued)		
Administration and other expenses		
Auditors remuneration		
- audit or review of financial 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
	370,301	353,207

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%
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Notes to financial statements continued

	2007	2006
	\$	\$

Note 5. Key management personnel compensation

Branch Manager

Short term benefits

Salary and fees	53,909	53,157
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Post employment benefits

Superannuation	46,064	25,100
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Others

Total compensation	99,973	78,257
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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
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Weighted average number of ordinary shares for basic and diluted earnings per share	477,560	477,560
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Note 7. Dividends

a. Dividends paid during the year

Prior year proposed final

Franked dividend - 10 cents (2006: 10 cents) per share	47,756	47,756
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b. Dividends proposed and not recognised as a liability

Franked dividend - 13 cents (2006: 10 cents) per share	62,083	47,756
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Notes to financial statements continued

	Note	2007 \$	2006 \$
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Note 7. Dividends (continued)

c. Franking credit balance

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
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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	4	74
Closing balance	9,348	7,626

Notes to financial statements continued

	Note	2007 \$	2006 \$
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Note 12. Plant and equipment

Furniture and fittings

At cost		161,450	155,644
Accumulated depreciation		(93,913)	(83,943)
Total furniture and fittings		67,537	71,701
Total plant and equipment		67,537	71,701

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment

Furniture and fittings

Balance at 1 July		71,701	76,564
Additions		5,806	5,382
Disposals		-	-
Depreciation expense		(9,970)	(10,245)
Balance at 30 June		67,537	71,701

Note 13. Intangible assets

Franchise fee

At cost		10,000	10,000
Accumulated amortisation		(2,167)	(167)
	1(f)	7,833	9,833

Note 14. Payables

Trade payables		33,764	37,951
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Notes to financial statements continued

	2007	2006
	\$	\$

Note 15. Financial liabilities

Current

Secured loans	-	3,140
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The loan was secured on the furniture and fittings for which the loan was incurred.

Note 16. Current tax liability

Current tax payable	22,960	-
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Note 17. Provisions

Provision for employee benefits

Balance as at 1 July	25,422	25,173
Additional provisions	5,742	249
Balance as at 30 June	31,164	25,422

Analysis of total provisions

Current	16,349	22,122
Non current	14,815	3,300
	31,164	25,422

Note 18. Share capital

477,560 (2006: 477,560) fully paid ordinary shares	473,010	473,010
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Note 19. Cash flow information

Reconciliation of cash flow from operations with profit for the year

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

Notes to financial statements continued

	2007 \$	2006 \$
Note 19. Cash flow information (continued)		
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	239,459	75,959

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	147,817	198,712
	198,712	248,196

b. Capital expenditure commitments

There were no capital commitments as at 30 June 2007.

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.

Notes to financial statements continued

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.

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.

Notes to financial statements continued

Note 25. Financial risk management (continued)

ii. Financial risks (continued)

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	-	-	-	-

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.

Notes to financial statements continued

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

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 3 September 2007.

Independent audit report



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**
A.C.N. 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.

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.

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

Level 1, 123 Whitehorse Road Balwyn VIC 3103

Phone: +61 3 9817 0700 Facsimile: +61 3 9817 0799 E-mail: office@mc bainmccartin.com.au Web: www.mcbainmccartin.com.au

Independent audit report continued

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.

McBain McCartin & Co.

McBain McCartin & Co.
Audit and Assurance Services

David W McBain

David W McBain (FCA, CPA)
Partner

123 Whitehorse Rd
BALWYN VIC 3103

Dated this 25th day of September 2007

Sponsorship and grants 2006-07 year

Austin Health	Ivanhoe Neons Swimming Club
Banyule Festival 2007	Ivanhoe Reading Circle
Banyule Housing Support Group	Mary Immaculate Parish Primary School
Banyule Support & Information Centre	Mother of God Primary School
Eaglemont Tennis Club	Old Ivanhoe Grammarians Football Club
East Ivanhoe Bowling Club	Olympic Adult Education
East Ivanhoe Neighbourhood Watch	Open House Christian Involvement Centre
East Ivanhoe Preschool Centre	NMIT – Apprenticeship Awards
Endometriosis Association Victoria	Prostate Awareness Concert
Fairy Hills Kindergarten	Rosanna Golf Links Primary School
Heidelberg – East Ivanhoe Uniting Church	Rosebank Cricket Club
Heidelberg Historical Society	96.5 Inner North East Community Radio
Heidelberg School Art Foundation	
Heidelberg West Football Club	
Ivanhoe Art & Craft Show	

Total \$100,890



East Ivanhoe **Community Bank**[®] Branch
233-235 Lower Heidelberg Road, East Ivanhoe, VIC 3079
Phone: (03) 9497 5133 Fax: (03) 9497 5233

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, The Bendigo Centre, Bendigo, VIC 3550
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