

Richmond Sinnott & Delahunty

Chartered Accountants



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

28 February 2007

The Directors
Heyfield & District Community Financial Services Ltd
C/O Adams & Pund
132-134 Johnson Street
MAFRA VIC 3860

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Heyfield & District Community Financial Services Limited for the half year ended 31 December 2006, 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 black ink, appearing to read 'W. Sinnott'.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

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Chartered Accountants



Partners:
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Independent Review Report

To the members of Heyfield & District Community Financial Services Ltd

Scope

The financial report comprises the condensed income statement, condensed balance sheet, condensed cash flow statement, condensed statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for Heyfield & District Community Financial Services Ltd for the half-year ended 31 December 2006.

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 Heyfield & District Community Financial Services Ltd 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 2006 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

Richmond Sinnott & Delahunty
Chartered Accountants

W. Sinnott

Warren Sinnott
Partner

Signed at Bendigo on 28 February 2007

Heyfield and District Community Financial Services Ltd
ABN 96 094 854 949
Directors' Report

Your Directors submit their report of the company for the half year ended 31 December 2006.

Directors

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

Mr Alan Broadbent

Mr David Graham

Mr Keith Vardy (Resigned 26 October 2006)

Mr Eric Underwood

Mr Michael Gahan (Resigned 26 October 2006)

Mr Keith Borthwick

Mr Martin Swanson

Mrs Michele Ripper

Mr David Wadey

Ms Sarah Bardsley (Appointed 22 November 2006)

Mrs Anne Hellyer (Appointed 13 December 2006)

Mr Donald Kube (Appointed 13 December 2006)

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 Bank Limited.

Review and results of operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was \$8,628 (2005: \$19,673).

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.

Heyfield and District Community Financial Services Ltd
ABN 96 094 854 949
Directors' Report

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants



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

Auditor's Independence Declaration

In relation to our review of the financial report of Heyfield and District Community Financial Services Ltd for the half year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
Bendigo
28 February 2007

Signed in accordance with a resolution of the Directors at Heyfield, Victoria
on 28 February 2007.

Alan Broadbent, Chairman

Heyfield and District Community Financial Services Ltd**ABN 96 094 854 949****Condensed Income Statement
for the half-year ended 31 December 2006**

	2006	2005
	\$	\$
Revenue from ordinary activities	234,786	197,063
Other revenue	5,627	5,435
Salaries and employee benefit expense	(78,345)	(88,142)
Depreciation and amortisation expense	(7,807)	(17,757)
Other expenses from ordinary activities	<u>(141,613)</u>	<u>(65,740)</u>
Profit from ordinary activities before income tax expense	12,648	30,859
Income tax expense relating to ordinary activities	<u>4,020</u>	<u>11,186</u>
Net profit attributable to members of the entity	<u><u>8,628</u></u>	<u><u>19,673</u></u>
Earnings per share (cents per share)		
- basic for profit for the half year	1.92	4.37
- diluted for profit for the half year	1.92	4.37
- dividends paid per share	5 5.00	-

Heyfield and District Community Financial Services Limited**ABN 96 094 854 949****Condensed Balance Sheet****as at 31 December 2006**

	31-Dec 2006 \$	30-Jun 2006 \$
Current Assets		
Cash assets	200,973	252,005
Receivables	46,236	41,542
Prepayments	3,071	3,946
Total Current Assets	<u>250,280</u>	<u>297,493</u>
Non-Current Assets		
Property, plant and equipment	125,339	128,903
Intangibles	8,778	9,786
Total Non-Current Assets	<u>134,117</u>	<u>138,689</u>
Total Assets	<u>384,397</u>	<u>436,182</u>
Current Liabilities		
Payables	27,648	54,590
Current tax liability	8,981	19,549
Provisions	16,449	16,852
Total Current Liabilities	<u>53,078</u>	<u>90,991</u>
Total Liabilities	<u>53,078</u>	<u>90,991</u>
Net Assets	<u>331,319</u>	<u>345,191</u>
Equity		
Issued capital	450,009	450,009
Accumulated losses	<u>(118,690)</u>	<u>(104,818)</u>
Total Equity	<u>331,319</u>	<u>345,191</u>

Heyfield and District Community Financial Services Limited**ABN 96 094 854 949****Condensed Cash Flow Statement
for the half-year ended 31 December 2006**

	2006	2005
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	247,471	212,018
Cash payments in the course of operations	(243,975)	(159,762)
Interest received	5,627	5,435
Income tax paid	<u>(34,420)</u>	<u>-</u>
Net cash flows from (used in) operating activities	<u>(25,297)</u>	<u>57,691</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	<u>(3,235)</u>	<u>(5,780)</u>
Net cash flows from (used in) investing activities	<u>(3,235)</u>	<u>(5,780)</u>
Cash Flows From Financing Activities		
Dividends paid	<u>(22,500)</u>	<u>-</u>
Net cash flows from (used in) investing activities	<u>(22,500)</u>	<u>-</u>
Net increase (decrease) in cash held	(51,032)	51,911
Opening cash brought forward	<u>252,005</u>	<u>231,705</u>
Closing cash carried forward	<u><u>200,973</u></u>	<u><u>283,616</u></u>

Heyfield and District Community Financial Services Limited**ABN 96 094 854 949****Condensed Statement of Changes in Equity
for the half-year ended 31 December 2006**

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2006	450,009	(104,818)	345,191
Net profit/(loss) for the period	-	8,628	8,628
Issue of share capital	-	-	-
Equity dividends	-	(22,500)	(22,500)
As at 31 December 2006	<u>450,009</u>	<u>(118,690)</u>	<u>331,319</u>

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2005	450,009	(74,805)	375,204
Net profit/(loss) for the period	-	19,673	19,673
Issue of share capital	-	-	-
Equity dividends	-	-	-
As at 31 December 2005	<u>450,009</u>	<u>(55,132)</u>	<u>394,877</u>

Heyfield and District Community Financial Services Limited**ABN 96 094 854 949****Notes to the Financial Statements
for the half-year ended 31 December 2006****1. Basis of preparation of the Half-Year Financial Report****(a) Basis of accounting**

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 Heyfield and District Community Financial Services Ltd as at 30 June 2006. It is also recommended that this half year financial report be considered together with any public announcements made by Heyfield and District Community Financial Services Ltd during the half year ended 31 December 2006 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

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

(b) Statement of compliance

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

(c) Summary of significant accounting policies

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2006 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.

3. Contingent Assets and Liabilities

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

Heyfield and District Community Financial Services Limited
ABN 96 094 854 949
Notes to the Financial Statements
for the half-year ended 31 December 2006

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 Heyfield and district, Victoria.

5. Dividends Paid	2006	2005
	\$	\$
<i>Dividends paid during the half year</i>		
Final franked dividend for the year ended 30 June 2006	22,500	-
<i>Dividends proposed and not recognised as a liability</i>		
Interim franked dividend for the year ended 30 June 2007		45,000

6. Director and Related Party Disclosures

The names of directors who have held office during the half year ended 31 December 2006 are:

Mr Alan Broadbent
 Mr Michael Gahan
 Mr David Graham
 Mr Keith Borthwick
 Mr Martin Swanson
 Mr Keith Vardy
 Mr Eric Underwood
 Mrs Michele Ripper
 Mr David Wadey
 Ms Sarah Bardsley
 Mrs Anne Hellyer
 Mr Donald Kube

No director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings	2006	2005
Mr Alan Broadbent	10,001	10,001
Mr Michael Gahan	4,001	4,001
Mr David Graham	5,001	5,001
Mr Keith Borthwick	1,001	1,001
Mr Martin Swanson	5,000	5,000
Mr Keith Vardy (Resigned 26 October 2006)	1,000	1,000
Mr Eric Underwood	10,000	10,000
Mrs Michele Ripper	1,000	-
Mr David Wadey	-	-
Ms Sarah Bardsley (Appointed 22 November 2006)	-	-
Mrs Anne Hellyer (Appointed 13 December 2006)	-	-
Mr Donald Kube (Appointed 13 December 2006)	4,000	4,000

Other than the purchase of 1,000 shares by Michele Ripper there was no movement in directors shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

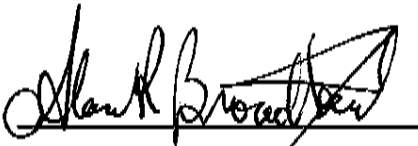
Heyfield and District Community Financial Services Limited
ABN 96 094 854 949
Directors Declaration
for the half-year ended 31 December 2006

In accordance with a resolution of the directors of Heyfield and District Community Financial Services Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company:
 - (i) give a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134, "Interim Financial Reporting" and the 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.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Alan Broadbent', is written over a horizontal line.

Alan Broadbent, Chairman

Signed in Heyfield on this 28th day of February 2007