

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Directors' Report**

Your Directors submit their report of the company for the half year ended 31 December 2007.

**Directors**

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

Hans Diederick Menting

David Charles Orford

Elisabeth Kay Grant

Damien Leo Hudson

Robert Einar Stensholt

Juliann Ruth Byron

Trevor Ronald Kempton

Leigh Smith

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 two franchised branches of Bendigo 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 \$102,227 (2006: \$58,481).

During the half year Richmond Sinnott & Delahunty completed a valuation to assist the Directors in assessing the current market value of the company. The valuation was received on 12 October 2007 and was not reduced for the 8 cents per share return of capital completed during the half year. In the report the company was valued between \$1.54 million and \$2.44 million. With the shares on issue at the time of the report being 1,092,062 this is a range of \$1.41 to \$2.23 per share.

**Matters subsequent to the end of the reporting period**

The company listed on the Bendigo Stock Exchange on 21 February 2008. There are no other 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.

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Directors' Report**

**Auditor Independence Declaration**

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

**Richmond Sinnott & Delahunty**  
**Chartered Accountants**



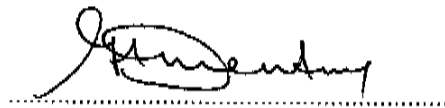
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**Auditor's Independence Declaration**

In relation to our review of the financial report of Canterbury Surrey Hills Community Finance Ltd 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**  
**29 February 2008**

Signed in accordance with a resolution of the Directors in Melbourne on 29 February 2008.



Hans Menting, Director

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Condensed Income Statement**  
**for the half-year ended 31 December 2007**

	Note	2007 \$	2006 \$
Revenue from ordinary activities		680,182	544,467
Salaries and employee benefit expense		(287,246)	(221,004)
Depreciation and amortisation expense		(46,073)	(59,872)
Borrowing cost expense		-	(72)
Other expenses from ordinary activities		<u>(198,605)</u>	<u>(170,384)</u>
<b>Profit from ordinary activities before income tax expense</b>		148,258	93,135
Income tax expense relating to ordinary activities		<u>46,031</u>	<u>34,654</u>
<b>Net profit attributable to members of the entity</b>		<u><u>102,227</u></u>	<u><u>58,481</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the half year		10.17	5.36
- diluted for profit for the half year		10.17	5.36
- dividends paid per share	5	2.00	2.00

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Condensed Balance Sheet**  
**as at 31 December 2007**

	Note	31-Dec 2007 \$	30-Jun 2007 \$
<b>Current Assets</b>			
Cash assets		356,210	291,794
Receivables		140,748	120,923
<b>Total Current Assets</b>		<u>496,958</u>	<u>412,717</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		124,304	152,602
Deferred income tax asset		96,431	142,462
Intangibles		15,001	28,488
<b>Total Non-Current Assets</b>		<u>235,736</u>	<u>323,552</u>
<b>Total Assets</b>		<u>732,694</u>	<u>736,269</u>
<b>Current Liabilities</b>			
Payables		79,062	78,103
Provisions		18,893	16,448
<b>Total Current Liabilities</b>		<u>97,955</u>	<u>94,551</u>
<b>Total Liabilities</b>		<u>97,955</u>	<u>94,551</u>
<b>Net Assets</b>		<u>634,739</u>	<u>641,718</u>
<b>Equity</b>			
Issued capital	7	1,004,697	1,092,062
Accumulated losses		<u>(369,958)</u>	<u>(450,344)</u>
<b>Total Equity</b>		<u>634,739</u>	<u>641,718</u>

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Condensed Cash Flow Statement**  
**for the half-year ended 31 December 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Cash receipts in the course of operations	715,915	570,472
Cash payments in the course of operations	(549,333)	(412,396)
Interest received	11,328	1,180
Interest paid	<u>-</u>	<u>(72)</u>
<b>Net cash flows from (used in) operating activities</b>	<b>177,910</b>	<b>159,184</b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	<u>(4,288)</u>	<u>(882)</u>
<b>Net cash flows from (used in) investing activities</b>	<b>(4,288)</b>	<b>(882)</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(21,841)	(21,841)
Repayment of borrowings	-	(17,852)
Return of capital	<u>(87,365)</u>	<u>-</u>
<b>Net cash flows used in financing activities</b>	<b>(109,206)</b>	<b>(39,693)</b>
<b>Net increase (decrease) in cash held</b>	<b>64,416</b>	<b>118,609</b>
Opening cash brought forward	<u>291,794</u>	<u>12,036</u>
<b>Closing cash carried forward</b>	<b><u>356,210</u></b>	<b><u>130,645</u></b>

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Condensed Statement of Changes in Equity**  
**for the half-year ended 31 December 2007**

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2007</b>	1,092,062	(450,344)	641,718
Net profit for the period	-	102,227	102,227
Return of share capital	(87,365)	-	(87,365)
Equity dividends	<u>-</u>	<u>(21,841)</u>	<u>(21,841)</u>
<b>As at 31 December 2007</b>	<u><u>1,004,697</u></u>	<u><u>(369,958)</u></u>	<u><u>634,739</u></u>

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2006</b>	1,092,062	(568,708)	523,354
Net profit for the period	-	58,481	58,481
Return of share capital	-	-	-
Equity dividends	<u>-</u>	<u>(21,841)</u>	<u>(21,841)</u>
<b>As at 31 December 2006</b>	<u><u>1,092,062</u></u>	<u><u>(532,068)</u></u>	<u><u>559,994</u></u>

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**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 Canterbury Surrey Hills Community Finance Ltd as at 30 June 2007. It is also recommended that this half year financial report be considered together with any public announcements made by Canterbury Surrey Hills Community Finance Ltd 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 listed on the Bendigo Stock Exchange on 21 February 2008. 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.

**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**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 Canterbury and Surrey Hills, Victoria.

**5. Dividends Paid**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<i>Dividends paid during the half year</i>		
Final unfranked dividend for the year ended 30 June 2007 of 2 cents per share (2006: 2 cents)	21,841	21,841
<i>Dividends proposed and not recognised as a liability</i>		
Interim unfranked dividend for the year ended 30 June 2008	-	-

**6. Director and Related Party Disclosures**

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

Hans Diederick Menting  
David Charles Orford  
Elisabeth Kay Grant  
Damien Leo Hudson  
Robert Einar Stensholt  
Juliann Ruth Byron  
Trevor Ronald Kempton  
Leigh Smith

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**

	<b><u>2007</u></b>	<b><u>2006</u></b>
Hans Diederick Menting	2,501	2,501
David Charles Orford	5,001	5,001
Elisabeth Kay Grant	3,000	3,000
Damien Leo Hudson	6,401	4,401
Robert Einar Stensholt	5,001	5,001
Juliann Ruth Byron	4,000	1,000
Trevor Ronald Kempton	-	-
Leigh Smith	13,500	3,500

Other than the purchase of 10,000 shares by Leigh Smith, 3,000 shares by Juliann Byron, and 2,000 shares by Damien Hudson, there were no other movements in directors shareholdings. Each share is paid up to a value of 92 cents per share (2006: \$1) and is fully paid.

**7. Share Capital**

During the year it was resolved to make a return of capital of 8 cents per share.



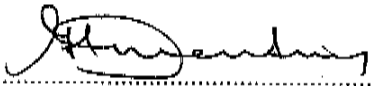
**Canterbury Surrey Hills Community Finance Limited**  
**ABN 96 099 590 593**  
**Directors Declaration**  
**for the half-year ended 31 December 2007**

In accordance with a resolution of the directors of Canterbury Surrey Hills Community Finance Ltd, 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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Hans Diederick Menting  
Director

Signed in Melbourne on this 29th day of February 2008