

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 2010.

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

Craig Semple

Kathy Jones

Michele Fulwell

Patrick Russell

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 \$31,000 (2009: \$37,816).

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.

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 period under review not otherwise disclosed in this report.

**San Remo District Financial Services Limited
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Directors' Report**

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants



**Level 2, 10-16 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 2010, 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
3 March 2011**

Signed in accordance with a resolution of the Directors at San Remo on 3 March 2011.

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Terry Ashenden, Director

San Remo District Financial Services Limited
ABN 20 102 770 150
Condensed Statement of Comprehensive Income
for the half-year ended 31 December 2010

	2010	2009
	\$	\$
Revenue from ordinary activities	652,277	510,722
Other revenue	12,977	6,327
Salaries and employee benefit expense	(291,002)	(273,151)
Depreciation and amortisation expense	(46,304)	(41,620)
Charitable donations and sponsorship	(58,258)	(6,945)
Other expenses from ordinary activities	<u>(201,951)</u>	<u>(145,374)</u>
Profit from ordinary activities before income tax expense	67,739	49,959
Income tax expense relating to ordinary activities	<u>(36,739)</u>	<u>(12,143)</u>
Net profit	31,000	37,816
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u><u>31,000</u></u>	<u><u>37,816</u></u>
Earnings per share (cents per share)		
- basic for profit for the half year	2.11	4.34
- diluted for profit for the half year	2.11	4.34

San Remo District Financial Services Limited
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Condensed Statement of Financial Position
as at 31 December 2010

	31-Dec 2010 \$	30-Jun 2010 \$
Current Assets		
Cash and cash equivalents	620,364	584,184
Receivables	75,839	87,734
Prepayments	20,398	4,516
Total Current Assets	<u>716,601</u>	<u>676,434</u>
Non-Current Assets		
Property, plant and equipment	535,813	338,693
Intangibles	209,493	99,830
Total Non-Current Assets	<u>745,306</u>	<u>438,523</u>
Total Assets	<u>1,461,907</u>	<u>1,114,957</u>
Current Liabilities		
Payables	26,842	63,288
Loans and borrowings	11,934	11,934
Provisions	70,124	41,001
Total Current Liabilities	<u>108,900</u>	<u>116,223</u>
Non-Current Liabilities		
Deferred income tax liability	24,363	15,565
Loans and borrowings	15,058	19,813
Total Non-Current Liabilities	<u>39,421</u>	<u>35,378</u>
Total Liabilities	<u>148,321</u>	<u>151,601</u>
Net Assets	<u>1,313,586</u>	<u>963,356</u>
Equity		
Issued capital	1,397,915	1,078,685
Accumulated losses	<u>(84,329)</u>	<u>(115,329)</u>
Total Equity	<u>1,313,586</u>	<u>963,356</u>

San Remo District Financial Services Limited
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Condensed Statement of Cash Flows
for the half-year ended 31 December 2010

	2010	2009
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	688,537	562,027
Cash payments in the course of operations	(624,887)	(444,466)
Interest received	12,429	4,372
Borrowing costs	<u>(1,212)</u>	<u>(2,005)</u>
Net cash flows provided from operating activities	<u>74,867</u>	<u>119,928</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(220,196)	(23,072)
Payment for intangible assets	<u>(132,966)</u>	<u>-</u>
Net cash flows used in investing activities	<u>(353,162)</u>	<u>(23,072)</u>
Cash Flows From Financing Activities		
Issue of share capital	319,230	10,000
Repayment of borrowings	<u>(4,755)</u>	<u>(6,643)</u>
Net cash flows used in financing activities	<u>314,475</u>	<u>3,357</u>
Net increase in cash held	36,180	100,213
Cash and cash equivalents at start of period	<u>584,184</u>	<u>425,312</u>
Cash and cash equivalents at end of period	<u><u>620,364</u></u>	<u><u>525,525</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 2010

	<u>Notes</u>	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2010		1,078,685	(115,329)	963,356
Net profit for the period		-	31,000	31,000
Issue of share capital		319,230	-	319,230
Dividends paid	5	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2010		<u><u>1,397,915</u></u>	<u><u>(84,329)</u></u>	<u><u>1,313,586</u></u>

		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
Dividends paid	5	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2009		<u><u>1,086,498</u></u>	<u><u>(122,980)</u></u>	<u><u>963,518</u></u>

San Remo District Financial Services Limited
ABN 20 102 770 150
Notes to the Financial Statements
for the half-year ended 31 December 2010

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

(a) Basis of accounting

San Remo District Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the half year ending 31 December 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing community banking services.

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 2010. 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 2010 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. 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) Summary of significant accounting policies

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2010 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 2010

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 the geographic area covering San Remo, Grantville and Phillip Island.

5. Dividends Paid or Proposed

	2010	2009
	\$	\$
<i>Dividends proposed and not recognised as a liability</i>		
Interim unfranked dividend for the year ended 30 June 2010 of Nil cents (2009: 3 cents per share)	-	34,545

San Remo District Financial Services Limited
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Directors Declaration
for the half-year ended 31 December 2010

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 2010 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134, "Interim Financial Reporting", the Corporations Act 2001 and other mandatory reporting requirements; 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.



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Terry Ashenden, Director

Signed in San Remo on 3 March 2011