

**Inverloch & District
Financial Enterprises Limited**

Financial Statements

as at

31 December 2007

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Directors' Report

Your Directors submit the financial report of the company for the half-year ended 31 December 2007.

Directors

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

Alan Keith Gostelow

Francis Barry McGarvey

John Fredpatrick Payne

Kenneth Mervyn Aly

Leanne du Plessis

Brian Edward Dohnt (*Resigned 28 February 2008*)

Andrew Neil Forster (*Resigned 29 January 2008*)

Terrence William Hall (*Retired 22 November 2007*)

Sybil Lynette Fowler (*Retired 22 November 2007*)

David Maxwell Walsh (*Retired 22 November 2007*)

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 loss of the company for the financial period was: (\$17,220) [2006: (\$35,711)].

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.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Directors at Inverloch, Victoria on 14 March 2008.


Alan Keith Gostelow, Chairman

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
to the directors of Inverloch & District Financial Enterprises Limited**

I declare that, to the best of my knowledge and belief, in relation to the review for the financial period ended 31 December 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 14th day of March 2008

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Income Statement
for the half-year ended 31 December 2007

	2007	2006
	\$	\$
Revenue from ordinary activities	168,922	118,750
Other revenue	9,933	11,023
Salaries and employee benefit expense	(115,117)	(108,457)
Occupancy and associated costs	(17,050)	(18,914)
Advertising and promotion expenses	(25,191)	(3,290)
Systems costs	(10,699)	(10,374)
Depreciation and amortisation expense	(5,138)	(6,021)
General administration expenses	(30,815)	(34,182)
Loss before income tax credit	(25,155)	(51,465)
Income tax credit	7,935	15,754
Loss for the period	(17,220)	(35,711)
Loss attributable to members of the entity	(17,220)	(35,711)
 Earnings per Share		
	<u>c</u>	<u>c</u>
Earnings per share for the period were:	(2.30)	(5.97)

The accompanying notes form part of these financial statements.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Balance Sheet
as at 31 December 2007

	31-Dec 2007 \$	30-Jun 2007 \$
ASSETS		
Current Assets		
Cash assets	297,478	333,884
Trade and other receivables	16,258	8,355
Total Current Assets	<u>313,736</u>	<u>342,239</u>
Non-Current Assets		
Property, plant and equipment	116,618	118,545
Deferred tax asset	80,988	73,053
Intangible assets	42,500	43,500
Total Non-Current Assets	<u>240,106</u>	<u>235,098</u>
Total Assets	<u>553,842</u>	<u>577,337</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	1,000	7,275
Total Current Liabilities	<u>1,000</u>	<u>7,275</u>
Total Liabilities	<u>1,000</u>	<u>7,275</u>
Net Assets	<u>552,842</u>	<u>570,062</u>
Equity		
Issued capital	729,547	729,547
Retained earnings	(176,705)	(159,485)
Total Equity	<u>552,842</u>	<u>570,062</u>

The accompanying notes form part of these financial statements.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Statement of Changes in Equity
for the half-year ended 31 December 2007

	2007	2006
	\$	\$
Total equity at the beginning of the period	570,062	630,769
Net loss for the period	(17,220)	(35,711)
Net income/expense recognised directly in equity	-	-
Dividends provided for or paid	-	-
Shares issued during period	-	-
Total equity at the end of the period	<u><u>552,842</u></u>	<u><u>595,058</u></u>

The accompanying notes form part of these financial statements.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Cash Flow Statement
for the half-year ended 31 December 2007

	2007	2006
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	177,845	116,345
Payments to suppliers and employees	(221,725)	(180,106)
Interest received	9,685	11,023
Net cash used in operating activities	<u>(34,195)</u>	<u>(52,738)</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(2,211)	(133,002)
Net cash used in investing activities	<u>(2,211)</u>	<u>(133,002)</u>
Net decrease in cash held	(36,406)	(185,740)
Cash at the beginning of the financial year	333,884	521,349
Cash at the end of the half-year	<u><u>297,478</u></u>	<u><u>335,609</u></u>

The accompanying notes form part of these financial statements.

Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Notes to the financial statements
for the half-year ended 31 December 2007

1. Basis of preparation of the half-year financial statements

Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

Basis of accounting

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the financial report for the year ended 30 June 2007 and any public pronouncements made by the company during the period.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2007. All accounting policies are consistent with those applied in the 30 June 2007 financial statements except as set out below.

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

There were no contingent assets or liabilities at the date of this report to affect the financial statements.

4. Segment Reporting

The economic entity operates in the service sector where it facilitates community banking services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Inverloch and the surrounding district of Victoria.

5. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2007 annual financial report.

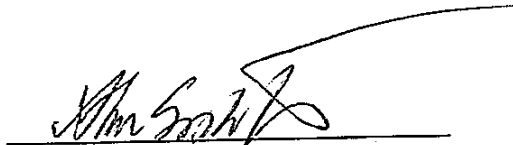
Inverloch & District Financial Enterprises Limited
ABN 13 117 672 590
Directors' Declaration

In the opinion of the directors of Inverloch & District Financial Enterprises Limited ("the Company"):

- 1 The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Alan Keith Gostelow, Chairman

Dated this 14th day of March 2008.

Independent Review Report to the Members of Inverloch & District Financial Enterprises Limited

Scope

We have reviewed the accompanying financial report of Inverloch & District Financial Enterprises Limited comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes 1-5 to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2007.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: 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 complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reports when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. Our review did not involve an analysis of the prudence of business decisions made by directors or managers.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Inverloch & District Financial Enterprises Limited is not in accordance with Corporations Act 2001, including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2007 and of 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 2001.

David Hutchings Partner

BENDIGO

Dated this 14th day of March 2008