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Chairman's report

For year ending 30 June 2006

I am very pleased to be able to present to the Shareholders the seventh Annual Report on behalf of the Board of Directors of the Bellarine Peninsula Community Branch Ltd.

The Board of Directors have had another busy year. I believe that our most exciting project in this year has been the grants program run in conjunction with the Community Enterprise Foundation which was capped off by the presentation of those grants at last year's annual general meeting in November.

The Community Enterprise Foundation is the charitable arm of Bendigo Bank Group. Having raised in excess of \$4.1 million in under its first year of operation the Foundation has provided community groups and charities with over \$1 million in support over the last six months. It has already distributed more than \$4 million to community groups, including administering the distribution of **Community Bank**® funds. Donations of \$2 and over to the Community Enterprise Foundation are tax deductible. The Foundation has the capacity to run specific appeals but more importantly will also create a pool of money that will be put to work to build stronger Australian communities through funding programs for families, youth, education, the environment, the arts and lots more.

Last year the following grants were made, totalling just under \$50,000:

- Portarlington Pre-School - \$6,000 to fund an air-conditioning and heating unit for the play room, office and consulting room
- Neighbourhood Watch Portarlington - \$3,110 to fund a flyer to educate home owners on ways to protect their property and encourage them to register on a police data base
- St. Leonard's Tennis Club - \$1,500 to fund the erection of a wind break/shade cloth at the courts
- Bellarine Community Health – Portarlington Community Garden - \$4,389 to establish a community garden at Ann Nichol House
- Portarlington Demon's Football and Netball Club Inc - \$6,000 to refurbish the kitchen
- Portarlington Community Association Inc - \$1,526 to purchase sound equipment, white board flip over chart stand and portable notebook stand
- Portarlington Girl Guides Support Group - \$4,700 to purchase 100 new chairs
- Portarlington Primary School - \$6,000 to establish a community garden
- St. Andrews Uniting Church - \$3,275 to fund the painting of the exterior and interior of the walls of the St Andrews Hall
- Church By The Bay – Christmas Carols - \$2,070 to improve and fund the annual Christmas Carols
- Indented Head Yacht Club - \$2,000 towards maintenance and operating costs of safety boats and dinghies for learn to sail classes

Chairman's report continued

- Portarlington Fire Brigade - \$2,000 to complete the fit out of the brigade's lighting and equipment trailer
- Rotary Club of Drysdale - \$6,000 to assist in the purchase and installation of an Adventure Playground

We have again been able to make a sizeable contribution to the Foundation for grants in the coming year, to again be presented at our annual meeting. Your bank branch is only able to make these wonderful grants to the local community with your continued support and I thank you.

This year we have been lucky to appoint three new Directors to the Board. During the year Steve Schulze resigned his position due to his own business commitments and we thank him for his hard work.

Stephen Wight, our Treasurer, took the step of taking on a Directorship. He will continue as Treasurer but now as a fully fledged Director.

We also appointed Gary Irving, local businessman in Portarlington, and Trevor Hockley, a well known local in St Leonards. Both have already been able to provide a great deal of input to the Board and I am sure will continue to prove invaluable as Directors.

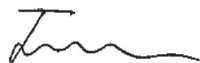
As you may be aware, we have also appointed a Loans Officer to the branch. Craig Taylor commenced working in the branch early in 2006 in the role as Loans Officer and we are sure that with his skills and experience, he will very soon be able to increase our lending capabilities.

In the last year there have been some fairly big changes within the **Community Bank**[®] structure of Bendigo Bank. Previously the **Community Bank**[®] branches were handled by a separate section within Bendigo Bank. Now we are part of the local region headed by Mr Pat Murnane. We believe that this change can only benefit the branch, giving us direct contact with all of the other local branches and the expertise of Pat Murnane and his team on a local level.

Lastly, on behalf of the Company I would like to thank:

- Our Manager Ian Faulkner, and his staff
- Bendigo Bank's **Community Bank**[®] Department personnel for their previous assistance
- Pat Murnane and his staff for their ongoing assistance and support
- The Board of Directors
- Our Treasurer Stephen Wight and D.E and M. Davidsons
- The Port Report and the Echo

And especially to our valued Shareholders and customers, who continue to enable our bank to grow and to now fulfill our goal of giving back to the community, our thanks and appreciation for your continued support.



Justine Finlay
Chairman

Manager's report

For year ending 30 June 2006

Another year has gone and it is pleasing to be able to report that strong support from the community continues, which has seen our total business as at 30 June 2006 at \$60.976 million. Total deposits were \$43.432 million and loans \$17.544 million.

This continued support enabled us to install our second ATM in December. This ATM is located at the bakery in St Leonards and is now providing a 24-hour service to the residents of St Leonards, as well as visitors to the town.

Apart from our Community Grants program, which is now in its second year, we have also continued to support the community with sponsorships during the year with over \$8,000 to various local clubs and organisations. Total funds returned to the community through the grants, sponsorship and dividends exceeded \$90,000 for the year.

Bendigo Bank

I acknowledge the support provided by Bendigo Bank Ltd and in particular the assistance from the regional office team in Geelong. All staff receive ongoing training from Bendigo Bank to ensure that we remain up to date with the full range of personal and business banking products and services.

Staff

We welcome Craig Taylor to our team as Loans Officer. This is a new position that will assist with our continued growth. Craig has many years' experience in banking and is able to assist both existing and new customers with all their loan requirements. I thank all our staff members, Leeanne, Kerry, Lisa and Mary for their ongoing professional and dedicated service throughout the year.

Board

I thank the Board for their continued support. The Directors all continue to volunteer their time to ensure the continued success of your **Community Bank®** branch. Despite their family and individual work commitments, they ensure that we are represented at all conferences for the **Community Bank®** branches. Attending these conferences enables them to learn the latest Bendigo Bank Group initiatives and workshop ideas for the future.

Shareholders and customers

Finally, thank you to our valued Shareholders and customers who have contributed to our solid growth over the years. With that ongoing support we will continue to grow and therefore our contribution to the community will increase.



Ian Faulkner

Manager

Bendigo Bank Ltd report

For year ending 30 June 2006

The Bank's **Community Bank**[®] program continues to expand rapidly across the nation, with the number of **Community Bank**[®] branches now approaching 200.

In the Geelong Region an additional **Community Bank**[®] branch has now been established at Anglesea, as well as Company owned branches at Queenscliff and Torquay.

The Geelong Region is also in the process of establishing a Community Enterprise[™], which is a community partnership like the Bank's Company Bank program, initially dealing in telecommunications products.

The Bank's client numbers in the Geelong Region continue to increase substantially. The Business Banking and Financial Planning arms of our business are growing in status in the market place, and will continue to do so with the excellent staff we have employed and trained in these areas. My congratulations to the Board and staff of the Bellarine Peninsula **Community Bank**[®] Branch for their excellent work during the year and the outstanding results achieved.



Pat Murnane
Regional Manager
South West Victoria

Treasurer's report

For year ending 30 June 2006

It is with pleasure that I am able to announce a four per cent increase in net profit after income tax expense for the Bellarine Peninsula Community Branch Limited for the 2006 year.

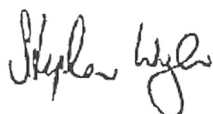
Fees and commissions generate the majority of the income of the branch and both were slightly under budget. Overall income was up by \$57,000 or 11 per cent on last year due to the continued growth in deposits and loans. Achievement of the result has been very much a team effort and I wish to thank Ian and his staff for their effort and professionalism over the past 12 months.

Expenditure was also up compared to 2005 reflecting the commitment of the branch towards sponsorship and support of the local community whilst continuing to provide banking services.

A new ATM began operation in January 2006 in the St Leonard's Region; it will be a challenge for the branch to continue to grow this ATM into a profitable operation.

In accordance with the policy adopted by the Board, a total of \$68,086 has been placed into the community grants program which is an increase of \$18,000 on that donated in 2005.

The branch also paid \$32,000 in dividends in the 2006 financial year compared with \$28,000 for the 2005 year. Basic earnings per share for the 2006 year was 21 cents compared with 20 cents for the 2005 year.



Stephen Wight

Treasurer

Directors' report

For year ending 30 June 2006

Your committee presents their report on the financial statements of the Company for the year ended June 30, 2006.

Directors

The following persons held office as Directors at any time during or since the end of the financial year:

F. J. Kelloway	R. J. Hynes
S. M. Thew	S. Schultz (Resigned Oct 05)
K. A. Woodhart	S. J. Wight (Appointed Feb 06)
J. P. Finlay	G. L. Irving (Appointed Mar 06)
R. R. Enders	T. R. Hockley (Appointed Mar 06)
J. Farrell	

Principle activities

The principle activities of the Company during the year related to the development of the **Community Bank®** branch with the support of Bendigo Bank Limited. No significant change in the nature of these activities occurred during the year.

Operating result

The net profit of the Company after providing for income tax was \$84,286.

Dividends

Dividends paid are as follows:

- Final ordinary dividend of \$0.08 per share paid on December 12, 2005, compared with the previous dividend of \$0.07 per share paid on November 30, 2004.

Review of operations

The Company continues to grow with assets under management now exceeding \$509,000. As a result the Company was able to achieve a profit in the current period.

Bellarine Peninsula Community Branch Limited remains listed on the Bendigo Stock Exchange after initially listing in February 2005.

Matters subsequent to the end of the financial year

At the date of this report no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Company; the results of those operations; or the state of affairs of the Company in future years.

Directors' report continued

Future development

The Directors are not aware of any specific development likely to have a significant effect on the operations of the Company or the expected results of those operations.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Director and Auditor indemnification

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 Officer or Auditor of the Company.

Share options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the date of this report.

Legal proceedings

No person had 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.

Information on Directors

The Directors responsible in office at the date of this report together with their qualifications, experience and special responsibilities are:

Justine P. Finlay LLB

- Chairman Board of Directors
- Past President Business & Professional Woman Geelong
- Solicitor in local practice
- Ocean Grove Resident

Frank J. Kelloway M.B.A., B.A., A.F.A.M.

- Manages consultancy business in Leadership Development & Communications
- Point Lonsdale resident

Russell R. Enders

- Managerial and Marketing experience
- Extensive Banking experience
- Ocean Grove resident

Robert J. Hynes

- Councillor with Rural City of Marong for six years, including one year Mayor.
- Member of Lions Club since 1994
- Resident of St. Leonards

Directors' report continued

Karen A. Woodhart

- Retail Bakery Operator
- Involvement in local community organisations
- Portarlinton resident
- Executive Member of Region 2, Division 2, Neighbourhood Watch

James Farrell

- Grew up in Ocean Grove
- Studying Law/Commerce at Deakin University
- Involved with a wide range of community organisations

Gary L. Irving

- Registered Electrical Contractor
- A Grade Electrician
- Certificate III in telecommunications
- 3 years in the building industry

Stephen M. Thew

- Certificate of Engineering,
- Certificate of Local Government Administration
- Engineering Design Management
- Portarlinton resident

Stephen J. Wight

- Chartered Accountant
- Registered Company Auditor
- Involvement in public and not for profit organisations

Trevor R. Hockley

- Strong Involvement in local community
- Retired from Hotel and Recycling Industries
- Treasurer of St Leonard's Golf Club
- St Leonard's resident

General Board Attendance

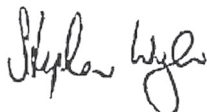
	No. Board meetings eligible to attend	No. attended
F. J. Kelloway	11	7
S. M. Thew	11	11
K. A. Woodhart	11	11
J. P. Finlay	11	9
R. R. Enders	11	10
J. Farrell	11	8
S. C. Schultz	3	0
R. J. Hynes	11	9
S. J. Wight	5	5
G. L. Irving	4	4
T. R. Hockley	4	3

Directors' report continued

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 27.

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



Stephen Wight

Director

Dated 8 September 2006

Financial statements

Income statement

For year ending 30 June 2006

	Note	2006 \$	2005 \$
Revenue from ordinary activities			
Revenue from ordinary activities	2	585,476	528,352
Expenses from ordinary activities			
Employee benefits		232,371	213,475
Information technology expenses		22,036	21,964
Depreciation and amortisation		4,279	11,657
Property expenses		33,658	30,331
Donations and sponsorship		71,595	53,156
Professional fees		22,127	15,391
Insurance		13,846	11,137
Administration expenses		36,209	29,816
Other expenses from ordinary activities		29,514	23,172
Total expenses from ordinary activities		465,636	410,099
Profit before income tax		119,840	118,253
Income tax expense	3	35,555	37,258
Profit/loss for the year	13	84,285	80,995

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

As at 30 June 2006

	Note	2006 \$	2005 \$
Assets			
Current assets			
Cash and cash equivalents	4	434,982	382,203
Receivables	5	47,957	42,326
Total current assets		482,939	424,529
Non-current assets			
Deferred tax assets	6	10,360	8,798
Property, plant & equipment	7	9,641	4,240
Intangible assets	8	6,673	8,667
Total non-current assets		26,674	21,705
Total assets		509,613	446,234
Liabilities			
Current liabilities			
Payables	9	24,419	18,741
Short-term provisions	10	32,786	24,354
Current tax liabilities	11	10,678	12,497
Total current liabilities		67,883	55,592
Non-current liabilities			
Long-term provisions	10	3,729	4,926
Total non-current liabilities		3,729	4,926
Total liabilities		71,612	60,518
Net assets		438,001	385,716
Equity			
Contributed equity	12a	400,000	400,000
Retained earnings		38,001	(14,284)
Total equity		438,001	385,716

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2006

	Note	Contributed capital \$	Retained earnings \$	Total \$
Balance at 01.07.2004	12a	400,000	(67,280)	332,720
Profit/(loss) for the year	13	-	80,995	80,995
Dividends paid or provided for		-	(28,000)	(28,000)
Balance at 30.06.2005		400,000	(14,285)	385,715
Profit for the year		-	84,285	84,285
Dividends paid or provided for		-	(32,000)	(32,000)
Balance at 30.06.2006		400,000	38,000	438,000

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2006

	Note	2006 \$	2005 \$
Cash flows from operating activities			
Receipts			
Receipts from customers		557,965	497,938
Interest		21,880	18,082
Payments			
Employee benefits		(225,136)	(203,030)
Tax paid		(38,936)	(39,330)
Other		(223,308)	(191,077)
Net cash flows from operating activities	13	92,465	82,583
Cash flows from investing activities			
Purchase of plant & equipment		(7,686)	-
Purchase of intangible assets		-	(10,000)
Net cash flows from investing activities		(7,686)	(10,000)
Cash flows from financing activities			
Dividends paid		(32,000)	(28,000)
		(32,000)	(28,000)
Net increase/decrease in cash held		52,779	44,583
Cash at 1 July		382,203	337,620
Cash at 30 June	4	434,982	382,203

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2006

Note 1: Statement of accounting policies

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

The financial report covers Bellarine Peninsula Community Branch Ltd. as an individual parent entity which is incorporated and domiciled in Australia. The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

The 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.

(a) Rounding

All amounts shown in the Financial Statements are expressed to the nearest dollar.

(b) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

Collectability of debts is reviewed on an ongoing basis. The Directors believe that the full amount of debt is recoverable, and no doubtful debt provision has been made at 30 June 2006.

(c) Plant and equipment

Plant and equipment are brought to account at cost or at independent or Directors' valuation less, where applicable, any accumulated depreciation or amortisation. 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 which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated over their useful lives commencing from the time the asset is held ready for use.

A summary of the depreciation method and depreciation rates for each class of attached is as follows.

Class of asset	2006	2005
Furniture & fittings	18.75-25%	18.75-25%
Plant & equipment	18.75-25%	18.75-25%
Leasehold improvements	20-25%	20-25%

Notes to financial statements continued

Note 1: Statement of accounting policies continued

(d) Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The normal credit terms are Nett 30 days.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of GST except for receivables and payables which are stated with the amount of GST included and except where the amount of GST incurred is not recoverable, in which case GST is recognised as part of the cost of acquisition of an asset or part of an item of expense or revenue. GST receivable from and payable to the Australian Taxation Office (ATO) is included in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the statement of cash flows in accordance with Accounting Standard AASB 107.

(f) Income tax

The change for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively 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, excluding a business combination, 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 economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Finance leases are capitalised, recording as asset value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the interest expense for the period.

Notes to financial statements continued

Note 1: Statement of accounting policies continued

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

(h) 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.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(i) Revenue recognition

Revenue is recognised in accordance with AASB 118. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

(j) Comparative information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

(k) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

l) Impact of adoption of AIFRS

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations, and effective for accounting periods commencing 1 July 2005. The adoption of these new accounting standards has resulted in changes to the accounting policies that affected the amounts reported for the current or prior year.

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 July 2005 have been assessed by the Company and results in no material difference requiring comparative data to be re-stated.

Notes to financial statements continued

	2006	2005
	\$	\$
Note 2: Revenue		
Revenue from operating activities		
Services revenue	563,596	510,270
Interest-other persons	21,880	18,082
Total revenue from ordinary activities	585,476	528,352

Note 3: Income tax expense

a) The components of tax expense comprise:

Current tax	40,117	40,417
Deferred tax	(1,562)	(3,159)
Over provision in respect of prior years	(3,000)	-
	35,555	37,258

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

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)	35,952	35,476
Add		
Tax effect of:		
non-deductible depreciation and amortisation	598	1,435
other non-allowable items	2,005	347
	38,555	37,258
Less		
Tax effect of:		
over provision of tax in prior years	3,000	-
Income tax expense	35,555	37,258
Weighted average tax effective rate	29.67%	31.50%

Notes to financial statements continued

	2006	2005
	\$	\$

Note 4: Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to insignificant risk of change in value.

Cash at bank	53,843	31,118
Short term deposits	381,139	351,085
	434,982	382,203

Note 5: Receivables

	47,957	42,326
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Note 6: Deferred tax assets

Deferred tax assets comprise:

Provisions	10,955	8,784
Other	(595)	14
	10,360	8,798

Note 7: Property, plant & equipment

At cost

Furniture and fittings	14,964	7,278
Less accumulated depreciation	(5,323)	(3,038)
Total plant & equipment	9,641	4,240

Reconciliations of the carrying amounts of each class of land, buildings and plant & equipment at the beginning and end of the current financial year is set out below.

Notes to financial statements continued

	Furniture & fittings \$	Total \$
Note 7: Property, plant & equipment continued		
Balance at 1 July 2004	11,079	11,079
Additions	-	-
Disposals at WDV	-	-
Depreciation expense	(6,839)	(6,839)
Balance at 30 June 2005	4,240	4,240
Additions	7,686	7,686
Disposals at WDV	-	-
Depreciation expense	(2,285)	(2,285)
Balance at 30 June 2006	9,641	9,641

	2006 \$	2005 \$
Note 8: Intangible assets		
Non-current		
Franchise licence fee	10,000	10,000
Less accumulated amortisation	(3,327)	(1,333)
	6,673	8,667

Note 9: Payables

Current		
Trade creditors	4,050	-
Accrued expenses	20,369	18,741
	24,419	18,741

Notes to financial statements continued

	2006 \$	2005 \$
Note 10: Provisions		
Current		
Long service leave	3,764	-
Annual leave	29,022	24,354
Total	32,786	24,354
Non-current		
Long service leave	3,729	4,926
Total provisions	36,515	29,280

Note 11: Tax liabilities

Current

Income tax	10,678	12,497
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Note 12: Contributed equity

(a) contributed equity

400,000 (2005: 400,000) ordinary shares fully paid	400,000	400,000
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Note 13: Reconciliation of net result for the year to net cash flows from operating activities

Profit after income tax	84,285	80,996
Non-cash flows in profit		
Depreciation and amortisation	4,279	11,656
Changes in assets and liabilities		
Increase/(decrease) in employee entitlements	7,235	10,445
Increase/(decrease) in payables	5,678	(6,110)
Increase/(decrease) in income tax payable	(3,381)	(2,072)
Decrease/(increase) in receivables	(5,631)	(12,332)
Net cash from operating activities	92,465	82,583

Notes to financial statements continued

Note 14: Financial instruments

(A) Interest rate exposure

The Service's exposure to interest rate risk and effective weighted average interest rate by maturity periods is set out in the following timetable. For interest rates applicable to each class of liability refer to the individual notes in the financial statements. Exposure arises predominantly from assets and liabilities bearing variable interest rates.

	Fixed interest rate maturing					Non interest bearing \$	Total 2006 \$	Total 2005 \$
	Floating interest rate \$	1 year or less \$	1 to 2 years \$	Over 5 years \$				
Financial assets								
Cash	434,982	-	-	-	-	434,982	382,203	
Receivables	-	-	-	-	47,957	47,957	42,326	
Total financial assets	434,982	-	-	-	47,957	482,939	424,529	
Financial liabilities								
Payables	-	-	-	-	24,419	24,419	18,701	
Tax liabilities	-	-	-	-	10,678	10,678	12,497	
Total financial liabilities	-	-	-	-	35,097	35,097	31,198	
Net financial asset/liabilities	434,982	-	-	-	12,860	447,842	393,331	
						2006	2005	
Weighted average interest rate								
Financial assets								
Cash						4.10%	4.07%	
Receivables						0.00%	0.00%	
Other financial assets						0.00%	0.00%	
Financial liabilities								
Payables						0.00%	0.00%	
Other financial liabilities						0.00%	0.00%	
Interest bearing liabilities						0.00%	0.00%	

Notes to financial statements continued

Note 14: Financial instruments continued

b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to meet their obligations under the respective contracts at maturity. The credit risk on financial assets of the Company which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts. The Company is not materially exposed to any individual debtor.

c) Net fair values of financial assets and liabilities

The net fair value of on-balance sheet financial assets and liabilities are not materially different to the carrying value of the financial assets and liabilities.

Note 15: Capital and leasing commitments

There are no known capital commitments for Bellarine Peninsula Community Branch Ltd.

Note 16: Segment reporting

Industry segments

Bellarine Peninsula Community Branch Ltd's only industry segment is the provision of branch banking services.

Geographical segment

Bellarine Peninsula Community Branch Ltd operates predominantly in Portarlington, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operation in Portarlington.

Note 17: Related party transactions

a) The names of Directors whom have held office during the financial year are:

F. J. Kelloway	R. J. Hynes
S. M. Thew	S. C. Schultz (Resigned 01/10/05)
K. A. Woodhart	S. J. Wight (Appointed 13/02/06)
J. P. Finlay	G. L. Irving (Appointed 01/03/06)
R. R. Enders	T. R. Hockley (Appointed 01/03/06)
J. Farrell	

Notes to financial statements continued

	2006	2005
	\$	\$
Note 17: Related party transactions continued		
b) Income paid or payable to all Directors	-	-

Note 18: Contingent assets and contingent liabilities

The are no known contingent assets or contingent liabilities for the Company

Note 19: Events occurring after reporting date

Since 30 June 2006 no matter or circumstance has arisen which had significantly affected or which may significantly affect the operations of the organisation or of a related entity

Note 20: Auditors remuneration

Remuneration of the Auditor of the Company for:

- Auditing or reviewing the financial report	6,700	4,800
	6,700	4,800

Note 21: Earnings/(loss) per share

a) Basic earnings per share (cents per share)	0.21	0.20
b) Diluted earnings per share (cents per share)	0.21	0.20

Note 22: Dividends

2004 Final dividend Franked at 7 cents per share		(28,000)
2005 Final Dividend Franked at 8 cents per share	32,000	

Directors' declaration

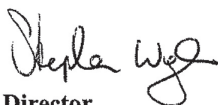
DIRECTOR'S DECLARATION FOR THE YEAR ENDING 30 JUNE 2006

The Director of the Bellarine Peninsula Community Branch Limited declare that:

1. The financial statements and notes, as set out on pages 1 to 10 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June, 2006 and performance for the year ended on that date of the Company.

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.

This declaration is made in accordance with a resolution of the Board of Directors:



Director

Dated this 8th day of September, 2006

Independent audit report



INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
BELLARINE PENINSULA COMMUNITY BRANCH LIMITED

Scope

We have audited the financial report of Bellarine Peninsula Community Branch Limited for the financial year ended 30 June 2006 as set out on the attached pages. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

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

Audit Opinion

In our opinion, the financial report of Bellarine Peninsula Community Branch Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements in Australia.

LBW CHARTERED ACCOUNTANTS

PETER ALLEN LANDERS
PARTNER

Dated: 31st August 2006

GEE LONG
Level 4, 83 Moorabool Street,
Geelong, 3220
P (03) 5221 6111
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MELBOURNE
Level 3, 365 Lt Collins Street,
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P.O. Box 4115,
Geelong Vic, 3220.

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WEBSITE
www.lbwaccountants.com.au

Auditor's independence declaration



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BELLARINE PENINSULA COMMUNITY BRANCH LTD

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

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

LBW CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read 'Peter Landers', written over the printed name.

Peter Landers

Partner

31st August 2006

GEELONG

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BSX report

Additional information requested by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as of 30th September 2006.

1. Distribution of equity securities

The number of Shareholders by size of holding are

1 – 1,000	132
1,001 – 5,000	60
5,001 – 10,000	14
10,001 – 50,000	1

2. Ten largest shareholdings

The names of the ten largest Shareholders of quoted shares are:

Miss Alice Patricia Stroud	20,000
Mr. Peter Wolfenden	10,000
Impact Insurance Superannuation Fund Pty Ltd	10,000
Mrs. Lynette Maree Elliott	10,000
Dej Investments Pty Ltd	10,000
David Lewis Investment Pty Ltd (asf)	
Lewis Family Super Fund	10,000
Davis Lewis Investment Pty Ltd	10,000
Mr. John Barry Carew	10,000
Mrs. Annie Carew	10,000
Margaret Ann Batty	10,000

3. Voting Rights

Each Shareholder has one vote.

4. Corporate governance

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

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

BSX report continued

Composition of the Board

The composition of the Board is determined in accordance with the following principals and guidelines:

- The Board shall comprise at least three Directors and a maximum of 11
- The Board shall meet regularly and follow meeting guidelines set down to ensure all Directors are made aware of and have available all information, to participate in an informed discussion of all agenda items.
- All Directors should attend a minimum of 75% of eligible meetings.

The Directors who held office at the date of this statement are:

Name	Position
Justine Paige Finlay	Chairman
Karen Ann Woodhart	Secretary
Russell Robert Enders	Director
Robert John Hynes	Deputy Chairman
Stephen Matthew Thew	Director
Francis Joseph Kelloway	Director
James Farrell	Director
Steven Charles Schultze	Director (Retired March 06)
Stephen John Wight	Treasurer (Commenced Feb 06)
Gary Lenard Irving	Director (Commenced March 06)
Trevor Richard Hockley	Director (Commenced March 06)

Board responsibilities

The Board acts on behalf of and is responsible to the Shareholders, the Board seeks to identify the expectations of Shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The Board is responsible for ensuring that management's objectives are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- Board approval of a Business Plan and Marketing Strategy, which encompasses the entity's vision, mission and value statements, designed to meet stakeholders needs and manage risk;
- The Business Plan is a dynamic document and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;

BSX report continued

- Implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes.

Monitoring of the Boards performance and communication to Shareholders

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

The Board of Directors aims to ensure that the Shareholders on behalf of whom they act are informed of all information necessary to assess the performance of the Directors. Information is communicated to the Shareholders through:

- The Annual Report which is distributed to all Shareholders;
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

5. Name of Company Secretary

Karen Ann Woodhart.

6. Address and telephone number of registered office

44 Newcombe St,
Portarlinton, VIC 3223

Phone: (03) 5259 3266

Fax: (03) 5259 3277

7. Address and telephone number of office at which securities register is kept

44 Newcombe St,
Portarlinton, VIC 3223

Phone: (03) 5259 3266

8. Trading history

Trading History for the year ended the 30th June 2006 for the Bellarine Peninsula Community Branch Limited is available on the BSX website at www.bsx.com.au

BSX report continued

Our Purpose, vision and mission

Purpose

To offer a full range of banking services to, and for the benefit of, the Bellarine Peninsula community.

Mission

- Provide quality franchised banking services to its customers
- Return a fair and equitable dividend to its Shareholders
- Maintain a broad based ownership from the local community; ensuring the share transactions are conducted in a responsible, transparent, legal and ethical manner
- Maintain broad professional and community representation on the Board of Directors
- Provide a satisfying and rewarding workplace for staff who will be recruited for their professional skills and willingness to embrace the **Community Bank**[®] concept
- Support local community projects.

Vision

- Over the next three to five years the bank will continue to expand its services over a broad target area, to ensure that it meets the banking needs of the Bellarine Peninsula community
- It will have a strong, professional and representative Board of Directors which will be responsive to the needs of its Shareholders, customers, staff and the wider Bellarine Peninsula community.
- The Company will have a strong financial position, be profitable, commercially based and committed to the community. As a leading corporate citizen it will offer leadership and support in the fields of economic, social, environmental and cultural community projects and initiatives.
- The Bellarine Peninsula **Community Bank**[®] Community Project Fund will retain profit distributions set aside for community projects. Distribution of these funds will be through specific guidelines and a transparent process of application, adjudication and administration.

