

Sandringham
Community Financial Services Limited



Dear Shareholder,

Sandringham **Community Bank®** Branch continues to prosper and looks set to announce its first dividend payment next year.

This is despite the challenging market conditions for banks in general.

David James, investment editor at the Business Review Weekly, said about shareholders in general: "Shareholders, the people who take the main risk when providing capital for companies. And, of course, they take the main risk, well tough. Nothing for you buddy if things go wrong".

I can confidently report this is not applicable to the Sandringham **Community Bank®** Branch.

Having just paid nine cents per share capital return and submitted our financial report for the six months ending 31st December 2007, our net profit after tax was \$40,460. Revenue from ordinary activities was \$306,747 and our current cash held is \$430,134.

Our net profit and cash reserves are down marginally compared to the same period last year because we employed a full time staff member to replace a part time employee. We entered a new five year lease for our premises in Station Street and incurred a significant increase in expense due to a rise in rent for commercial properties in the area. We entered a new five year term for our franchise agreement with the Bendigo Bank with an increased cost for staff training.

The investment in our staff is already paying off. Our branch managed to achieve the highest referral rate in the region and our total business at the beginning of March was \$62,239,600. With our existing business plan, we are well placed to look at a first dividend payment next year.

Once again, as I have mentioned to you on many occasions, this is only possible due to the trust and the capital you have put in. I feel confident we can sustain reasonable growth in our banking business and in our community involvement and sponsorships.

All this of course would not be possible without our dedicated staff, led by Matthew Gallop, and committed board members.

Gwen Zammit retired from the Board on the 29 January 2008. For her total commitment to our banking business, the board and I are extremely grateful. Gwen is now employed by us to look after ASIC and BSX compliance issues as well as maintaining our accounts.

To enable us to grow our business we appointed two new directors to the board.

- Michael John Davies who is group vice president of ITW Groups with responsibility for the operation in Australia, New Zealand and Asia. Previously Michael was managing director of Shelley's Chemical Company and held various other senior management positions. Michael brings a wealth of experience and has taken on the role of treasurer.

- Glenyss Aidrie Barnes is a local resident with a B.A. Dip. of Education and Social Work. Glenyss established her own consulting business in 1990 specialising in relationship and leadership development at executive levels. Glenyss has run numerous workshops on governance and roles of boards. She was also President of Southern Family Life and a member of Sandringham's Primary School Council. Her local knowledge and business acumen will certainly be of great value to us.

We can now look forward to an exiting time ahead and in no time I will be in touch with you reporting on the end of financial year.

Yours faithfully



Renate Lange
Chairperson