

**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



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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 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.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
Bendigo
21 February 2008

Signed in accordance with a resolution of the Directors at San Remo on 21 February 2008.

.....
Terry Ashenden, Director

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Income Statement
for the half-year ended 31 December 2007

	2007	2006
	\$	\$
Revenue from ordinary activities	318,871	257,222
Other revenue	8,320	4,729
Salaries and employee benefit expense	(128,621)	(96,623)
Depreciation and amortisation expense	(24,452)	(24,739)
Sponsorship and donations	(32,001)	(9,662)
Other expenses from ordinary activities	<u>(97,138)</u>	<u>(89,661)</u>
Profit from ordinary activities before income tax expense	44,979	41,266
Income tax expense relating to ordinary activities	<u>(18,025)</u>	<u>(19,642)</u>
Net profit	<u><u>26,954</u></u>	<u><u>21,624</u></u>
Earnings per share (cents per share)		
- basic for profit for the half year	4.15	3.33
- diluted for profit for the half year	4.15	3.33
- dividends paid per share	5 2.00	-

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Balance Sheet
as at 31 December 2007

	31-Dec 2007	30-Jun 2007
	\$	\$
Current Assets		
Cash assets	320,082	273,277
Receivables	57,317	44,031
Prepayments	4,007	4,944
Total Current Assets	<u>381,406</u>	<u>322,252</u>
Non-Current Assets		
Property, plant and equipment	118,864	128,212
Deferred income tax asset	29,011	47,036
Intangibles	15,105	30,209
Total Non-Current Assets	<u>162,980</u>	<u>205,457</u>
Total Assets	<u>544,386</u>	<u>527,709</u>
Current Liabilities		
Payables	33,568	30,759
Interest bearing liabilities	8,944	11,490
Provisions	20,456	17,996
Total Current Liabilities	<u>62,968</u>	<u>60,245</u>
Total Liabilities	<u>62,968</u>	<u>60,245</u>
Net Assets	<u>481,418</u>	<u>467,464</u>
Equity		
Issued capital	650,000	650,000
Accumulated losses	<u>(168,582)</u>	<u>(182,536)</u>
Total Equity	<u>481,418</u>	<u>467,464</u>

San Remo District Financial Services Limited
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Condensed Cash Flow Statement
for the half-year ended 31 December 2007

	2007	2006
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	328,269	273,021
Cash payments in the course of operations	(273,998)	(225,116)
Interest received	8,080	4,897
	<u>62,351</u>	<u>52,802</u>
Cash Flows From Financing Activities		
Dividends paid	(13,000)	-
Repayment of borrowings	(2,546)	(2,859)
	<u>(15,546)</u>	<u>(2,859)</u>
Net increase in cash held	46,805	49,943
Opening cash brought forward	<u>273,277</u>	<u>192,918</u>
Closing cash carried forward	<u><u>320,082</u></u>	<u><u>242,861</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 2007

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2007	650,000	(182,536)	467,464
Net profit for the period	-	26,954	26,954
Issue of share capital	-	-	-
Equity dividends	-	(13,000)	(13,000)
As at 31 December 2007	<u>650,000</u>	<u>(168,582)</u>	<u>481,418</u>

	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	-	-	-
As at 31 December 2006	<u>650,000</u>	<u>(177,909)</u>	<u>472,091</u>

San Remo District Financial Services Limited
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Notes to the Financial Statements
for the half-year ended 31 December 2007

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 2007. 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 2007 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 2007 financial statements.

2. Events subsequent to Reporting Date

The company has commenced a due diligence process with a view to open a branch in Cowes.

There have been no other 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.

San Remo District Financial Services Limited
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Notes to the Financial Statements
for the half-year ended 31 December 2007

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	2007	2006
	\$	\$
<i>Dividends paid during the half year</i>		
Final unfranked dividend for the year ended 30 June 2007 of 2 cents (2006: Nil)	13,000	-

6. Director and Related Party Disclosures

The names of directors who have held office during the half year ended 31 December 2007 are:

Terry Ashenden (Chairman)	
Bruce Adams	Resigned 29/10/2007
Joan Matthews	
Miranda Sage	
Norma Stack-Robinson	
Caroline Talbot	
Janice Rowlingson	
Bruce Procter	
David Harrison	
Sue Becker	Appointed 29/10/2007
Paul Crosby	Appointed 29/10/2007
Craig Semple	Appointed 29/10/2007

Park Accommodation (Vic) Pty Ltd, of which Joan Matthews is a director received \$11,000 (2006: \$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 \$Nil (2006: \$1,800) 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	2007	2006
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	3,000	3,000
Bruce Procter	-	-
David Harrison	500	500
Sue Becker	-	-
Paul Crosby	-	-
Craig Semple	-	-

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 2007

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 2007 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

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Terry Ashenden, Director

Signed in San Remo on this 21st day of February 2008