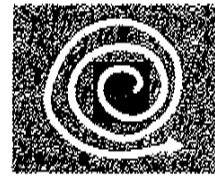


Richmond Sinnott & Delahunty

Chartered Accountants



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

5 March 2008

The Directors
Heyfield & District Community Financial Services Ltd
54-56 Temple Street
Heyfield Victoria, 3858

Dear Directors

Auditor's Independence Declaration

In relation to our review of the financial report of Heyfield & District Community Financial Services Limited for the half year ended 31 December 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 dark ink, appearing to read 'W Sinnott', with a stylized flourish at the end.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Richmond Sinnott & Delahunty

Chartered Accountants



Independent Review Report

To the members of Heyfield & District Community Financial Services Ltd

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

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 2007.

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 2007 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

Warren Sinnott

Warren Sinnott
Partner

Signed at Bendigo on 5 March 2008

Heyfield & District Community Financial Services Limited**ABN 96 094 854 949****Condensed Balance Sheet****as at 31 December 2007**

	Note	31-Dec 2007 \$	30-Jun 2007 \$
Current Assets			
Cash assets		279,014	223,582
Receivables		47,452	43,318
Current tax refundable		-	2,400
Prepayments		3,442	3,130
Total Current Assets		<u>329,908</u>	<u>272,430</u>
Non-Current Assets			
Property, plant and equipment	1(d)	246,088	121,748
Intangibles		6,778	7,786
Total Non-Current Assets		<u>252,866</u>	<u>129,534</u>
Total Assets		<u>582,774</u>	<u>401,964</u>
Current Liabilities			
Payables		61,812	40,525
Current tax liability		15,875	-
Provisions		19,491	16,449
Total Current Liabilities		<u>97,178</u>	<u>56,974</u>
Total Liabilities		<u>97,178</u>	<u>56,974</u>
Net Assets		<u>485,596</u>	<u>344,990</u>
Equity			
Issued capital		450,009	450,009
Asset revaluation reserve	1(d)	123,826	-
Accumulated losses		(88,239)	(105,019)
Total Equity		<u>485,596</u>	<u>344,990</u>

Heyfield & District Community Financial Services Limited
ABN 96 094 854 949
Condensed Cash Flow Statement
for the half-year ended 31 December 2007

	2007 \$	2006 \$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	287,381	247,471
Cash payments in the course of operations	(229,476)	(243,975)
Interest received	6,249	5,627
Income tax paid / (refunded)	(988)	(34,420)
Net cash flows from (used in) operating activities	<u>63,166</u>	<u>(25,297)</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	<u>(7,734)</u>	<u>(3,235)</u>
Net cash flows from (used in) investing activities	<u>(7,734)</u>	<u>(3,235)</u>
Cash Flows From Financing Activities		
Dividends paid	<u>-</u>	<u>(22,500)</u>
Net cash flows from (used in) investing activities	<u>-</u>	<u>(22,500)</u>
Net increase (decrease) in cash held	55,432	(51,032)
Opening cash brought forward	<u>223,582</u>	<u>252,005</u>
Closing cash carried forward	<u><u>279,014</u></u>	<u><u>200,973</u></u>

Heyfield & District Community Financial Services Limited**ABN 96 094 854 949****Condensed Statement of Changes in Equity
for the half-year ended 31 December 2007**

	Issued Capital \$	Asset Revaluation Reserve \$	Retained Earnings \$	Total Equity \$
As at 1 July 2007	450,009	-	(105,019)	344,990
Net profit for the period	-	-	43,781	43,781
Asset revaluations	-	123,826	-	123,826
Issue of share capital	-	-	-	-
Equity dividends	-	-	(27,001)	(27,001)
As at 31 December 2007	<u>450,009</u>	<u>123,826</u>	<u>(88,239)</u>	<u>485,596</u>

	Issued Capital \$	Asset Revaluation Reserve \$	Retained Earnings \$	Total Equity \$
As at 1 July 2006	450,009	-	(104,818)	345,191
Net profit 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>-</u>	<u>(118,690)</u>	<u>331,319</u>

Heyfield & District Community Financial Services Limited
ABN 96 094 854 949
Notes to the Financial Statements
for the half-year ended 31 December 2007

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 & District Community Financial Services Ltd as at 30 June 2007. It is also recommended that this half year financial report be considered together with any public announcements made by Heyfield & District Community Financial Services Ltd during the half year ended 31 December 2007 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 2007 financial statements.

(d) Property, plant & equipment

Property, plant & equipment are brought to account at cost less accumulated depreciation and any impairment value.

Land and buildings are measured at fair value less accumulated depreciation.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

During the half year the directors unanimously agreed to bring to account land and buildings at current market value of \$185,000 on the basis of an independent valuation prepared by Central Gippsland Valuations on 21 December 2007.

A revaluation surplus of \$123,826 has been credited to the asset revaluation reserve included in the equity section of the balance sheet.

Heyfield & District Community Financial Services Limited
ABN 96 094 854 949
Notes to the Financial Statements
for the half-year ended 31 December 2007

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.

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

	2007	2006
	\$	\$
<i>Dividends paid or provided for during the half year</i>		
Final franked dividend for the year ended 30 June 2007 of 6 cents (2006: 5 cents)	27,001	22,500

6. Director and Related Party Disclosures

The names of directors who have held office during the half year ended 31 December 2007 are:

Mr Alan Broadbent
Mr David Graham
Mr Eric Underwood
Mr Keith Borthwick
Mr Martin Swanson
Mrs Michelle Ripper
Mr David Wadey
Mrs 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	<u>2007</u>	<u>2006</u>
Mr Alan Broadbent	10,001	10,001
Mr David Graham	5,001	5,001
Mr Eric Underwood	10,000	10,000
Mr Keith Borthwick	1,001	1,001
Mr Martin Swanson	5,000	5,000
Mrs Michelle Ripper	1,000	1,000
Mr David Wadey	-	-
Mrs Sarah Bardsley	-	-
Mrs Anne Hellyer	-	-
Mr Donald Kube	4,000	4,000

There was no movement in directors shareholdings during the half year. Each share held has a paid up value of \$1 and is fully paid.

Heyfield & District Community Financial Services Limited
ABN 96 094 854 949
Directors Declaration
for the half-year ended 31 December 2007

In accordance with a resolution of the directors of Heyfield & 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 2007 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

Alan Broadbent, Chairman

Signed in Heyfield on this 5th day of March 2008