

San Remo District Financial Services Ltd
Financial Statements
as at
30 June 2008

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

Your Directors submit their report of the company for the financial year ended 30 June 2008.

Directors

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

Terry Ashenden Chairman Occupation - Business Proprietor	Bruce Adams (resigned 29/10/2007) Director Occupation - Cabinet Maker
Joan Matthews Director Occupation - Caravan Park Proprietor	Miranda Sage Director Occupation - Pharmacist
Norma Stack-Robinson Director Occupation - Retired	Caroline Talbot Director Occupation - Business Manager
Janice Rowlingson Director Occupation - Self employed	Bruce Procter Director Occupation - Retired
David Harrison Director Occupation - Retired	Sue Becker (appointed 29/10/2007) Director Occupation - School Principal
Craig Semple (appointed 29/10/2007) Director Occupation - Minister of Religion	Paul Crosby (appointed 29/10/2007, resigned 26/05/08) Director Occupation - Business Proprietor

Directors were in office for this entire year unless otherwise stated. No Directors have material interests in contracts or proposed contracts with the company. No Directors have acted as a Director of any other listed company over the last three years.

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 and Adelaide 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 \$68,416 (2007: \$16,997).

Dividends	Year Ended 30 June 2008	
	Cents Per Share	\$
Dividends paid in the year:		
- As recommended in the prior year report	2	13,000

San Remo District Financial Services Ltd
ABN 20 102 770 150
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

Joan Matthews is a Director of and Shareholder in Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. The Company has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises. During the year ended 30 June 2008 \$22,167 (2007: \$22,000) was paid in relation to this lease.

Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$300 (2007: \$1,800) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

Other than above, no 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.

Executive Remuneration

	<u>Primary</u> <u>Benefits</u> Salary & Fees \$	<u>Post</u> <u>Employment</u> Superannuation \$	<u>Other</u> *	<u>Total</u> \$
Michael Scott (Branch Manager)				
2008	74,485	6,480	6,183	87,148
2007	42,923	3,863	6,885	53,671
Fred Borg (Branch Manager)				
2007	15,037	1,128	2,951	19,116

* Other payments represent the total of monthly car lease payments. This vehicle is used by the branch manager and other staff during the year.

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

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.

Directors Meetings

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

Number of Meetings Held: 14

Number of Meetings Attended:

Terry Ashenden	14
Bruce Adams (resigned 29/10/2007)	5
Joan Matthews	9
Miranda Sage	7
Norma Stack-Robinson	12
Caroline Talbot	11
Janice Rowlingson	13
Bruce Procter	13
David Harrison	12
Sue Becker (appointed 29/10/2007)	6
Paul Crosby (appointed 29/10/2007, resigned 26/05/08)	7
Craig Semple (appointed 29/10/2007)	9

Company Secretary

Catherine Rogerson has been the company secretary of San Remo District Financial Services Ltd for 2 years. Catherine Rogerson's qualifications and experience include administration in Commonwealth Government Primary and Secondary schools, and as a Committee Member of various clubs, preschools and school council.

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 B. Adams, J. Rowlingson, T. Ashenden and M. Scott;
- (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.

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

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants



172-176 McIvor Rd
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 San Remo District Financial Services Ltd for the financial year ended 30 June 2008, 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
5 September 2008

Signed in accordance with a resolution of the Board of Directors at San Remo on 5 September 2008.

A handwritten signature in black ink, appearing to read 'Terry Ashenden', written over a horizontal line.

Terry Ashenden, Chairman

San Remo District Financial Services Ltd
ABN 20 102 770 150
Income Statement
for the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Revenues from ordinary activities	2	690,489	549,249
Employee benefits expense	3	(246,196)	(232,659)
Charitable donations and sponsorship		(96,856)	(24,490)
Depreciation and amortisation expense	3	(49,045)	(49,164)
Finance costs	3	(1,206)	(1,055)
Other expenses from ordinary activities		<u>(186,234)</u>	<u>(207,884)</u>
Profit before income tax expense		110,952	33,997
Income tax expense	4	<u>42,536</u>	<u>17,000</u>
Profit after income tax expense		<u><u>68,416</u></u>	<u><u>16,997</u></u>
 Earnings per share (cents per share)			
- basic for profit for the year	23	10.53	2.61
- diluted for profit for the year	23	10.53	2.61
- dividend paid per share	22	2.00	-

The accompanying notes form part of these financial statements

San Remo District Financial Services Ltd
ABN 20 102 770 150
Balance Sheet
As at 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Current Assets			
Cash assets	6	395,098	273,277
Receivables	7	59,081	44,031
Prepayments	8	4,447	4,944
Total Current Assets		<u>458,626</u>	<u>322,252</u>
Non-Current Assets			
Property, plant and equipment	9	131,419	128,212
Deferred income tax asset	4	4,500	47,036
Intangibles	10	372	30,209
Total Non-Current Assets		<u>136,291</u>	<u>205,457</u>
Total Assets		<u>594,917</u>	<u>527,709</u>
Current Liabilities			
Payables	11	38,215	30,759
Interest bearing liabilities	12	6,497	11,490
Provisions	13	21,194	17,996
Total Current Liabilities		<u>65,906</u>	<u>60,245</u>
Non-Current Liabilities			
Interest bearing liabilities	12	13,012	-
Total Non-Current Liabilities		<u>13,012</u>	<u>-</u>
Total Liabilities		<u>78,918</u>	<u>60,245</u>
Net Assets		<u>515,999</u>	<u>467,464</u>
Equity			
Share capital	14	643,119	650,000
Accumulated losses	15	(127,120)	(182,536)
Total Equity		<u>515,999</u>	<u>467,464</u>

The accompanying notes form part of these financial statements

San Remo District Financial Services Ltd
ABN 20 102 770 150
Cash Flow Statement
For the year ended 30 June 2008

	<u>Notes</u>	2008 \$	2007 \$
Cash Flows From Operating Activities			
Cash receipts in the course of operations		715,802	580,034
Cash payments in the course of operations		(574,412)	(504,000)
Interest paid		(1,206)	(1,055)
Interest received		17,142	10,692
Net cash flows from operating activities	16b	<u>157,326</u>	<u>85,671</u>
Cash Flows From Investing Activities			
Proceeds from sale of property, plant & equipment		9,577	-
Purchase of property, plant & equipment		(32,848)	-
Purchase of intangible assets		(372)	-
Net cash flows used in financing activities		<u>(23,643)</u>	<u>-</u>
Cash Flows From Financing Activities			
Repayment of borrowings		-	(5,312)
Proceeds from borrowings		8,019	-
Dividends paid		(13,000)	-
Payment for equity raising costs		(6,881)	-
Net cash flows used in financing activities		<u>(11,862)</u>	<u>(5,312)</u>
Net increase in cash held		121,821	80,359
Add opening cash brought forward		273,277	192,918
Closing cash carried forward	16a	<u>395,098</u>	<u>273,277</u>

The accompanying notes form part of these financial statements

San Remo District Financial Services Ltd
ABN 20 102 770 150
Statement of Changes in Equity
for the year ended 30 June 2008

	2008	2007
	\$	\$
SHARE CAPITAL		
<i>Ordinary shares</i>		
Balance at start of year	650,000	650,000
Issue of share capital	-	-
Share issue costs	<u>(6,881)</u>	<u>-</u>
Balance at end of year	<u>643,119</u>	<u>650,000</u>
 ACCUMULATED LOSSES		
Balance at start of year	(182,536)	(199,533)
Profit after income tax expense	68,416	16,997
Dividends paid or proposed	<u>(13,000)</u>	<u>-</u>
Balance at end of year	<u>(127,120)</u>	<u>(182,536)</u>

The accompanying notes form part of these financial statements

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

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 5 September 2008.

(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 2007 financial statements.

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.

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

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:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Furniture and fittings	20%
Motor vehicles	15%
Plant and equipment	13%
Property improvements	13%

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.

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

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

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).

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

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

	2008	2007
	\$	\$
Operating activities		
- services commissions	672,011	538,977
Total revenue from operating activities	<u>672,011</u>	<u>538,977</u>
Non-operating activities:		
- interest received	17,751	10,272
- other revenue	727	-
Total revenue from non-operating activities	<u>18,478</u>	<u>10,272</u>
Total revenue from ordinary activities	<u><u>690,489</u></u>	<u><u>549,249</u></u>

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

3. Expenses	2008	2007
	\$	\$
Employee benefits expense		
- wages and salaries	218,807	204,885
- superannuation costs	19,196	17,470
- workers' compensation costs	668	792
- other costs	7,525	9,512
	<u>246,196</u>	<u>232,659</u>
Depreciation of non-current assets:		
- plant and equipment	5,301	5,595
- property improvements	8,420	8,420
- motor vehicles	4,227	4,041
- furniture and fittings	888	899
Amortisation of non-current assets:		
- intangibles	30,209	30,209
	<u>49,045</u>	<u>49,164</u>
Finance Costs:		
- Interest paid	1,206	1,055
Bad debts	1,203	243
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%	33,286	10,199
Add/(deduct) tax effect of:		
- Non-deductible expenses	9,250	7,932
- Prior period adjustment	-	(1,131)
<i>Current income tax expense</i>	<u>42,536</u>	<u>17,000</u>
Income tax expense	<u>42,536</u>	<u>17,000</u>
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	<u>4,500</u>	<u>47,036</u>

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

5. Auditors' Remuneration	2008	2007
	\$	\$
Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:		
- Audit or review of the financial report of the company	3,650	3,650
- Completion of feasibility study	4,500	-
- Valuation of company	1,000	-
	<u>9,150</u>	<u>3,650</u>
6. Cash Assets		
Cash at bank and on hand	<u>395,098</u>	<u>273,277</u>
7. Receivables		
Trade debtors	<u>59,081</u>	<u>44,031</u>
8. Prepayments		
Insurance	4,447	944
Staff training	-	4,000
	<u>4,447</u>	<u>4,944</u>
9. Property, Plant and Equipment		
<i>Furniture and fittings</i>		
At cost	4,631	4,631
Less accumulated depreciation	<u>(4,484)</u>	<u>(3,596)</u>
	<u>147</u>	<u>1,035</u>
<i>Motor vehicles</i>		
At cost	29,577	26,936
Less accumulated depreciation	<u>(2,085)</u>	<u>(13,989)</u>
	<u>27,492</u>	<u>12,947</u>
<i>Plant and equipment</i>		
At cost	45,401	42,127
Less accumulated depreciation	<u>(27,925)</u>	<u>(22,621)</u>
	<u>17,476</u>	<u>19,506</u>
<i>Building improvements</i>		
At cost	126,976	126,976
Less accumulated depreciation	<u>(40,672)</u>	<u>(32,252)</u>
	<u>86,304</u>	<u>94,724</u>
Total written down amount	<u>131,419</u>	<u>128,212</u>
Movements in carrying amounts		
<i>Furniture and fittings</i>		
Carrying amount at beginning of year	1,035	1,934
Additions	-	-
Disposals	-	-
Depreciation expense	<u>(888)</u>	<u>(899)</u>
Carrying amount at end of year	<u>147</u>	<u>1,035</u>

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

9. Property, Plant and Equipment (continued)	2008	2007
	\$	\$
Movements in carrying amounts (continued)		
<i>Motor vehicles</i>		
Carrying amount at beginning of year	12,947	16,988
Additions	29,577	-
Disposals	(10,805)	-
Depreciation expense	(4,227)	(4,041)
Carrying amount at end of year	<u>27,492</u>	<u>12,947</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of year	19,506	25,101
Additions	3,271	-
Disposals	-	-
Depreciation expense	(5,301)	(5,595)
Carrying amount at end of year	<u>17,476</u>	<u>19,506</u>
<i>Building improvements</i>		
Carrying amount at beginning of year	94,724	103,144
Additions	-	-
Disposals	-	-
Depreciation expense	(8,420)	(8,420)
Carrying amount at end of year	<u>86,304</u>	<u>94,724</u>
10. Intangible Assets		
<i>Franchise Fee</i>		
At cost	60,000	60,000
Less accumulated amortisation	(60,000)	(48,000)
	<u>-</u>	<u>12,000</u>
<i>Preliminary Expenses</i>		
At cost	91,045	91,045
Less accumulated amortisation	(91,045)	(72,836)
	<u>-</u>	<u>18,209</u>
<i>Borrowing Costs</i>		
At cost	425	-
Less accumulated amortisation	(53)	-
	<u>372</u>	<u>-</u>
	<u>372</u>	<u>30,209</u>
11. Payables		
Trade creditors	18,177	11,883
Other creditors and accruals	20,038	18,876
	<u>38,215</u>	<u>30,759</u>
12. Interest Bearing Liabilities		
<i>Current</i>		
Chattel mortgage	<u>6,497</u>	<u>11,490</u>
<i>Non - Current</i>		

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

Chattel mortgage	<u>13,012</u>	<u>-</u>
13. Provisions	2008	2007
	\$	\$
Employee benefits	<u>21,194</u>	<u>17,996</u>
Number of employees at year end	<u>7</u>	<u>7</u>
14. Share Capital		
650,000 Ordinary Shares fully paid of \$1 each	650,000	650,000
Less preliminary expenses	<u>(6,881)</u>	<u>-</u>
	<u>643,119</u>	<u>650,000</u>
15. Accumulated Losses		
Balance at the beginning of the financial year	(182,536)	(199,533)
Profit after income tax	68,416	16,997
Dividends paid or proposed	<u>(13,000)</u>	<u>-</u>
Balance at the end of the financial year	<u>(127,120)</u>	<u>(182,536)</u>
16. Cash Flow Statement		
(a) Reconciliation of cash		
Cash assets	<u>395,098</u>	<u>273,277</u>
(b) Reconciliation of profit after tax to net cash provided from operating activities		
Profit after income tax	68,416	16,997
Non cash items		
- Depreciation	18,836	18,955
- Amortisation	30,209	30,209
- Net loss from sale of plant & equipment	1,228	-
Changes in assets and liabilities		
- (Increase) decrease in receivables	(14,553)	(475)
- Increase (decrease) in payables	7,456	(435)
- Increase (decrease) in provisions	3,198	3,420
- (Increase) decrease in deferred income tax assets	42,536	17,000
Net cashflows from operating activities	<u>157,326</u>	<u>85,671</u>

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

17. Director and Related Party Disclosures

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

Terry Ashenden
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, resigned 26/05/08)
Craig Semple (appointed 29/10/2007)

Joan Matthews is a Director of and Shareholder in Park Accommodation (Vic) Pty Ltd, which owns the premises situated at 103A Marine Parade, San Remo. The Company has entered into a lease arrangement with Park Accommodation (Vic) Pty Ltd with regard to these premises. During the year ended 30 June 2008 \$22,167 (2007: \$22,000) was paid in relation to this lease.

Newhaven Hardware & Plant Hire, of which Terry Ashenden is a partner, received \$300 (2007: \$1,800) in respect of the lease and associated outgoings for the office space for San Remo District Financial Services Limited.

Other than above, 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.

Directors shareholdings	2008	2007
Terry Ashenden	5,000	5,000
Bruce Adams (resigned 29/10/2007)	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 (appointed 29/10/2007)	-	-
Paul Crosby (appointed 29/10/2007, resigned 26/05/08)	-	-
Craig Semple (appointed 29/10/2007)	-	-

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

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

17. Director and Related Party Disclosures (continued)

Executive Remuneration

	<u>Primary Benefits</u> Salary & Fees \$	<u>Post Employment</u> Superannuation \$	<u>Other *</u> \$	<u>Total</u> \$
Michael Scott (Branch Manager)				
2008	74,485	6,480	6,183	87,148
2007	42,923	3,863	6,885	53,671
Fred Borg (Branch Manager)				
2007	15,037	1,128	2,951	19,116

* Other payments represent the total of monthly car lease payments. This vehicle is used by the branch manager and other staff during the year.

18. Subsequent Events

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

19. Contingent Liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

20. 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.

21. Corporate Information

San Remo District 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: 103A Marine Parade
San Remo VIC 3935

22. Dividends paid or provided for on ordinary shares

	2008 \$	2007 \$
(a) Dividends proposed and not recognised as a liability		
Unfranked dividends - Nil cents per share (2007: 2 cents per share)	-	13,000
(b) Dividends paid during the year		
Unfranked dividends - 2 cents per share (2007: nil cents per share)	13,000	-

San Remo District Financial Services Ltd
ABN 20 102 770 150
Notes to the Financial Statements
for the year ended 30 June 2008

23. Earnings per share

	2008	2007
	\$	\$

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	<u>68,416</u>	<u>16,997</u>
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>650,000</u>	<u>650,000</u>

24. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying Amount	
	2008	2007
	\$	\$
Cash assets	395,098	273,277
Receivables	59,081	44,031
	<u>454,179</u>	<u>317,308</u>

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of the balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2007: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

24. Financial risk management (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	1 year or less	over 1 to 5 years	more than 5 years
	\$	\$	\$	\$	\$
30 June 2008					
Payables	38,215	(38,215)	(38,215)	-	-
Interest bearing liabilities	19,509	(22,739)	(8,016)	(14,723)	-
	<u>57,724</u>	<u>(60,954)</u>	<u>(46,231)</u>	<u>(14,723)</u>	<u>-</u>
30 June 2007					
Payables	30,759	(30,759)	(30,759)	-	-
Interest bearing liabilities	11,490	(11,935)	(11,935)	-	-
	<u>42,249</u>	<u>(42,694)</u>	<u>(42,694)</u>	<u>-</u>	<u>-</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest Rate Risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying Amount	
	2008	2007
	\$	\$
Fixed rate instruments		
Financial assets	209,557	149,022
Financial liabilities	(19,509)	(11,490)
	<u>190,048</u>	<u>137,532</u>
Variable rate instruments		
Financial assets	185,541	124,255
Financial liabilities	-	-
	<u>185,541</u>	<u>124,255</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2007 there was also no impact. As at both dates this assumes all other variables remain constant.

24. Financial risk management (continued)

(d) 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.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2008 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the year.

San Remo District Financial Services Ltd
ABN 20 102 770 150
Directors' Declaration

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 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 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and 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.
- (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 2008.



Terry Ashenden, Chairman

Signed at San Remo on the 5th of September 2008.

BSX ADDITIONAL INFORMATION

Additional information required by the Bendigo Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 13 September 2008.

A. Corporate Governance Statement

The board guides and monitors the business and affairs on behalf of the shareholders to whom they are accountable.

The board recognises the importance of a strong corporate governance focus and methodology. The Board is currently working towards adopting policies and procedures that will govern our company into the future. We believe that building policy framework will assist clarify the future direction of our local company, provide accountability and transparency and ensure there are guiding principles in place for future decision making.

B. Substantial Shareholders – Ten largest shareholders

	Ordinary Shares	Number of Ord Shares
1. D & J Adams	16,500	2.31%
2. Carruthers Pharmaceuticals P/L	11,000	1.54%
3. Dickie R & J [Super Fund No. 2]	11,000	1.54%
4. P.J. Foden	11,000	1.54%
5. P & M Herrington	11,000	1.54%
6. GM Legg	11,000	1.54%
7. Morgeo Nominees P/L	11,000	1.54%
8. AC O'Brien	11,000	1.54%
9. D Gillard	8,800	1.23%
10. A Embrey	7,700	1.08%
	<hr/>	
	110,000	15.4%

C. Voting Rights

Each shareholder has one vote

D. Distribution of Shareholders

The number of shareholders, by size of holding, is:

		Ordinary Shares		
		Number of Holders	Number of Shares	
1	-	1,000	167	89,053
1,001	-	5,000	160	258,557
5,001	-	10,000	50	273,901
10,001	-	100,000	8	93,500
100,001	and over		-	-
<hr/>				
Total			385	715,011
<hr/>				

There are no shareholders holding less than a marketable parcel of shares.

E. Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all Director's is reviewed annually by the chairperson. Director's whose performance is unsatisfactory are asked to retire.

The Board and Director's aims to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors.

The Board does have an Audit Committee.

F. Address and telephone number of the Office which securities register is kept:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
ABBOTSFORD VIC 3067

Telephone: 03 9415 5000

G. San Remo District Financial Services Limited

Catherine Rogerson
Company Secretary
103a Marine Parade
SAN REMO Victoria 3925

Telephone: 03 5956 7177

Richmond Sinnott & Delahunty

Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

5 September 2008

The Directors
San Remo District Financial Services Limited
PO Box 101
San Remo VIC 3925

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of San Remo District Financial Services Limited for the year ended 30 June 2008, 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



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

***INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF SAN REMO DISTRICT
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 San Remo District Financial Services Limited, for the year ended 30 June 2008.

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 established 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 San Remo District 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 2008 and of its performance for the period 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: 5 September 2008