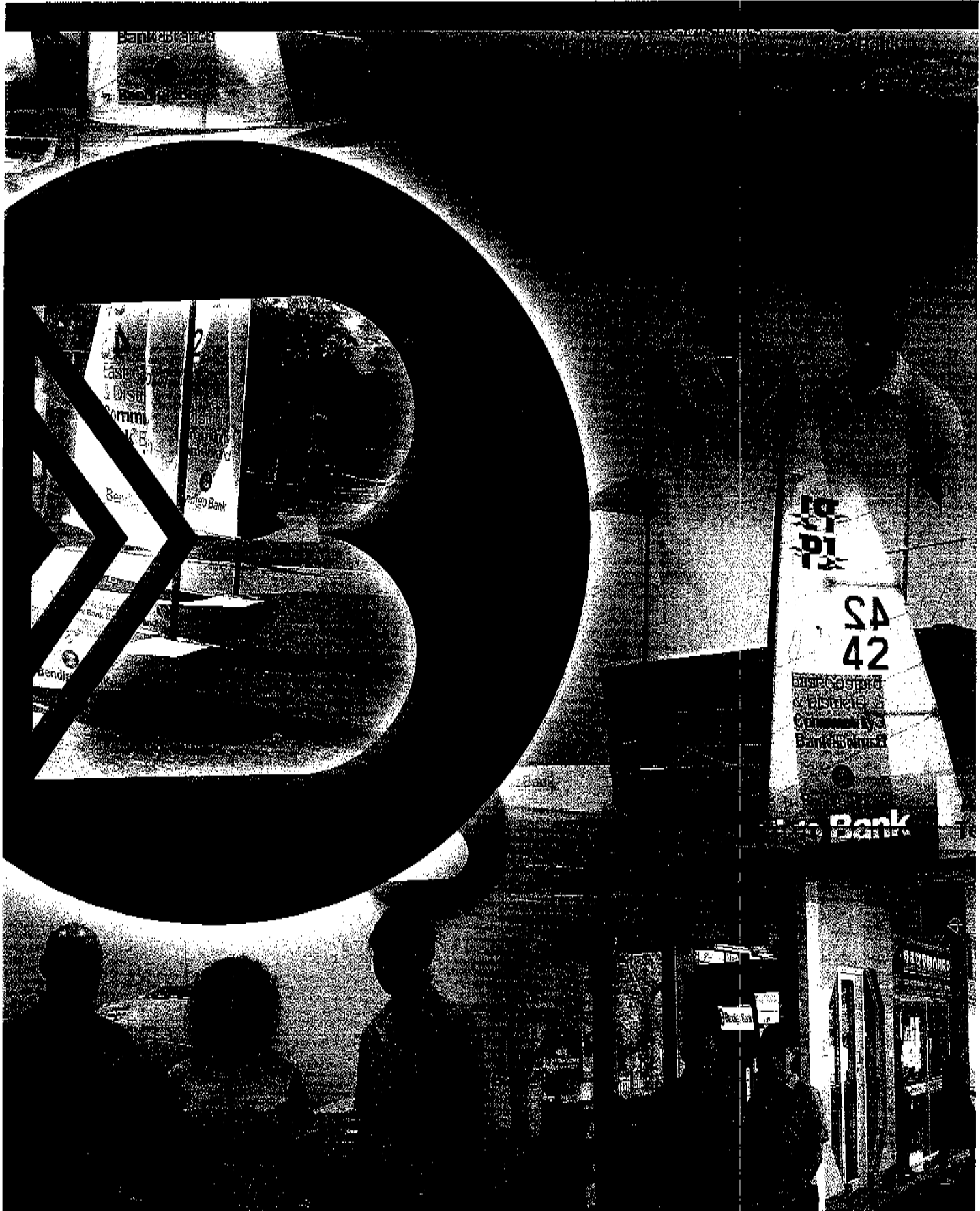


EAST GOSFORD & DISTRICTS FINANCIAL SERVICES LTD 5TH ANNUAL REPORT

East Gosford



Chairmans Report

As your Chairman it gives me much pleasure in presenting my second annual report on the affairs of your company, now in its sixth year of operation. It's hard to imagine when we opened the East Gosford Branch on 5th August 2000 we were number 26 in the Community Bank® network and now there are 160 Community Banks® throughout Australia. We were also the second Community Bank® to open in N.S.W. It gives me a sense of pride and achievement to be part of one of the most successful Community Bank® Branches in N.S.W. and indeed in Australia. We have grown from one branch with a staff of 6 back in August 2000 to two branches with a staff of 14.

Both East Gosford and Lisarow branches continue to perform strongly with combined banking business of \$94 million, which represents an increase of \$12 million over the previous year. Our trading result for the last financial year, after provision for income tax was a net profit of \$60,658 (2004: \$30,470) which represents a 99% increase over the previous year. Revenue increased from \$795,961 in 2004 to \$1.013 million for 2005, which represents a 27% increase.

As stated in my previous newsletter on 4th February 2005 our company listed on the Bendigo Stock Exchange (BSX) and we were the first of the N.S.W. based Community Bank® companies to list. Transactions on the BSX can be made through your local broker ABN AMRO Morgans phone 43517511.

Our sponsorships have increased from 14 in 2004 to 20 in 2005 and they include sporting clubs and charitable organisations. The two major sponsorships are the purchase of training sailing boats for the Gosford Sailing Club and a contribution to Fairhaven Services to provide accommodation for people with a disability. Since the branch's inception five years ago, \$43,000 in branch profits had been channeled back into community projects.

We are continuing our advertising campaign on 2GO jointly with Ettalong Community Bank® Branch. The campaign commenced on 20th June 2005 and will run for 12 months.

On 28th November 2003 a 9-cent fully franked dividend was paid to shareholders and on 13th January 2005 a 5-cent fully franked dividend was paid. I am happy to announce the Board has approved a 6-cent fully franked dividend to be paid on 28th November 2005 with a record date of 7th November 2005.

The Board has also decided to convert our Lisarow sub-branch into a Community Bank®.

As a result of our financial strength, the Board had the company valued and on this basis has resolved, subject to shareholder approval, to make a 1 for 2 bonus issue of shares to existing shareholders. The Board believe there are opportunities to build on the strength of our business and will shortly be requesting the authority from shareholders for a capital raising of up to \$700,000 to grow the business further. A prospectus will be drafted and a copy provided to the BSX as well as ASIC in due course.

On behalf of the Board, I thank you our shareholders for your support in helping to build a successful local Community Bank®. I would also like to take this opportunity to congratulate our Manager Michael Bell and the staff at East Gosford and Lisarow on bringing friendly face-to-face banking to the community.

I thank my fellow Directors for their support and commitment to the Community Bank® concept.

Bob Rudd
Chairman

Managers Report

Our Community Bank has just celebrated its 5th birthday, providing a good opportunity to reflect on some of our achievements over the last 5 years and in particular the last 12 months as advised by the Chairman.

We continue to grow in business levels, customer numbers and status within our community. We are building an enviable reputation by providing good "old fashioned" face to face banking and support to various groups within our community. We have actively supported some of our local schools, sporting clubs, community and service groups.

We are confident that "doing the right thing" and "building a great business" can be achieved at the same time. Our competitors are refocussing on these aspects in their business, so we must continue to provide our customers with best possible experience and improve the contribution and support we provide to our community.

We have produced a solid result very much in line with what we expected our strategy could produce if we remained focussed and committed to deliver a quality customer service to the community we serve. Our revenue streams are growing daily as we mature and in the future our community will have a sustainable and growing source of local funding.

We have seen intense competition over the past year and do not expect this to lessen as we move forward. While we expect some markets to slow over the next year, we are confident if we remain focussed on delivering quality service and continue to build relationships with our customers that we can again achieve reasonable growth rates and improvement in performance.

Once again I would like to thank the staff Julie, Siona, Kerry, Tracey, Lyn, Jenny, Michelle at East Gosford and Michelle, Sandra, Nicky, Dawn, Jane and Cheryl at Lisarow, who continually provide that wonderful personal service to our new and existing customers. A special thank you to the Chairman and the Board of Directors for their ongoing commitment to ensure we are the best that we can be. Together, with the support of the Bendigo Bank team, our community and our shareholders we move forward with confidence, commitment and enthusiasm to ensure the real long-term value of our bank.

Michael Bell
MANAGER

Director's Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2005.

Directors

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

Robert Geoffrey Rudd
Chairman
Surveyor

Stephen David McIntosh
Deputy Chairman
Human Resources Consultancy Business

Ronald Keith Hincksman
Director
Director of Gosford District
Chamber of Commerce

John Gregory Burton
Director
Solicitor

Maxwell Robert Hiron
Director
Licensed Electrical Contractor

Brian Wilfred Lindbeck
Treasurer
Retired Maintenance Accountant

Warren Neville Price
Secretary
Self Employed Shop Keeper

Barry Kenneth McDonald
Director
Managing Director Albany International Limited

Kenneth George Howes
Director
Chartered Accountant

Garry Samuel Morris
Director
Financial Advisor

Directors were in office for the entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

Principal activities

The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

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

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was \$60,658 (2004: \$30,470).

Director's Report

Dividends

Dividends paid in the year:

- Interim for the year

Cents

5

\$'000

23

Significant changes in the state of affairs

The Company was listed on the Bendigo Stock Exchange on 4 February 2005. The Board of Directors gave its approval for converting Lisarow to Community Bank. In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

The Company was revalued with a view to issuing bonus shares and raising additional capital for future expansion. There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely Developments

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

Directors' Benefits

During the year Max Hiron received \$180 for services rendered to the Company. This payment was made under commercial terms and conditions. No other 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.

Indemnification and Insurance of Directors and Officers

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

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

Director's Report

Directors Meetings

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

Number of Meetings Held:

11

Number of Meetings Attended:

	Number eligible to attend	Number attended	Apologies
Robert Geoffrey Rudd	11	10	1
Stephen David McIntosh	11	6	5
Ronald Keith Hincksman	11	11	0
John Gregory Burton	11	8	3
Maxwell Robert Hiron	11	11	0
Brian Wilfred Lindbeck	11	11	0
Warren Neville Price	11	11	0
Barry Kenneth McDonald	11	7	4
Kenneth George Howes	11	9	2
Garry Samuel Morris	11	9	2

Company Secretary

Warren Price has been the company secretary of East Gosford and Districts Financial Services Ltd for 5 years. Warren's qualifications and experience include being secretary of the East Gosford Chamber of Commerce. Warren has been self employed for 25 years and currently operates his own retail business.

Auditor Independence Declaration

The directors received the following declaration from the auditor of the company:

Richmond Sinnott & Delahunty**Chartered Accountants**

10 Forest Street
P.O. Box 30
Bendigo, 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
Email: rsd@rsdadvlgrs.com.au
ABN 60 616 244 309

Auditor's Independence Declaration

In relation to our audit of the financial report of East Gosford and Districts Financial Services Ltd for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
16 September 2005

Signed in accordance with a resolution of the Board of Directors at East Gosford, New South Wales on 16 September 2005.

Robert Rudd, Chairman

Stephen McIntosh, Director

East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

Statement of Financial Performance for the year ending 30 June 2005

	Notes	2005 \$	2004 \$
Revenues from ordinary activities	2	1,012,681	795,961
Salaries & employee benefits expense		(500,677)	(403,532)
Depreciation and amortisation expense	3	(67,356)	(62,137)
Administration & other expenses from ordinary activities		<u>(347,433)</u>	<u>(267,312)</u>
Profit from ordinary activities before income tax expense		97,215	62,980
Income tax expense relating to ordinary activities	4	<u>36,557</u>	<u>32,510</u>
Profit from ordinary activities after income tax expense		<u>60,658</u>	<u>30,470</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>60,658</u>	<u>30,470</u>

East Gosford & Districts Financial Services Ltd

ABN: 90 092 538 620

Statement of Financial Position for the year ending 30 June 2005

	Notes	2005 \$	2004 \$
Current Assets			
Cash assets	6	350,942	258,264
Receivables	7	95,659	74,503
Total Current Assets		<u>446,601</u>	<u>332,767</u>
Non-Current Assets			
Investments	8	500	-
Property, plant and equipment	9	129,348	152,536
Intangible assets	10	28,750	53,750
Total Non-Current Assets		<u>158,598</u>	<u>206,286</u>
Total Assets		<u>605,199</u>	<u>539,053</u>
Current Liabilities			
Payables	11	68,405	46,453
Current tax liability	4	1,410	10,900
Provisions	12	41,119	24,613
Total Current Liabilities		<u>110,934</u>	<u>81,966</u>
Total Liabilities		<u>110,934</u>	<u>81,966</u>
Net Assets		<u>494,265</u>	<u>457,087</u>
Equity			
Contributed equity	13	457,858	457,858
Retained Profits/(Accumulated Losses)	14	36,407	(771)
Total Equity		<u>494,265</u>	<u>457,087</u>

Statement of Cash Flow for the year ending 30 June 2005

	Notes	2005 \$	2004 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,078,188	834,122
Cash payments in the course of operations		(908,150)	(706,769)
Interest received		11,835	12,267
Income tax paid		(46,047)	(56,012)
Net cash flows from/(used in) operating activities	15b	<u>135,826</u>	<u>83,608</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(19,168)	(131,439)
Purchase of other non-current assets		(500)	(30,000)
Net cash flows from/(used in) investing activities		<u>(19,668)</u>	<u>(161,439)</u>
Cash Flows From Financing Activities			
Dividends paid		(23,480)	(42,265)
Net cash flows from/(used in) financing activities		<u>(23,480)</u>	<u>(42,265)</u>
Net increase/(decrease) in cash held		92,678	(120,096)
Add opening cash brought forward		258,264	378,360
Closing cash carried forward	15a	<u>350,942</u>	<u>258,264</u>

Statement of Financial Statements for the year ending 30 June 2005

1. Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

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 accounting policies are consistent with the previous year.

Income tax

Income tax has been brought to account using the liability method of tax effect accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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.

Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Statement of Financial Statements for the year ending 30 June 2005**1. Summary of significant accounting policies (continued)****Property, Plant and Equipment**

Property, plant and equipment are brought to account at cost or at independent directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Items of plant and equipment are depreciated over their useful life to the entity commencing from the date of acquisition/revaluation. All plant and equipment is depreciated using the prime cost method.

Class of Asset	Depreciation Rate
Plant & equipment	20%
Fit out costs	10%

Employee Benefits

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

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

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value. For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative Figures

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

Revenue

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

Receivables and Payables

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

Statement of Financial Statements for the year ending 30 June 2005

1. Summary of significant accounting policies (continued)

Interest Bearing Liabilities

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

Provisions

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

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

Investments

Investments are in public companies which are held as a long term investment. These investments are recorded at cost in the financial statements. An annual assessment of the recoverable amount is completed to determine if this is lower than cost by a material amount.

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.

	2005	2004
	\$	\$
2. Revenue from ordinary activities		
Operating activities:		
- other revenue	1,000,846	783,694
Total revenue from operating activities	<u>1,000,846</u>	<u>783,694</u>
Non-operating activities:		
- interest revenue	11,835	12,267
Total revenue from non-operating activities	<u>11,835</u>	<u>12,267</u>
Total revenues from ordinary activities	<u>1,012,681</u>	<u>795,961</u>

3. Expenses

Depreciation of non-current assets:		
- plant and equipment	30,257	28,813
- fit out	12,099	9,074
Amortisation of non-current assets:		
- intangibles	25,000	24,250
Bad debts	1,262	3,391

East Gosford & Districts Financial Services Ltd

ABN 90 082 419 620

Statement of Financial Statements for the year ending 30 June 2005

	2005 \$	2004 \$
4. Income Tax Expense		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit from ordinary activities at 30%	29,165	18,894
Add tax effect of:		
- Non-deductible expenses	<u>7,392</u>	<u>13,616</u>
Income tax expense on operating profit	<u>36,557</u>	<u>32,510</u>
Deferred tax liabilities		
Current tax payable	<u>1,410</u>	<u>10,900</u>
5. Auditors' Remuneration		
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	<u>3,650</u>	<u>3,650</u>
6. Cash Assets		
Cash on hand	400	400
Cash at bank	150,542	57,864
Cash deposits at bank	200,000	200,000
	<u>350,942</u>	<u>258,264</u>
7. Receivables		
Trade debtors	95,659	74,503
	<u>95,659</u>	<u>74,503</u>
8. Investments		
Shares in Public Companies	500	-
	<u>500</u>	<u>-</u>

Statement of Financial Statements for the year ending 30 June 2005

	2005	2004
	\$	\$
9. Property, Plant and Equipment		
<i>Plant and equipment</i>		
At cost	170,709	151,601
Less accumulated depreciation	(141,178)	(110,981)
Total written down amount	<u>29,531</u>	<u>40,620</u>
<i>Fit out</i>		
At cost	120,990	120,990
Less accumulated depreciation	(21,173)	(9,074)
Total written down amount	<u>99,817</u>	<u>111,916</u>
Total Property, Plant & Equipment	<u>129,348</u>	<u>152,536</u>
Movements in carrying amounts		
<i>Plant and equipment</i>		
Carrying amount at beginning of year	40,620	58,984
Additions	19,168	10,449
Disposals	-	-
Depreciation expense	(30,257)	(28,813)
Carrying amount at end of year	<u>29,531</u>	<u>40,620</u>
<i>Fit out</i>		
Carrying amount at beginning of year	111,916	-
Additions	-	120,990
Disposals	-	-
Depreciation expense	(12,099)	(9,074)
Carrying amount at end of year	<u>99,817</u>	<u>111,916</u>
10. Intangible Assets		
<i>Franchise Fee</i>		
At cost	110,000	110,000
Less accumulated amortisation	(106,000)	(84,000)
	<u>4,000</u>	<u>26,000</u>
<i>Training Fee & Startup Assistance</i>		
At cost	30,000	30,000
Less accumulated amortisation	(5,250)	(2,250)
	<u>24,750</u>	<u>27,750</u>
Total Intangible Assets	<u>28,750</u>	<u>53,750</u>
11. Payables		
Trade creditors	13,521	10,289
Other creditors and accruals	54,884	36,164
	<u>68,405</u>	<u>46,453</u>

East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

Statement of Financial Statements for the year ending 30 June 2005

	2005	2004
12. Provisions	\$	\$
Employee benefits	<u>41,119</u>	<u>24,613</u>
	<u>41,119</u>	<u>24,613</u>
Number of employees at year end	<u>14</u>	<u>12</u>
13. Contributed Equity		
469,608 Ordinary Shares fully paid of \$1 each	469,608	469,608
Less preliminary expenses	<u>(11,750)</u>	<u>(11,750)</u>
	<u>457,858</u>	<u>457,858</u>
14. Retained Profits/(Accumulated Losses)		
Balance at the beginning of the financial year	(771)	11,024
Net profit from ordinary activities after income tax	60,658	30,470
Dividends paid or proposed	<u>(23,480)</u>	<u>(42,265)</u>
Balance at the end of the financial year	<u>36,407</u>	<u>(771)</u>
15. Statement of Cashflows		
(a) Reconciliation of cash		
Cash assets	<u>350,942</u>	<u>258,264</u>
(b) Reconciliation of profit from ordinary activities after tax to net cash from/(used in) operating activities		
Profit from ordinary activities after income tax	60,658	30,470
Non cash items		
- Depreciation	42,356	37,887
- Amortisation	25,000	24,250
Changes in assets and liabilities		
- (Increase) decrease in receivables	(21,156)	(17,182)
- Increase (decrease) in payables	21,952	21,159
- Increase (decrease) in provisions	16,506	10,526
- Increase (decrease) in current tax liabilities	<u>(9,490)</u>	<u>(23,502)</u>
Net cashflows from/ (used in) operating activities	<u>135,826</u>	<u>83,608</u>

16. Directors and Related Party Disclosures

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

Robert Geoffrey Rudd	Brian Wilfred Lindbeck
Stephen David McIntosh	Warren Neville Price
Ronald Keith Hincksman	Barry Kenneth McDonald
John Gregory Burton	Kenneth George Howes
Maxwell Robert Hiron	Garry Samuel Morris

During the year Max Hiron received \$180 for services rendered to the Company. This payment was made under commercial terms and conditions.

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.

Statement of Financial Statements for the year ending 30 June 2005

Directors shareholdings	2005	2004
Robert Geoffrey Rudd	3,001	3,001
Stephen David McIntosh	1,001	1,001
Ronald Keith Hinckman	5,000	5,000
John Gregory Burton	1,001	1,001
Maxwell Robert Hiron	1,001	1,001
Brian Wilfred Lindbeck	3,001	3,001
Warren Neville Price	1,001	1,001
Barry Kenneth McDonald	1,000	1,000
Kenneth George Howes	1,001	1,001
Garry Samuel Morris	500	500

Movements in shares held

There was no movement in directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid. The above holdings are held personally or in associated entities.

17. Subsequent Events

The Company was revalued with a view to issuing bonus shares and raising additional capital for future expansion

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

18. Contingent Liabilities

Guarantees to the value of \$25,500 had been made by the company before 30 June 2005. There were no other contingent liabilities at the date of this report to affect the financial statements.

19. Segment Reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being East Gosford, NSW.

20. Registered office/Principal place of business

The registered office and principal place of business is: 101 Victoria Street East Gosford NSW 2250

Statement of Financial Statements for the year ending 30 June 2005

	2005 \$	2004 \$
21. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
(i) Current year interim		
Franked dividends - 5 cents per share (2004: 9 cents per share)	23,480	42,265
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2004: 30%)	73,884	37,899
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	1,410	10,900
	75,294	48,799

The tax rate at which dividends have been franked is 30% (2004: 30%).

22. International Financial Reporting Standards

The company has commenced transitioning its accounting policies and financial reporting from current Australian Generally Accepted Accounting Principals (AGAAP) to Australian equivalents of International Financial Reporting Standards (IFRS). In consultation with our external auditor, Richmond Sinnott & Delahunty, the company has allocated resources to assess the impact of transition to IFRS. Based on current requirements, the financial statements of the company prepared at 30 June 2006 will need to comply with IFRS. Comparative figures for the year ended 30 June 2005, within the 30 June 2006 financial statements, will also need to comply with IFRS. Based on the assessment completed to date the key potential implications of the conversion to IFRS on the company are:

- a) financial instruments will need to be classified under one of five categories, which will in turn determine the accounting treatment. The classifications are loans and receivables - measured at amortised cost, held to maturity - measured at amortised cost, held for trading - measured at fair value, available for sale - measured at fair value and non trading liabilities - measured at amortised cost. Based on current assets and liabilities held this is not expected to have an impact on the financial statements of the company.
- b) Intangible assets with an indefinite useful life will be tested annually for impairment and will not be amortised. This is not expected to have an impact on the financial statements of the company based on current intangible assets held.
- c) Changes in accounting policies will be recognised by restating prior year figures, rather than making current year adjustments and the impact will be disclosed in the notes to the financial statements. This is not expected to have an impact on the financial statements of the company.

Statement of Financial Statements for the year ending 30 June 2005

23. Financial Instruments

Net Fair Values

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

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

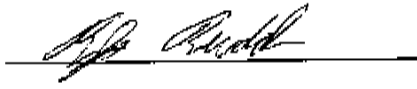
Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in						Non Interest Bearing		Weighted average Effective interest rate	
	2005 \$	2004 \$	1 year or less		Over 1 to 5 years		Over 5 years		2005 \$	2004 \$	2005 %	2004 %
			2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$				
Financial Assets												
Cash assets	150,942	58,264	200,000	200,000	-	-	-	-	-	-	5.00	4.50
Receivables	-	-	-	-	-	-	-	-	95,659	74,503	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	68,405	46,453	N/A	N/A

Director's Declaration

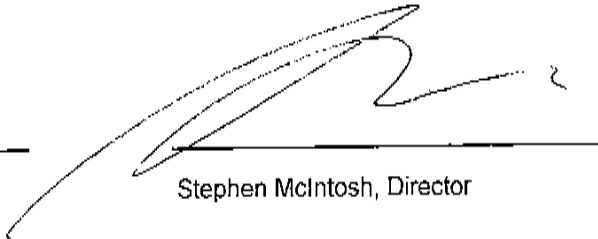
In accordance with a resolution of the directors of East Gosford & District Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2005.



Robert Rudd, Chairman



Stephen McIntosh, Director

Signed 16 September 2005

Richmond Sinnott & Delahunty

Chartered Accountants



**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF EAST GOSFORD & DISTRICTS
FINANCIAL SERVICES LIMITED**

10 Forest Street
P.O. Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

SCOPE

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for East Gosford & Districts Financial Services Limited, for the year ended 30 June 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We 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 in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of East Gosford & Districts Financial Services 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 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

W. J. Sinnott

W. J. SINNOTT

Partner

Bendigo

Date: 16 September 2005

0354444344
Richmond Sinnott & Delahunty

Chartered Accountants



16 September 2005

The Directors
East Gosford & Districts Financial Services Limited
C/- SEE Accounting Group
PO Box 3268
ERINA NSW 2250

10 Forest Street
P.O. Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of East Gosford & Districts Financial Services Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'W Sinnott', written in a cursive style.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty



SA
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East Gosford
& Districts
Community
Bank Branch

Bendigo Bank

East Gosford
& Districts
Community
Bank Branch

Bendigo Bank

East Gosford Community Bank

Franchisee: East Gosford & Districts Financial Services Ltd

ABN 90 092 538 620

101 Victoria St, East Gosford 2250

Telephone: (02) 4323 4559

Facsimile: (02) 4323 1499

Bendigo Bank Ltd. ABN 11 068 049 178