

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2006.

Directors

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

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 \$143,864 (2005: \$60,658).

Year Ended 30 June 2006

Dividends	Cents	\$'000
Dividends paid in the year:		
- Final for the previous year	6	28
- Interim for the year	4	28

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Directors' Report

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Likely Developments

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

Directors' Benefits

During the year Max Hiron received \$360 (2005: \$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.

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Directors' 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	11	0
Stephen David McIntosh	11	7	4
Ronald Keith Hincksman	11	10	1
John Gregory Burton	11	6	5
Maxwell Robert Hiron	11	11	0
Brian Wilfred Lindbeck	11	11	0
Warren Neville Price	11	9	2
Barry Kenneth McDonald	11	10	1
Kenneth George Howes	11	10	1
Garry Samuel Morris	11	7	4

Company Secretary

Warren Price has been the company secretary of East Gosford and Districts Financial Services Ltd for 6 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.

Corporate Governance

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

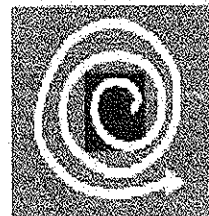
- (a) The establishment of an audit committee. Members of the audit committee are Ken Howes, Garry Morris and John Burton;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Directors' Report

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants



PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsdadvisors.com.au

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 2006, 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
13 September 2006

Signed in accordance with a resolution of the Board of Directors at East Gosford, New South Wales on 13 September 2006.

A handwritten signature in black ink, appearing to read 'R. Rudd', is written over a solid horizontal line.

Robert Rudd, Chairman

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Income Statement
For the year ended 30 June 2006

	<u>Notes</u>	2006 \$	2005 \$
Revenues from ordinary activities	2	1,188,223	1,012,681
Employee benefits expense	3	(537,687)	(500,677)
Depreciation and amortisation expense	3	(36,642)	(67,356)
Administration & other expenses from ordinary activities		<u>(405,552)</u>	<u>(347,433)</u>
Profit before income tax expense		208,342	97,215
Income tax expense	4	<u>64,478</u>	<u>36,557</u>
Profit after income tax expense		<u><u>143,864</u></u>	<u><u>60,658</u></u>
Earnings per share (cents per share)			
- basic for profit for the year	22	24.51	12.92
- diluted for profit for the year	22	24.51	12.92
- dividends paid per share	21	10.00	5.00

The accompanying notes form part of these financial statements

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Balance Sheet
As at 30 June 2006

	<u>Notes</u>	2006 \$	2005 \$
Current Assets			
Cash assets	6	431,049	350,942
Receivables	7	115,420	95,659
Total Current Assets		<u>546,469</u>	<u>446,601</u>
Non-Current Assets			
Investments	8	500	500
Property, plant and equipment	9	130,665	129,348
Intangible assets	10	77,220	28,750
Total Non-Current Assets		<u>208,385</u>	<u>158,598</u>
Total Assets		<u>754,854</u>	<u>605,199</u>
Current Liabilities			
Payables	11	82,291	68,405
Current tax liability	4	31,343	1,410
Provisions	12	60,944	41,119
Total Current Liabilities		<u>174,578</u>	<u>110,934</u>
Total Liabilities		<u>174,578</u>	<u>110,934</u>
Net Assets		<u>580,276</u>	<u>494,265</u>
Equity			
Share capital	13	456,358	457,858
Retained earnings	14	123,918	36,407
Total Equity		<u>580,276</u>	<u>494,265</u>

The accompanying notes form part of these financial statements

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Cash Flow Statement
For the year ended 30 June 2006

	<u>Notes</u>	2006 \$	2005 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,268,173	1,078,188
Cash payments in the course of operations		(1,024,839)	(908,150)
Interest received		15,600	11,835
Income tax paid		(34,545)	(46,047)
Net cash flows from/(used in) operating activities	15b	<u>224,389</u>	<u>135,826</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(19,996)	(19,168)
Purchase of other non-current assets		(66,433)	(500)
Net cash flows from/(used in) investing activities		<u>(86,429)</u>	<u>(19,668)</u>
Cash Flows From Financing Activities			
Dividends paid		(56,353)	(23,480)
Share issue costs		(1,500)	-
Net cash flows from/(used in) financing activities		<u>(57,853)</u>	<u>(23,480)</u>
Net increase/(decrease) in cash held		80,107	92,678
Add opening cash brought forward		350,942	258,264
Closing cash carried forward	15a	<u>431,049</u>	<u>350,942</u>

The accompanying notes form part of these financial statements

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Statement of Changes in Equity
For the year ended 30 June 2006

	2006	2005
	\$	\$
SHARE CAPITAL		
<i>Ordinary shares</i>		
Balance at start of year	457,858	469,608
Issue of share capital	-	-
Share issue costs	<u>(1,500)</u>	<u>(11,750)</u>
Balance at end of year	<u><u>456,358</u></u>	<u><u>457,858</u></u>
RETAINED EARNINGS		
Balance at start of year	36,407	(771)
Profit after income tax expense	143,864	60,658
Dividends paid or proposed	<u>(56,353)</u>	<u>(23,480)</u>
Balance at end of year	<u><u>123,918</u></u>	<u><u>36,407</u></u>

The accompanying notes form part of these financial statements

East Gosford and Districts Financial Services Ltd

ABN 90 092 538 620

Notes to the Financial Statements

for the year ended 30 June 2006

1. Basis of preparation of the Financial Report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 13 September 2006.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

This is the first full year financial report based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly. The financial report prepared at 30 June 2005 was based on Australian Accounting Standards applicable for periods commencing before 1 January 2005 ('AGAAP'). Other than detailed at 1(c) below, the accounting policies have been consistently applied and are consistent with those applied in the 30 June 2005 financial statements.

Reconciliations of:

- AIFRS equity as at 1 July 2004 and 30 June 2005; and
- AIFRS profit for the year ended 30 June 2005,

to the balances reported in the 30 June 2005 financial report prepared under AGAAP are detailed in note 1(d) below.

(c) Summary of significant amended accounting policies

Other than detailed below, the accounting policies have been consistently applied and are consistent with those applied in the 30 June 2005 financial statements. Also refer to note 1(e).

The following accounting policies are different to those used in the 30 June 2005 financial report due to the first time adoption of AIFRS.

Income tax

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

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

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

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Notes to the Financial Statements
for the year ended 30 June 2006

1. Basis of preparation of the Financial Report (continued)

Income tax (continued)

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

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

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<u>Class of Asset</u>	<u>Depreciation Rate</u>
Plant & equipment	20%
Fit out costs	2.5%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recoverable amount of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Notes to the Financial Statements
for the year ended 30 June 2006

1. Basis of preparation of the Financial Report (continued)

(d) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under AGAAP are illustrated below:

Reconciliation of total equity as presented under AGAAP to that under AIFRS

	30-Jun 2005 \$	1-Jul 2004 \$
Total equity under AGAAP	494,265	457,087
Adjustments	<u>-</u>	<u>-</u>
Total equity under AIFRS	<u><u>494,265</u></u>	<u><u>457,087</u></u>

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

	Year Ended 30-Jun 2005 \$
Profit after tax as previously reported (AGAAP)	60,658
Adjustments	<u>-</u>
Profit after tax under AIFRS	<u><u>60,658</u></u>

Explanation of material adjustments to the cash flow statement

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

East Gosford and Districts Financial Services Ltd

ABN 90 092 538 620

Notes to the Financial Statements

for the year ended 30 June 2006

1. Basis of preparation of the Financial Report (continued)

(e) Significant accounting policies

The following is a summary of the material accounting policies adopted. The below accounting policies are consistent with the previous year. Also refer to note 1(c).

Goods and services tax

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

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

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

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

Employee Benefits

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

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

Intangibles

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 cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative Figures

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

Revenue

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

East Gosford and Districts Financial Services Ltd

ABN 90 092 538 620

Notes to the Financial Statements

for the year ended 30 June 2006

1. Basis of preparation of the Financial Report (continued)

Receivables and Payables

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

Interest Bearing Liabilities

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

Provisions

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

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

Contributed Capital

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

2. Revenue from ordinary activities

	2006	2005
	\$	\$
Operating activities:		
- other revenue	1,172,623	1,000,846
Total revenue from operating activities	<u>1,172,623</u>	<u>1,000,846</u>
Non-operating activities:		
- interest revenue	15,600	11,835
- other revenue	-	-
Total revenue from non-operating activities	<u>15,600</u>	<u>11,835</u>
Total revenues from ordinary activities	<u><u>1,188,223</u></u>	<u><u>1,012,681</u></u>

East Gosford and Districts Financial Services Ltd

ABN 90 092 538 620

Notes to the Financial Statements

for the year ended 30 June 2006

3. Expenses

	2006	2005
	\$	\$
Employee benefits expense		
- wages and salaries	485,252	431,916
- superannuation costs	41,613	36,007
- workers' compensation costs	1,958	5,871
- other costs	8,864	26,883
	<u>537,687</u>	<u>500,677</u>

Depreciation of non-current assets:

- plant and equipment	6,580	30,257
- fit out	12,099	12,099

Amortisation of non-current assets:

- intangibles	17,963	25,000
	<u>36,642</u>	<u>67,356</u>

Bad debts

	7,380	1,262
--	-------	-------

4. Income Tax Expense

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

Prima facie tax on profit before income tax at 30%	62,503	29,165
--	--------	--------

Add tax effect of:

- Non-deductible expenses	1,975	7,392
---------------------------	-------	-------

Current income tax expense / (benefit)

	<u>64,478</u>	<u>36,557</u>
--	---------------	---------------

Income tax expense

	<u>64,478</u>	<u>36,557</u>
--	---------------	---------------

Tax liabilities

Current tax payable	<u>31,343</u>	<u>1,410</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>
--	--------------	--------------

East Gosford and Districts Financial Services Ltd

ABN 90 092 538 620

Notes to the Financial Statements

for the year ended 30 June 2006

	2006	2005
	\$	\$
6. Cash Assets		
Cash on hand	400	400
Cash at bank	230,649	150,542
Cash deposits at bank	200,000	200,000
	<u>431,049</u>	<u>350,942</u>
7. Receivables		
Trade debtors	<u>115,420</u>	<u>95,659</u>
8. Investments		
Shares in Public Companies	<u>500</u>	<u>500</u>
9. Property, Plant and Equipment		
<i>Plant and equipment</i>		
At cost	190,386	170,709
Less accumulated depreciation	(147,439)	(141,178)
Total written down amount	<u>42,947</u>	<u>29,531</u>
<i>Fit out</i>		
At cost	120,990	120,990
Less accumulated depreciation	(33,272)	(21,173)
Total written down amount	<u>87,718</u>	<u>99,817</u>
Total Property, Plant & Equipment	<u>130,665</u>	<u>129,348</u>
Movements in carrying amounts		
<i>Plant and equipment</i>		
Carrying amount at beginning of year	29,531	40,620
Additions	19,996	19,168
Depreciation expense	(6,580)	(30,257)
Carrying amount at end of year	<u>42,947</u>	<u>29,531</u>
<i>Fit out</i>		
Carrying amount at beginning of year	99,817	111,916
Depreciation expense	(12,099)	(12,099)
Carrying amount at end of year	<u>87,718</u>	<u>99,817</u>

East Gosford and Districts Financial Services Ltd

ABN 90 092 538 620

Notes to the Financial Statements

for the year ended 30 June 2006

	2006	2005
	\$	\$
10. Intangible Assets		
<i>Franchise Fee</i>		
At cost	120,000	110,000
Less accumulated amortisation	<u>(111,167)</u>	<u>(106,000)</u>
	<u>8,833</u>	<u>4,000</u>
 <i>Training Fee & Startup Assistance</i>		
At cost	85,867	30,000
Less accumulated amortisation	<u>(17,480)</u>	<u>(5,250)</u>
	<u>68,387</u>	<u>24,750</u>
 Total Intangible Assets	 <u>77,220</u>	 <u>28,750</u>
 11. Payables		
Trade creditors	14,759	13,521
Other creditors and accruals	<u>67,532</u>	<u>54,884</u>
	<u>82,291</u>	<u>68,405</u>
 12. Provisions		
Employee benefits	<u>60,944</u>	<u>41,119</u>
Number of employees at year end	<u>15</u>	<u>14</u>
 13. Share Capital		
469,608 Ordinary Shares fully paid of \$1 each *	469,608	469,608
Less preliminary expenses	<u>(13,250)</u>	<u>(11,750)</u>
	<u>456,358</u>	<u>457,858</u>
 * During the year 234,804 bonus shares were issued for no consideration at the rate of 1 share for every 2 held.		
 14. Retained Earnings		
Balance at the beginning of the financial year	36,407	(771)
Profit after income tax	143,864	60,658
Dividends paid or proposed	<u>(56,353)</u>	<u>(23,480)</u>
Balance at the end of the financial year	<u>123,918</u>	<u>36,407</u>

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Notes to the Financial Statements
for the year ended 30 June 2006

15. Cash Flow Statement	2006	2005
	\$	\$
<i>(a) Reconciliation of cash</i>		
Cash assets	<u>431,049</u>	<u>350,942</u>
<i>(b) Reconciliation of profit after tax to net cash from/(used in) operating activities</i>		
Profit from ordinary activities after income tax	143,864	60,658
Non cash items		
- Depreciation	18,679	42,356
- Amortisation	17,963	25,000
Changes in assets and liabilities		
- (Increase) decrease in receivables	(19,761)	(21,156)
- Increase (decrease) in payables	13,886	21,952
- Increase (decrease) in provisions	19,825	16,506
- Increase (decrease) in current tax liabilities	29,933	(9,490)
Net cashflows from/ (used in) operating activities	<u>224,389</u>	<u>135,826</u>

16. Directors and Related Party Disclosures

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

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

During the year Max Hiron received \$360 (2005 \$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.

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Notes to the Financial Statements
for the year ended 30 June 2006

16. Directors and Related Party Disclosures (continued)

Directors shareholdings	2006	2005
Robert Geoffrey Rudd	4,502	3,001
Stephen David McIntosh	1,502	1,001
Ronald Keith Hincksman	7,500	5,000
John Gregory Burton	1,502	1,001
Maxwell Robert Hiron	1,502	1,001
Brian Wilfred Lindbeck	4,502	3,001
Warren Neville Price	1,502	1,001
Barry Kenneth McDonald	1,500	1,000
Kenneth George Howes	1,502	1,001
Garry Samuel Morris	750	500

Movements in shares held

Other than the bonus share issue of 1 share for every 2 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

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

18. Contingent Liabilities

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. Corporate Information

East Gosford Community Financial Services 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: 101 Victoria Street
East Gosford NSW 2250

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Notes to the Financial Statements
for the year ended 30 June 2006

	2006	2005
	\$	\$
21. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
(i) Current year interim		
Franked dividends - 4 cents per share (2005: 5 cents per share)	28,177	23,480
(ii) Prior year final		
Franked dividends - 6 cents per share (2005: nil)	28,176	-
(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% (2005: 30%)	84,278	73,884
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	31,343	1,410
	115,621	75,294

The tax rate at which dividends have been franked is 30% (2005: 30%).

22. Earnings per share

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

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

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

Profit after income tax expense	143,864	60,658
Weighted average number of ordinary shares for basic and diluted earnings per share	587,010	469,608

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Notes to the Financial Statements
For the year ended 30 June 2006

23. Financial Instruments

Net Fair Values

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

Credit Risk

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

Interest Rate Risk

Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in						Non Interest Bearing		Weighted average Effective interest rate		
			1 year or less		Over 1 to 5 years		Over 5 years						
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Financial Assets													
Cash assets	231,049	58,264	200,000	200,000	-	-	-	-	-	-	-	5.0	5.0
Receivables	-	-	-	-	-	-	-	-	115,420	95,659	N/A	N/A	N/A
Financial Liabilities													
Payables	-	-	-	-	-	-	-	-	82,291	68,405	N/A	N/A	N/A

East Gosford and Districts Financial Services Ltd
ABN 90 092 538 620
Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2006.

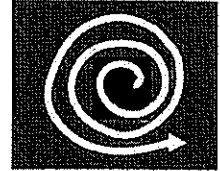


Robert Rudd, Chairman

Signed at East Gosford, New South Wales on 13 September 2006

Richmond Sinnott & Delahunty

Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty

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

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for East Gosford & Districts Financial Services Limited, for the year ended 30 June 2006.

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 2006 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: 13 September 2006

EAST GOSFORD AND DISTRICTS
FINANCIAL SERVICES LIMITED

SPONSORSHIP

RECIPIENTS AS AT JUNE 2006

00/05

05/06

COAST PATROL
COAST UNITED HOCKEY
OURIMBAH UNIVERSITY
TRAILWALKERS
LIONS CENTRAL COAST
LITTLE ATHLETICS
WAMBERAL SUEF CLUB
GOSFORD SAILING CLUB
EAST GOSFORD ROTARY
EAST GOSFORD SOCCER
LIONS BASEBALL CLUB
MANGROVE MTN. COUNTRY FAIR
WYOMING SOCCER CLUB
CENTRAL COAST YOUTH CENTRE
GOSFORD CITY BRASS BAND
GOSFORD KARIONG JNR R/LEAGUE
LIONS WYOMING
GOSFORD CITY ROTARY
CENTRAL COAST KIDS DAY OUT
GOSFORD CITY SPORTS STADIUM
GOSFORD RSL JNR. SWIM CLUB
CENTRAL COAST CANCER COUNCIL
FAIRHAVEN SERVICES
TERRIGAL B.M.X.
COMMUNITY CHEST
KULNURA P&C ASSOCN
DODGERS BASEBALL CLUB
CENTRAL COAST SURF CLUBS CHARITY DAY
GOSFORD PUBLIC SCHOOL
LISAROW HIGH SCHOOL
LIONS GOSFORD CITY
NAVY CADETS T/S HAWKESBURY
HAVEN EDUCATION CENTRE
COAST SHELTER
R.Y.D.A.
TERRIGAL JNR. RUGBY CLUB
GOSFORD CITY WOMEN'S SOCCER TEAM
NARARA - WYOMING JNR CRICKET CLUB
CENTRAL COAST ARAFMI
DADS IN EDUCATION LTD.
VIETNAM VETERANS ASSOCIATION OF AUSTRALIA

=====
\$42,754

=====
\$28,200