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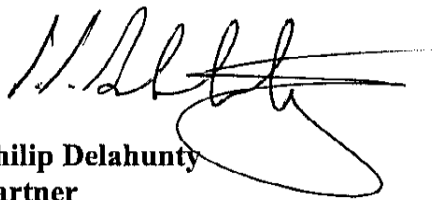
2 April 2012

The Directors
Tongala & District Financial Services Limited
35 Mangan St.
TONGALA VIC 3621

Dear Directors

Auditor's Independence Declaration

In relation to our review of the financial report of Tongala & District Financial Services Limited for the half year ended 31 December 2011, 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

Independent Review Report

To the members of Tongala & District Financial Services Limited

Scope

The financial report comprises the condensed statement of comprehensive income, condensed statement of financial position, condensed statement of cash flows, condensed statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for Tongala & District Financial Services Limited for the half-year ended 31 December 2011.

The company's directors 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 Standard AASB 134 "Interim Financial Reporting", 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 accounting policies and accounting estimates inherent in the financial report.

Review Approach

We conducted an independent review of the half year financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the half year financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis or procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position and of their performance as represented by the results of their operations and their cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Independence

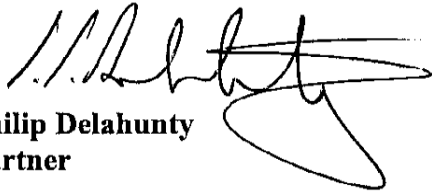
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year interim financial report of Tongala & District Financial Services Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

**Richmond Sinnott & Delahunty
Chartered Accountants**



**Philip Delahunty
Partner**

Signed at Bendigo on 2 April 2012

Tongala & District Financial Services Limited
Half Year Financial Report
as at
31 December 2011

Tongala & District Financial Services Limited
ABN 22 094 334 665
Directors' Report

Your Directors submit their report of the Company for the half year ended 31 December 2011.

Directors

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

Neil Pankhurst (Chairman)

Richard Herbert

Jill Regan

Ian Johnstone

Ken Chapman

Jean Courtney

Ian Taylor

Lyn Cosham

David Newman

Mark Dunwoodie (appointed 9 December 2011)

David Blanchard (resigned 23 December 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 & Adelaide Bank Limited.

Review and results of operations

Operations have continued to perform in line with expectations. The net loss of the company for the financial period was \$2,347 (2010: (\$6,443)).

Matters subsequent to the end of the reporting period

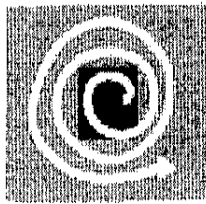
There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

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
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Auditor's Independence Declaration

In relation to our review of the financial report of Tongala & District Financial Services Limited for the half year ended 31 December 2011, 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
2 April 2012

Signed in accordance with a resolution of the Directors at Tongala
on 2 April 2012.

David Newman, Director

Tongala & District Financial Services Limited
ABN 22 094 334 665
Condensed Statement of Comprehensive Income

	2011	2010
	\$	\$
Revenue from ordinary activities	314,707	262,328
Other revenue	1,822	2,247
Employee benefits expense	(158,372)	(141,088)
Charitable donations and sponsorship	(14,706)	(13,748)
Depreciation and amortisation expense	(7,599)	(15,478)
Finance costs	(2,305)	(2,626)
Other expenses from ordinary activities	<u>(135,769)</u>	<u>(99,152)</u>
Loss before income tax expense	(2,222)	(7,517)
Income tax expense/ (benefit)	<u>125</u>	<u>(1,074)</u>
Loss after income tax expense/ (benefit) for the half year	(2,347)	(6,443)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the half year	<u><u>(2,347)</u></u>	<u><u>(6,443)</u></u>
Earnings per share (cents per share)		
- basic for profit for the half year	(0.69)	(1.89)
- diluted for profit for the half year	(0.69)	(1.89)

The accompanying notes form part of these financial statements

	31-Dec 2011 \$	30-Jun 2011 \$
ASSETS		
Current Assets		
Cash and cash equivalents	136,610	164,222
Receivables	26,849	25,704
Total Current Assets	<u>163,459</u>	<u>189,926</u>
Non-Current Assets		
Property, plant and equipment	10,720	13,319
Deferred tax asset	13,737	13,861
Intangible assets	40,000	45,000
Total Non-Current Assets	<u>64,457</u>	<u>72,180</u>
Total Assets	<u>227,916</u>	<u>262,106</u>
LIABILITIES		
Current Liabilities		
Payables	14,031	20,840
Loans and borrowings	13,630	15,256
Current tax payable	-	-
Provisions	31,096	33,460
Total Current Liabilities	<u>58,757</u>	<u>69,556</u>
Non-Current Liabilities		
Loans and borrowings	40,370	44,346
Total Non-Current Liabilities	<u>40,370</u>	<u>44,346</u>
Total Liabilities	<u>99,127</u>	<u>113,902</u>
Net Assets	<u>128,789</u>	<u>148,204</u>
Equity		
Issued capital	341,350	341,350
Retained earnings / (accumulated losses)	(212,561)	(193,146)
Total Equity	<u>128,789</u>	<u>148,204</u>

The accompanying notes form part of these financial statements

ABN 22 094 334 665
Condensed Statement of Cash Flows

	2011	2010
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	358,197	286,038
Cash payments in the course of operations	(362,655)	(264,428)
Interest paid	(2,305)	(2,626)
Interest received	1,822	2,247
	<u>1,822</u>	<u>2,247</u>
Net cash flows from / (used in) operating activities	<u>(4,941)</u>	<u>21,231</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	<u>-</u>	<u>(50,000)</u>
Net cash flows used in investing activities	<u>-</u>	<u>(50,000)</u>
Cash Flows From Financing Activities		
Repayment of borrowings	(5,603)	(6,366)
Dividends paid	(17,068)	-
	<u>(17,068)</u>	<u>-</u>
Net cash flows used in financing activities	<u>(22,671)</u>	<u>(6,366)</u>
Net decrease in cash held	(27,612)	(35,135)
Cash and cash equivalents at start of period	<u>164,222</u>	<u>178,782</u>
Cash and cash equivalents at end of period	<u><u>136,610</u></u>	<u><u>143,647</u></u>

The accompanying notes form part of these financial statements

Tongala & District Financial Services Limited
 ABN 22 094 334 665
 Condensed Statement of Changes in Equity

	<u>Notes</u>	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2010		341,350	(200,588)	140,762
Loss after income tax expense		-	(6,443)	(6,443)
Issue of share capital		-	-	-
Dividends paid	5	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2010		<u><u>341,350</u></u>	<u><u>(207,031)</u></u>	<u><u>134,319</u></u>

		Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2011		341,350	(193,146)	148,204
Loss after income tax expense		-	(2,347)	(2,347)
Issue of share capital		-	-	-
Dividends paid	5	<u>-</u>	<u>(17,068)</u>	<u>(17,068)</u>
As at 31 December 2011		<u><u>341,350</u></u>	<u><u>(212,561)</u></u>	<u><u>128,789</u></u>

The accompanying notes form part of these financial statements

1. Summary of significant accounting policies

(a) Basis of preparation

Tongala & District Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the half year ending 31 December 2011 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 Tongala & District Financial Services Limited as at 30 June 2011. It is also recommended that this half year financial report be considered together with any public announcements made by Tongala & District Financial Services Limited during the half year ended 31 December 2011 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, and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

(b) New and revised accounting requirements applicable to the half year reporting period

For the half year reporting period to 31 December 2011, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the Company. A discussion of these new and revised requirements that are relevant to the Company is provided below:

AASB 124- Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended) including the following:

- The definition of a related party is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
 - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
 - entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
 - the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control over a third party, the second and third entities are related to each other; and
 - The definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exception is provided from the disclosure requirements for government related entities. Entities that are related by virtue of being controlled by the same government can provide

reduced related party disclosures.

1. Basis of preparation and accounting policies (continued)

(b) New and revised accounting requirements applicable to the half year reporting period (continued)

The adoption of the amendment did not have a significant impact on the financial statements of the Company.

AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13].

This standard details numerous non urgent but necessary changes to Accounting Standards arising from the IASB's annual improvement project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian Accounting Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various standards and interpretations.

The adoption of the amendments did not have a significant impact on the financial statements of the Company.

AASB 1054: Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 and AASB 134 and Interpretations 2, 112 and 113]

AASB 1054 sets out the Australian specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

The adoption of the amendments did not have a significant impact on the financial statements of the Company.

The Company has not elected to adopt any other new standards or amendments that are issued but not yet effective.

(c) Summary of significant accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as well as applied to the most recent annual financial statements.

2. Events subsequent to Reporting Date

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

Tongala & District Financial Services Limited
ABN 22 094 334 665
Notes to the Financial Statements

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 Tongala, Victoria.

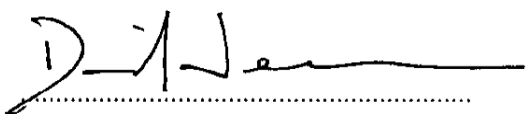
5. Dividends Paid

	2011	2010
	\$	\$
<i>Dividends paid during the half year</i>		
Fully franked dividend of 5 cents per share	17,068	-

The directors of Tongala & District Financial Services Limited, declare that:

- (1) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134, "Interim Financial Reporting"; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the half-year ended on that date.
- (2) In the directors opinion 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



David Newman, Director

Signed at Tongala on 2 April 2012