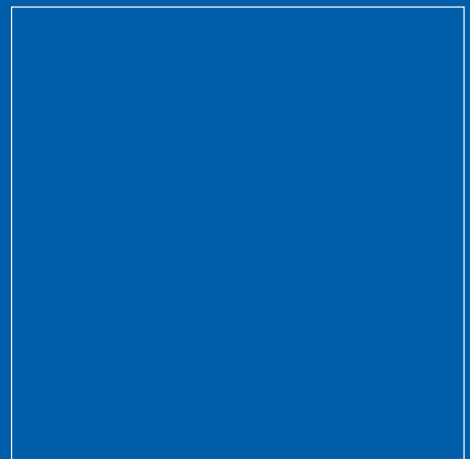
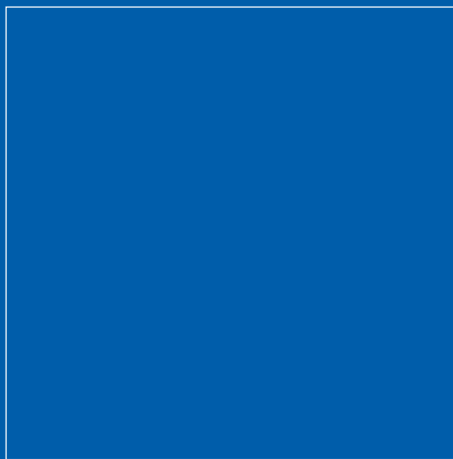
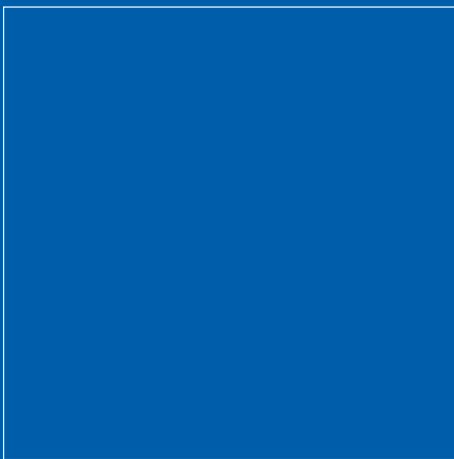


Sandhurst Trustees Limited

Annual Financial Report

For the year ended 30 June 2007



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Chairman's report

Sandhurst Trustees accomplished another year of strong growth in revenues whilst managing to maintain a modest increase in related expenses. Total funds under management reached \$3.4 billion by the end of the financial year.

The continued growth in funds under management enjoyed by Sandhurst over the past couple of years has further demonstrated the value of our strategy of developing our funds management products and services. Sandhurst now has in place a compact suite of relevant and high quality products. The continued expansion of the Bendigo Bank Group distribution network and increased awareness of our product range in the external market has assisted the continued growth experienced in our funds under management.

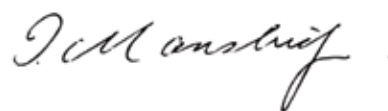
Profit after tax of \$18.6 million for the year ended 30 June 2007 reflected an increase of \$2 million (12%) from the previous year. Key drivers of this increase in profit after tax were:

- Funds under management of \$3.4 billion at 30 June 2007 up \$400 million (14%) from the previous year;
- Funds under management growth was driven by continued strong growth in the Sandhurst Select Mortgage Fund which increased by \$310 million (19%) during the year. Bendigo Managed Funds also grew by \$18 million (25%) to \$92 million;
- Increased revenue arising from new appointments taken on by our Melbourne and Sydney offices. The services provided by these offices include the provision of funds management administration for other responsible entities, registry services for unit trusts, custodial services and trustee and custodial roles in connection with securitisation programs;
- Continued growth in our Estates Will Bank and management of our continuing trusts including charitable trusts which have made important distributions to assist community projects and areas of need; and
- The Bendigo Superannuation Plan increased by \$59 million (23%) with member numbers continuing to grow.

At the conclusion of the prior financial year Sandhurst Trustees enhanced its existing product suite through the launch of the Sandhurst Professional Series and Bendigo Super Easy® Superannuation Plan. Both funds have been well received with net inflows of \$54 million and \$14m respectively. The Professional Series offers customers an international equities managed fund which had not previously been available through Sandhurst. In addition, Bendigo Super Easy® offers a simple and low fee superannuation alternative.

During the year, Sandhurst also continued in its role of Trustee and Administrator for the Community Enterprise™ Foundation. The Foundation is a National Philanthropic Foundation with the aim to further enhance the prospects of communities we partner with across Australia. The Foundation initiative has enjoyed a very successful third year of operation and has now raised in excess of \$10 million and distributed over \$6 million since inception.

I thank my fellow directors, our CEO Mrs Marnie Baker and Sandhurst and Bendigo Bank staff members for their significant contributions during the year and their dedicated service to Sandhurst Trustees' clients.



Ian Mansbridge
Chairman

Directors' report

Your Directors submit the financial report of Sandhurst Trustees Limited (the Company) and its controlled entities for the year ended 30 June 2007.

Directors

The names of Directors of the Company in office during the financial year and until the date of this report are:

Ian G Mansbridge *Chairman*
Marnie A Baker *Chief Executive Officer*
Michael J Hirst
Timothy J Murphy

David A Oataway
(appointed 28 November 2006)

Gregory D Gillett
(resigned 28 November 2006)

Joint Company Secretary

The names of the joint company secretaries at the end of the financial year are:

David A Oataway
Mark S Hall

Corporate structure

Sandhurst Trustees Limited is a public company limited by shares that is incorporated and domiciled in Australia. Its ultimate parent entity is Bendigo Bank Limited.

Principal activities

The principal activities of the economic entity during the year were:

- Responsible entity for managed investment schemes;
- Corporate trustee and custodial services;
- Estate administration / will preparation; and
- Trustee for superannuation plans.

There was no significant change in the nature of these activities during the year.

At 30 June 2007 there were 48 (2006: 49) staff employed by Bendigo Bank Ltd. to undertake the above activities.

Consolidated results

Economic entity results in brief	2007 \$	2006 \$
Profit before income tax	26,641,065	23,717,990
Profit after income tax	18,589,411	16,601,860

Dividends paid	2007 \$	2006 \$
Dividends paid	18,160,000	16,190,000

The Directors do not recommend the payment of a further dividend at this time.

Share options

No options for shares in the Company have been granted during the year and there were no options outstanding at the end of the financial year.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the economic entity that occurred during the financial year.

Review of operations

The economic entity achieved a profit from ordinary activities after income tax expense of \$18,589,411. This represents a 12% increase from the \$16,601,860 profit from ordinary activities after income tax expense for 2006. Profit from ordinary activities before income tax expense was \$26,641,065 compared to \$23,717,990 for 2006, representing a 12% increase.

The 2007 result reflected increased revenue, partially offset by volume-related increased operating costs. Sandhurst experienced another year of solid growth in funds under management during the year, which resulted in operating revenue of \$50,124,133 being 18% ahead of 2006.

Funds management

Our funds management and superannuation business managed by Sandhurst Trustees continued its growth trend with funds under management growing by \$400 million to \$3.4 billion at 30 June 2007.

Common Funds continued to grow during the year and provided competitive returns to investors. Funds under management reached \$2,310 million at 30 June up \$369 million on the prior year.

The Sandhurst Industrial Share Fund and Sandhurst Future Leaders Fund experienced moderate increases in fund size, increasing to \$584 million during the year (\$545 million - 2006). Towards the end of the

previous financial year, we launched the new Sandhurst Professional Series. The Professional Series offers customers an international equities managed fund which has not previously been available through Sandhurst. Growth in the Professional Series has been strong during the year, with fund assets reaching \$54 million.

The Bendigo Managed Funds, all managed by a collection of specialist investment managers, provided strong returns to investors and continued to grow, increasing by 25% to \$92 million.

Superannuation and share ownership continues to assume growing importance for Australians seeking to create wealth and plan for their retirement. Funds under management for the Bendigo Superannuation Plan continued to grow strongly with fund assets reaching \$316 million (\$260 million - 2006). To further expand our Superannuation offering we launched the Bendigo Super Easy Superannuation Plan towards the end of the previous financial year. The Super Easy Plan offers customers a simple and low fee superannuation alternative. Fund assets reached \$14 million at the end of the period.

Corporate trustee & custodial services

During the current financial year, the Melbourne and Sydney offices continued to increase their revenue and asset base. Revenue from Corporate trustee and custodial services increased by 13% on the prior year. Growth included organic and new business particularly in the provision of custody and related services across the direct property and equity sectors.

Estate administration/will preparation

Traditional trustee and will-making services continue to provide premium service and build long-term relationships with its clients.

The Company has continued with the strategy designed to generate growth in the Will Bank and actively promote the value of appointing a Trustee as executor.

Significant events after balance date

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years.

Likely developments and expected results

In the opinion of the Directors, disclosure of information on the likely developments in the operations of the economic entity in future years and the expected results of those operations, is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Indemnification and insurance of officers and auditors

The constitution provides that the Company is to indemnify each officer or employee of the Company against liabilities incurred by an officer or employee in or arising out of the conduct of the business of the Company or arising out of the discharge of the officer's or employee's duties.

To the extent permitted by law, the Company must indemnify each officer or employee for liabilities including costs and expenses incurred in defending any proceedings or appearing before any court, tribunal, government authority or other body, except where the liability arises from conduct involving lack of good faith.

During or since financial year end, the Company paid insurance premiums to insure certain officers of the Company and related bodies corporate against liabilities for costs and expenses incurred by them in defending any legal action arising out of their conduct while acting in their various capacities. The officers covered by the insurance policy include the Directors listed in this report, the secretary and senior management of the Company.

Disclosure of the nature of the policy 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.

Statutory Trustee

The Company is an authorised trustee corporation. Assets and liabilities of trusts, estates and agencies for which the Company acts as trustee, executor or agent, are not included in the Company's financial statements.

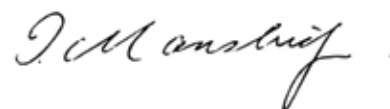
Environmental regulation and performance

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Auditor independence declaration

The Directors received an Independence Declaration from the Auditors of Sandhurst Trustees Limited, a copy of which is attached to the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



Ian G Mansbridge
Chairman

Dated this 27th day of September 2007

Independent audit declaration



■ Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

■ Tel 61 3 9288 8000
Fax 61 3 8650 7777

GPO Box 67
Melbourne VIC 3001

Auditor's Independence Declaration to the Directors of Sandhurst Trustees Limited

In relation to our audit of the financial report of Sandhurst Trustees Limited 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.

A handwritten signature in cursive script that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Brett Kallio'.

Brett Kallio
Partner

27 September 2007

Income Statement

Sandhurst Trustees Limited and Controlled Entities
Income Statement for the year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenues	4	49,793,843	42,162,332	49,793,843	42,162,332
Other income	4	330,290	166,896	326,209	166,896
Total revenues	4	50,124,133	42,329,228	50,120,052	42,329,228
Fees and commissions expense	5	(15,458,231)	(10,887,480)	(15,458,231)	(10,887,480)
Business promotion expense	5	(383,690)	(303,207)	(383,690)	(320,440)
Employee benefits expense	5	(2,896,913)	(3,272,206)	(2,896,746)	(3,270,635)
Occupancy expense	5	(563,991)	(444,919)	(563,991)	(444,919)
Property, plant & equipment costs	5	(104,654)	(160,472)	(104,654)	(160,472)
Computer systems and software costs	5	(343,013)	(309,272)	(343,013)	(309,272)
Administration expense	5	(3,525,464)	(2,970,584)	(3,522,173)	(2,919,297)
Other expenses	5	(207,112)	(263,098)	(207,098)	(263,108)
Total expenses		(23,483,068)	(18,611,238)	(23,479,596)	(18,575,623)
Profit before income tax		26,641,065	23,717,990	26,640,456	23,753,605
Income tax expense	6	(8,051,654)	(7,116,130)	(8,051,471)	(7,126,815)
Net profit attributable to members of the parent		18,589,411	16,601,860	18,588,985	16,626,790

Balance Sheet

Sandhurst Trustees Limited and Controlled Entities
Balance Sheet as at 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Current assets					
Cash and cash equivalents	8	14,388,980	7,895,132	14,388,980	7,895,132
Trade and other receivables	9	1,616,596	4,722,931	1,616,596	4,722,931
Total current assets		16,005,576	12,618,063	16,005,576	12,618,063
Non - current assets					
Available-for-sale financial assets	10	2,564,915	4,490,184	2,564,931	4,490,200
Trade and other receivables	9	164,054	326,105	164,054	326,105
Property, plant and equipment	11	1,800,980	1,519,624	1,800,980	1,519,624
Intangible assets	12	73,690	133,733	73,690	133,733
Deferred tax assets	6	193,626	237,622	193,593	237,567
Total non - current assets		4,797,265	6,707,268	4,797,248	6,707,229
Total assets		20,802,841	19,325,331	20,802,824	19,325,292
Current liabilities					
Trade and other payables	14	2,104,561	1,982,538	1,802,795	1,669,596
Provisions	15	555,621	682,310	555,621	682,310
Income tax payable		6,822,366	6,263,806	6,822,354	6,274,522
Total current liabilities		9,482,548	8,928,654	9,180,770	8,626,428
Non - current liabilities					
Deferred tax liability	6	416,288	271,385	416,288	271,385
Provisions	15	45,795	53,749	45,795	53,749
Total non - current liabilities		462,083	325,134	462,083	325,134
Total liabilities		9,944,631	9,253,788	9,642,853	8,951,562
Net assets		10,858,210	10,071,543	11,159,971	10,373,730
Equity attributable to equity holders					
Contributed equity	17	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	18	4,915,635	4,463,434	5,217,396	4,765,621
Reserves		942,575	608,109	942,575	608,109
Total equity		10,858,210	10,071,543	11,159,971	10,373,730

Statement of Changes in Equity

Sandhurst Trustees Limited and Controlled Entities

Statement of Changes in Equity for the year ended 30 June 2007

Consolidated	Issued capital	Other reserves	Retained earnings	Total equity
Balance at 1 July 2005	5,000,000	412,140	4,028,784	9,440,924
Revaluation increments	-	319,588	-	319,588
Tax effect of revaluations	-	(100,829)	-	(100,829)
Total income & expense for the period recognised directly in equity	-	218,759	-	218,759
Profit/(loss) for the period	-	-	16,601,860	16,601,860
Total income for the period	-	218,759	16,601,860	16,820,619
Transfer to retained earnings	-	(22,790)	22,790	-
Dividends paid	-	-	(16,190,000)	(16,190,000)
Balance at 30 June 2006	5,000,000	608,109	4,463,434	10,071,543
Balance at 1 July 2006	5,000,000	608,109	4,463,434	10,071,543
Revaluation increments	-	503,291	-	503,291
Tax effect of revaluations	-	(146,035)	-	(146,035)
Total income & expense for the period recognised directly in equity	-	357,256	-	357,256
Profit/(loss) for the period	-	-	18,589,411	18,589,411
Total income for the period	-	357,256	18,589,411	18,946,667
Transfer to retained earnings	-	(22,790)	22,790	-
Dividends paid	-	-	(18,160,000)	(18,160,000)
Balance at 30 June 2007	5,000,000	942,575	4,915,635	10,858,210

Sandhurst Trustees Limited and Controlled Entities
Statement of Changes in Equity for the year ended 30 June 2007

Sandhurst Trustees	Issued capital	Other reserves	Retained earnings	Total equity
Balance at 1 July 2005	5,000,000	412,140	4,306,041	9,718,181
Revaluation increments	-	319,588	-	319,588
Tax effect of revaluations	-	(100,829)	-	(100,829)
Total income & expense for the period recognised directly in equity	-	218,759	-	218,759
Profit/(loss) for the period	-	-	16,626,790	16,626,790
Total income for the period	-	218,759	16,626,790	16,845,549
Transfer to retained earnings	-	(22,790)	22,790	-
Dividends paid	-	-	(16,190,000)	(16,190,000)
Balance at 30 June 2006	5,000,000	608,109	4,765,621	10,373,730
Balance at 1 July 2006	5,000,000	608,109	4,765,621	10,373,730
Revaluation increments	-	503,291	-	503,291
Tax effect of revaluations	-	(146,035)	-	(146,035)
Total income & expense for the period recognised directly in equity	-	357,256	-	357,256
Profit/(loss) for the period	-	-	18,588,985	18,588,985
Total income for the period	-	357,256	18,588,985	18,946,241
Transfer to retained earnings	-	(22,790)	22,790	-
Dividends paid	-	-	(18,160,000)	(18,160,000)
Balance at 30 June 2007	5,000,000	942,575	5,217,396	11,159,971

Nature and purpose of reserve

The reserve amount above relates to the asset revaluation reserve. This reserve is used to record increments and decrements in the value of non-current assets, including property and shares. The reserve can be used to pay dividends in limited circumstances.

Cash Flow Statement

Sandhurst Trustees Limited and Controlled Entities

Cash Flow Statement for the year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash flows from operating activities					
Cash receipts in the course of operations		48,721,915	41,213,307	48,717,834	41,213,307
Cash payments in the course of operations		(20,172,938)	(19,416,719)	(20,169,466)	(19,381,202)
Income tax paid		(7,450,229)	(6,064,299)	(7,460,794)	(6,081,687)
Net cash flows from operating activities	19 (b)	21,098,748	15,732,289	21,087,574	15,750,418
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		140,840	-	140,840	-
Purchase of property, plant and equipment		-	(40,895)	-	(40,895)
Proceeds from sale of intangible software		579	-	579	-
Purchase of intangible software		(12,907)	(113,780)	(12,907)	(113,780)
Proceeds from sale of financial assets		2,300,292	1,967,271	2,300,292	1,967,271
Payments for financial assets		-	(2,487,358)	-	(2,487,358)
Dividends received		430,306	259,251	430,306	259,251
Interest received		596,497	662,476	596,497	662,476
Net cash flows from investing activities		3,455,607	246,965	3,455,607	246,965
Cash flows from financing activities					
Repayment of payable - parent entity		99,493	220,129	110,667	202,000
Dividends paid		(18,160,000)	(16,190,000)	(18,160,000)	(16,190,000)
Net cash flows used in financing activities		(18,060,507)	(15,969,871)	(18,049,333)	(15,988,000)
Net increase in cash and cash equivalents		6,493,848	9,383	6,493,848	9,383
Cash and cash equivalents at beginning of year		7,895,132	7,885,749	7,895,132	7,885,749
Cash and cash equivalents at end of year	19 (a)	14,388,980	7,895,132	14,388,980	7,895,132

Notes to the Financial Statements

Sandhurst Trustees Limited and Controlled Entities

Notes to the Financial Statements for the year ended 30 June 2007

Note 1 - Corporate information

The financial report of Sandhurst Trustees Limited for year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 27 September 2007.

The financial report covers Sandhurst Trustees Limited as an individual parent entity and Sandhurst Trustees Limited and controlled entities as an economic entity. Sandhurst Trustees Limited is a public company limited by shares, incorporated and domiciled in Australia.

The nature of the operations and principal activities of the group are described in the Directors' report.

Note 2 - Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report is presented in Australian dollars.

The financial report is prepared on a historical cost basis except for land and buildings and available-for-sale assets which have been measured at their fair value.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

The following Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2007.

These are outlined in the table below:

AASB Amendment	Affected Standard(s)	Impact on the Company
AASB 101	AASB 101 Presentation of Financial Statements	Amendments relate to disclosures, so will have no direct impact on the amounts included in the Company's financial statements.
AASB 7	AASB 7 Financial Instruments: Disclosures	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Company's financial report.
AASB 2005 -10	AASB 139 Financial Instruments: Recognition and Measurement AASB 132 Financial Instruments: Disclosure and Presentation AASB 101 Presentation of Financial Statements AASB 114 Segment Reporting AASB 117 Leases AASB 133 Earnings per Share AASB 1 First-time Adoption of AIFRS AASB 4 Insurance Contracts AASB 1023 General Insurance Contracts AASB 1038 Life Insurance Contracts	Amendments relate to disclosures, so will have no direct impact on the amounts included in the Company's financial statements.

Note 2 - Summary of significant accounting policies (cont.)

(c) Changes in accounting policies

All accounting policies adopted are consistent with those of the previous year.

(d) Principles of consolidation

The consolidated financial statements are the financial statements of Sandhurst Trustees Limited and all of its controlled entities. A list of controlled entities is contained in Note 24 to the financial statements.

Controlled entities prepare financial reports for consolidation in conformity with Group accounting policies.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All inter-company balances and transactions between entities in the economic entity have been eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(e) Significant accounting judgements, estimates & assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of assets

The group has to make a judgement as to whether an impairment trigger is evident at each balance date. If a trigger is evident the asset must be tested for impairment, which requires the estimation of future cash flows and the use of an appropriate discount rate.

Long service leave

As discussed in note 2(l), the liability for long service leave is recognised and measured at the present value of future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition and pay increases through inflation have been taken into account.

(f) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash on hand and at bank and short-term deposits are stated at nominal value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, short-term money market investments readily convertible into cash within 2 working days, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectable amounts. The effective interest rate calculation includes the contractual terms of the loan together with all fees, transaction costs and other premiums or discounts.

Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

(h) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. All assets are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. The group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All financial assets of Sandhurst Trustees Limited are currently classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Note 2 - Summary of significant accounting policies (cont.)

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted bid prices at the close of business on the Balance Sheet date. Investments with no active market are recorded at cost.

Derecognition of financial assets

The derecognition of a financial asset takes place when the entity no longer controls the contractual rights that comprise the financial asset. This is normally the case when the asset is sold, or all the cash flows attributable to the instrument are passed through an independent third party.

(i) Property, plant and equipment

Plant and equipment are carried at historical cost less accumulated depreciation, and any impairment losses.

Land and buildings are independently valued at least every three years and are measured at fair value, less accumulated depreciation on buildings and any impairment losses recognised after the date of revaluation.

Revaluations

Fair value is determined by reference to market-based evidence, which is the amount which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Balance Sheet unless it reverses a revaluation decrease of the same asset previously recognised in the Income Statement.

Any revaluation deficit is recognised in the Income Statement unless it directly offsets a previous surplus of the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus. In addition, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being disposed is transferred to retained earnings.

Depreciation/Amortisation

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

Major depreciation periods are:

Asset category	2007 \$	2006 \$
Freehold buildings	40	40
Office furniture & equipment	5	5
Computer hardware	3	3
Motor vehicles	5	5

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher 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.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the Income Statement. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the item) is included in the Income Statement in the period the item is derecognised.

Note 2 - Summary of significant accounting policies (cont.)

(j) Intangible assets

Computer software, other than software that is an integral part of the computer hardware, is capitalised as intangible software and amortised on a straight-line basis over the useful life of the asset.

The useful life of intangible software has been assessed as finite.

(k) Trustee and funds management activities

The economic entity acts as trustee and/or manager for a number of funds. The assets and liabilities of these funds are not included in the consolidated financial statements, other than those that are deemed controlled entities as defined by Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". Commissions and fees generated by the fund management activities are brought to account on an accruals basis when earned.

(l) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries have been recognised and measured as the amount which the economic entity has a present obligation to pay, at balance date, in respect of employees' service up to that date. Liabilities have been calculated at nominal amounts based on wage and salary rates current at balance date and include related on-costs. Annual leave liabilities are accrued on the basis of full pro-rata entitlement measured at the amounts expected to be paid when the liabilities are settled. Sick leave liabilities have been calculated at balance date, after consideration of the economic entity's experience of employee departures.

Long service leave

Long service leave has been assessed at full pro-rata entitlement in respect of all employees with more than five years service. The amount provided currently meets the requirement of Accounting Standard AASB 119 "Employee Benefits", which requires the assessment of the likely number of employees that will ultimately be entitled to long service leave, the estimated salary rates that will apply when the leave is paid, discounted to take account of the time value of money.

Superannuation

Contributions are made to an employee accumulation superannuation fund and are charged to expenses when incurred.

(m) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest, fees and commissions

Revenue is recognised when control of a right to receive consideration for the provision of, or investment in, assets has been attained. Interest, fee and commission revenue is brought to account on an accruals basis. Interest is accrued using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the right to receive consideration for the investment in assets is attained, evidenced by the declaration of dividends by the investee.

Property revenue

Property revenue is recognised as income on an accruals basis.

(n) Corpus commission

Corpus commission from estates is recognised as part of commission and management fees according to the estimated proportion of administration work completed at balance date.

(o) Income tax

The income tax for the period is the tax payable on the current period's taxable income based on the notional income tax rate, adjusted for changes in deferred tax assets and liabilities and unused tax losses.

The Company has adopted the balance sheet liability method of tax effect accounting, which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Balance Sheet or a tax-based balance sheet. Deferred tax assets and liabilities are recognised for temporary differences, except where the deferred tax asset/

Note 2 - Summary of significant accounting policies (cont.)

liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. 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, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- 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 and the GST component of cash flows arising from investing and financing activities, which

is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Reserve fund

Part VI of the Trustee Companies Act 1984 ("the Act") requires that the Company maintain a Reserve fund, monies from which may only be paid out in accordance with section 39(3) of the Act in the event of the appointment of a liquidator, a receiver, a receiver and manager, or an administrator to the Company.

Refer to note 13 for a breakdown of asset amounts that comprise the Reserve fund.

(r) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and paid within 30 days of recognition.

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Payables to related parties are carried at the principal amount.

(s) Contributed equity

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, net of tax, of the share proceeds received.

Note 2 - Summary of significant accounting policies (cont.)

(t) Comparative figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

In prior years, all assets incorporated into the Reserve fund have been classified as one total asset. All assets are now reported separately on the Balance Sheet and the Reserve fund no longer appears. Comparative figures for the 2006 financial year have been re-classified for assets which form part of the Reserve fund.

The changes are as follows:

Balance Sheet classification	Current year accounts 2007	Prior year accounts 2006	Difference
Cash & cash equivalents	7,895,132	3,080,577	4,814,555
Available-for-sale financial assets	4,490,184	170,771	4,319,413
Property, plant and equipment	1,519,624	153,592	1,366,032
Reserve fund	-	10,500,000	(10,500,000)
Total	13,904,940	13,904,940	-

Cash & cash equivalents have increased by the amount previously classified as “deposits at short call” in the Reserve fund.

Available-for-sale financial assets have been increased by the managed fund investment & Tasmanian Perpetual Trustees share investment amounts previously allocated to the Reserve fund.

Property, plant and equipment has been increased by the land and buildings component previously allocated to the Reserve fund.

The Reserve fund no longer forms part of the Balance Sheet.

Note 3 - Financial risk management objectives and policies

The group's principal financial instruments comprise of bank loans, cash, short term deposits, managed fund and share investments.

The main purpose of these financial instruments is to raise finance for the Company's operations. The group has other various financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and liability are disclosed in note 2(e) and 2(m) to the financial statements.

The main risks arising from the group's financial instruments are cash flow interest rate risk and credit risk.

Interest rate risk

The economic entity's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The effective weighted average interest rates on those financial assets and financial liabilities are listed in Note 16.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and Notes to the Financial Statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Sandhurst Trustees Limited and Controlled Entities
Notes to the Financial Statements for the year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 4 - Revenues				
Revenue				
- Commission and management fees received	48,474,041	41,096,760	48,474,041	41,096,760
- Interest	598,298	551,999	598,298	551,999
- Dividends (a)	430,306	259,251	430,306	259,251
- Property revenue	291,198	254,322	291,198	254,322
Total revenue	49,793,843	42,162,332	49,793,843	42,162,332
Other income				
- Net gains on sale of available-for-sale investments	326,209	166,580	326,209	166,580
- Other revenues	4,081	316	-	316
Total other income	330,290	166,896	326,209	166,896
Total revenues from ordinary activities	50,124,133	42,329,228	50,120,052	42,329,228
<i>(a) Dividends from:</i>				
- Other corporations	24,237	9,382	24,237	9,382
- Unit trust distributions	406,069	249,869	406,069	249,869
	430,306	259,251	430,306	259,251

Sandhurst Trustees Limited and Controlled Entities
Notes to the Financial Statements for the year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 5 - Expenses				
Management fees and commissions paid				
- Managed investment schemes	(15,228,141)	(10,531,587)	(15,228,141)	(10,531,587)
- Superannuation	(230,090)	(355,893)	(230,090)	(355,893)
	(15,458,231)	(10,887,480)	(15,458,231)	(10,887,480)
Business promotion expense				
- Sponsorship	(92,444)	(89,881)	(92,444)	(84,231)
- Printing	(238,231)	(163,425)	(238,231)	(180,658)
- Promotional items	(63)	(19,937)	(63)	(19,937)
- Other	(52,952)	(29,964)	(52,952)	(35,614)
	(383,690)	(303,207)	(383,690)	(320,440)
Employee benefits expense				
- Salaries and wages recharge	(2,260,397)	(2,466,814)	(2,260,397)	(2,466,814)
- Superannuation contributions recharge	(226,710)	(242,933)	(226,710)	(242,933)
- Provision for annual leave recharge	(221,243)	(251,362)	(221,243)	(251,362)
- Provision for long service leave recharge	(48,990)	(47,576)	(48,990)	(47,576)
- Other provisions recharge	40,022	(26,641)	40,022	(26,641)
- Payroll tax recharge	(146,333)	(159,861)	(146,166)	(158,290)
- Fringe benefits tax recharge	(9,692)	(39,252)	(9,692)	(39,252)
- Other recharge	(23,570)	(37,767)	(23,570)	(37,767)
	(2,896,913)	(3,272,206)	(2,896,746)	(3,270,635)
Occupancy expense				
- Operating lease rental expense	(526,159)	(425,560)	(526,159)	(425,560)
- Rates and taxes	(24,927)	(12,038)	(24,927)	(12,038)
- Repairs and maintenance	(10,176)	(4,592)	(10,176)	(4,592)
- Outgoings	(2,729)	(2,729)	(2,729)	(2,729)
	(563,991)	(444,919)	(563,991)	(444,919)
Property, plant and equipment costs				
- Building depreciation	(22,790)	(22,790)	(22,790)	(22,790)
- Plant and equipment depreciation	(9,493)	(52,781)	(9,493)	(52,781)
- Intangible software amortisation	(72,371)	(76,623)	(72,371)	(76,623)
- Net loss on sale of plant and equipment	-	(8,278)	-	(8,278)
	(104,654)	(160,472)	(104,654)	(160,472)

Sandhurst Trustees Limited and Controlled Entities
Notes to the Financial Statements for the year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 5 - Expenses (cont.)				
Computer systems and software costs				
- Computer line rental	(19,200)	(34,586)	(19,200)	(34,586)
- Leasing costs	(74,337)	(82,961)	(74,337)	(82,961)
- Repairs and maintenance hardware	(8,578)	(161)	(8,578)	(161)
- Software maintenance	(205,875)	(187,829)	(205,875)	(187,829)
- Software purchases	(35,023)	(3,735)	(35,023)	(3,735)
	(343,013)	(309,272)	(343,013)	(309,272)
Administration expense				
- Parent entity cost recoveries	(3,108,192)	(2,461,954)	(3,108,192)	(2,461,954)
- Legal expenses	(17,300)	(10,718)	(17,300)	(10,718)
- Consulting expenses	(45,209)	(114,570)	(41,918)	(86,752)
- Accounting expenses	(1,560)	(6,832)	(1,560)	(6,832)
- Stationery and office supplies	(59,158)	(105,280)	(59,158)	(88,047)
- Motor vehicle expenses	(12,365)	(35,580)	(12,365)	(35,580)
- Insurance premiums	(11,924)	(12,419)	(11,924)	(12,419)
- Telephone	(52,567)	(49,662)	(52,567)	(49,662)
- Postage	(62,104)	(51,124)	(62,104)	(51,124)
- Travel expenses	(38,355)	(54,747)	(38,355)	(48,511)
- Subscriptions to associations	(100,711)	(48,459)	(100,711)	(48,459)
- Electricity / gas and fuel	(16,019)	(19,239)	(16,019)	(19,239)
	(3,525,464)	(2,970,584)	(3,522,173)	(2,919,297)
Other expenses	(207,112)	(263,098)	(207,098)	(263,108)
Total expenses	(23,483,068)	(18,611,238)	(23,479,596)	(18,575,623)

The ultimate parent entity provides administrative services that are charged back to the reporting entity.

Note 6 - Income tax expense				
Major components of income tax expense are:				
<i>Income Statement</i>				
Current income tax:				
Current income tax charge	8,137,104	7,182,240	8,136,941	7,192,956
Adjustments in respect of current income tax of previous years	(114,116)	(8,256)	(114,116)	(8,256)
Deferred income tax:				
Relating to origination and reversal of temporary differences	39,053	(53,833)	39,033	(53,864)
Imputation credits	(10,387)	(4,021)	(10,387)	(4,021)
Income tax expense reported in the Income Statement	8,051,654	7,116,130	8,051,471	7,126,815

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 6 - Income tax expense (cont.)				
<i>Statement of changes in equity</i>				
Net gain on revaluation of land and buildings	136,344	-	136,344	-
Net gain on revaluation of investments	14,644	(100,829)	14,644	(100,829)
Income tax benefit reported in equity	150,988	(100,829)	150,988	(100,829)
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the group's applicable income tax rate is as follows:				
Income tax attributable to:				
Accounting profit before income tax	26,641,065	23,717,990	26,640,456	23,753,605
The income tax expense comprises amounts set aside as:				
Provision attributable to current year at statutory rate, being prima facie tax on accounting profit before tax	7,992,319	7,115,398	7,992,136	7,126,083
Under (over) provision in prior years	(114,116)	(8,256)	(114,116)	(8,256)
Imputation credits	(10,387)	(4,021)	(10,387)	(4,021)
Revaluation of investments	81,651	-	81,651	-
Land, buildings & improvements	6,837	1,753	6,837	1,753
Plant & equipment	(4,328)	(4,328)	(4,328)	-
Capital allowances	(415)	302	(395)	333
Capital gains	98,163	-	98,163	-
Deferred tax movement	39,053	(53,833)	39,033	(53,864)
Expenditure not allowable for income tax purposes	908	1,407	908	1,407
Other	(38,031)	63,380	(38,031)	63,380
Income tax expense reported in the consolidated Income Statement	8,051,654	7,116,130	8,051,471	7,126,815
Effective income tax rate	30.22%	30.00%	30.22%	30.00%

	Balance Sheet		Income Statement	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 6 - Income tax expense (cont.)				
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Consolidated				
<i>Deferred tax liabilities</i>				
Revaluations of investments	(131,518)	(116,875)	-	(4,953)
Land, buildings and improvements	(284,016)	(154,510)	(6,837)	(6,837)
Deferred expenses	(754)	-	754	(2,197)
Deferred tax liabilities	(416,288)	(271,385)		
<i>Deferred tax assets</i>				
Post-employment benefits	148,637	177,024	28,386	(37,777)
Expenses tax depreciable	1,553	851	415	838
Land, buildings and improvements	-	-	-	3,058
Plant & equipment	11,624	15,953	4,328	2,026
Adjustment to employee provision	31,788	43,794	12,007	(7,992)
Other	24	-	-	-
Deferred tax assets	193,626	237,622		
Deferred tax income/(expense)			39,053	(53,834)
Sandhurst Trustees				
<i>Deferred tax liabilities</i>				
Revaluations of investments	(131,518)	(116,875)	-	(4,953)
Revaluations of land & buildings to fair value	(284,016)	154,510)	(6,837)	(6,837)
Deferred expenses	(754)	-	754	(2,197)
Deferred tax liabilities	(416,288)	(271,385)	(6,083)	(13,987)

	Balance Sheet		Income Statement	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 6 - Income tax expense (cont.)				
<i>Deferred tax assets</i>				
Revaluations of foreign exchange contracts	148,637	177,024	28,386	(37,777)
Expenses tax depreciable	-	-	-	-
Land, buildings and improvements	1,520	796	395	807
Plant & equipment	-	-	-	3,058
Adjustment to employee provision	11,624	15,953	4,328	2,026
Prepaid income	31,788	43,794	12,007	(7,992)
Other	24	-	-	-
Deferred tax assets	193,593	237,567	45,116	(39,878)
Deferred tax income/(expense)			39,033	(53,865)

At 30 June 2007, there is no unrecognised deferred income tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the group's subsidiaries or associate, as the group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, the parent of Sandhurst Trustees, Bendigo Bank Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Bendigo Bank Limited. There has not been any material effect on tax assets or liabilities as a result of the revised tax legislation. Bendigo Bank Limited has formally notified the Australian Tax Office of its adoption of the tax consolidation regime upon the lodgement of its 2003 income tax return.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 7 - Dividends paid and proposed				
Total interim fully franked dividends paid franked at tax rate of 30% (2006 - 30%) 2007: \$1.816 per share (2006: \$1.619)	18,160,000	16,190,000	18,160,000	16,190,000

Franking credits have been allocated to the head entity of the tax consolidated group, Bendigo Bank Limited.

There were no dividends proposed or declared before the financial statements were authorised for issue.

Note 8 - Cash and cash equivalents				
Cash at bank	2,914,988	-	2,914,988	-
Cash on hand	466,786	-	466,786	-
Deposits at short call	11,007,206	7,895,132	11,007,206	7,895,132
	14,388,980	7,895,132	14,388,980	7,895,132

Deposits at short call are made for varying periods and earn interest at the respective distribution rate.

Sandhurst Trustees Limited and Controlled Entities
Notes to the Financial Statements for the year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 9 - Trade and other receivables				
<i>Current</i>				
Sundry debtors and accrued income	1,616,596	4,722,931	1,616,596	4,722,931
<i>Non-current</i>				
Other debtors	164,054	326,105	164,054	326,105

All current receivables are non-interest bearing. Sundry debtors and accrued interest generally have payment terms of between 30 and 90 days.

Non-current receivables are non-interest bearing and have an average maturity of 34 months.

Note 10 - Available-for-sale financial asset				
<i>Non-current</i>				
Shares -				
In unlisted controlled entities at cost	-	-	16	16
In listed corporations at fair value	689,570	648,014	689,570	648,014
In managed investment schemes at fair value	1,855,345	3,822,170	1,855,345	3,822,170
In unlisted other corporations at cost	20,000	20,000	20,000	20,000
	2,564,915	4,490,184	2,564,931	4,490,200

Available-for-sale share investments consist of investments in ordinary shares and units in unit trusts, and therefore have no fixed maturity date or coupon rate.

Listed shares & shares in managed investment schemes are based on fair value which has been determined directly by reference to published price quotations in an active market.

Unlisted shares are measured at cost as fair value cannot be reliably measured for these investments.

There are no individually material investments.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 11 - Property, plant and equipment				
Total freehold land	850,000	500,000	850,000	500,000
Freehold buildings	947,721	911,613	947,721	911,613
Accumulated depreciation	-	(45,581)	-	(45,581)
Total freehold buildings	947,721	866,032	947,721	866,032
Plant and equipment at cost	897,261	1,122,434	897,261	1,122,434
Accumulated depreciation	(894,002)	(968,842)	(894,002)	(968,842)
Total plant and equipment	3,259	153,592	3,259	153,592
Total property, plant and equipment	1,800,980	1,519,624	1,800,980	1,519,624
<i>Reconciliation</i>				
<i>Freehold land</i>				
Carrying amount at beginning	500,000	500,000	500,000	500,000
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation increment	350,000	-	350,000	-
Carrying amount at end	850,000	500,000	850,000	500,000
<i>Freehold buildings</i>				
Carrying amount at beginning	866,032	888,822	866,032	888,822
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(22,790)	(22,790)	(22,790)	(22,790)
Revaluation increment	104,479	-	104,479	-
Carrying amount at end	947,721	866,032	947,721	866,032
<i>Plant and equipment</i>				
Carrying amount at beginning	153,592	173,756	153,592	173,756
Additions	-	40,895	-	40,895
Disposals	(140,840)	(8,278)	(140,840)	(8,278)
Depreciation expense	(9,493)	(52,781)	(9,493)	(52,781)
Carrying amount at end	3,259	153,592	3,259	153,592

The fair values of freehold land and buildings on freehold land have been determined by reference to Director valuations, based upon independent valuations previously obtained. The independent valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date. The effective date of the revaluation was 30 June 2007.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 12 - Intangible assets				
Intangible software	398,790	381,597	398,790	381,597
Accumulated amortisation	(325,100)	(247,864)	(325,100)	(247,864)
Total intangible assets	73,690	133,733	73,690	133,733
<i>Reconciliation</i>				
Intangible software				
Carrying amount at beginning	133,733	96,576	133,733	96,576
Additions	12,907	113,780	12,907	113,780
Disposals	(579)	-	(579)	-
Amortisation expense	(72,371)	(76,623)	(72,371)	(76,623)
Carrying amount at end	73,690	133,733	73,690	133,733

Note 13 - Reserve fund

The assets from time to time comprising the Reserve fund have been appropriated to that fund as required pursuant to section 36 of The Trustee Companies Act 1984 - Victoria.

Section 38 of the Act provides that monies in a Reserve fund may be invested in any manner in which trust monies may be invested by a trustee under the Trustee Act 1958.

In addition to the powers of investment as prescribed above, a trustee company may invest monies in its Reserve fund in freehold land and buildings in the State.

At balance date, the entity has invested Reserve fund monies in the following assets, which are already included in the Balance Sheet:

Deposits at short call	8,261,344	4,814,554	8,261,344	4,814,554
Managed fund investments	1,855,345	3,822,170	1,855,345	3,822,170
Freehold land and buildings	1,797,721	1,366,032	1,797,721	1,366,032
Tasmanian Perpetual Trustees share investment	585,590	497,244	585,590	497,244
	12,500,000	10,500,000	12,500,000	10,500,000

Deposits at short call and managed fund investments are carried at fair value and are items readily convertible into cash and generally repayable on demand. The managed fund investments are regarded as available-for-sale assets. Freehold land and buildings are at Directors' valuation (based on an independent valuation at 30 June 2007).

Tasmanian Perpetual Trustees shares are measured at fair value, being quoted market price at balance date, and are regarded as available-for-sale assets.

Note 14 - Trade and other payables				
Trade creditors and accrued expenses (a)	303,325	280,794	303,325	280,794
Amounts payable to ultimate parent entity (b)	1,801,236	1,701,744	1,499,470	1,388,802
	2,104,561	1,982,538	1,802,795	1,669,596

Terms and conditions:

(a) Trade creditors and accrued expenses are non-interest bearing and are normally settled on commercial 30 day terms.

(b) The amounts payable to the ultimate chief entity are non-interest bearing, with no set repayment date and may be recalled at any time.

Sandhurst Trustees Limited and Controlled Entities
Notes to the Financial Statements for the year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 15 - Provisions				
Employee entitlements				
<i>Current</i>				
Provision for annual leave	299,924	341,733	299,924	341,733
Provision for long service leave	149,738	194,596	149,738	194,596
Provision for sick leave bonus	30,466	51,368	30,466	51,368
Provision for employee on costs	75,493	94,613	75,493	94,613
	555,621	682,310	555,621	682,310
<i>Non Current</i>				
Provision for long service leave	45,795	53,749	45,795	53,749
Total employee benefits	601,416	736,059	601,416	736,059
<i>Movements</i>				
Opening balance	736,059	583,497	736,059	583,497
Additional provisions recognised	310,549	351,197	310,549	351,197
Amounts utilised during the year	(252,417)	(193,659)	(252,417)	(193,659)
Reduction from settlement	(192,775)	(4,976)	(192,775)	(4,976)
Closing balance	601,416	736,059	601,416	736,059

Note 16 - Financial Instruments

Net fair values

All assets and liabilities recognised in the Balance Sheet, whether they are carried at cost or at fair value, are recognised at amounts that represents a reasonable approximation of fair value.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	Weight average effective interest rate		Maturing in				Non interest bearing		Total carrying amount per Balance Sheet	
	2007 %	2006 %	Less than a year		1 to 5 years		2007 \$	2006 \$	2007 \$	2006 \$
			2007 \$	2006 \$	2007 \$	2006 \$				
Financial assets										
Floating rate										
Cash at bank & at call	5.89	5.52	13,922,194	7,895,132	-	-	-	-	13,922,194	7,895,132
Non interest bearing										
Cash on hand	N/A	N/A	-	-	-	-	466,786	-	466,786	-
Receivables	N/A	N/A	-	-	-	-	1,780,650	5,049,036	1,780,650	5,049,036
Managed fund investments	N/A	N/A	-	-	-	-	1,855,345	3,822,170	1,855,345	3,822,170
Share investments	N/A	N/A	-	-	-	-	709,570	668,015	709,570	668,015
Total financial assets			13,922,194	7,895,132	-	-	4,812,351	9,539,221	18,734,545	17,434,353
Financial liabilities										
Payables	N/A	N/A	-	-	-	-	303,325	280,794	303,325	280,794
Bank loan unsecured	N/A	N/A	-	-	-	-	8,846,265	7,999,312	8,846,265	7,999,312
Total financial liabilities			-	-	-	-	9,149,590	8,280,106	9,149,590	8,280,106

Sandhurst Trustees Limited and Controlled Entities
Notes to the Financial Statements for the year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 17 - Contributed equity				
<i>Issued capital</i>				
10,000,000 ordinary shares fully paid	5,000,000	5,000,000	5,000,000	5,000,000

All shares are fully owned by Bendigo Bank Limited.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Note 18 - Retained earnings				
<i>Movements in retained earnings were as follows:</i>				
Retained profits at the beginning of the financial year	4,463,434	4,028,784	4,765,621	4,306,041
Net profit attributable to members of the Company	18,589,411	16,601,860	18,588,985	16,626,790
Depreciation transfer for buildings	22,790	22,790	22,790	22,790
Dividends provided for or paid	(18,160,000)	(16,190,000)	(18,160,000)	(16,190,000)
Retained profits at the end of the financial year	4,915,635	4,463,434	5,217,396	4,765,621

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 19 - Cash flow information				
(a) Reconciliation of cash				
Cash at end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:				
Cash on hand	466,786	-	466,786	-
Cash at bank	2,914,988	-	2,914,988	-
Deposits at short call	11,007,206	7,895,132	11,007,206	7,895,132
	14,388,980	7,895,132	14,388,980	7,895,132
(b) Reconciliation of net profit after tax to net cash flows from operations				
Net profit after income tax	18,589,411	16,601,860	18,588,985	16,626,790
<i>Adjustments:</i>				
Depreciation	32,284	75,571	32,284	75,571
Amortisation	72,371	76,623	72,371	76,623
Dividends received	(430,306)	(259,251)	(430,306)	(259,251)
Interest received	(596,498)	(662,475)	(596,498)	(662,475)
(Profit)/loss on investments sold	(326,209)	(166,580)	(326,209)	(166,580)
(Profit)/loss on sale of plant & equipment	-	8,278	-	8,278
<i>Changes in assets and liabilities:</i>				
(Increase)/decrease in prepayments	-	7,324	-	7,324
(Increase)/decrease in receivables	3,268,386	(1,169,405)	3,268,386	(1,169,405)
(Increase)/decrease in deferred tax assets	43,996	(39,846)	43,976	(39,877)
(Decrease)/increase in tax provision	412,525	1,004,935	401,797	998,164
(Decrease)/increase in deferred tax liability	144,904	86,842	144,904	86,842
(Decrease)/increase in accounts payable	22,531	15,849	22,531	15,849
Decrease)/increase in provisions	(134,647)	152,564	(134,647)	152,565
Net cash flows from operating activities	21,098,748	15,732,289	21,087,574	15,750,418
(c) Financing facilities available				
At balance date, the following financing facility with Bendigo Bank had been negotiated and was available.				
Stand-by Australian dollar loan facility	20,000,000	20,000,000	20,000,000	20,000,000
(d) Non-cash financing and investing activities				
During the financial year no non-cash financing and investing activities occurred.				

Note 20 - Related party disclosures

The Directors of Sandhurst Trustees Limited during the financial year are disclosed in the Directors' report.

(a) The ultimate parent entity of Sandhurst Trustees Limited is Bendigo Bank Limited.

(b) The ultimate parent entity has provided to Sandhurst Trustees Limited an interest free loan in connection with the payment of administration costs on behalf of the Company. The loan has no fixed repayment date, and may be recalled at anytime.

		Receipts and fees received from Bendigo Bank Ltd	Supplies, Fixed Assets and service fees charged by Bendigo Bank Ltd	Net Amount Owing to Bendigo Bank Ltd
Sandhurst Trustees Ltd	- 2007	30,697,231	27,426,125	(1,882,304)
	- 2006	8,471,807	8,673,807	1,388,802
Bendigo Asset Management	- 2007	14,647	3,472	301,782
	- 2006	-	18,127	312,942

(c) The parent entity provides a standby funding facility of \$20,000,000 (\$20,000,000 - 2006) under normal commercial terms and conditions. The facility is unsecured.

(d) The Company pays the parent entity an inter-company cross-charge, on normal terms and conditions, for the provision of administrative and support services - \$3,108,192 (\$2,461,954 - 2006).

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 21 - Director and executive disclosures				
(a) Details of key management personnel				
Ian G Mansbridge <i>Chairman</i>				
Marnie A Baker <i>Chief Executive Officer</i>				
Michael J Hirst				
Timothy J Murphy				
David A Oataway (appointed 28 November 2006)				
Gregory D Gillett (resigned 28 November 2006)				
(b) The compensation of key management personnel is as follows:				
Short term benefits	735,406	525,369	735,406	525,369
Post employment benefits	57,386	46,503	57,386	46,503
Other long term benefits	16,177	16,791	16,177	16,791
Termination benefits	-	-	-	-
Share-based payments	134,748	28,254	134,748	28,254
Total	943,717	616,917	943,717	616,917

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Note 22 - Capital and leasing commitments				
<i>Operating lease commitments</i>				
Payable -				
Not later than 1 year	56,964	55,144	56,964	55,144
Later than 1 but not later than 5 years	12,216	56,265	12,216	56,265
Later than 5 years	-	-	-	-
	69,180	111,409	69,180	111,409

Operating lease commitment is a property lease with a term of 3 years expiring September 2008.

Note 23 - Economic dependence

The Company is a controlled entity of Bendigo Bank Limited. The Company has entered into a service arrangement with its parent entity and is dependent upon the parent entity for provision of administration and support.

Note 24 - Controlled entities

Sandhurst Trustees Limited is the parent entity of the following wholly-owned subsidiary companies (which were all incorporated in Australia):

- Sandhurst Nominees (Victoria) Limited
- Sandhurst Custodian Limited
- Sandhurst Nominees (Canberra) Limited
- Bendigo Asset Management Limited

Non-operating controlled entities are excluded from the above list.

Note 25 - Segment reporting

The economic entity operates in the trustee and financial services business segment where it offers specialised trustee and funds management services throughout Australia. The entity operates in the one geographical segment, within Australia.

Note 26 - Contingent liabilities and assets

The economic entity has no material contingent liabilities.

Estate administration

The Company acts as executor and trustee for a significant number of trusts and estates. In this capacity, the Company has incurred liabilities for which it has a right of indemnity out of the assets of those trusts and estates. Accordingly, these liabilities are not reflected in the financial statements.

Note 27 - Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

Note 28 - Auditors remuneration

Chief entity auditors

The auditor of Sandhurst Trustees Limited is Ernst & Young. All audit fees in relation to this company are borne by the holding company.

Director's declaration

Sandhurst Trustees Limited and Controlled Entities
Directors' declaration

In accordance with a resolution of the directors of Sandhurst Trustees Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity'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 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Chairman



Ian G. Mansbridge

Dated this 27th day of September 2007



■ Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

■ Tel 61 3 9288 8000
Fax 61 3 8650 7777

GPO Box 67
Melbourne VIC 3001

Independent auditor's report to the members of Sandhurst Trustees Limited

We have audited the accompanying financial report of Sandhurst Trustees Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

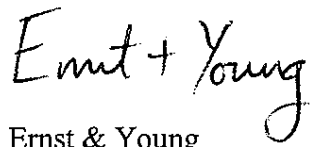
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Sandhurst Trustees Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Sandhurst Trustees Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).



Ernst & Young



Brett Kallio

Partner

Melbourne

27 September 2007

Corporate information

Directors

Ian G Mansbridge Chairman
Michael J Hirst
Marnie A Baker
Timothy J Murphy
David A Oataway (appointed 28 November 2006)
Gregory D Gillett (resigned 28 November 2006)

Joint Company Secretary

David A Oataway
Mark S Hall

Registered Office

The Bendigo Centre
BENDIGO Victoria 3550

Principal Business Address

18 View Street
BENDIGO Victoria 3550

Other Locations

Level 5, 120 Harbour Esplanade
DOCKLANDS, Victoria 3008

Suite 2, Level 4
Elizabeth Street
SYDNEY New South Wales 2000
GPO Box 4182
SYDNEY New South Wales 2001

Internet Address

www.sandhursttrustees.com.au

Auditors

Ernst & Young

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