

San Remo District Financial Services Limited
ABN 20 102 770 150
Directors' Report

Your Directors submit their report of the company for the half year ended 31 December 2006.

Directors

The names of directors who held office during the half year and until the date of this report are:

Terry Ashenden (Chairman)

Bruce Adams

Joan Matthews

Miranda Sage

Norma Stack-Robinson

Caroline Talbot

Janice Rowlingson

Bruce Procter

Michael Dixon (retired 23/10/2006)

David Harrison (appointed 23/10/2006)

Directors were in office for this entire period unless otherwise stated.

Principal activities

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

Review and results of operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was \$21,624 (2005: \$19,753 loss).

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the half year reporting period 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.

**San Remo District Financial Services Limited
ABN 20 102 770 150
Directors' Report**

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants



**10 Forest Street
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 review of the financial report of San Remo District Financial Services Limited for the half year ended 31 December 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
Bendigo
23 February 2007**

Signed in accordance with a resolution of the Directors at San Remo on 23 February 2007.

.....
Terry Ashenden, Director

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Income Statement
for the half-year ended 31 December 2006

	2006	2005
	\$	\$
Revenue from ordinary activities	257,222	181,484
Other revenue	4,729	4,269
Salaries and employee benefit expense	(96,623)	(92,841)
Depreciation and amortisation expense	(24,739)	(24,740)
Other expenses from ordinary activities	<u>(99,323)</u>	<u>(92,479)</u>
Profit/(loss) from ordinary activities before income tax expense	41,266	(24,307)
Income tax (expense)/benefit relating to ordinary activities	<u>(19,642)</u>	<u>4,554</u>
Profit/(loss) attributable to members of the entity	<u><u>21,624</u></u>	<u><u>(19,753)</u></u>
Earnings per share (cents per share)		
- basic for profit/(loss) for the half year	3.33	(3.04)
- diluted for profit/(loss) for the half year	3.33	(3.04)
- dividends paid per share	5 -	-

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Balance Sheet
as at 31 December 2006

	31-Dec 2006 \$	30-Jun 2006 \$
Current Assets		
Cash assets	242,861	192,918
Receivables	46,120	40,500
Prepayments	8,364	8,000
Total Current Assets	<u>297,345</u>	<u>241,418</u>
Non-Current Assets		
Property, plant and equipment	137,532	147,167
Deferred income tax asset	44,394	64,036
Intangibles	45,314	60,418
Total Non-Current Assets	<u>227,240</u>	<u>271,621</u>
Total Assets	<u>524,585</u>	<u>513,039</u>
Current Liabilities		
Payables	25,421	31,194
Interest bearing liabilities	5,870	5,312
Provisions	13,130	14,576
Total Current Liabilities	<u>44,421</u>	<u>51,082</u>
Non-Current Liabilities		
Interest bearing liabilities	8,073	11,490
Total Non-Current Liabilities	<u>8,073</u>	<u>11,490</u>
Total Liabilities	<u>52,494</u>	<u>62,572</u>
Net Assets	<u>472,091</u>	<u>450,467</u>
Equity		
Issued capital	650,000	650,000
Accumulated losses	<u>(177,909)</u>	<u>(199,533)</u>
Total Equity	<u>472,091</u>	<u>450,467</u>

San Remo District Financial Services Limited
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Condensed Cash Flow Statement
for the half-year ended 31 December 2006

	2006	2005
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	273,021	187,302
Cash payments in the course of operations	(225,116)	(194,283)
Interest received	4,897	4,269
	<u>52,802</u>	<u>(2,712)</u>
Cash Flows From Financing Activities		
Repayment of borrowings	<u>(2,859)</u>	<u>(2,623)</u>
	<u>(2,859)</u>	<u>(2,623)</u>
Net increase/(decrease) in cash held	49,943	(5,335)
Opening cash brought forward	<u>192,918</u>	<u>175,453</u>
Closing cash carried forward	<u><u>242,861</u></u>	<u><u>170,118</u></u>

San Remo District Financial Services Limited
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Condensed Statement of Changes in Equity
for the half-year ended 31 December 2006

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2006	650,000	(199,533)	450,467
Net profit for the period	-	21,624	21,624
Issue of share capital	-	-	-
Equity dividends	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2006	<u>650,000</u>	<u>(177,909)</u>	<u>472,091</u>

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2005	650,000	(171,607)	478,393
Net loss for the period	-	(19,753)	(19,753)
Issue of share capital	-	-	-
Equity dividends	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2005	<u>650,000</u>	<u>(191,360)</u>	<u>458,640</u>

San Remo District Financial Services Limited
ABN 20 102 770 150
Notes to the Financial Statements
for the half-year ended 31 December 2006

1. Basis of preparation of the Half-Year Financial Report

(a) Basis of accounting

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of San Remo District Financial Services Limited as at 30 June 2006. It is also recommended that this half year financial report be considered together with any public announcements made by San Remo District Financial Services Limited during the half year ended 31 December 2006 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

(b) Statement of compliance

The half year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Summary of significant accounting policies

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2006 financial statements.

2. Events subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

3. Contingent Assets and Liabilities

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

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Notes to the Financial Statements
for the half-year ended 31 December 2006

4. 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 San Remo and Phillip Island.

5. Dividends Paid	2006	2005
	\$	\$
<i>Dividends paid during the half year</i>		
Final franked dividend for the year ended 30 June 2006	-	-

6. Director and Related Party Disclosures

The names of directors who have held office during the half year ended 31 December 2006 are:

Terry Ashenden (Chairman)
 Bruce Adams
 Joan Matthews
 Miranda Sage
 Norma Stack-Robinson
 Caroline Talbot
 Janice Rowlingson
 Bruce Procter
 Michael Dixon (retired 23/10/2006)
 David Harrison (appointed 23/10/2006)

Park Accommodation (Vic) Pty Ltd, of which Joan Matthews is a director received \$11,000 (2005: \$11,000) for the lease of the banks premises situated at 103a Marine Parade, San Remo. Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$1,800 (2005: \$0) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

No director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings	<u>2006</u>	<u>2005</u>
Terry Ashenden (Chairman)	5,000	5,000
Bruce Adams	1,000	1,000
Joan Matthews	8,000	8,000
Miranda Sage	5,000	5,000
Norma Stack-Robinson	5,000	5,000
Caroline Talbot	2,000	2,000
Janice Rowlingson	5,000	5,000
Bruce Procter	-	-
Michael Dixon (retired 23/10/2006)	-	-
David Harrison (appointed 23/10/2006)	500	500

There was no movement in directors shareholdings during the period. Each share held has a paid up value of \$1 and is fully paid.

San Remo District Financial Services Limited
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Directors Declaration
for the half-year ended 31 December 2006

In accordance with a resolution of the directors of San Remo District Financial Services Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company:
 - (i) give a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134, "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (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.

On behalf of the Board

.....
Terry Ashenden, Director

Signed in San Remo on this 23rd day of February 2007