
TO: BSX
FAX: 02 4929 1556
PAGES: 23
DATE: 13/3/2008

Re: Half-yearly Accounts, Directors' Report and Audit Review Report for
December 2007

Kind regards,



Sue Allen
Director

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

Directors' Report

The Directors present their report together with the financial statements of Kew East Financial Services Ltd ("the company") for the half year ended 31 December 2007 and the auditors' review report thereon.

1. Directors in office -

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

<i>Name and position held</i>	<i>Qualifications</i>	<i>Experience</i>
John McConnell Chair (retired as Chair 31/12/07)	B.Com; Dip Banking; FAICD; FAIM; F Fin	Former bank executive, Company Director
Sue Allen Chair (appointed 4/2/08) Chair of Compliance & Treasury committee, Chair of Investment committee, Treasurer (retired as Treasurer 4/2/08)	Dip Bus Studs (Acc); Dip Fin Planning; CPA (FPS); CA, CFP®; MAICD	Runs own financial planning business
Robert Ball Company Secretary	Barrister & Solicitor	Runs own legal practice
Shane Pappas	Dip Eng (Mech); Masters of Business (Management)	Operations manager
Eric Thomas Chair of Community Grants committee	FCA	Chartered accountant
Rod Albury	T.P.T.C; B Ed; Dip Art; F.R.M.I.T	Retired, former school principal, member of Kew Community Festival Committee
Allen Borella		Runs own automotive business
Ken Franks	Licensed Land Surveyor	Property investor, past chair of Harp Village Business Association
Geoff Thomas, retired 13/11/07		Funds management
Shona MacInnes	Manager	Committee member of Kew Junior Football Club

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

2. Company Secretary

The company secretary is Robert Ball. Mr Ball is a practising barrister and solicitor.

3. 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.

4. Results

The profit of the company, after providing for income tax of \$56,725 (2006:\$50,337), amounted to \$132,358 (2006: \$86,160) for the half year.

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

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2007

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

Directors' Report (cont.)

5. Dividends paid or declared

A final dividend for 2007 of six cents per share, totalling \$28,950, was paid on 30th November 2007. This dividend was fully franked.

An interim dividend for 2008 of 6 cents per share, totalling \$28,950, is proposed for payment on 30th April 2008. This dividend will be fully franked.

6. Review of Operations

The company continued its banking operations for the half year ended 31 December 2007. Business has now passed the \$100 million mark. We are the thirteenth Community Bank® in Australia to do this.

Grants of \$ Nil (2006: \$18,500) were paid to local community groups during the half year. In addition, grants of \$26,552 (2006 \$ Nil) were paid from Bendigo Community Enterprise™ Foundation on behalf of the company from moneys set aside by the company during the previous financial year.

7. 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 or circumstance, which in the opinion of the directors of the company, 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 half year.

8. 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.

9. 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.

10. Related party transactions

An entity associated with Sue Allen has received payments of \$4,400 (2006: \$4,950) during the half year for accounting services rendered on commercial terms and conditions.

No other director has received a payment.

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

Directors' Report (cont.)

11. Directors Meetings

Number of meetings held and attended:

	Board		Committees					
	Held	Attended	Marketing		Community Grants		Investments	
			Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
John McConnell	6	5						
Sue Allen	6	4						
Shane Pappas	6	4						
Robert Ball	6	5						
Rod Albury	6	5			1	1		
Allen Borella	6	4						
Ken Franks	6	5						
Geoff Thomas	6	6						
Eric Thomas	6	6			1	1		
Shona MacInnes	6	3						

The Marketing Committee and Investments Committee did not meet during the half year.

12. Directors' shareholdings

Shares in the company owned by directors or associated entities are:

Name	Shares held	Name	Shares held
John McConnell	-	Sue Allen	6,000
Shane Pappas	10,000	Robert Ball	2,001
Rod Albury	-	Allen Borella	501
Ken Franks	5,001	Geoff Thomas	14,001
Eric Thomas	1,001	Shona MacInnes	0

13. Remuneration

The company does not pay remuneration to directors for their activities as directors.

For the half year ended 31 December 2007, the company has paid or provided a salary, including bonus, of \$54,544 (2006: \$51,250) to its branch manager.

The branch manager's bonus is paid according to a pre-determined matrix of performance outcomes, including achieving budget for growth in the business, and results of an annual performance review conducted by Bendigo Bank Ltd. The annual review focuses on matters such as the quality of our customer relationships, the standing of the company in the local community and the level of service provided by our staff. These matters all contribute to the company's growth and profitability.

The bonus for the half year ended 31 December 2007 represented 0% (2006: 0%) of salary.

Directors' Report (cont.)

14. Corporate Governance

The company recognises the need for the provision of strategic direction and sound oversight by the Board, to enable management to carry out its responsibilities within broadly defined parameters and without the day to day intervention of the Board.

The company has adopted policies which define the different roles of Board and management, and which govern the way in which the Board discharges its duties. Additionally, the Franchise Agreement which governs the company's operations as a Bendigo Bank Community Bank ® branch also sets out roles and responsibilities of both the Board and management.

Role of the Board

It is the role of the Board to provide strategic leadership. It does this by having a focus on the future, and acting proactively to identify new opportunities for developing the company's operations. It holds annual Board retreats where strategic issues can be aired and deliberated on without the need to conduct regular business. Additionally, part of each monthly business meeting is set aside to consider strategic issues.

Role of Management

It is the role of management to carry out the day to day operations of the business, supervising branch staff and liaising with customers, sponsored groups, Bendigo Bank Ltd and other stakeholders within our community.

The manager has undertaken all training required by Bendigo Bank Ltd, and is also undertaking additional training required by the company to ensure the role of manager is carried out diligently.

The manager reports in writing to the Board at its monthly business meetings on matters such as business development, staffing, compliance with Financial Services legislation, and any branch issues which need to be brought to the attention of the Board.

Board Structure

The Board is composed of nine individuals who each have experience in running small businesses or as managers in large corporations. At least one has banking experience, while two are accountants and one is a solicitor. These four members together are responsible for compliance matters within the company.

The Board has established a number of committees to assist it with its ongoing business. These are: Marketing, Community Grants, Compliance & Treasury and Investment. The Board does not have a separate Audit committee, however this function is delegated to the Compliance & Treasury committee.

Board members are appointed for three year terms, and are able to offer themselves for re-election at the expiration of each term

During 2005, the Board undertook a training program run by the Australian Institute of Company Directors, designed especially to introduce Community Bank ® directors to the legal and fiduciary responsibilities of directors. This was attended by all directors who had not undertaken this type of training elsewhere.

In addition, the directors attend State and National Conferences held by Bendigo Bank Ltd, on a rotational basis. The Board also undertakes regular performance reviews.

Directors' Report (cont.)

Board Conduct

The company has a policy setting out the conduct expected of the Board and its members. Under this policy, the Board has committed itself to carrying out its duties in an ethical manner. The Board recognises its legal duty to act in good faith, for the benefit of shareholders, and to either avoid or declare all or any potential conflicts of interest which may arise.

The Board is cognizant that the company represents Bendigo Bank Ltd in its operations, and seeks to avoid any activity which may bring Bendigo Bank or the Community Bank® network into disrepute.

The Board also recognises its responsibility to provide a secure workplace environment for company staff, ensuring that all staff are treated with due respect.

Financial Reporting

The Board has appointed a treasurer who is responsible for keeping accurate and up-to-date books of account, and for complying with all legal accounting requirements such as reports to the Bendigo Stock Exchange, the Tax Office, and the Australian Securities and Investment Commission.

The treasurer provides a written management report to the Board's monthly business meeting, giving cash flow information as well as actual results compared with budget.

Shareholders rights

The company recognises the rights of shareholders to have regular and up-to-date information concerning the progress of the company. During 2006, the company enhanced those rights by applying for and gaining listing on the Bendigo Stock Exchange (BSX). Shareholders now have the ability to access the half-half yearly accounts of the company as well as having the annual accounts mailed to them and having the opportunity to attend the Annual General Meeting of the company.

Shareholders also receive informal communications by way of newsletters each six months, giving information about the branch and promotional activities conducted by the Board.

Risk Management

The company has established a risk register, detailing perceived risks to the business and measures taken to either eliminate, mitigate and/or insure those risks. This register is reviewed annually by the Board.

15. Non-audit services

The Board of Directors is satisfied that the provision of non-audit services by the external auditor during the half year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Compliance & Treasury committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/ payable to the external auditors during the half year ended 31 December 2007: \$Nil (2006: \$Nil).

Directors' Report (cont.)

16. Auditors Independence Declaration

The lead auditor's independence declaration for the half year ended 31 December 2007 has been received and can be found on page 8 of this financial report.

17. 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 3 March 2008

Signed in accordance with a resolution of the Directors:



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 2007 there have been:

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

Armstrong Partners



**Roderick C McKenzie
Partner**

Melbourne

March 2008

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2007
(The accompanying notes form part of these financial statements)

	Note	Dec 2007 \$	Dec 2006 \$
Revenue from ordinary activities	2(b)	448,567	406,758
Depreciation and impairment	2(a)	(19,915)	(15,052)
Employee costs		(154,806)	(142,472)
Other expenses from ordinary activities		(84,763)	(112,737)
Profit before income tax expense		189,083	136,497
Income tax expense	3	(56,725)	(50,337)
Net profit for the half year		132,358	86,160
Earnings per share (cents)		27.40	17.90
Dividends per share (cents)	4	6.00	5.00

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2007

(The accompanying notes form part of these financial statements)

	Note	Dec 2007	June 2007
Current Assets			
Cash	6	482,141	386,778
Receivables	7	99,623	71,599
Investments	8	15,344	-
Total Current Assets		597,108	458,377
Non-Current Assets			
Property, plant and equipment	9	126,195	139,959
Other assets	10	55,522	60,810
Total Non-Current Assets		181,717	194,169
TOTAL ASSETS		778,825	652,546
Current Liabilities			
Accounts payable	11	82,073	57,702
Provisions	13	26,440	26,440
Total Current Liabilities		108,513	84,142
Non-current Liabilities			
Other liabilities	12	11,750	13,250
Provisions	13	18,870	18,870
Total Non-Current Liabilities		30,620	32,120
TOTAL LIABILITIES		139,133	116,262
NET ASSETS		539,692	536,284
EQUITY			
Issued capital	14	482,510	482,510
Retained earnings	5	157,182	53,774
TOTAL EQUITY		639,692	536,284

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

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007
(The accompanying notes form part of these financial statements)

	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 30 June 2006	482,510	(64,216)	418,294
Profit attributable to members of the company	-	156,590	156,590
Dividends paid	-	(38,600)	(38,600)
Balance at 30 June 2007	482,510	53,774	536,284
Profit attributable to members of the company	-	132,358	132,358
Dividends paid	-	(28,950)	(28,950)
Balance at 31 December 2007	482,510	157,182	639,692

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

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007
(The accompanying notes form part of these financial statements)

	Note	Dec 2007 \$	Dec 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		469,507	430,049
Interest received		6,099	8,253
Payments to suppliers & employees		(328,543)	(308,187)
Community Grants paid		-	(18,500)
Net cash provided by operating activities	16	147,063	111,615
CASH FLOWS FROM INVESTING ACTIVITIES			
Franchise renewal		-	(50,000)
Investment in managed fund		(15,000)	-
Payment for property, plant & equipment		(7,750)	-
Net cash provided by (used in) investing activities		(22,750)	(50,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(28,950)	(14,475)
Net cash provided by (used in) financing activities		(28,950)	(14,475)
Net increase in cash held		95,363	47,140
Cash at beginning of period		386,778	284,657
Cash at end of period	6	482,141	331,797

KEW EAST FINANCIAL SERVICES LTD
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NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2007

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, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report covers Kew East Financial Services Limited, a public Company, listed on the Bendigo Stock Exchange and incorporated and domiciled in Australia.

The financial report of Kew East Financial Services Limited complies with all Australian equivalents to International Reporting Standards (AIFRS) in their entirety.

Basis of preparation

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

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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 deferred tax asset at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond any reasonable doubt.

The amount of assets 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 impairment. 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 straight line basis over their estimated useful lives to the company 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 2007

Intangibles

The franchise renewal fee is being amortised straight line at 20% pa so that it is fully written down at the expiration of the current franchise agreement, and before payment of any further renewal fee. An impairment test has been conducted with no further writedown in the value of the franchise asset 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

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

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

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 balance sheet are shown inclusive of GST.

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

NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Dec 2007	Dec 2006
	\$	\$

NOTE 2 PROFIT FROM ORDINARY ACTIVITIES

(a) Profit from ordinary activities before income tax has been determined after:

Charging as expense:

Movement in provisions:

Employee provisions	-	(4,370)
Depreciation of plant & equipment	10,210	5,473
Depreciation of office furniture & equipment	1,637	1,109
Depreciation of fixtures & fittings	3,068	2,470
Impairment of franchise fee	5,000	6,000
Community Grants	-	18,500

(b) Revenue from ordinary activities:

Included in operating profit are the following items of operating revenue:

Banking income	438,405	398,444
Interest	9,818	8,314
Other investment income	344	-
	448,567	406,758

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%	56,725	40,949
Add tax effect of:		
Non-deductible items	-	7,350
Underprovision in prior year	-	2,038
Income tax expense attributable to profit from ordinary activities	56,725	50,337

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

NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2007

Dec 2007	Dec 2006
\$	\$

NOTE 4 DIVIDENDS

Dividends paid or proposed on ordinary shares:	
Final dividend, fully franked, paid for 2007, (6 cents per share) (2006: 3 cents per share)	28,950
Interim dividend, fully franked, proposed for 2008 (6 cents per share) (2007: 5 cents per share)	24,125
Franking credit balance, at 30%	9,057
	Dec 2007
	June 2007

NOTE 5 RETAINED EARNINGS

Retained profits (losses) at the start of the period	53,774	(64,216)
Net profit attributable to members of the company	132,358	156,590
Dividends paid	(28,950)	(38,500)
	157,182	53,774

NOTE 6 CASH

Cash at bank – operating	482,041	386,678
Cash on hand	100	100
	482,141	386,778

NOTE 7 RECEIVABLES

CURRENT

Debtors	80,979	70,063
Prepayments	13,676	262
Accrued income	4,968	1,274
	99,623	71,599

NOTE 8 INVESTMENTS

Units in managed funds, at cost	15,344	-
	15,344	-

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

NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Dec 2007	June 2007
	\$	\$

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

Plant & equipment, at cost	136,201	136,201
Less: accumulated depreciation	(108,879)	(98,669)
Office furniture & equipment, at cost	32,240	32,240
Less: accumulated depreciation	(16,360)	(14,723)
Fixtures & fittings, at cost	111,739	103,989
Less: accumulated depreciation	(28,746)	(25,679)
Less: accumulated depreciation	82,993	78,310
	126,195	133,359

NOTE 10 OTHER ASSETS

NON-CURRENT

Deferred tax asset

Intangibles – Franchise establishment fees, at cost

Less: accumulated impairment

Franchise renewal fees, at cost

Less: accumulated impairment

	55,522	60,810
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NOTE 11 ACCOUNTS PAYABLE

CURRENT

Accrued creditors

Company tax payable

GST payable

	82,073	57,702
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NOTE 12 OTHER LIABILITIES

NON-CURRENT

Deferred tax liability

	11,750	13,250
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NOTE 13 PROVISIONS

CURRENT

Employee entitlements

	26,440	26,440
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NON-CURRENT

Employee entitlements

	18,870	18,870
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	45,310	45,310
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KEW EAST FINANCIAL SERVICES LTD
A.B.N. 91 096 301 058

NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Dec 2007	June 2007
	\$	\$
NOTE 14 ISSUED CAPITAL		
482,510 fully paid ordinary shares	482,510	482,510
	Dec 2007	Dec 2006

NOTE 15 AUDITORS' REMUNERATION

- for auditing or reviewing the financial report

3,000 3,000

NOTE 16 CASH FLOW INFORMATION

**Reconciliation of Cash Flow from Operations
With Profit from Ordinary activities after Income Tax**

Profit from ordinary activities after income tax	132,358	86,160
Depreciation and impairment	19,915	15,052
Change in operating assets and liabilities:		
(increase) decrease in trade debtors	(10,915)	(7,203)
(increase) decrease in other receivables	(17,166)	(8,097)
(Decrease) increase in trade creditors	836	(9,754)
(Decrease) increase in other creditors and provisions	22,035	35,457
Net cash inflow from operating activities	147,063	111,615

NOTE 17 RELATED PARTY TRANSACTIONS

An entity associated with Sue Allen has received payments of \$4,400 (2006: \$4,950) during the financial period for accounting services rendered on commercial terms and conditions. No other director has received a payment.

NOTE 18 CAPITAL COMMITMENTS

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

NOTE 19 CONTINGENT LIABILITIES

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

NOTE 20 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 21 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.

NOTES TO THE FINANCIAL STATEMENTS - FOR THE HALF YEAR ENDED 31 DECEMBER 2007

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

NOTE 22 FINANCIAL INSTRUMENTS

(a) Financial Instruments

(i) Derivative Financial Instruments:

The company does not utilise derivative financial instruments

(iii) 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 Balance Sheet. The company does not have any unrecognised financial instruments at the half 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 Balance Sheet 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	Dec 2007	June 2007	Dec 2007	June 2007	Dec 2007	June 2007	Dec 2007	June 2007
Floating Interest Rate								
Fixed Interest Rate maturing in 1 half year or less								
Non-Interest Bearing								
Weighted Average Effective Interest Rate								
Financial Assets								
Cash assets	378,999	283,636	103,042	103,042	100	71,599	100	4.5
Receivables								
Investments								
Total Financial Assets	378,999	283,636	103,042	103,042	115,067	71,699	57,702	
Financial Liabilities								
Payables								
Total Financial Liabilities								

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 31 December 2007 and performance for the half 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 half year have been properly maintained in accordance with Section 286 of the Corporations Act 2001; and
 - (b) the financial statements and notes for the half year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the half 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

Robert Ball

Dated at Melbourne, Victoria on 3 March 2008

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

Scope

Report on the half year financial report

We have reviewed the accompanying half-year financial report of Kew East Financial Services Ltd which comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, accompanying notes to the financial statements, and the directors' declaration for the Kew East Financial Services Ltd for the half-year ended 31 December 2007.

Directors Responsibility for the Half-Year Financial Report

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* and *Australian Accounting Standards (including the Accounting Standards Interpretations)*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year 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 a conclusion on the half-year 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Kew East Financial Services Ltd's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of Kew East Financial Services Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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

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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 reporting 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 management.

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 Kew East Financial Services Ltd is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of Kew East Financial Services Ltd 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.

Armstrong Partners
Dorrick C McKenzie
Partner
Melbourne
March 2008