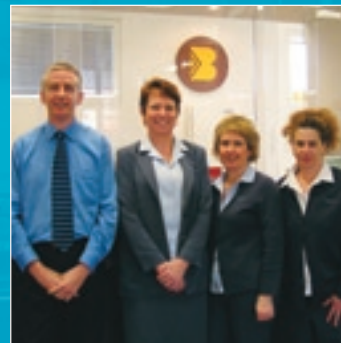


Sandringham
Community Bank Branch



Sandringham **Community Bank** Branch



2007 annual report

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Chairman's report

For year ending 30 June 2007

It is with great pleasure that I invite you to the sixth Annual General Meeting of Sandringham Community Financial Services which will be held at the Sandy Beach Community Centre on 22 November 2007. At the meeting we will share with you the growth in all facets of our **Community Bank®** branch.

It is not only the growth in our banking business we are very pleased with, it is the growth in strengthening through sponsorships which have enabled us to forge stronger community relationships; Sandringham Football Club, Black Rock Lifesaving Club, Sandringham Lions Club to name a few.

Through these relationships we are gaining exposure and marketing opportunities which are also due to the commitment of our Advisory Board.

I am therefore pleased to present to you our achievements on our fourth year of trading:

We have increased our profit after tax to \$89,364 compared to last financial year of \$ 64,179. This provides earnings per share of 14.65 cents compared to 10.52 cents last year.

Our revenue increased from \$ 499,799 to \$ 562,027 and our cash assets are \$ 433,788 which gives us a strong position to move forward. Our total banking business reached \$58M

Our operating expenditure again was well managed. Additional expenditure was undertaken in marketing and sponsorship to increase our Company's growth.

At this point the Board is extending their commitment to you, our shareholders, by recommending a further return of capital of 9 cents per share at a total cost of \$ 54,900.

This recommendation will be put forward at the Company's Annual General Meeting.

This is most likely the last return of capital and is due to the fact that we are technically unable to pay a dividend until we reach a position of accumulated profit.

We anticipate achieving this by 30 June 2008 and being in a position to declare dividends from that day.

These achievements would not be possible without the dedication of our Bank Manager Matthew Gallop and his staff. Vikki Baker was promoted to the fulltime position of supervisor after Christine Fry left to pursue a different Career. Angela Mea was welcomed as a new staff member to support Jane Turner and Denny Hocking.

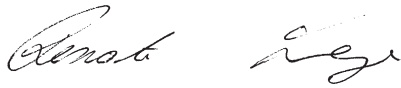
This year we welcomed Campbell Sinclair to the Board and his contributions to us will be very valuable. With sadness and regret we accepted Gwen Zammit's resignation from the Board. Gwen will leave the Board in January 2008. I am sure we would not be in such a strong financial situation had it not been for Gwen's prudent and meticulous attention to detail.

Chairman's report continued

To the Board I extend my most sincere thank you for their tireless effort and continued support. I also extend my gratitude to Bendigo Bank and their support team.

I am confident that our Sandringham **Community Bank®** Branch will continue to grow and so will our effort to strengthen the ties with our Community.

Yours faithfully



Renate Lange
Chairman

Manager's report

For year ending 30 June 2007

The year ending 30 June 2007 was another strong year with total balances growing a very pleasing 20% from \$48M to \$58M. Total number of accounts increased by 14% to 2906, a net increase of 361 accounts, and is in line with previous years showing.

These figures are confirmation of both your support to date and the goal of many shareholders, traders and residents to have a high quality, community focussed and service oriented bank in Sandringham.

Growth of our business continues to come from existing satisfied customers. Feedback from many clients is that they have opened just the one account initially, to give us a trial, and have then returned in 3 to 6 months with more of their banking due to our ability to achieve what we promised in the outset. Referrals from existing clients to family, friends and neighbours continue to grow as the community story spreads.

In addition to our reliance on our existing client base we have been making a concerted effort to widen our customer base and obtain not just the business but the support of a number of the largest community and sporting groups in Sandringham. This financial year has included groups such as the Sandringham Football Club, Sandringham City Junior Soccer Club and the Black Rock Bowls and Tennis Club. Discussions are progressing exceptionally well with a very prominent community organisation and hope to be in a position to announce that agreement in the near future.

We continue to get great support from groups who have been with us for a number of years including the Sandringham Lions Club, Rotary Club of Sandringham, Sandy Beach Community Centre and the Sandringham Bowls Club just to name a few. Our relationship with the Bayside City Council continues to grow as we work together and realise and understand the benefits both parties bring to the table.

I wish to acknowledge and thank my staff Vikki Baker, Jane Turner, Denny Hocking and Angela Meo for their support and contribution to our success. Christine Fry left us during the year to pursue her career in a different direction. Her support and assistance to clients and particularly to me during her term of employment was greatly appreciated.

The support and guidance of the Board of Directors has been incredible and has certainly greatly assisted the branch in obtaining such a solid result. A particular mention to our chair Renate Lange who is often a great sounding board and who spends countless volunteer hours on behalf of your bank.

The market in which we trade continues to become more competitive, but I am confident that our superior service and strong community involvement will continue to hold us in good stead for another successful year.



Matthew Gallop
Branch Manager

Directors' report

For year ending 30 June 2007

Your Directors submit the financial report of the Company for the financial year ended 30 June 2007.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Renate Lange

Director and Chair
Business proprietor

Helen Beverley Worlidge

Director and Deputy Chair
Author and educator

Gwendoline Zammit

Director and Treasurer
Business Manager

Terence Leo Earle

Company Secretary
Business proprietor

David Ashley Marshall

Director
Business proprietor

Frederick John Craven Stringer

Director
Retired

Campbell John Sinclair

(appointed 22 May 2007)

Director

Company Director

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

The principal activities of the Company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating results

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was \$89,364 (2006: \$64,179).

Dividends

No dividend was declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

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 year under review not otherwise disclosed in this report.

Directors' report continued

Significant events after the balance date

At its meeting on 28 August 2007, the Board of Directors approved a further return of capital of 9 cents per share. The matter will be put to shareholders for approval at the Annual General Meeting to be held on 22 November 2007.

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.

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

The exception to the above is reimbursement of expenses to the Company Secretary (Terence Earle) of \$450 (2006: \$600) and payment to the Treasurer (Gwendoline Zammit) for preparation of financial statements and Business Activity Statements of \$6,000 (2006: \$3,600).

Indemnification and insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Directors' report continued

Directors meetings

The number of Directors meetings attended by each of the Directors of the Company during the year were:

	Number eligible to attend	Number attended
Renate Lange	10	8
Gwendoline Zammit	10	10
Terence Leo Earle	10	8
David Ashley Marshall	10	9
Fred John Craven Stringer	10	7
Helen Worlidge	10	9
Campbell John Sinclair (appointed 22 May 2007)	2	1

Company Secretary

Terence Earle has been the Company Secretary of Sandringham Community Financial Services Ltd for three years. His qualifications and experience include being a Fellow of the Australian Institute of Management and Board membership of a number of private companies.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Terence Earle (Chair), Renate Lange, Graham Ludecke, Matthew Gallop and Gwendoline Zammit;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty
Chartered Accountants

Richmond Sinnott & Delahunty Chartered Accountants



10 Forest Street
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail: rsd@rsd advisors.com.au

Auditor's independence declaration

In relation to our audit of the financial report of Sandringham Community Financial Services Ltd for the financial year ended 30 June 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

15 September 2007

Signed in accordance with a resolution of the Board of Directors at Sandringham, Victoria on
15 September 2007.

Renate Lange

Chairman

Financial statements

Income statement

For year ending 30 June 2007

	Note	2007 \$	2006 \$
Revenues from ordinary activities	2	562,027	499,799
Employee benefits expense	3	(212,817)	(193,830)
Depreciation and amortisation expense	3	(41,849)	(41,363)
Administration & other expenses from ordinary activities		(175,412)	(168,636)
Profit before income tax expense		131,949	95,970
Income tax expense	4	42,585	31,791
Profit after income tax expense		89,364	64,179
Earnings per share (cents per share)			
- basic for profit for the year	20	14.65	10.52
- diluted for profit for the year	20	14.65	10.52
- return of capital	21	-	6.00

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet

As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash assets	6	433,788	260,350
Receivables	7	50,323	54,522
Total current assets		484,111	314,872
Non-current assets			
Property, plant and equipment	8	79,893	89,111
Deferred income tax asset	4	2,924	45,509
Intangible assets	9	-	23,512
Total non-current assets		82,817	158,132
Total assets		566,928	473,004
Current liabilities			
Payables	10	39,148	30,944
Provisions	11	16,322	19,966
Total current liabilities		55,470	50,910
Total liabilities		55,470	50,910
Net assets		511,458	422,094
Equity			
Share capital	12	573,408	573,408
Accumulated losses	13	(61,950)	(151,314)
Total equity		511,458	422,094

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows

As at 30 June 2007

	Note	2007 \$	2006 \$
Cash flows from operating activities			
Cash receipts in the course of operations		587,660	527,939
Cash payments in the course of operations		(421,126)	(416,098)
Interest received		16,023	9,377
Net cash flows from/(used in) operating activities	14b	182,557	121,218
Cash flows from financing activities			
Purchase of property plant and equipment		(9,119)	-
Return of capital paid		-	(36,600)
Net cash flows from/(used in) financing activities		(9,119)	(36,600)
Net increase/(decrease) in cash held		173,438	84,618
Add opening cash brought forward		260,350	175,732
Closing cash carried forward	14a	433,788	260,350

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity

As at 30 June 2007

	Note	2007 \$	2006 \$
Share capital			
Ordinary shares			
Balance at start of year		573,408	610,008
Issue of share capital		-	-
Return of capital of 6 cents per share		-	36,600
Balance at end of year		573,408	573,408
Accumulated losses			
Balance at start of year		(151,314)	(215,493)
Profit after income tax expense		89,364	64,179
Dividends paid		-	-
Balance at end of year		(61,950)	(151,314)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2007

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 15 September 2007.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). 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) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2006 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Property, plant & equipment	7.5 - 20%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Supporting our Community

The Board of the Sandringham Community Bank® Branch would like to thank you for helping us in supporting our community!



LEFT: Proud Sponsors of the Sandringham Football Club



ABOVE: Fundraising for the Southern Community Hydro Pool Project

BELOW: Sponsorship of the Catering BBQ Trailer for the Rotary Club of Sandringham





LEFT: Proud Sponsors of the Sandringham Bowls Club



Sandringham Community Bank®, has proudly invested in bettering our local community. We provide support across a wide group of activities including schools, charities, sport and the arts in our local community. To date providing over \$60,000 in donations and sponsorships to the following groups:

- ✓ Bayside & District Life Education Inc.
- ✓ Black Rock Bowls & Tennis Club
- ✓ En Plein Air Art Show (Lions Club of Sandringham)
- ✓ Grange Road Kindergarten
- ✓ Half Moon Bay Life Saving Club
- ✓ Janet Mundy Kindergarten
- ✓ Neighbourhood Watch (Areas BSD-11, 12, & 18)
- ✓ New Hope Leprosy Trust
- ✓ REIV Southern Division
- ✓ Rotary Club of Sandringham
- ✓ Sandringham Bowls Club
- ✓ Sandringham College (Masters of Fashion, "Out & Back" Music Tour)
- ✓ Sandringham Football Club
- ✓ Sandringham Soccer Club
- ✓ Sandringham Library (My Reader service)
- ✓ Sandy Beach Community Centre
- ✓ The Royal Victorian Regiment, Sandringham
- ✓ Young Achievers Australia
- ✓ Youth Challenge Australia



ABOVE: Proud Sponsors of the EnPlein Air Art Competition and Exhibition

Sandringham
Community Bank® Branch Bendigo Bank

Notes to financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	2007	2006
	\$	\$

Note 2. Revenue from ordinary activities

Operating activities

- services commissions	546,004	490,422
Non-operating activities:		
- interest received	16,023	9,377
Total revenue from ordinary activities	562,027	499,799

Note 3. Expenses

Employee benefits expense

- wages and salaries	192,998	172,232
- superannuation costs	17,307	18,633
- workers' compensation costs	639	672
- other costs	1,873	2,293
	212,817	193,830

Notes to financial statements continued

	2007 \$	2006 \$
Note 3. Expenses (continued)		
Depreciation of non-current assets:		
- plant and equipment	18,337	17,851
Amortisation of non-current assets:		
- intangibles	23,512	23,512
	41,849	41,363
Bad debts	38	3,033

Note 4. Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit before income tax at 30%	39,585	28,791
Add tax effect of:		
- Non deductible expenses	3,000	3,000
Current income tax expense	42,585	31,791
Income tax expense	42,585	31,791
Deferred income tax asset		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable		
	2,924	45,509

Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,650	3,650
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Note 6. Cash assets

Cash at bank and on hand	423,038	249,600
Security deposit	10,750	10,750
	433,788	260,350

Notes to financial statements continued

	2007 \$	2006 \$
Note 7. Receivables		
Trade debtors	50,323	54,522

Note 8. Property, plant and equipment

Property, plant and equipment	169,835	160,716
Less accumulated depreciation	(89,942)	(71,605)
	79,893	89,111
Movements in carrying amounts		
Property, plant and equipment		
Carrying amount at beginning of year	89,111	106,962
Additions	9,119	-
Disposals	-	-
Depreciation expense	(18,337)	(17,851)
Carrying amount at end of year	79,893	89,111

Note 9. Intangible assets

Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(50,000)	(40,000)
	-	10,000
Preliminary expenses		
At cost	67,560	67,560
Less accumulated amortisation	(67,560)	(54,048)
	-	13,512
	-	23,512

Notes to financial statements continued

	2007 \$	2006 \$
Note 10. Payables		
GST payable	16,181	11,449
Other creditors and accruals	22,967	19,495
	39,148	30,944

Note 11. Provisions

Employee benefits	16,322	19,966
Number of employees at year end	5	5

Note 12. Share capital

610,008 Ordinary shares fully paid to 94 cents	573,408	610,008
Return on capital of 6 cents per share	-	36,600
	573,408	573,408

Note 13. Accumulated losses

Balance at the beginning of the financial year	(151,314)	(215,493)
Profit after income tax	89,364	64,179
Balance at the end of the financial year	(61,950)	(151,314)

Note 14. Cash flow statement

(a) Reconciliation of cash

Cash assets	433,788	260,350
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(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities

Profit after income tax	89,364	64,179
Non cash items		
- Depreciation	18,337	17,851
- Amortisation	23,512	23,512

Notes to financial statements continued

	2007 \$	2006 \$
Note 14. Cash flow statement (continued)		
Changes in assets and liabilities		
- (Increase) decrease in receivables	4,199	(5,402)
- Increase (decrease) in payables	8,204	(11,121)
- Increase (decrease) in provisions	(3,644)	408
- (Increase) decrease in deferred tax asset	42,585	31,791
Net cashflows from/ (used in) operating activities	182,557	121,218

Note 15. Director and related party disclosures

The names of Directors who have held office during the financial year are:

Renate Lange

Helen Worladge

Gwendoline Zammit

Terence Leo Earle

David Ashley Marshall

Fred John Craven Stringer

Campbell John Sinclair (appointed 22 May 2007)

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.

The exception to the above is reimbursement of expenses to the Company Secretary (Terence Earle) of \$450 (2006: \$600) and payment to the Treasurer (Gwendoline Zammit) for preparation of financial statements and Business Activity Statements of \$6,000 (2006: \$3,600).

Directors shareholdings	2007	2006
Renate Lange	5,701	4,701
Gwendoline Zammit	2,001	2,001
Terence Leo Earle	4,001	4,001
David Ashley Marshall	2,000	2,000
Fred John Craven Stringer	-	-
Helen Worladge	501	501
Campbell John Sinclair (appointed 22 May 2007)	1,000	1,000

Notes to financial statements continued

Note 15. Director and related party disclosures (continued)

Renate Lange purchased 1,000 shares during the year. There were no other movement in Directors shareholdings during the year.

Each share held has a paid up value of 94 cents (2006: 94 cents) and are fully paid. The above holdings are held personally or in associated entities.

Note 16. Subsequent events

Subsequent to 30 June 2007, the Board resolved to make a further return of capital next financial year of 9 cents per share to its shareholders.

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 17. Contingent liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

Note 18. 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.

Note 19. Corporate information

Sandringham Community Financial Services Ltd is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is:

75 Station Street

Sandringham, VIC 3191

Notes to financial statements continued

	2007	2006
	\$	\$

Note 20. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	89,364	64,179
Weighted average number of ordinary shares for basic and diluted earnings per share	610,008	610,008

Note 21. Dividends paid or provided for on ordinary shares

There were no dividends paid or provided for during the year. A return of capital of 6 cents was paid during the 2006 year.

Note 22. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Notes to financial statements continued

Note 22. Financial instruments (continued)

Interest rate risk

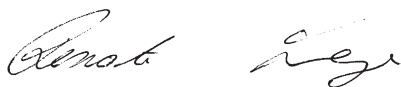
Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non Interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	433,788	260,350	-	-	-	-	-	-	-	-	4.61	4.48
Receivables	-	-	-	-	-	-	-	-	50,323	54,522	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	39,148	30,994	N/A	N/A

Directors' declaration

In accordance with a resolution of the Directors of Sandringham Community Financial Services Limited,
I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001,
including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of their
performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and 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.
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in
accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.

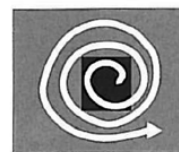


Renate Lange
Chairman

Signed at Sandringham, Victoria on 15 September 2007.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SANDRINGHAM COMMUNITY FINANCIAL SERVICES LIMITED

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Sandringham Community Financial Services Limited, for the year ended 30 June 2007.

The directors of the company 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 Standards in Australia, 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 the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independent audit report continued

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of Sandringham Community Financial Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner
Bendigo

Date: 15 September 2007

BSX report

Corporate governance practices

In recognising the importance of strong corporate governance, the Board has developed and adopted policies and procedures that will govern the Company into the future. This policy framework will assist the Board to determine the future direction of the Company, provide accountability, transparency and ensure there are guiding principles in place for future decision making. Areas that are addressed are:

- Role and composition of the Board and related advisory groups
- Strategic planning
- Marketing and business development
- Financial management
- Community sponsorship and grants
- Share trading

Sandringham Community Financial Services Limited has an Audit and Governance Committee that meets quarterly and reports to the Board to ensure the accuracy of the company's financial records. Key tasks are:

- regularly review all financial reporting
- report to the Board on the financial position and performance of the Company
- review areas of potential risk and make recommendations to mitigate these risks
- ensure compliance with internal and external governance requirements in a timely fashion

Share information

In accordance with Bendigo Stock Exchange listing rules to Company provides the following information as at 28 September 2007, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 - 1,000	205
1,001 - 5,000	93
5,001 - 10,000	6
10,001 - 100,000	7
100,001 and over	0
Total shareholders	311

BSX report continued

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 5 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$0.94c per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
1. Winpar Holdings Limited	26,000	4.26%
2. Nikstan Constructions	20,000	3.28%
3. Maslen Pty Ltd	20,000	3.28%
4. Fleray Pty Ltd atf Senior Super Fund	20,000	3.28%
5. Richard Everritt Thorne	18,000	2.95%
6. Pauley Super Fund	17,000	2.79%
7. Ruth Tait	12,500	2.05%
8. Brennan Super Fund	10,000	1.64%
9. Elizabeth & Margaret Fordyce	10,000	1.64%
10. Peter Welsh Super Fund	10,000	1.64%
11. William Hugh & Joyce Anne Bell	10,000	1.64%
Total	173,500	28.45%

Registered office and principal administrative office

The registered office of the company is located at:

75 Station Street

Sandringham, VIC 3191

Phone: (03) 9521 6488

The principal administrative office of the company is located at:

75 Station Street

Sandringham, VIC 3191

Phone: (03) 9521 6488

BSX report continued

Security register

The security register (share register) is kept at:

Computershare Investments Pty Ltd

452 Johnston Street

Abbotsford, VIC 3067

Phone: 1300 850 505

(03) 9415 5000

Other information

Please refer to the Directors report, within the annual report, for details of the Company Secretary and main corporate governance practices of the entity.

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.



Sandringham **Community Bank**[®] Branch
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Franchisee: Sandringham Community Financial Services Limited
75 Station Street, Sandringham, VIC 3191
ABN 86 099 131 192

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ABN 11 068 049 178. AFSL 237879. (BMPAR7011) (08/07)