

Sandringham Community Financial Services Limited
ABN 86 099 131 192
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 or until the date of this report are:

Graham Manson Ludecke

Glenyss Airdrie Barnes

Michael John Davies

Terence Leo Earle

David Ashley Marshall (resigned 27 September 2010)

Ian Richard Siebert

Campbell John Sinclair

Glen Hay Kruger (appointed 28 February 2011)

Helen Dianna Searle (appointed 28 February 2011)

Kim Valerie Visek-Johnson (appointed 28 February 2011)

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 \$174,365 (2009: \$105,081).

Matters subsequent to the end of the reporting period

On 9 March 2011 there was damage to the bank premises caused by the impact of a train. Banking services are suspended at the date of this report. Services will be provided by nearby Community Banks pending a full assessment of the damage. The ATM continues to be operational.

The Company does not expect this incident to have a material impact on financial performance.

There are no other 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.

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Directors' Report

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.

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants



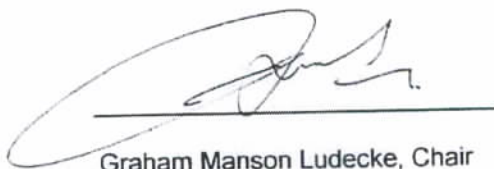
Level 2, 10-16 Forest Street
PO Box 30
Bendigo, 3552
Ph. 03 5443 1177
Fax. 03 5444 4344
E-mail:
rsd@rsdadvisors.com.au

Auditor's Independence Declaration

In relation to our review of the financial report of Sandringham Community 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
10 March 2011

Signed in accordance with a resolution of the Directors at Sandringham
on 10 March 2011.



Graham Manson Ludecke, Chair

Sandringham Community Financial Services Limited
ABN 83 099 131 192
Condensed Statement of Comprehensive Income
for the half-year ended 31 December 2010

	2010	2009
	\$	\$
Revenue from ordinary activities	459,135	417,069
Other revenue	9,406	9,735
Salaries and employee benefit expense	(161,755)	(131,482)
Charitable donations and sponsorships	(15,755)	(20,609)
Depreciation and amortisation expense	(12,967)	(12,354)
Other expenses from ordinary activities	<u>(141,371)</u>	<u>(110,074)</u>
Profit from ordinary activities before income tax expense	136,693	152,285
Income tax expense/(benefit) relating to ordinary activities	<u>(37,672)</u>	<u>47,204</u>
Net profit	174,365	105,081
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u><u>174,365</u></u>	<u><u>105,081</u></u>
Earnings per share (cents per share)		
- basic for profit for the half year	28.58	17.23
- diluted for profit for the half year	28.58	17.23

Sandringham Community Financial Services Limited
ABN 86 099 131 192
Condensed Statement of Financial Position
as at 31 December 2010

	31-Dec 2010 \$	30-Jun 2010 \$
Current Assets		
Cash and cash equivalents	432,581	481,876
Current tax refundable	46,046	-
Receivables	94,069	97,588
Total Current Assets	<u>572,696</u>	<u>579,464</u>
Non-Current Assets		
Property, plant and equipment	179,370	23,378
Investments	5,528	5,373
Intangibles	16,667	21,667
Total Non-Current Assets	<u>201,565</u>	<u>50,418</u>
Total Assets	<u>774,261</u>	<u>629,882</u>
Current Liabilities		
Payables	34,450	20,952
Provisions	40,055	38,046
Current tax liability	-	8,893
Total Current Liabilities	<u>74,505</u>	<u>67,891</u>
Total Liabilities	<u>74,505</u>	<u>67,891</u>
Net Assets	<u>699,756</u>	<u>561,991</u>
Equity		
Issued capital	518,507	518,507
Retained earnings	181,249	43,484
Total Equity	<u>699,756</u>	<u>561,991</u>

Sandringham Community 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	500,526	442,290
Cash payments in the course of operations	(341,246)	(289,961)
Interest received	9,250	9,735
Dividends received	156	-
Income tax paid	(17,267)	(14,457)
Net cash flows from (used in) operating activities	<u>151,419</u>	<u>147,607</u>
Cash Flows From Investing Activities		
Purchase of investments	(155)	(257)
Purchase of property, plant & equipment	(163,959)	(10,088)
Net cash flows from (used in) investing activities	<u>(164,114)</u>	<u>(10,345)</u>
Cash Flows From Financing Activities		
Dividends paid	(36,600)	(36,600)
Net cash flows from (used in) financing activities	<u>(36,600)</u>	<u>(36,600)</u>
Net increase (decrease) in cash held	(49,295)	100,662
Cash and cash equivalents at start of period	<u>481,876</u>	<u>440,276</u>
Cash and cash equivalents at end of period	<u><u>432,581</u></u>	<u><u>540,938</u></u>

Sandringham Community 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		518,507	43,484	561,991
Net profit for the period		-	174,365	174,365
Issue of share capital		-	-	-
Dividends paid	5	<u> </u>	<u>(36,600)</u>	<u>(36,600)</u>
As at 31 December 2010		<u><u>518,507</u></u>	<u><u>181,249</u></u>	<u><u>699,756</u></u>

		Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2009		518,507	20,344	538,851
Net profit for the period		-	105,081	105,081
Issue of share capital		-	-	-
Dividends paid	5	<u> </u>	<u>(36,600)</u>	<u>(36,600)</u>
As at 31 December 2009		<u><u>518,507</u></u>	<u><u>88,825</u></u>	<u><u>607,332</u></u>

Sandringham Community Financial Services Limited
ABN 86 099 131 192
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

Sandringham Community 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 Sandringham Community 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 Sandringham Community 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

On 9 March 2011 there was damage to the bank premises caused by the impact of a train. Banking services are suspended at the date of this report. Services will be provided by nearby Community Banks pending a full assessment of the damage. The ATM continues to be operational.

The Company does not expect this incident to have a material impact on financial performance.

There have been no other events subsequent to reporting date that would materially effect the financial statements at the reporting date.

Sandringham Community Financial Services Limited
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Notes to the Financial Statements
for the half-year ended 31 December 2010

3. Contingent Assets and Liabilities

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

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.

5. Dividends Paid

	2010	2009
	\$	\$
<i>Dividends paid during the half year</i>		
Final franked dividend for the year ended 30 June 2010 of 6 cents per share (2009: 6 cents).	36,600	36,600

Sandringham Community Financial Services Limited
ABN 86 099 131 192
Directors Declaration
for the half-year ended 31 December 2010

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:
 - (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.



Graham Manson Ludecke, Chair

Signed in Sandringham, Victoria on 10 March 2011