

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 2008.

Directors

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

Terry Ashenden (Chairman)

Joan Matthews

Miranda Sage

Norma Stack-Robinson

Caroline Talbot

Janice Rowlingson

Bruce Procter

David Harrison

Sue Becker

Craig Semple

Michele Fulwell (appointed 27 October 2008)

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 and Adelaide 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 \$66,041 (2007: \$26,954).

In August 2008 bonus shares were issued for no consideration at the rate of 1 share for every 10 held.

During the half year the company issued a prospectus with a view to open a branch in Cowes.

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



172 McIvor Road
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 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
26 February 2009

Signed in accordance with a resolution of the Directors at San Remo on 26 February 2009.

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

.....
Terry Ashenden, Director

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Income Statement
for the half-year ended 31 December 2008

	2008	2007
	\$	\$
Revenue from ordinary activities	364,144	318,871
Other revenue	9,766	8,320
Salaries and employee benefit expense	(154,879)	(128,621)
Depreciation and amortisation expense	(16,253)	(24,452)
Charitable donations and sponsorship	(15,435)	(32,001)
Other expenses from ordinary activities	<u>(89,819)</u>	<u>(97,138)</u>
Profit from ordinary activities before income tax expense	97,524	44,979
Income tax expense relating to ordinary activities	<u>(31,483)</u>	<u>(18,025)</u>
Net profit	<u><u>66,041</u></u>	<u><u>26,954</u></u>
Earnings per share (cents per share)		
- basic for profit for the half year	9.24	4.15
- diluted for profit for the half year	9.24	4.15
- dividends paid per share	5 5.00	2.00

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Balance Sheet
as at 31 December 2008

	31-Dec 2008	30-Jun 2008
	\$	\$
Current Assets		
Cash assets	438,430	395,098
Receivables	64,506	59,081
Prepayments	5,258	4,447
Total Current Assets	<u>508,194</u>	<u>458,626</u>
Non-Current Assets		
Property, plant and equipment	122,057	131,419
Deferred income tax asset	-	4,500
Intangibles	62,337	372
Total Non-Current Assets	<u>184,394</u>	<u>136,291</u>
Total Assets	<u>692,588</u>	<u>594,917</u>
Current Liabilities		
Payables	74,295	38,215
Interest bearing liabilities	6,497	6,497
Deferred income tax liability	10,329	-
Provisions	44,598	21,194
Total Current Liabilities	<u>135,719</u>	<u>65,906</u>
Non-Current Liabilities		
Interest bearing liabilities	10,579	13,012
Total Non-Current Liabilities	<u>10,579</u>	<u>13,012</u>
Total Liabilities	<u>146,298</u>	<u>78,918</u>
Net Assets	<u>546,290</u>	<u>515,999</u>
Equity		
Issued capital	643,119	643,119
Accumulated losses	<u>(96,829)</u>	<u>(127,120)</u>
Total Equity	<u>546,290</u>	<u>515,999</u>

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Cash Flow Statement
for the half-year ended 31 December 2008

	2008	2007
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	384,758	328,269
Cash payments in the course of operations	(243,680)	(273,998)
Interest received	10,160	8,080
Borrowing costs	(814)	-
	<u>150,424</u>	<u>62,351</u>
Cash Flows From Investing Activities		
Payment for intangible assets	(68,909)	-
	<u>(68,909)</u>	<u>-</u>
Cash Flows From Financing Activities		
Dividends paid	(35,750)	(13,000)
Repayment of borrowings	(2,433)	(2,546)
	<u>(38,183)</u>	<u>(15,546)</u>
Net increase in cash held	43,332	46,805
Opening cash brought forward	<u>395,098</u>	<u>273,277</u>
Closing cash carried forward	<u><u>438,430</u></u>	<u><u>320,082</u></u>

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Statement of Changes in Equity
for the half-year ended 31 December 2008

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2008	643,119	(127,120)	515,999
Net profit for the period	-	66,041	66,041
Issue of share capital	-	-	-
Equity dividends	-	(35,750)	(35,750)
As at 31 December 2008	<u>643,119</u>	<u>(96,829)</u>	<u>546,290</u>

	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>

San Remo District Financial Services Limited
ABN 20 102 770 150
Notes to the Financial Statements
for the half-year ended 31 December 2008

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 2008. 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 2008 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 2008 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.

San Remo District Financial Services Limited
ABN 20 102 770 150
Notes to the Financial Statements
for the half-year ended 31 December 2008

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	2008	2007
	\$	\$
<i>Dividends paid during the half year</i>		
Final unfranked dividend for the year ended 30 June 2008 of 5 cents (2007: 2 cents)	35,750	13,000

6. Director and Related Party Disclosures

The names of directors who have held office during the half year ended 31 December 2008 are:

Terry Ashenden (Chairman)
 Joan Matthews
 Miranda Sage
 Norma Stack-Robinson
 Caroline Talbot
 Janice Rowlingson
 Bruce Procter
 David Harrison
 Sue Becker
 Craig Semple
 Michele Fulwell (appointed 27 October 2008)

Park Accommodation (Vic) Pty Ltd, of which Joan Matthews is a director received \$12,000 (2007: \$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 \$900 (2007: Nil) 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>2008</u>	<u>2007</u>
Terry Ashenden (Chairman)	5,501	5,001
Joan Matthews	8,801	8,001
Miranda Sage	5,501	5,001
Norma Stack-Robinson	5,501	5,001
Caroline Talbot	2,200	2,000
Janice Rowlingson	3,300	3,000
Bruce Procter	-	-
David Harrison	550	500
Sue Becker	-	-
Craig Semple	-	-
Michele Fulwell (appointed 27 October 2008)	-	-

The only movement in directors shareholdings during the period was an increase due to a bonus share issue at the rate of 1 share for every 10 held . Each share held has a paid up value of \$1 and is fully paid.

San Remo District Financial Services Limited
ABN 20 102 770 150
Directors Declaration
for the half-year ended 31 December 2008

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

In the opinion of the directors:

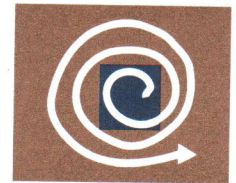
- (a) the financial statements and notes of the company:
 - (i) give a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134, "Interim Financial Reporting" and the Corporations 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 26th day of February 2009



Independent Review Report

To the members of San Remo District Financial Services Ltd

Scope

The financial report comprises the condensed income statement, condensed balance sheet, condensed cash flow statement, condensed statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for San Remo District Financial Services Ltd for the half-year ended 31 December 2008.

The company's directors 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 Standard AASB 134 "Interim Financial Reporting", 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 accounting policies and accounting estimates inherent in the financial report.

Review Approach

We conducted an independent review of the half year financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the half year financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis or procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and of their performance as represented by the results of their operations and their cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year interim financial report of San Remo District Financial Services Ltd is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Richmond Sinnott & Delahunty
Richmond Sinnott & Delahunty
Chartered Accountants

W Sinnott

Warren Sinnott
Partner

Signed at Bendigo on 26 February 2009