



Annexure 3A

BSX Listing Rules

Half yearly/Yearly Disclosure

References

Version 1, Operative 23/8/2000

Chapter 3, BSX Listing Rules

TONGALA & DISTRICT FINANCIAL SERVICES LTD

Name of entity

22 094 331 665

ABN, ACN or ARBN

Half yearly (tick)

Annual (tick)

X

31st DECEMBER 2010

Half year ended

('Current period')

Summary

				\$A,000
Sales revenue or operating revenue	Up	7.8%	to	264.6
Profit (loss) before abnormal items and after tax	Up	(84.8%)	to	(7.5)
Abnormal items before tax		gain (loss) of		
Profit (loss) after tax but before outside equity interests	Up	(81.5%)	to	(6.4)
Extraordinary items after tax attributable to members		gain (loss) of		
Profit (loss) for the period attributable to members	Up	(81.5%)	to	(6.4)

Dividends (distributions)

Franking rate applicable

N/A

Current period

Final

-¢

Interim

¢

Previous corresponding period

Final

-¢

Interim

¢

Record date for determining entitlements to the dividend, (in the case of a trust distribution)

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Half Yearly/Yearly Disclosure

Short details of any bonus or cash issue or other items(s) of importance not previously released to BSX:

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Consolidated profit and loss account

	Current period \$A'000	Previous corresponding period \$A'000
Sales revenue or operating revenue	264.6	245.4
Expenses from ordinary activities	272.1	292.1
Borrowing costs	-	-
Share of net profit (loss) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	(7.5)	(46.7)
Income tax on ordinary activities	1.1	12.1
Profit (loss) from ordinary activities after tax	(6.4)	(34.6)
Outside equity interests	-	-
Profit (loss) from ordinary activities after tax attributable to members	(6.4)	(34.6)
Profit (loss) from extraordinary activities after tax attributable to members	-	-
Profit (loss) for the period attributable to members	(6.4)	(34.6)
Retained profits (accumulated losses) at the beginning of the financial period	(200.6)	(165.1)
Net transfers to and from reserves		
Net effect of changes in accounting policies		
Dividends paid or payable		
Retained profits (accumulated losses) at end of financial period	(207.0)	(199.7)

Profit restated to exclude amortisation of goodwill

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Half Yearly/Yearly Disclosure

	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill	(6.4)	(34.6)
Less (plus) outside equity interests		
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	(6.4)	(34.6)

Revenue and expenses from operating activities

	Current period \$A'000	Previous corresponding period \$A'000
Details of revenue and expenses		
Revenue from ordinary activities	264.6	245.4
Payroll expenses	134.0	101.1
Charitable donations & sponsorships	13.7	76.5
Depreciation & amortisation	15.5	15.3
Other expenses	108.9	99.2

Intangible and extraordinary items

	Consolidated - current period		
	Before tax \$A'000	Related tax \$A'000	After tax \$A'000
Amortisation of goodwill			
Amortisation of other intangibles	4.4	1.3	3.1
Total amortisation of intangibles	4.4	1.3	3.1
Extraordinary items (details)			
Total extraordinary items	Nil	Nil	Nil

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Half Yearly/Yearly Disclosure

Comparison of half year profits

(Annual statement only)

	Current year - \$A'000	Previous year - \$A'000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year		
Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year		

Consolidated balance sheet

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly statement \$A'000
Current assets			
Cash	143.6	178.8	151.0
Receivable	31.0	28.4	38.8
Investments			
Inventories			
Other (provide details if material)			1.7
Total current assets	174.6	207.2	191.5
Non-current assets			
Receivables			
Investments			
Inventories			
Other property, plant and equipment (net)	20.9	32.0	42.2
Intangibles (net)	50.0	4.4	9.7
Other (provide details if material)	15.4	14.3	16.8
Total non-current assets	85.3	50.7	68.7
Total assets	260.9	257.9	260.2
Current liabilities			
Accounts payable	29.7	20.6	17.1
Borrowings	16.9	17.1	17.1
Provisions	30.8	24.1	22.7
Other (provide details if material)			
Total current liabilities	77.4	61.8	56.9

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Non-current liabilities			
Accounts payable			
Borrowings	49.2	55.4	61.6
Provisions			
Other (provide details if material)			
Total non-current liabilities	49.2	55.4	61.6
Total liabilities	126.6	117.2	118.5
Net assets	134.3	140.7	141.7
Equity			
Capital	341.3	341.3	341.3
Reserves			
Retained profits (accumulated losses)	(207.0)	(200.6)	(199.7)
Equity attributable to members of the parent entity			
Outside equity interests in controlled entities			
Total equity	134.3	140.7	141.7
Preference capital and related premium included	Nil	Nil	Nil

Consolidated statement of cash flows

Cash flows related to operating activities	Current period \$A'000	Previous corresponding period \$A'000
Receipts from customers	286.0	254.9
Payments to suppliers and employees	(264.4)	(300.2)
Dividends received		
Interest and other items of similar nature received	2.2	1.4
Interest and other costs of finance paid	(2.6)	(3.5)
Income taxes paid		
Other (provide details if material)		
Net operating cash flows	21.2	(47.4)
Cash flows related to investing activities		
Payments for purchases of property, plant and equipment		

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Half Yearly/Yearly Disclosure

Proceeds from sale of property, plant and equipment		
Payment for purchases of equity investments	(50.0)	
Proceeds from sale of equity investments		
Loans to other entities		
Loans repaid by other entities		
Other (provide details if material)		
Net investing cash flows	(50.0)	
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc.)		
Proceeds from borrowings		56.1
Repayment of borrowings	(6.4)	-
Dividends paid	-	-
Other (provide details if material)		
Net financing cash flows	(6.4)	56.1
Net increase (decrease) in cash held	(35.2)	8.7
Cash at beginning of period (see Reconciliation of cash)	178.8	142.3
Exchange rate adjustments		
Cash at end of period (see Reconciliation of cash)	143.6	151.0

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

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Half Yearly/Yearly Disclosure

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding period \$A'000
Cash on hand and at bank	143.6	151.0
Deposits at call		
Bank overdraft		
Other (provide details)		
Total cash at end of period	143.6	151.0

Ratios

Profit before tax/sales

Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue

Current period

Previous
corresponding period

(2.4%)

(19.1%)

Profit after tax/equity interests

Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period

(4.5%)

(14.2%)

Earnings per security (EPS)

Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share

(a) Basic EPS

(b) Diluted EPS (if materially different from (a))

Current period

Previous
corresponding period

(1.9)

(10.13)

(1.9)

(10.13)

NTA backing

Net tangible asset backing per ordinary security

Current period

Previous
corresponding period

0.393

0.415

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Half Yearly/Yearly Disclosure

Details of specific receipts/outlays, revenues/expenses

	Current period A\$'000	Previous corresponding period \$A'000
Interest revenue included	2.2	1.4
Interest revenue included but not yet received (if material)		
Interest costs excluded from borrowing costs capitalised in asset values		
Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)		
Depreciation (excluding amortisation of intangibles)	11.1	10.0
Other specific relevant items		

Control gained over entities having material effect

Name of entity	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired	\$
Date from which such profit has been calculated	
Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period	\$

Loss of control of entities having material effect

Name of entity	
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control	\$
Date from which the profit (loss) has been calculated	
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period	\$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

Reports for industry and geographical segments

Segments

Operating Revenue

Sales to customers outside the economic entity

Inter-segment sales

Unallocated revenue

Total revenue

Segment result

Unallocated expenses

Consolidated profit from ordinary activities after tax (before equity accounting)

Segment assets)	<i>Comparative data for segment assets should be as at the end of the previous corresponding period</i>
Unallocated assets)	
Total assets)	

Dividends

Date the dividend is payable

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Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)

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Amount per security

		<i>Franking rate applicable</i>		
			%	%
			%	%
<i>(annual report only)</i>				
Final dividend:	Current year	¢	N/A	¢
	Previous year	¢	¢	¢
<i>(Half yearly and annual statements)</i>				
Interim dividend:	Current year	-	N/A	¢
	Previous year	0¢	¢	¢

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Total annual dividend (distribution) per security

(Annual statement only)

	Current year	Previous year
Ordinary securities	¢	¢
Preference securities	¢	¢

Total dividend (distribution)

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	\$ -	\$ -
Preference securities	\$ -	\$ -
Total	\$ -	\$ -

Half yearly report – interim dividend (distribution) on all securities or Annual report – final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	\$ -	\$ -
Preference securities	\$ -	\$ -
Total	\$ -	\$ -

The dividend or distribution plans shown below are in operation.

The last date(s) for receipt of election notices to the dividend or distribution plans

Any other disclosures in relation to dividends (distributions)

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Equity accounted associated entities and other material interests

Equity accounting information attributable to the to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Entities share of:	Current period A\$'000	Previous corresponding period A\$'000
Profit (loss) from ordinary activities before tax.		
Income tax		
Profit (loss) from ordinary activities after tax		
Extraordinary items net of tax		
Net profit (loss)		
Outside equity interests		
Net profit (loss) attributable to members		

Material interests in entities which are not controlled entities

The entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to profit (loss) from ordinary activities and extraordinary items after tax	
Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
Total				
Other material interests				

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Total				

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of securities

	Number issued	Number listed	Issue Price (cents)	Paid-up value (cents)
Preference securities <i>(description)</i>				
Changes during current period				
Ordinary securities	341,350	341,350	100	100
Changes during current period				
Convertible debt securities <i>(description and conversion factor)</i>				
Changes during current period				

			Exercise price	Expiry date
Options <i>(description and conversion factor)</i>				
Changes during current period				
Exercised during current period				
Expired during current period				
Debentures				

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Unsecured Notes		
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Discontinuing Operations

Consolidated profit and loss account

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Sales revenue or operation revenue						
Other revenue						
Expenses from ordinary activities						
Profit (loss) before tax						
Less tax						
Profit (loss) from ordinary activities after tax						

Consolidated statement of cash flows

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Net operating cash flows						
Net investing cash flows						
Net financing cash flows						

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Other disclosures

	Current period A\$'000	Previous corresponding period A\$'000
Carrying amount of items to be disposed of:		
- total assets		
- total liabilities		
Profit (loss) on disposal of assets or settlement of liabilities		
Related tax		
Net profit (loss) on discontinuance		

Description of disposals

Comments by *directors*

Basis of accounts preparation

If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

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A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

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Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

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Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

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Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

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Additional disclosure for trusts

Number of units held by the management company or responsible entity to their related parties.

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A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- Initial service charges
- Management fees
- Other fees

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Annual meeting

(Annual statement only)

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This statement, and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 In the case of a half-yearly report the same accounting standards and methods of computation are followed as compared with the most recent annual accounts.
- 4 This statement does give a true and fair view of the matters disclosed.
- 5 This statement is based on financial statements to which one of the following applies:

(Tick one)

☒ The financial statements have been audited.

☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).

☐ The financial statements are in the process of being audited or subject to review.

☐ The financial statements have *not* yet been audited or reviewed.

- 6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/~~will follow immediately they are available~~* *(delete one)*.
- 7 The entity has/~~does not have~~* *(delete one)* a formally constituted audit committee.

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Sign here: 
(Director/Company secretary)

Date:11th March 2011.....

Print name: ...Robert David Blanchard..

Notes

True and fair view If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

Income tax If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

Additional information An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.

Tongala & District Financial Services Limited
ABN 22 094 331 665
Directors' Report

Your Directors submit their report of the Company for the half year ended 31 December 2010.

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

Neil Pankhurst

Jean Courtney

David Blanchard

Ian Taylor

Marlene Wallace (resigned 27 July 2010)

Ammie Grundy (resigned 24 August 2010)

Lyn Cosham (appointed 23 November 2010)

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 \$6,443 (2009: \$34,564).

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.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial period under review not otherwise disclosed in this report.

Tongala & District Financial Services Limited
ABN 22 094 331 665
Directors' Report

Auditor Independence Declaration

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

Richmond Sinnott & Delahunty
Chartered Accountants



Level 2, 10-16 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 Tongala & District Financial Services Limited for the half year ended 31 December 2010, 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
11 March 2011

Signed in accordance with a resolution of the Directors at Tongala, Victoria on 11 March 2011.

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

David Blanchard, Director

Tongala & District Financial Services Limited
ABN 22 094 331 665
Directors' Report

	2010	2009
	\$	\$
Revenue from ordinary activities	262,328	243,970
Other revenue	2,247	1,391
Salaries and employee benefit expense	(141,088)	(101,142)
Charitable donations and sponsorships	(13,748)	(76,486)
Depreciation and amortisation expense	(15,478)	(15,277)
Borrowing costs expense	(2,626)	(3,482)
Other expenses from ordinary activities	<u>(99,152)</u>	<u>(95,702)</u>
Loss from ordinary activities before income tax expense	(7,517)	(46,728)
Income tax benefit relating to ordinary activities	<u>1,074</u>	<u>12,164</u>
Net loss	(6,443)	(34,564)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u><u>(6,443)</u></u>	<u><u>(34,564)</u></u>
Earnings per share (cents per share)		
- basic for loss for the half year	(1.89)	(10.13)
- diluted for loss for the half year	(1.89)	(10.13)

Tongala & District Financial Services Limited
ABN 22 094 331 665
Directors' Report

	31-Dec 2010 \$	30-Jun 2010 \$
Current Assets		
Cash and cash equivalents	143,647	178,782
Receivables	31,012	28,464
Total Current Assets	<u>174,659</u>	<u>207,246</u>
Non-Current Assets		
Property, plant and equipment	20,907	31,989
Deferred income tax asset	15,351	14,277
Intangibles	50,000	4,396
Total Non-Current Assets	<u>86,258</u>	<u>50,662</u>
Total Assets	<u>260,917</u>	<u>257,908</u>
Current Liabilities		
Payables	29,739	20,623
Loans and borrowings	16,859	17,071
Provisions	30,764	24,062
Total Current Liabilities	<u>77,362</u>	<u>61,756</u>
Non-Current Liabilities		
Loans and borrowings	49,236	55,390
Total Non-Current Liabilities	<u>49,236</u>	<u>55,390</u>
Total Liabilities	<u>126,598</u>	<u>117,146</u>
Net Assets	<u>134,319</u>	<u>140,762</u>
Equity		
Issued capital	341,350	341,350
Accumulated losses	<u>(207,031)</u>	<u>(200,588)</u>
Total Equity	<u>134,319</u>	<u>140,762</u>

Tongala & District Financial Services Limited
ABN 22 094 331 665
Directors' Report

	2010	2009
	\$	\$
Cash Flows From Operating Activities		
Cash receipts in the course of operations	286,038	254,856
Cash payments in the course of operations	(264,428)	(300,164)
Interest received	2,247	1,391
Interest paid	(2,626)	(3,482)
	<u>21,231</u>	<u>(47,399)</u>
Net cash flows from / (used in) operating activities		
Cash Flows From Investing Activities		
Purchase of intangible assets	(50,000)	-
	<u>(50,000)</u>	<u>-</u>
Net cash flows used in investing activities		
Cash Flows From Financing Activities		
Repayment of borrowings	(6,366)	-
Proceeds from borrowings	-	56,063
	<u>(6,366)</u>	<u>56,063</u>
Net cash flows from / (used in) financing activities		
Net increase in cash held	(35,135)	8,664
Cash and cash equivalents at start of period	<u>178,782</u>	<u>142,289</u>
Cash and cash equivalents at end of period	<u><u>143,647</u></u>	<u><u>150,953</u></u>

Tongala & District Financial Services Limited
ABN 22 094 331 665
Directors' Report

	<u>Notes</u>	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2010		341,350	(200,588)	140,762
Net loss for the period		-	(6,443)	(6,443)
Issue of share capital		-	-	-
Dividends paid	5	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2010		<u><u>341,350</u></u>	<u><u>(207,031)</u></u>	<u><u>134,319</u></u>

		Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 July 2009		341,350	(165,124)	176,226
Net loss for the period		-	(34,564)	(34,564)
Issue of share capital		-	-	-
Dividends paid	5	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2009		<u><u>341,350</u></u>	<u><u>(199,688)</u></u>	<u><u>141,662</u></u>

Tongala & District Financial Services Limited
ABN 22 094 331 665
Directors' Report

1. Basis of preparation of the Half-Year Financial Report

(a) Basis of accounting

Tongala & District Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the half year ending 31 December 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing community banking services.

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 2010. 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 2010 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. Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Summary of significant accounting policies

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2010 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 22 094 331 665
Directors' Report

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 22 094 331 665
Directors' Report

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 2010 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 134, "Interim Financial Reporting", the Corporations Act 2001 and other mandatory reporting requirements; 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.



David Blanchard, Director

Signed in Tongala on 11 March 2011



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

11 March 2011

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 2010, 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



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

Independent Review Report

To the members of Tongala & District Financial Services Limited

Scope

The financial report comprises the condensed statement of comprehensive income, condensed statement of financial position, condensed statement of cash flows, 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 2010.

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 2010 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 11 March 2011