

**Sandringham Community Financial Services Ltd**  
**ABN 86 099 131 192**  
**Directors' Report**

Your Directors submit their report of the company for the half year ended 31 December 2006.

**Directors**

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

Renate Lange	Gwendoline Zammit
Chair	Director/Treasurer
Business proprietor	Business manager

Terence Leo Earle	David Marshall
Director and Company Secretary	Director
Business proprietor	Business proprietor

Helen Beverley Worlidge	Fred Stringer
Director	Director
Author and educator	Retired

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 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 \$46,024 (2005: \$35,657).

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

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.

**Sandringham Community Financial Services Ltd**  
**ABN 86 099 131 192**  
**Directors' Report**

**Auditor Independence Declaration**

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

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



**10 Forest Street**  
**PO Box 30**  
**Bendigo. 3552**  
**Ph. 03 5443 1177**  
**Fax. 03 5444 4344**  
**E-mail: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)**

**Auditor's Independence Declaration**

In relation to our review of the financial report of Sandringham Community Financial Services Ltd for the half year ended 31 December 2006, 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**  
**7 March 2007**

Signed in accordance with a resolution of the Directors at Sandringham  
on 7 March 2007.

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Renate Lange, Chairman

**Sandringham Community Financial Services Limited**  
**ABN 83 099 131 192**  
**Condensed Income Statement**  
**for the half-year ended 31 December 2006**

	<b>Note</b>	<b>2006</b> <b>\$</b>	<b>2005</b> <b>\$</b>
Revenue from ordinary activities		272,192	239,812
Other revenue		6,396	3,891
Salaries and employee benefit expense		(103,958)	(94,609)
Depreciation and amortisation expense		(20,925)	(20,682)
Other expenses from ordinary activities		<u>(85,814)</u>	<u>(75,330)</u>
<b>Profit from ordinary activities before income tax expense</b>		67,891	53,082
Income tax expense relating to ordinary activities		<u>21,867</u>	<u>17,425</u>
<b>Net profit attributable to members of the entity</b>		<u><u>46,024</u></u>	<u><u>35,657</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the half year		7.54	5.85
- diluted for profit for the half year		7.54	5.85
- dividends paid per share	<b>5</b>	-	-

**Sandringham Community Financial Services Limited**  
**ABN 86 099 131 192**  
**Condensed Balance Sheet**  
**as at 31 December 2006**

	<b>31-Dec 2006 \$</b>	<b>30-Jun 2006 \$</b>
<b>Current Assets</b>		
Cash assets	346,919	260,350
Receivables	51,823	54,522
<b>Total Current Assets</b>	<u>398,742</u>	<u>314,872</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	89,061	89,111
Deferred income tax asset	23,642	45,509
Intangibles	11,756	23,512
<b>Total Non-Current Assets</b>	<u>124,459</u>	<u>158,132</u>
<b>Total Assets</b>	<u>523,201</u>	<u>473,004</u>
<b>Current Liabilities</b>		
Payables	33,930	30,944
Provisions	21,153	19,966
<b>Total Current Liabilities</b>	<u>55,083</u>	<u>50,910</u>
<b>Total Liabilities</b>	<u>55,083</u>	<u>50,910</u>
<b>Net Assets</b>	<u>468,118</u>	<u>422,094</u>
<b>Equity</b>		
Issued capital	573,408	573,408
Accumulated losses	<u>(105,290)</u>	<u>(151,314)</u>
<b>Total Equity</b>	<u>468,118</u>	<u>422,094</u>

**Sandringham Community Financial Services Limited**  
**ABN 86 099 131 192**  
**Condensed Cash Flow Statement**  
**for the half-year ended 31 December 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Cash receipts in the course of operations	290,547	262,387
Cash payments in the course of operations	(201,255)	(211,296)
Interest received	6,396	3,891
	<u>95,688</u>	<u>54,982</u>
<b>Net cash flows from (used in) operating activities</b>		
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant & equipment	(9,119)	-
	<u>(9,119)</u>	<u>-</u>
<b>Net cash flows from (used in) operating activities</b>		
<b>Net increase (decrease) in cash held</b>	86,569	54,982
Opening cash brought forward	260,350	175,732
<b>Closing cash carried forward</b>	<u><u>346,919</u></u>	<u><u>230,714</u></u>

**Sandringham Community Financial Services Limited**  
**ABN 86 099 131 192**  
**Condensed Statement of Changes in Equity**  
**for the half-year ended 31 December 2006**

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2006</b>	573,408	(151,314)	422,094
Net profit for the period	-	46,024	46,024
Issue of share capital	-	-	-
Equity dividends	-	-	-
<b>As at 31 December 2006</b>	<u>573,408</u>	<u>(105,290)</u>	<u>468,118</u>

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2005</b>	610,008	(215,493)	394,515
Net profit for the period	-	35,657	35,657
Issue of share capital	-	-	-
Equity dividends	-	-	-
<b>As at 31 December 2005</b>	<u>610,008</u>	<u>(179,836)</u>	<u>430,172</u>

**Sandringham Community Financial Services Limited**  
**ABN 86 099 131 192**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2006**

**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 Sandringham Community Financial Services Ltd as at 30 June 2006. It is also recommended that this half year financial report be considered together with any public announcements made by Sandringham Community Financial Services Ltd during the half year ended 31 December 2006 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 2006 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 other than those disclosed in the Directors' Report.

**3. Contingent Assets and Liabilities**

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

**Sandringham Community Financial Services Limited**  
**ABN 86 099 131 192**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2006**

**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 Sandringham, Victoria.

<b>5. Dividends Paid</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<i>Dividends paid during the half year</i>		
Final franked dividend for the year ended 30 June 2006	-	-
<i>Dividends proposed and not recognised as a liability</i>		
Interim franked dividend for the year ended 30 June 2007	-	-

**6. Director and Related Party Disclosures**

The names of directors who have held office during the half year ended 31 December 2006 are:

Renate Lange  
Gwendoline Zammit  
Terence Leo Earle  
David Marshall  
Fred Stringer  
Helen Worlidge

No director or related entity has entered into a material contract with the company.  
The exception to the above is reimbursement of expenses to the Company Secretary (Terence Earle) of \$300 for half year year ended 31 December 2006 (2005: \$300) and payment to the Treasurer (Gwendoline Zammit) for preparation of financial statements and Business Activity Statements of \$3,000 for the half year ended 31 December 2006 (2005: \$600).

No directors' fees were paid for the half year as the positions were held on a voluntary basis.

<b>Directors shareholdings</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Renate Lange	5,701	4,701
Gwendoline Zammit	2,001	2,001
Terence Leo Earle	4,001	4,001
David Marshall	2,000	2,000
Fred Stringer	-	-
Helen Worlidge	501	501

Renate Lange purchased a further 1000 shares in December 2006. There was no other movement in directors shareholdings during the period.

Each share held has a paid up value of 94c (2005: \$1) and is fully paid. The above holdings are held personally or in associated entities.



**Sandringham Community Financial Services Limited**  
**ABN 86 099 131 192**  
**Directors Declaration**  
**for the half-year ended 31 December 2006**

In accordance with a resolution of the directors of Sandringham Community Financial Services 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 2006 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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Renate Lange, Chairman

Signed in Sandringham, Victoria on this 7th day of March 2007