

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

Your Directors submit their 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:

Richard Herbert

Jill Regan

Ian Johnstone

Ken Chapman

Rohan Garth (resigned 19 December 2007)

Lance Tomkins

Suzi Cornwall

Jean Courtney

Garry McConnell (resigned 19 December 2007)

David Blanchard

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 \$24,570 (2006: \$12,280).

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.

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

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants



172-176 McIvor Rd
PO Box 30
Bendigo. 3552
Ph. 03 5443 1177
Fax. 03 5444 4344

E-mail: rsd@rsd advisors.com.au

Auditor's Independence Declaration

In relation to our review of the financial report of Tongala & District Financial Services Ltd 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.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty
Bendigo
13 March 2008

Signed in accordance with a resolution of the Directors at Tongala, Victoria on 13 March 2008.

Richard Herbert, Chairman

Tongala & District Financial Services Ltd
ABN 22 094 334 665
Condensed Income Statement
for the half-year ended 31 December 2007

	2007	2006
	\$	\$
Revenue from ordinary activities	240,817	232,030
Salaries and employee benefit expense	(95,032)	(111,742)
Depreciation and amortisation expense	(14,247)	(15,379)
Borrowing costs expense	(2,111)	-
Other expenses from ordinary activities	<u>(92,066)</u>	<u>(83,329)</u>
Profit from ordinary activities before income tax expense	37,361	21,580
Income tax expense relating to ordinary activities	<u>12,791</u>	<u>9,300</u>
Net profit	<u><u>24,570</u></u>	<u><u>12,280</u></u>
Earnings per share (cents per share)		
- basic for profit for the half year	7.20	3.60
- diluted for profit for the half year	7.20	3.60
- dividends paid per share	5 5.00	5.00

Tongala & District Financial Services Ltd
ABN 22 094 334 665
Condensed Balance Sheet
as at 31 December 2007

	31-Dec 2007 \$	30-Jun 2007 \$
Current Assets		
Cash assets	121,710	104,990
Receivables	39,687	28,951
Total Current Assets	<u>161,397</u>	<u>133,941</u>
Non-Current Assets		
Property, plant and equipment	60,291	64,372
Deferred income tax asset	-	8,871
Intangibles	30,771	36,046
Total Non-Current Assets	<u>91,062</u>	<u>109,289</u>
Total Assets	<u>252,459</u>	<u>243,230</u>
Current Liabilities		
Payables	27,801	31,317
Interest bearing liabilities	7,022	7,022
Current tax liability	3,920	-
Provisions	10,256	5,523
Total Current Liabilities	<u>48,999</u>	<u>43,862</u>
Non-Current Liabilities		
Interest bearing liabilities	27,116	30,526
Total Non-Current Liabilities	<u>27,116</u>	<u>30,526</u>
Total Liabilities	<u>76,115</u>	<u>74,388</u>
Net Assets	<u>176,344</u>	<u>168,842</u>
Equity		
Issued capital	341,350	341,350
Accumulated losses	(165,006)	(172,508)
Total Equity	<u>176,344</u>	<u>168,842</u>

Tongala & District Financial Services Ltd
ABN 22 094 334 665
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	253,222	250,242
Cash payments in the course of operations	(210,508)	(219,527)
Interest received	1,486	1,753
Interest paid	(2,111)	-
	<u>42,089</u>	<u>32,468</u>
Net cash flows from operating activities		
Cash Flows From Investing Activities		
Payments for property, plant & equipment	(4,891)	(38,983)
	<u>(4,891)</u>	<u>(38,983)</u>
Net cash flows used in investing activities		
Cash Flows From Financing Activities		
Proceeds from / (repayment of) borrowings	(3,410)	25,432
Dividends paid	(17,068)	(17,067)
	<u>(20,478)</u>	<u>8,365</u>
Net cash flows from / (used in) financing activities		
Net increase (decrease) in cash held	16,720	1,850
Opening cash brought forward	<u>104,990</u>	<u>76,805</u>
Closing cash carried forward	<u><u>121,710</u></u>	<u><u>78,655</u></u>

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Tongala & District Financial Services Ltd
ABN 22 094 334 665
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Tongala & District Financial Services Ltd
ABN 22 094 334 665
Condensed Statement of Changes in Equity
for the half-year ended 31 December 2007

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2007	341,350	(172,508)	168,842
Net profit for the period	-	24,570	24,570
Issue of share capital	-	-	-
Equity dividends	-	(17,068)	(17,068)
As at 31 December 2007	<u>341,350</u>	<u>(165,006)</u>	<u>176,344</u>

	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2006	341,350	(168,522)	172,828
Net profit for the period	-	12,280	12,280
Issue of share capital	-	-	-
Equity dividends	-	(17,067)	(17,067)
As at 31 December 2006	<u>341,350</u>	<u>(173,309)</u>	<u>168,041</u>

Tongala & District Financial Services Ltd
ABN 22 094 334 665
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 Tongala & District 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 Tongala & District 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.

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.

Tongala & District Financial Services Ltd
ABN 22 094 334 665
Notes to the Financial Statements
for the half-year ended 31 December 2007

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

	2007	2006
	\$	\$
<i>Dividends paid during the half year</i>		
Final unfranked dividend for the year ended 30 June 2007 of 5 cents (2006: 5 cents)	17,068	17,067
<i>Dividends proposed and not recognised as a liability</i>		
Interim unfranked dividend for the year ended 30 June 2008	-	-

6. Director and Related Party Disclosures

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

Richard Herbert
Jill Regan
Ian Johnstone
Ken Chapman
Rohan Garth (resigned 19 December 2007)
Lance Tomkins
Suzi Cornwall
Jean Courtney
Garry McConnell (resigned 19 December 2007)
David Blanchard

Director Ian Johnstone was paid \$3,925 (2006: \$3,300) in rent payments for lease of property for the half year ended 31 December 2007. Company Secretary David Blanchard was paid \$6,000 (2006: \$nil) for professional accounting and secretarial duties for the half year ended 31 December 2007. These payments were made under normal commercial terms and conditions.

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

Directors shareholdings

	<u>2007</u>	<u>2006</u>
Richard Herbert	500	500
Jill Regan	2,000	2,000
Ian Johnstone	5,000	5,000
Ken Chapman	8,000	8,000
Rohan Garth (resigned 19 December 2007)	500	500
Lance Tomkins	6,000	6,000
Suzi Cornwall	500	500
Jean Courtney	5,500	5,500
Garry McConnell (resigned 19 December 2007)	2,500	2,500
David Blanchard	1,000	1,000

There was no movement in directors shareholdings during the period. Each share held has a paid up value of \$1 and is fully paid. The above holdings are held personally or in associated entities.

Tongala & District Financial Services Ltd
ABN 22 094 334 665
Notes to the Financial Statements
for the half-year ended 31 December 2007

Tongala & District Financial Services Ltd
ABN 22 094 334 665
Directors Declaration
for the half-year ended 31 December 2007

In accordance with a resolution of the directors of Tongala & District 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

Richard Herbert, Chairman

Signed in Tongala on this 13th day of March 2008

Richmond Sinnott & Delahunty

Chartered Accountants



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

13 March 2008

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

Dear Sirs

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 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 blue ink, appearing to read 'W Sinnott', is written over the printed name.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Richmond Sinnott & Delahunty

Chartered Accountants



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

13 March 2008

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

Dear Sirs

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 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.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty