

**Kew East  
Financial Services Limited**



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**TO: BSX**  
**FAX: 02 4929 1556**  
**PAGES: 20**  
**DATE: 27/3/06**

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Re: Half yearly accounts to December 2005

Accounts and auditor's report as lodged with ASIC follow.

Kind regards,



**Sue Allen  
Director/Treasurer**

**Kew East Financial Services Ltd**  
**A.B.N. 91 096 301 058**

**FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2005**

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

## **Directors' Report**

The Directors present their report together with the accounts of Kew East Financial Services Ltd ("the company") for the half year ended 31 December 2005 and the auditors' report thereon.

### **1. Directors in office -**

The directors in office at any time during or since the end of the period are:

John McConnell	Board Chair Company Director, former bank executive, serves on a not-for-profit board.
Sue Allen	Chair of Treasury & Compliance Committee Runs own financial planning business, serves on a not-for-profit board.
Shane Pappas	Chair of Marketing & Promotions Committee Operations Manager
Rod Albury	Retired, former school principal, serves on Community Festival
Robert Ball	Company Secretary Practising solicitor
Allen Borella	Runs own automotive business
Ken Franks	Property investor, retired land surveyor
Geoff Thomas	Funds management
Eric Thomas	Chartered Accountant

Directors have been in office since the start of the period unless otherwise stated.

### **2. Principal activities of the company**

The company is engaged in operating a banking franchise in Kew East. It provides retail and commercial banking and financial services, including deposit taking, lending, financing, insurance and financial planning facilities.

### **3. Results**

The profit of the company, after providing for income tax, amounted to \$81,572 (2004: \$60,548) for the half year.

### **4. Dividends paid or declared**

A final dividend for 2005 of three cents per share, totalling \$14,475 has been paid during the half year.

An interim dividend for 2006 of three cents per share, totalling \$14,475 has been declared.

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**Directors' Report (cont.)**

**5. Review of Operations**

The company continued its banking operations for the period ended 31 December 2005. Business is still growing and profits are steadily increasing. Grants of \$6,400 have been announced to local community groups.

**6. Events Subsequent to Balance Date**

There has not arisen in the interval between the end of the half year and the date of this report any other matter of circumstance, in the opinion of the directors of the company, that has significantly affected, or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in the subsequent financial year.

**7. Future developments**

The company expects to continue offering banking and financial services to the community in Kew East and surrounding areas. The directors are not aware of any specific developments which are likely to have a significant effect on the operations of the company or the expected results of those operations.

**8. Directors' insurance**

During the half year, the company has paid premiums to insure the directors and officers of the company in respect of liabilities to other persons that may arise as a result of their position as directors or officers of the company. The amount of the premiums and nature of the liabilities are subject to a confidentiality clause in the insurance policy.

**9. Related party transactions**

An entity associated with Sue Allen has received payments of \$3,750 during the financial period for accounting services rendered on commercial terms and conditions.

No other director has received a payment.

**10. Directors Meetings**

Number of meetings held 5.

Number of meetings attended:

John McConnell	5
Sue Allen	5
Shane Pappas	5
Robert Ball	5
Rod Albury	5
Allen Borella	5
Ken Franks	4
Geoff Thomas	5
Eric Thomas	5

**11. Auditor's Independence Declaration**

The lead Auditor's Independence Declaration for the half year ended 31 December 2005 has been received and can be found on page 5 of the Financial Report.

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**Directors' Report (cont.)**

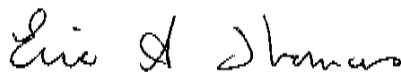
**Proceedings on behalf of the company**

No person has applied for leave of a court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.


The company was not a party to any such proceedings during the half year.

Dated at Melbourne, Victoria on 6<sup>th</sup> March 2006.

Signed in accordance with a resolution of the Directors:



Eric Thomas  
Director



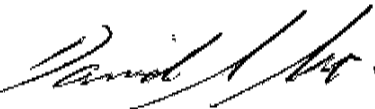
Robert Ball  
Director

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: the directors of Kew East Financial Services Ltd I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contravention of any applicable code of professional conduct in relation to the audit.

**Armstrong Partners**



**David Armstrong FCA  
Partner**

15 March 2006

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2005**  
(The accompanying notes form part of these financial statements)

	Note	Dec 2005 \$	Dec 2004 \$
Revenue from ordinary activities	2(b)	324,391	279,083
Depreciation and amortisation	2(a)	(17,004)	(18,119)
Borrowing costs		-	(1,278)
Employee costs		(138,907)	(130,945)
Other expenses from ordinary activities		(86,908)	(68,175)
<b>Profit before income tax expense</b>		<b>81,572</b>	<b>60,548</b>
Income tax expense	3	-	-
<b>Net profit for the year</b>		<b>81,572</b>	<b>60,548</b>
Earnings per share (cents)		16.91	12.66
Unfranked dividends per share (cents)	4	3.00	2.00

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**BALANCE SHEET**

AS AT 31 DECEMBER 2005

(The accompanying notes form part of these financial statements)

	Note	Dec 2005 \$	June 2005 \$
<b>Current Assets</b>			
Cash	6	204,738	141,768
Receivables	7	61,441	50,386
<b>Total Current Assets</b>		<b>266,180</b>	<b>192,154</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	176,848	173,812
Other assets	9	12,500	20,000
<b>Total Non-Current Assets</b>		<b>191,348</b>	<b>193,812</b>
<b>TOTAL ASSETS</b>		<b>457,528</b>	<b>385,966</b>
<b>Current Liabilities</b>			
Accounts payable	10	33,537	34,225
Provisions	11	34,279	29,126
<b>Total Current Liabilities</b>		<b>67,816</b>	<b>63,351</b>
<b>TOTAL LIABILITIES</b>		<b>67,816</b>	<b>63,351</b>
<b>NET ASSETS</b>		<b>389,712</b>	<b>322,615</b>
<b>EQUITY</b>			
Issued capital	12	482,510	482,510
Retained earnings (losses)	5	(92,798)	(159,895)
<b>TOTAL EQUITY</b>		<b>389,712</b>	<b>322,615</b>



**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2005**  
 (The accompanying notes form part of these financial statements)

	<b>ECONOMIC ENTITY</b>		
	<b>Ordinary Shares \$</b>	<b>Retained Earnings \$</b>	<b>Total \$</b>
Balance at 1 July 2004	482,510	(278,066)	204,444
Profit attributable to members of the parent entity	-	127,821	127,821
Dividends paid or provided for	-	(9,650)	(9,650)
<b>Balance at 30 June 2005</b>	<b>482,510</b>	<b>(159,895)</b>	<b>322,615</b>
Profit attributable to members of the parent entity	-	81,572	81,572
Dividends paid or provided for	-	(14,475)	(14,475)
<b>Balance at 31 December 2005</b>	<b>482,510</b>	<b>(92,798)</b>	<b>389,712</b>

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2005**  
(The accompanying notes form part of these financial statements)

	<b>Note</b>	<b>Dec 2005</b> \$	<b>Dec 2004</b> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		345,794	301,551
Interest received		1,671	166
Payments to suppliers & employees		(251,578)	(215,774)
Community Grants paid		(3,900)	-
Borrowing costs paid		-	(1,276)
<b>Net cash provided by operating activities</b>	<b>14(b)</b>	<b>91,987</b>	<b>84,667</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant & equipment		(14,540)	(245)
<b>Net cash provided by (used in) investing activities</b>		<b>(14,540)</b>	<b>(245)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(14,475)	-
Repayment of borrowings		-	(53,615)
<b>Net cash provided by (used in) financing activities</b>		<b>(14,475)</b>	<b>(53,615)</b>
<b>Net Increase in cash held</b>		<b>62,971</b>	<b>30,807</b>
Cash at beginning of period		141,766	29,442
<b>Cash at end of period</b>	<b>14(a)</b>	<b>204,739</b>	<b>60,249</b>

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

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**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and Corporation Act 2001. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

**Income Tax**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**Property, Plant and Equipment**

Property, plant and equipment are carried at cost or at independent or directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the asset's employment and subsequent disposal.

The depreciable amount of all fixed assets is depreciated on a written down value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Depreciation rates being used are:

Plant & Equipment	15% pa
Office Furniture & Equipment	10% pa
Fixtures & Fittings	5% pa

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

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**Intangibles**

The franchise fee is being written off at 30% pa so that it is fully amortised when the current franchise agreement expires and before payment of renewal fee. An impairment test has been conducted with no writedown in value of the franchise asset considered necessary.

**Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, and investments in money market instruments maturing within less than twelve months.

**Employee Entitlements**

Contributions are made by the company to an employee's superannuation fund and are charged as expenses when incurred.

Annual leave accruals have been made on the basis of the present obligation arising from service of employees up to balance date. The provision has been calculated using the rates of pay expected to be paid when the leave is taken, except for the Branch Manager whose entitlement has been calculated using current pay rates. It is not possible to determine the rate of pay which may be applicable when the Branch Manager's leave is taken.

**Revenue Recognition**

Revenue from the provision of services to customers is recognised in the period during which the service was provided. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**Australian equivalents of International Financial Reporting Standards**

The directors are overseeing the transition of the company's accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (AIFRS). In consultation with our external auditor, the company has allocated resources to assess the impact of transition to AIFRS.

Based on current requirements, the financial statements of the company prepared at 31 December 2005 and 30 June 2006 will need to comply with AIFRS. Comparative figures for the half year ended 31 December 2004 and 30 June 2005 also need to comply with AIFRS.

Based on the assessment completed to date there are no adjustments to be posted on the conversion to AIFRS to the company financial statements other than the additional disclosure required by the Statement of Changes in Equity.

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Dec 2005	Dec 2004
	\$	\$
<b>NOTE 2 PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>(a) Profit (Loss) from ordinary activities before income tax has been determined after:</b>		
Charging as expense:		
Borrowing costs:		
Bank	-	1,276
Movement in provisions:		
Employee provisions	5,153	3,879
Depreciation of plant & equipment	6,440	8,265
Depreciation of office furniture & equipment	1,059	490
Depreciation of fixtures & fittings	2,005	1,864
Amortisation of franchise fee	7,500	7,500
Community Grants	3,900	-
<b>(b) Revenue from ordinary activities:</b>		
Included in operating profit are the following items of operating revenue:		
Interest	3,355	166
Banking Income	321,036	278,897
	324,391	279,063

**NOTE 3 INCOME TAX EXPENSE**

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax expense on profit from ordinary activities before income tax at 30%	24,472	18,164
Add tax effect of:		
Non-deductible items	3,120	2,250
Less tax effect of:		
Recognition of prior years tax losses	27,592	20,414
Income tax expense attributable to profit from ordinary activities	-	-
The entity has tax losses available for use in future periods of:	28,273	195,017

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Dec 2005	Dec 2004
	\$	\$
<b>NOTE 4 DIVIDENDS</b>		
Dividends paid or proposed on ordinary shares:		
Interim dividend proposed since the reporting date, but not recognised as a liability (3 cents per share) (2004: 2 cents per share)	14,475	9,650
Final dividend paid during the financial period (3 cents per share) (2004: nil)	14,475	-
All dividends were unfranked		

	Dec 2005	June 2005
	\$	\$
<b>NOTE 5 RETAINED EARNINGS</b>		
Retained profits (losses) at the start of the period	(159,895)	(278,066)
Net profit attributable to members of the company	81,572	127,821
Dividend paid	(14,475)	(9,650)
Retained profits (losses) at the end of the period	(92,798)	(159,895)

<b>NOTE 6 CASH</b>		
Cash at bank -- operating	204,639	141,668
Cash on hand	100	100
	204,739	141,768

<b>NOTE 7 RECEIVABLES</b>		
<b>CURRENT</b>		
Debtors	55,586	49,173
Prepayments	3,606	648
Accrued income	2,249	565
	61,441	50,386

<b>NOTE 8 PROPERTY, PLANT AND EQUIPMENT</b>		
Plant & equipment, at cost	150,336	136,201
Less: accumulated depreciation	(56,785)	(50,345)
	93,551	85,856
Office furniture & equipment, at cost	26,430	26,025
Less: accumulated depreciation	(9,954)	(8,895)
	16,476	17,130
Fixtures & fittings, at cost	85,504	85,504
Less: accumulated depreciation	(16,683)	(14,678)
	68,821	70,826
Total property, plant and equipment	178,848	173,812

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	<b>Dec 2005</b>	<b>June 2005</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 9 OTHER ASSETS</b>		
<b>NON-CURRENT</b>		
Intangibles – franchise fees, at cost	50,000	50,000
Less: accumulated amortisation	(37,500)	(30,000)
	<b>12,500</b>	<b>20,000</b>
<b>NOTE 10 ACCOUNTS PAYABLE</b>		
<b>CURRENT</b>		
Accrued creditors	16,128	18,292
GST payable	17,409	15,933
	<b>33,537</b>	<b>34,225</b>
<b>NOTE 11 PROVISIONS</b>		
<b>CURRENT</b>		
Employee entitlements	34,279	29,126
<b>NOTE 12 ISSUED CAPITAL</b>		
482,510 fully paid ordinary shares	482,510	482,510
	<b>Dec 2005</b>	<b>Dec 2004</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 13 AUDITORS' REMUNERATION</b>		
- for reviewing the financial report	2,800	2,500
	<b>2,800</b>	<b>2,500</b>

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Dec 2005	Dec 2004
	\$	\$
<b>NOTE 14 CASH FLOW INFORMATION</b>		
<b>(a) Components of cash</b>		
Cash on hand	100	100
Cash at bank	204,639	60,149
	204,739	60,249
<b>(b) Funds from operations</b>		
<b>Reconciliation of Cash Flow from Operations</b>		
<b>With Profit from Ordinary activities after Income Tax</b>		
Profit from ordinary activities after income tax	81,572	60,548
Depreciation and amortisation	17,004	18,119
<b>Change in operating assets and liabilities:</b>		
(Increase) decrease in trade debtors	(6,413)	(3,485)
(Increase) decrease in other receivables	(4,642)	938
(Decrease) increase in trade creditors	(2,164)	(716)
(Decrease) increase in other creditors and provisions	6,630	9263
<b>Net cash inflow from operating activities</b>	<b>91,987</b>	<b>84,667</b>

**NOTE 15 RELATED PARTY TRANSACTIONS**

An entity associated with Sue Allen has received payments of \$3,750 during the financial period for accounting services rendered on commercial terms and conditions.

No other director has received a payment.

**NOTE 16 CAPITAL COMMITMENTS**

There are no known capital commitments for Kew East Financial Services Ltd.

**NOTE 17 CONTINGENT LIABILITIES**

There are no known contingent liabilities for Kew East Financial Services Ltd.

**NOTE 18 SEGMENT REPORTING**

Kew East Financial Services Ltd operates in the financial services sector where it provides banking and financial services to its customers. The company operates in the geographic area of Kew East.

**NOTE 19 EVENTS AFTER BALANCE DATE**

No events have occurred between the end of the financial period and the signing of this report which would have impacted on the result for the half year.

Since the end of the financial period, the company has applied for, and been granted, listing on the Bendigo Stock Exchange. The directors do not expect this to have any effect on profitability other than the annual listing fee. Next year's fee is \$4,000.



**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

**NOTE 20 FINANCIAL INSTRUMENTS**

**(a) Financial Instruments**

- (i) **Derivative Financial Instruments:**  
The company does not utilise derivative financial instruments
- (ii) **Unrecognised Financial Instruments**
- A. Forward Exchange Contracts**  
The company does not utilise forward exchange contracts
- B. Interest Rate Swaps**  
The company does not utilise interest rate swap contracts

**(b) Net Fair Values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The company does not have any unrecognised financial instruments at the year end.

**(c) Credit risk**

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under the financial instruments entered into by the company.

**(d) Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets & liabilities, is as follows:

Financial Instrument	Floating Interest Rate		Fixed Interest Rate maturing in 1 year or less		Non-Interest Bearing		Weighted Average Effective Interest Rate	
	Dec 2005 \$	June 2005 \$	Dec 2005 \$	June 2005 \$	Dec 2005 \$	June 2005 \$	Dec 2005 %	June 2005 %
<b>Financial Assets</b>								
Cash assets	98,787	56,854	75,000	75,000	30,952	9,914	5.00	5.00
Receivables	-	-	-	-	61,441	50,386	-	-
<b>Total Financial Assets</b>	<b>98,787</b>	<b>56,854</b>	<b>75,000</b>	<b>75,000</b>	<b>92,393</b>	<b>60,300</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>								
Payables	-	-	-	-	33,537	34,225	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,537</b>	<b>34,225</b>	<b>-</b>	<b>-</b>

**KEW EAST FINANCIAL SERVICES LTD**  
**A.B.N. 91 096 301 058**

**Directors Declaration**

**The directors of the company declare that:**

**1. The financial statements and notes**

- (a) comply with Accounting Standards and the Corporations Act; and
- (b) give a true and fair view of the financial position as at <sup>31 Dec '05</sup> ~~30 June 2005~~ and performance for the year ended on that date of the Company;

**2. The Chief Executive Officer and Chief Financial Officer each declare that:**

- (a) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001; and
- (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
- (c) the financial statements and notes for the financial year give a true and fair view.

**3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.**

**This declaration is made in accordance with a resolution of the Board of Directors**

Director

*Eric A Thomas*  
Eric Thomas

Director

*Robert Ball*  
Robert Ball

Dated at Melbourne, Victoria on 6<sup>th</sup> March 2006

# Armstrong Partners

CHARTERED ACCOUNTANTS

## **Independent review report to the members of Kew East Financial Services Limited A.B.N. 91 096 301 058**

### **Scope**

#### ***The financial report and directors' responsibility***

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Kew East Financial Services Ltd for the half-year ended 31 December 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report 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 the accounting policies and accounting estimates inherent in the financial report.

### **Review Approach**

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures to assess whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of their operations and cash flows.

We formed our statement on the basis of these procedures, which included:

- inquiries of company personnel; and
- analytical procedures applied to financial data

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Level 5, 150 Albert Road, Sth Melbourne Vic 3205 Australia.

Ph: (61 3) 9699 3855. Fax: (61 3) 9696 7259.

**Principals** - David Armstrong, F.C.A. M.B.A. (Melb), Daniel Dubois C.A

Armstrong Partners (Aust.) Pty Ltd. A.B.N. 32 088 038 831

**Armstrong Partners**

A review cannot guarantee that all material misstatements have been detected.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.


**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Kew East Financial Services Ltd:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Kew East Financial Services Ltd as at 31 December 2005, and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

  
**Armstrong Partners**  
**David Armstrong**  
**Principal**