

Chairman's Report

Introduction and General Overview

It gives me much pleasure as your Chairman to present my fourth annual report on the affairs of your company, now in its eighth year of operation.

Our three branches, East Gosford, Lisarow and Kincumber have continued to perform in line with expectations, with combined banking business, as at 30 June 2007, of \$120.9 million. This represents an increase of \$14.5 million or 14.3% over the previous year. Our trading result for the last financial year, after provision for income tax was a net loss of \$6,178 (2006 profit \$143,864). This small loss was mainly due the costs incurred in the opening of our third branch at Kincumber in September 2006. Salaries and employee benefit expenses increased from \$537,687 in 2006 to \$766,396 in 2007 due to increased staff levels. And revenue increased from \$1.188 million in 2006 to \$1.396 million in 2007, which represents an increase of 17.5%. This is again an excellent result in view of the continued depressed local housing market.

We have now given in excess of \$110,000 in sponsorships to over 55 community groups on the Central Coast including sporting clubs, charitable organisations and community projects.

In March 2006, a 4 cent fully franked dividend was paid to shareholders followed by 6 cents in November 2006. Shareholders have now received more than \$164,000 in dividends. I am now happy to announce that on 4 September 2007 the Board approved a 5 cent fully franked dividend to be paid on 14 November 2007 with a record date of 24 October 2007. Shares will go ex-dividend on 16 October 2007.

Investors should be aware that our second prospectus still remains open and copies are available at our three branches. For further information please call our East Gosford branch on (02) 4323 4559.

On 9 August 2007 Bendigo Bank announced that it intends to merge with Adelaide Bank. The new bank will have 1.3 million customers, more than 380 branches and will provide Bendigo Bank customers with access to additional branches and ATMs.

I would like to take this opportunity to congratulate our Senior Manager Michael Bell, and all staff for their dedication and commitment to the Community Bank[®] model. On behalf of the Board, I would like to welcome our new shareholders and thank all our shareholders for your support helping to build a successful Community Bank[®] branch network.

Special thanks again must go to all Directors for giving up their time to support the Community Bank[®] model.

Bob Rudd
Chairman

East Gosford & Districts Financial Services Limited

ABN 90 092 538 620

Manager's Report

Another financial year is heading towards an end and it has been another successful year. The opening of our third branch at Kincumber, conversion to full Community Bank[®] branch status at Lisarow, the launch of our offsite ATM at Erina Fair, and the addition of six new staff across our branches, is a direct result of our ongoing success.

Business levels as at end of June 2007 were as follows:-

East Gosford	Deposits	\$49,342,008	56%
	Lending	<u>\$38,749,029</u>	44%
		<u>\$88,091,037</u>	
Lisarow	Deposits	\$10,359,436	41%
	Lending	<u>\$14,986,918</u>	59%
		<u>\$25,346,354</u>	
Kincumber	Deposit	\$ 4,413,439	59%
	Lending	<u>\$ 3,060,169</u>	41%
		<u>\$ 7,473,608</u>	
Consolidated	Deposits	\$ 64,114,883	53%
	Lending	<u>\$ 56,796,116</u>	47%
		<u>\$120,910,999</u>	
Customers	East Gosford	5936	
	Lisarow	1637	
	Kincumber	<u>574</u>	
		<u>8147</u>	
Growth YTD (06/07)	East Gosford	\$ 5,043,694	
	Lisarow	\$ 1,994,495	
	Kincumber	<u>\$ 7,473,608</u>	
		<u>\$14,511,797</u>	

Planning is now complete for the next 12 months to consolidate our current position and introduce programs all staff have undertaken with Bendigo Bank to further grow business levels across the three branches.

Manager's Report (continued)

Another thank you to all staff at East Gosford, Lisarow and Kincumber for their efforts this year in, again, making customer service our number one priority and ensuring customer satisfaction is achieved, which in turn helps us to achieve the results that we have.

Another reminder to shareholders that supporting your branch with your banking business contributes directly to the above figures and our financial performance.

Michael Bell
Senior Manager



Directors' Report

Your Directors submit the financial report of the company for the financial year ended 30 June 2007.

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
Retired Solicitor

Maxwell Robert Hiron
Director
Retired Electrician

Brian Wilfred Lindbeck
Treasurer
Retired Maintenance Accountant

Warren Neville Price
Secretary
Self Employed Shop Keeper

Barry Kenneth McDonald
Director
Director of Gosford District
Chamber of Commerce

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.

Directors' Report (continued)

Operating Results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was (\$6,178) (2006: \$143,864). The loss for the year ended 30 June 2007 was largely attributable to costs associated with opening a new branch in Kincumber.

Dividends

	Year Ended 30 June 2007	
	Cents	\$
Dividends paid in the year:		
- Final for the previous year	6	42,265

Significant Changes in the State of Affairs

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.

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 \$87 (2006: \$360) for services rendered to the Company. This payment was made under commercial terms and conditions. During the year Brian Lindbeck received the amount of \$2702 as reimbursement of telephone, I.T. and motor vehicle expenses.

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.

Directors' Report (continued)

Indemnification and Insurance of Directors and Officers

The company has indemnified all Directors and the Senior 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 Senior Manager 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.

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 if Meetings Attended:

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

Company Secretary

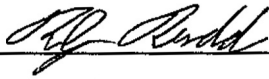
Warren Price has been the company secretary of East Gosford & Districts Financial Services Ltd for 7 years. Warren's qualifications and experience include being secretary of the East Gosford Chamber of Commerce. Warren has been self employed for 26 years and currently operates his own retail business.

Directors' Report (continued)

Corporate Governance

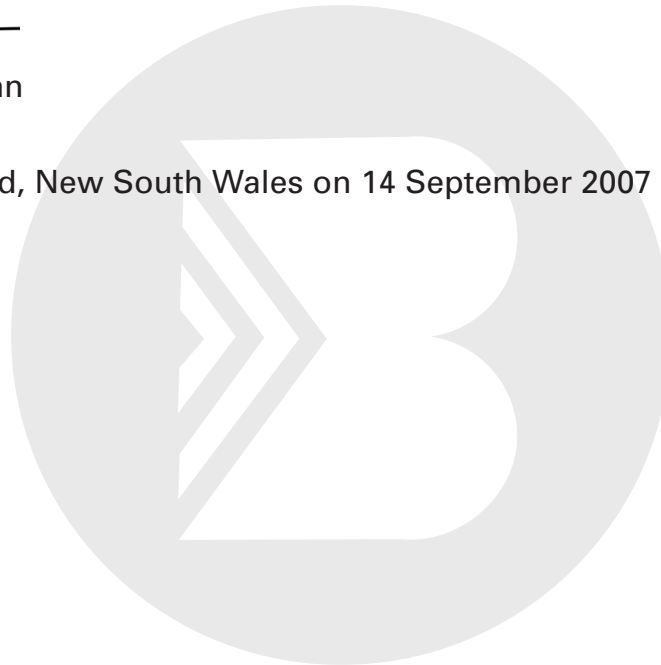
The company has implemented various corporate governance practices, which include:

- (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.



Robert Rudd, Chairman

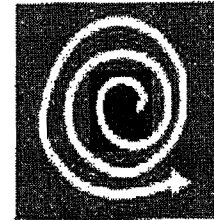
Signed at East Gosford, New South Wales on 14 September 2007



Auditor Independence Declaration

The directors received the following declaration from the auditor of the company:
Auditor Independence Declaration

Richmond Sinnott & Delahunty Chartered Accountants



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

In relation to our audit of the financial report of East Gosford & Districts Financial Services Ltd for the financial year ended 30 June 2007, 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'.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
14 September 2007

East Gosford & Districts Financial Services Limited

ABN 90 092 538 620

Financial Statements

Income Statement for the year ended 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Revenues from ordinary activities	2	1,395,914	1,188,223
Employee benefits expense	3	(766,396)	(537,687)
Depreciation and amortisation expense	3	(70,543)	(36,642)
Administration & other expenses from ordinary activities		<u>(559,258)</u>	<u>(405,552)</u>
Profit/(loss) before income tax expense		(283)	208,342
Income tax expense	4	<u>(5,895)</u>	<u>(64,478)</u>
Profit/(loss) after income tax expense		<u>(6,178)</u>	<u>143,864</u>
Earnings per share (cents per share)			
- basic for profit/(loss) for the year	22	(0.73)	24.51
- diluted for profit/(loss) for the year	22	(0.73)	24.51
- dividends paid per share	21	6.00	10.00

East Gosford & Districts Financial Services Limited

ABN 90 092 538 620

Financial Statements

Balance Sheet as at 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Current Assets			
Cash assets	6	322,367	431,049
Current tax receivable	4	34,636	-
Receivables	7	<u>136,988</u>	<u>115,420</u>
Total Current Assets		<u>493,991</u>	<u>546,469</u>
Non-Current Assets			
Investments	8	500	500
Property, plant and equipment	9	350,328	130,665
Intangible assets	10	<u>122,313</u>	<u>77,220</u>
Total Non-Current Assets		<u>473,141</u>	<u>208,385</u>
Total Assets		<u>967,132</u>	<u>754,854</u>
Current Liabilities			
Payables	11	108,237	82,291
Current tax liability	4	-	31,343
Provisions	12	<u>84,751</u>	<u>60,944</u>
Total Current Liabilities		<u>192,988</u>	<u>174,578</u>
Total Liabilities		<u>192,988</u>	<u>174,578</u>
Net Assets		<u>774,144</u>	<u>580,276</u>
Equity			
Share capital	13	698,669	456,358
Retained earnings	14	<u>75,475</u>	<u>123,918</u>
Total Equity		<u>774,144</u>	<u>580,276</u>

Financial Statements

Cash Flow Statement for the year ended 30 June 2007

	<u>Notes</u>	2007 \$	2006 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		1,498,977	1,268,173
Cash payments in the course of operations		(1,413,180)	(1,024,839)
Interest received		12,648	15,600
Income tax paid		(71,874)	(34,545)
Net cash flows from/(used in) operating activities	15b	<u>26,571</u>	<u>224,389</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(254,222)	(19,996)
Purchase of other non-current assets		(81,077)	(66,433)
Net cash flows from/(used in) investing activities		<u>(335,299)</u>	<u>(86,429)</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		279,400	-
Dividends paid		(42,265)	(56,353)
Share issue costs		(37,089)	(1,500)
Net cash flows from/(used in) financing activities		<u>200,046</u>	<u>(57,853)</u>
Net increase/(decrease) in cash held		(108,682)	80,107
Add opening cash brought forward		431,049	350,942
Closing cash carried forward	15a	<u>322,367</u>	<u>431,049</u>

Financial Statements

Statement of Changes in Equity for the year ended 30 June 2007

	2007	2006
	\$	\$
Share Capital		
<i>Ordinary shares</i>		
Balance at start of year	456,358	457,858
Issue of share capital	279,400	-
Share issue costs	<u>(37,089)</u>	<u>(1,500)</u>
Balance at end of year	<u><u>698,669</u></u>	<u><u>456,358</u></u>
Retained Earnings		
Balance at start of year	123,918	36,407
Profit/(loss) after income tax expense	(6,178)	143,864
Dividends paid or proposed	<u>(42,265)</u>	<u>(56,353)</u>
Balance at end of year	<u><u>75,475</u></u>	<u><u>123,918</u></u>

Notes to the Financial Statements

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 14 September 2007.

(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.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2006 financial statements.

(d) 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.

Notes to the Financial Statements

1. Basis of preparation of the Financial Report (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.

(e) Property, plant and equipment

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

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	2.5 - 20%

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.

(f) 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.

Notes to the Financial Statements

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

(g) 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.

(h) 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 an accumulation fund. Contributions to employee superannuation funds are charged against income as incurred.

(i) Intangibles

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

(j) 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.

(k) Comparative Figures

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

Notes to the Financial Statements

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

(l) Revenue

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

(m) 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.

(n) Interest Bearing Liabilities

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

(o) 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.

(p) 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.

Notes to the Financial Statements

2. Revenue from Ordinary Activities

	2007	2006
	\$	\$
Operating activities:		
- other revenue	<u>1,383,266</u>	<u>1,172,623</u>
Total revenue from operating activities	<u>1,383,266</u>	<u>1,172,623</u>
Non-operating activities:		
- interest revenue	12,648	15,600
- other revenue	-	-
Total revenue from non-operating activities	<u>12,648</u>	<u>15,600</u>
Total revenues from ordinary activities	<u><u>1,395,914</u></u>	<u><u>1,188,223</u></u>

3. Expenses

Employee benefits expense		
- wages and salaries	697,166	485,252
- superannuation costs	59,247	41,613
- workers' compensation costs	2,941	1,958
- other costs	<u>7,042</u>	<u>8,864</u>
	<u>766,396</u>	<u>537,687</u>
Depreciation of non-current assets:		
- plant and equipment	34,559	18,679
Amortisation of non-current assets:		
- intangibles	<u>35,984</u>	<u>17,963</u>
	<u>70,543</u>	<u>36,642</u>
Bad debts	2,323	7,380

Notes to the Financial Statements

4. Income Tax Expense

	2007	2006
	\$	\$
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30%	(85)	62,503
Add tax effect of:		
- Non-deductible expenses	5,980	1,975
<i>Current income tax expense</i>	<u>5,895</u>	<u>64,478</u>
Income tax expense	<u>5,895</u>	<u>64,478</u>
Tax liabilities		
Current tax payable/(receivable)	<u>(34,636)</u>	<u>31,343</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	600	400
Cash at bank	121,767	230,649
Cash deposits at bank	<u>200,000</u>	<u>200,000</u>
	<u>322,367</u>	<u>431,049</u>

7. Receivables

Trade debtors	<u>136,988</u>	<u>115,420</u>
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8. Investments

Shares in Public Companies	<u>500</u>	<u>500</u>
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Notes to the Financial Statements

9. Property, Plant and Equipment

	2007	2006
	\$	\$
<i>Plant and equipment</i>		
At cost	560,598	311,376
Less accumulated depreciation	<u>(215,010)</u>	<u>(180,711)</u>
Total written down amount	<u>345,588</u>	<u>130,665</u>
<i>Computer software</i>		
At cost	5,000	-
Less accumulated depreciation	<u>(260)</u>	<u>-</u>
Total written down amount	<u>4,740</u>	<u>-</u>
Total Property, Plant & Equipment	<u>350,328</u>	<u>130,665</u>

Movements in carrying amounts

<i>Plant and equipment</i>		
Carrying amount at beginning of year	130,665	129,348
Additions	249,222	19,996
Disposals	-	-
Depreciation expense	<u>(34,299)</u>	<u>(18,679)</u>
Carrying amount at end of year	<u>345,588</u>	<u>130,665</u>
<i>Computer software</i>		
Carrying amount at beginning of year	-	-
Additions	5,000	-
Disposals	-	-
Depreciation expense	<u>(260)</u>	<u>-</u>
Carrying amount at end of year	<u>4,740</u>	<u>-</u>

10. Intangible Assets

<i>Franchise Fee</i>		
At cost	127,000	120,000
Less accumulated amortisation	<u>(114,002)</u>	<u>(111,167)</u>
	12,998	8,833
<i>Training Fee & Startup Assistance</i>		
At cost	159,944	85,867
Less accumulated amortisation	<u>(50,629)</u>	<u>(17,480)</u>
	109,315	68,387
Total Intangible Assets	<u>122,313</u>	<u>77,220</u>

Notes to the Financial Statements

11. Payables

	2007	2006
	\$	\$
Trade creditors	22,988	14,759
Other creditors and accruals	<u>85,249</u>	<u>67,532</u>
	<u>108,237</u>	<u>82,291</u>

12. Provisions

Employee benefits	<u>84,751</u>	<u>60,944</u>
Number of employees at year end	<u>20</u>	<u>15</u>

13. Share Capital

749,008 Ordinary Shares fully paid of \$1 each	749,008	469,608
234,804 Bonus Shares*	-	-
Less preliminary expenses	<u>(50,339)</u>	<u>(13,250)</u>
	<u>698,669</u>	<u>456,358</u>

* During 2005, 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	123,918	36,407
Profit/(loss) after income tax	(6,178)	143,864
Dividends paid or proposed	<u>(42,265)</u>	<u>(56,353)</u>
Balance at the end of the financial year	<u>75,475</u>	<u>123,918</u>

15. Cash Flow Statement

(a) Reconciliation of cash

Cash assets	<u>322,367</u>	<u>431,049</u>
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Notes to the Financial Statements

15. Cash Flow Statement (continued)

	2007	2006
	\$	\$
<i>(b) Reconciliation of profit/(loss) after tax to net cash from/(used in) operating activities</i>		
Profit/(loss) from ordinary activities after income tax	(6,178)	143,864
Non cash items		
- Depreciation	34,559	18,679
- Amortisation	35,984	17,963
Changes in assets and liabilities		
- (Increase) decrease in receivables	(21,568)	(19,761)
- Increase (decrease) in payables	25,946	13,886
- Increase (decrease) in provisions	23,807	19,825
- Increase (decrease) in current tax payable/receivable	<u>(65,979)</u>	<u>29,933</u>
Net cashflows from/ (used in) operating activities	<u>26,571</u>	<u>224,389</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 \$87 (2006: \$360) for services rendered to the Company. This payment was made under normal commercial terms and conditions. During the year Brian Lindbeck received the amount of \$2702 as reimbursement of telephone, I.T. and motor vehicle expenses.

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.

Notes to the Financial Statements

16. Directors' and Related Party Disclosures (continued)

Directors' shareholdings	2007	2006
Robert Geoffrey Rudd	4,502	4,502
Stephen David McIntosh	6,502	1,502
Ronald Keith Hincksman	7,500	7,500
John Gregory Burton	1,502	1,502
Maxwell Robert Hiron	2,502	1,502
Brian Wilfred Lindbeck	4,502	4,502
Warren Neville Price	1,502	1,502
Barry Kenneth McDonald	3,000	1,500
Kenneth George Howes	1,502	1,502
Garry Samuel Morris	750	750

Movements in shares held

Stephen McIntosh purchased 5,000 shares, Barry McDonald purchased 1,500 shares and Maxwell Hiron purchased 1,000 shares during the year.

Apart from above, 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

Apart from below, there were no other contingent liabilities at the date of this report to affect the financial statements.

A bank guarantee for a rental bond for the Lisarow property of \$9,000 and a bank guarantee for fortnightly wages of \$35,000 has been made by the company.

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.

Notes to the Financial Statements

20. Corporate Information

East Gosford & Districts Financial Services Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the National Stock Exchange.

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

21. Dividends paid or provided for on ordinary shares

	2007 \$	2006 \$
(a) Dividends paid during the year		
(i) Current year interim Franked dividends - Nil cents per share (2006: 4 cents per share)	-	28,177
(ii) Prior year final Franked dividends - 6 cents per share (2006: 6 cents per share)	42,265	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% (2006: 30%)	138,038	84,278
- Franking credits that will arise from the payment/ (refund) of income tax payable/(refundable) at the end of the financial year	<u>(34,636)</u>	<u>31,343</u>
	<u>103,402</u>	<u>115,621</u>

The tax rate at which dividends have been franked is 30% (2006: 30%).

Notes to the Financial Statements

22. Earnings per share

2007

2006

\$

\$

Basic earnings per share amounts are calculated by dividing profit/(loss) 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/(loss) 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/(loss) after income tax expense	<u>(6,178)</u>	<u>143,864</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>844,112</u>	<u>587,010</u>

Notes to the Financial Statements

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

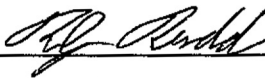
Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in						Non Interest Bearing		Weighted average Effective interest rate	
	2007 \$	2006 \$	1 year or less		Over 1 to 5 years		Over 5 years		2007 \$	2006 \$	2007 %	2006 %
			2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$				
Financial Assets												
Cash assets	122,367	231,049	200,000	200,000	-	-	-	-	-	-	5.12	5.0
Receivables	-	-	-	-	-	-	-	136,988	115,420		N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	108,237	82,291		N/A	N/A

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 2007 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 2007.

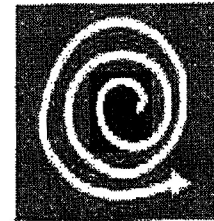


Robert Rudd, Chairman

Signed at East Gosford, New South Wales on 14 September 2007

Independent Audit Report

Richmond Sinnott & Delahunty Chartered Accountants



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

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 2007.

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.

Independent Audit Report (continued)

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 2007 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: 14 September 2007

SPONSORSHIP RECIPIENTS AS AT 30 JUNE 2007

00/06

06/07



COAST PATROL
COAST UNITED HOCKEY
OURIMBAH UNIVERSITY
TRAILWALKERS
LIONS CENTRAL COAST
LITTLE ATHLETICS
WAMBERAL SURF CLUB
GOSFORD SAILING CLUB
EAST GOSFORD ROTARY
EAST GOSFORD FOOTBALL
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

SPONSORSHIP RECIPIENTS AS AT 30 JUNE 2007

00/06

06/07

DADS IN EDUCATION LTD.
VIETNAM VETERANS ASSOCIATION OF AUSTRALIA
BRISBANE WATER MARINE WATCH
LIONESSE CLUB EAST GOSFORD
OUR LADY OF THE ROSARY SCHOOL WYOMING
TERRIGAL SURF CLUB
NIAGRA PARK PUBLIC SCHOOL
NARARA VALLEY HIGH SCHOOL BAND
KINCUMBER COMMUNITY FESTIVAL
HAND BRAKE TURN
GOSFORD CITY SEAGULLS
ST PATRICKS CATHOLIC PRIMARY SCHOOL
BEARS BASEBALL CLUB
AUSTRALIAN BREASTFEEDING ASSOCIATION
KINCUMBER PACIFIC DOLPHINS SWIM CLUB
GLENVALE SCHOOL
KINCUMBER ROOS FOOTBALL CLUB
GOSFORD GOLF TRAINEE PROGRAM
CENTRAL COAST HIGHLAND DANCING
TEMPO TERRIFIC CONCERT BAND
KINCUMBER MENS SHED
TERRIGAL AVOCA PANTHERS AFL
ST EDWARDS OLD BOYS UNION

=====
\$70,954
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=====
\$41,993
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Notes



Notes

