

**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 2009.

**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

Lance Tomkins (resigned 15 February 2010)

Neil Pankhurst

Jean Courtney

David Blanchard

Ian Taylor

Marlene Wallace

Ammie Grundy

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 and Adelaide Bank Limited.

**Review and results of operations**

The net loss of the company for the financial period was \$34,564 (2008: \$12,488).

**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 Limited**  
**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 Limited for the half year ended 31 December 2009, 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**  
**12 March 2010**

Signed in accordance with a resolution of the Directors at Tongala, Victoria on 12 March 2010.

A handwritten signature in black ink, appearing to read 'David Blanchard', written over a horizontal line.

David Blanchard, Director

**Tongala & District Financial Services Limited**  
**ABN 22 094 334 665**  
**Condensed Income Statement**  
**for the half-year ended 31 December 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	243,970	224,675
Other revenue	1,391	6,304
Salaries and employee benefit expense	(101,142)	(114,588)
Charitable donations and sponsorships	(76,486)	(8,403)
Depreciation and amortisation expense	(15,277)	(15,277)
Borrowing costs expense	(3,482)	(1,694)
Other expenses from ordinary activities	<u>(95,702)</u>	<u>(107,969)</u>
<b>Loss from ordinary activities before income tax expense</b>	(46,728)	(16,952)
Income tax benefit relating to ordinary activities	<u>12,164</u>	<u>4,464</u>
<b>Net loss</b>	<u><u>(34,564)</u></u>	<u><u>(12,488)</u></u>
<b>Earnings per share (cents per share)</b>		
- basic for loss for the half year	(10.13)	(3.66)
- diluted for loss for the half year	(10.13)	(3.66)

**Tongala & District Financial Services Limited**  
**ABN 22 094 334 665**  
**Condensed Balance Sheet**  
**as at 31 December 2009**

	<b>31-Dec 2009 \$</b>	<b>30-Jun 2009 \$</b>
<b>Current Assets</b>		
Cash assets	150,953	142,289
Receivables	38,786	26,195
Current tax assets	1,754	1,754
<b>Total Current Assets</b>	<u>191,493</u>	<u>170,238</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	42,201	52,203
Deferred income tax asset	16,817	4,653
Intangibles	9,671	14,946
<b>Total Non-Current Assets</b>	<u>68,689</u>	<u>71,802</u>
<b>Total Assets</b>	<u>260,182</u>	<u>242,040</u>
<b>Current Liabilities</b>		
Payables	17,126	21,388
Interest bearing liabilities	17,071	18,285
Provisions	22,686	21,781
<b>Total Current Liabilities</b>	<u>56,883</u>	<u>61,454</u>
<b>Non-Current Liabilities</b>		
Interest bearing liabilities	61,637	4,360
<b>Total Non-Current Liabilities</b>	<u>61,637</u>	<u>4,360</u>
<b>Total Liabilities</b>	<u>118,520</u>	<u>65,814</u>
<b>Net Assets</b>	<u>141,662</u>	<u>176,226</u>
<b>Equity</b>		
Issued capital	341,350	341,350
Accumulated losses	<u>(199,688)</u>	<u>(165,124)</u>
<b>Total Equity</b>	<u>141,662</u>	<u>176,226</u>

**Tongala & District Financial Services Limited**  
**ABN 22 094 334 665**  
**Condensed Cash Flow Statement**  
**for the half-year ended 31 December 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Cash receipts in the course of operations	254,856	251,675
Cash payments in the course of operations	(300,164)	(220,794)
Interest received	1,391	6,304
Interest paid	<u>(3,482)</u>	<u>(1,694)</u>
<b>Net cash flows from / (used in) operating activities</b>	<u>(47,399)</u>	<u>35,491</u>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant & equipment	<u>-</u>	<u>(19,510)</u>
<b>Net cash flows used in investing activities</b>	<u>-</u>	<u>(19,510)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	<u>56,063</u>	<u>(3,826)</u>
<b>Net cash flows from / (used in) financing activities</b>	<u>56,063</u>	<u>(3,826)</u>
<b>Net increase in cash held</b>	8,664	12,155
Opening cash brought forward	<u>142,289</u>	<u>190,575</u>
<b>Closing cash carried forward</b>	<u><u>150,953</u></u>	<u><u>202,730</u></u>

**Tongala & District Financial Services Limited**  
**ABN 22 094 334 665**  
**Condensed Statement of Changes in Equity**  
**for the half-year ended 31 December 2009**

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2009</b>	341,350	(165,124)	176,226
Net loss for the period	-	(34,564)	(34,564)
Issue of share capital	-	-	-
Equity dividends	-	-	-
<b>As at 31 December 2009</b>	<u>341,350</u>	<u>(199,688)</u>	<u>141,662</u>

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2008</b>	341,350	(131,444)	209,906
Net loss for the period	-	(12,488)	(12,488)
Issue of share capital	-	-	-
Equity dividends	-	-	-
<b>As at 31 December 2008</b>	<u>341,350</u>	<u>(143,932)</u>	<u>197,418</u>

**Tongala & District Financial Services Limited**  
**ABN 22 094 334 665**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2009**

**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 Limited as at 30 June 2009. 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 2009 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 2009 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 Limited**  
**ABN 22 094 334 665**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2009**

**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**

No dividends were paid during the period.



**Tongala & District Financial Services Limited**  
**ABN 22 094 334 665**  
**Directors Declaration**  
**for the half-year ended 31 December 2009**

In accordance with a resolution of the directors of Tongala & District Financial Services Limited, 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 2009 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



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David Blanchard, Director

Signed in Tongala on 12 March 2010

# Richmond Sinnott & Delahunty

Chartered Accountants



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

12 March 2010

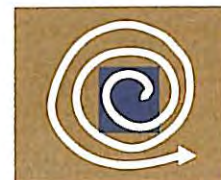
The Directors  
Tongala & District Financial Services Limited  
35 Mangan St.  
TONGALA VIC 3621

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 2009, 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**



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

## **Independent Review Report**

**To the members of Tongala & District Financial Services Limited**

### ***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 Tongala & District Financial Services Limited for the half-year ended 31 December 2009.

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 2009 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 12 March 2010