

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 2009.

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 (resigned 26 October 2009)

Sue Becker (resigned 27 July 2009)

Craig Semple

Kathy Jones (appointed 27 July 2009)

Michele Fulwell

Patrick Russell (appointed 26 October 2009)

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 \$37,816 (2008: \$66,041).

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



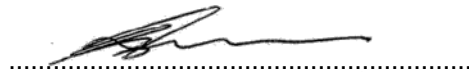
172 McIvor Road
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail:
rsd@rsdadvisors.com.au

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 2009, 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.

Philip Delahunty
Partner
Richmond Sinnott & Delahunty
Bendigo
1 March 2010

Signed in accordance with a resolution of the Directors at San Remo on 1 March 2010.



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Terry Ashenden, Director

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Income Statement
for the half-year ended 31 December 2009

	2009	2008
	\$	\$
Revenue from ordinary activities	510,722	364,144
Other revenue	6,327	9,766
Salaries and employee benefit expense	(273,151)	(154,879)
Depreciation and amortisation expense	(41,620)	(16,253)
Charitable donations and sponsorship	(6,945)	(15,435)
Other expenses from ordinary activities	<u>(145,374)</u>	<u>(89,819)</u>
Profit from ordinary activities before income tax expense	49,959	97,524
Income tax expense relating to ordinary activities	<u>(12,143)</u>	<u>(31,483)</u>
Net profit	<u><u>37,816</u></u>	<u><u>66,041</u></u>
Earnings per share (cents per share)		
- basic for profit for the half year	3.28	5.29
- diluted for profit for the half year	3.28	5.29
- dividends paid per share	5	5.00

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Balance Sheet
as at 31 December 2009

	31-Dec 2009	30-Jun 2009
	\$	\$
Current Assets		
Cash assets	525,525	425,312
Receivables	84,285	88,386
Prepayments	8,660	12,753
Total Current Assets	<u>618,470</u>	<u>526,451</u>
Non-Current Assets		
Property, plant and equipment	346,585	343,506
Deferred income tax asset	-	3,091
Intangibles	119,771	141,983
Total Non-Current Assets	<u>466,356</u>	<u>488,580</u>
Total Assets	<u>1,084,826</u>	<u>1,015,031</u>
Current Liabilities		
Payables	47,100	25,869
Interest bearing liabilities	11,934	21,329
Provisions	28,850	30,511
Total Current Liabilities	<u>87,884</u>	<u>77,709</u>
Non-Current Liabilities		
Deferred income tax liability	9,052	-
Interest bearing liabilities	24,372	21,620
Total Non-Current Liabilities	<u>33,424</u>	<u>21,620</u>
Total Liabilities	<u>121,308</u>	<u>99,329</u>
Net Assets	<u>963,518</u>	<u>915,702</u>
Equity		
Issued capital	1,086,498	1,076,498
Accumulated losses	(122,980)	(160,796)
Total Equity	<u>963,518</u>	<u>915,702</u>

San Remo District Financial Services Limited
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Condensed Cash Flow Statement
for the half-year ended 31 December 2009

	2009	2008
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	562,027	384,758
Cash payments in the course of operations	(444,466)	(243,680)
Interest received	4,372	10,160
Borrowing costs	(2,005)	(814)
	<u>119,928</u>	<u>150,424</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(23,072)	-
Payment for intangible assets	-	(68,909)
	<u>(23,072)</u>	<u>(68,909)</u>
Cash Flows From Financing Activities		
Dividends paid	-	(35,750)
Issue of Share Capital	10,000	-
Repayment of borrowings	(6,643)	(2,433)
	<u>3,357</u>	<u>(38,183)</u>
Net cash flows used in financing activities	<u>3,357</u>	<u>(38,183)</u>
Net increase in cash held	100,213	43,332
Opening cash brought forward	425,312	395,098
Closing cash carried forward	<u>525,525</u>	<u>438,430</u>

San Remo District Financial Services Limited
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Condensed Statement of Changes in Equity
for the half-year ended 31 December 2009

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2009	1,076,498	(160,796)	915,702
Net profit for the period	-	37,816	37,816
Issue of share capital	10,000	-	10,000
Equity dividends	-	-	-
As at 31 December 2009	<u>1,086,498</u>	<u>(122,980)</u>	<u>963,518</u>

	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>

San Remo District Financial Services Limited
ABN 20 102 770 150
Notes to the Financial Statements
for the half-year ended 31 December 2009

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 2009. 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 2009 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 2009 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 2009

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 or Proposed

	2009	2008
	\$	\$
<i>Dividends paid during the half year</i>		
Final unfranked dividend for the year ended 30 June 2009 of Nil cents (2008: 5 cents)	-	35,750
<i>Dividends proposed and not recognised as a liability</i>		
Interim unfranked dividend for the year ended 30 June 2010 of 3 cents (2008: Nil)	34,545	-

San Remo District Financial Services Limited
ABN 20 102 770 150
Directors Declaration
for the half-year ended 31 December 2009

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 2009 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 1 March 2010



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

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 2009.

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 2009 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
Chartered Accountants



Philip Delahunty
Partner

Signed at Bendigo on 1 March 2010