

Kew East Financial
Services Limited

ABN 91 096 301 058

annual report 2011



Kew East **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2011

How fortunate this community has been for those who worked diligently for the creation of Kew East **Community Bank**[®] Branch. The foundation work by the steering committee, the contribution of past and present Directors and the dedication of our Branch Manager George Prodromidis and staff can only be applauded when you look at the success of the business and the growing returns to our community over the last decade.

The Board is pleased to announce a profit of \$146,900 (\$155,911 in 2010) with a total dividend distribution of 14 cents per share fully franked for the financial year 2011. The table below outlines shareholder returns.

Financial year	Interim ¢ per share	Interim	Final ¢ per share	Final	Total distribution
2004/05	2	9,650	3	14,475	24,125
2005/06	3	14,475	3 (f)	14,475	28,950
2006/07	5 (f)	24,125	6 (f)	28,950	53,075
2007/08	6 (f)	28,950	8 (f) 2 (f) special	48,250	77,200
2008/09	6 (f)	28,950	8 (f)	38,600	67,550
2009/10	6 (f)	28,950	8 (f)	38,600	67,550
2010/11	6 (f)	28,950	8 (f)	38,600	67,550
Total paid to date					\$ 386,000

(f) Indicates dividend was franked

The special dividend was to recognise the outstanding year we had in 2007/08.

The Board has declared an eight cents per share and a special two cents per share dividend both fully franked to be paid in late November 2011. Returns to shareholders by the 10th birthday will be \$48,255 short of the initially raised capital (\$482,510). When considering the majority of dividends have been fully franked the Company has performed extremely well in looking after the investment and returns to its shareholders.

Profit before tax and community grants was \$468,474 (\$484,124 - 2010). For tax purposes and future community grants, \$250,000 (\$272,727 - 2010) was transferred to Community Enterprise Foundation™ (CEF), the philanthropic arm of Bendigo and Adelaide Bank Ltd to assist the **Community Bank**[®] branch network with grants programs.

Developments

The Kew campaign has been a stimulus for telling the **Community Bank**[®] story. In order to gain pledges and support, the Kew campaign steering committee has organised street promotions, hosted a successful community breakfast and provided presentations to community organisations. Capital raising and business on the books are close to Bendigo and Adelaide Bank Ltd's requirements. The expectation is that the Kew site will be operational by mid year 2012.

Chairman's report continued

Through the initiative of the Regional Manager and along with the other six **Community Bank**[®] Companies in the region, an independent marketing Company was engaged to prepare a Marketing Plan for each Company. This will be implemented throughout 2012.

The Board continues to focus on governance issues, opportunities to grow the business, support the Kew campaign and partner potential community projects.

Community contributions

During the year sponsorship of \$54,078 was distributed to the following:

Kew Comets Junior Football Club	Kew Primary School
Kew Little Athletics	Kew Community Festival
Victoria Park Tennis Club	e.motion21 dance group
Kew Heights Sports Club	Kew Band
Kew Junior Cricket Club	Kew Croquet Club
Kew Rovers	VBIRA
Kew East Basketball	Rotary Club of Kew
North Balwyn Baseball Club	Kew Junior Cricket Club
Kew East Panthers	Kew Neighbourhood Learning Centre
Kew Cricket Club	Rotary Club of Balwyn
K.E.W. Hockey Club	Green Acres Golf Club

After the 2010 Annual General Meeting, the following community organisations received grants to the value of \$94,357.

7th Kew /1st Deepdene Scouts	Bellevue Kindergarten Inc Assoc
Boroondara Pre School	Chaplains Emergency Fund Kew High School
Davis Street Kindergarten	e.motion21
East Kew Uniting Church	Inner East Community Health Service Inc.
J J McMahon Memorial Kindergarten	Kew East Primary School
Kew High School History Project Working Group	Kew Historical Society Inc
Kew Neighbourhood Learning Centre	Kew Toy Library Inc
Melbourne Chapter Sweet Adelines International Incorporated	Melbourne Deaf Cricket Club Inc
Mental Illness Fellowship Victoria	Sacred Heart Primary School Kew
St Anne's Catholic Primary School	St Bridget's Primary School
Studley Park Kindergarten	Track Youth Theatre
U3A Deepdene	Victorian YMCA Youth & Community Services Inc.
Villa Alba Museum Incorporated	Kew Primary School

Chairman's report continued

Progressive community contributions:

Financial year	Community grants \$	Community Enterprise Foundation™ \$	Sponsorships \$	Donations \$	Total* \$
2002/03				6,000#	6,000
2003/04					0
2004/05			4,340		4,340
2005/06	6,400		15,170		21,570
2006/07	18,500	40,900	7,075		66,475
2007/08	26,552	50,000	36,750		86,750
2008/09	59,667	145,000	40,000		185,000
2009/10	121,630	272,727	17,672		290,399
2010/11	94,357	250,000	54,078		304,078
Total Paid to date	327,106	758,627	175,085	6,000	964,612

Donation by Bendigo and Adelaide Bank Ltd in recognition of growth in the Company's business in the first two years

Community Grants paid in November 2005, 2006 through KEFS account

Community Grants paid through the Community Enterprise Foundation™ in November 2007, 2008, 2009, 2010

Community Enterprise Foundation™ contributions paid in June 2007, 2008, 2009, 2010, 2011

* As reported in the Financial Statements – Charitable Donations and Sponsorships

Future

The Board is planning a forum to determine community needs and identify projects that will guide future community funding and partnerships. This was a suggestion from the 'Good for Business - Good for Community' developmental programme run by Bendigo and Adelaide Bank Ltd for Directors and staff late last year.

The Board is considering development of an interactive community website, review of the share registry management, Board committee structures and roles and increasing Director membership.

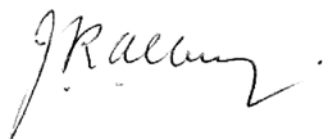
In early December a number of celebrations for the tenth anniversary are being planned by the Board.

Acknowledgements

My thanks to fellow Directors for their counsel and commitment to the **Community Bank**® model where balancing Company requirements with community participation is ever demanding on time and expertise. Likewise the business would not prosper without the dedication and skills of our Branch Manager George Prodromidis and banking staff. To De Fraser who resigned from the marketing role early this year, best wishes in your future endeavours and thank you for your effective contribution over the years.

Chairman's report continued

As the history of the first decade of Kew East **Community Bank**[®] Branch unfolds, it is self evident that it is a great success for shareholders, our loyal customers, staff, Board and the wider community. For all parties it is delivering exceptional value. It is the Board's aspiration for that to continue.

A handwritten signature in black ink, appearing to read 'R Albury', with a flourish at the end.

Rod Albury
Chairman

Manager's report

For year ending 30 June 2011

Kew East **Community Bank**[®] Branch has continued to grow and flourish throughout the 2011 financial year.

I am pleased to announce that as Kew East **Community Bank**[®] Branch enters its 10th year of operation, at 30 June 2011 it boasted net footings of more than \$151 million, comprising \$50 million in lending and \$101 million in deposits, servicing more than 4,300 accounts.

It is reassuring to note that the **Community Bank**[®] model, based on supporting community outcomes, continues to be successful and sustainable despite the continuing fragility of numerous overseas economies.

As we look to the future and the start of our next decade, it is exciting to note the progress of our campaign for the establishment for our new branch in Kew.

I would like to take this opportunity to thank the members of the Steering Committee who have worked diligently to ensure our second branch will soon be a reality and importantly I would also like to thank those members of our community who have pledged their support for our new branch.

We are looking forward to expanding our business and bringing our full range of banking services into the Kew Junction precinct. The flow on effect will provide an opportunity for even greater investment back into our community.

To our shareholders who made this whole journey possible – thank you. I appreciate your continued support and the involvement of the community as we take this next step in our business.

It is important that we continue to encourage existing customers, shareholders, families and friends to support our banking services. The growth of our banking business secures not only our shareholders investment but increases the opportunities to give back to our community.

As we continue to grow and tell our story, the community is gaining a better understanding of how our business supports them.

The growth in business provides us with an opportunity to reward and refresh our staffing levels. As a result I am pleased to advise that:

- Marie Briggs has been promoted to the position of Customer Relationship Manager
- Elie Yacoub has been promoted to Customer Relationship Officer
- We welcome new staff member Zeina Yacoub to the role of Senior Customer Service Officer

Earlier this year we received Debra Lewis' resignation. Debra has been with us for three years. I would like to thank her for her contribution to the Kew East branch and wish her well in the future.

It is a privilege to be part of the **Community Bank**[®] model. We offer more than just banking services to our community – we offer community solutions and benefits, assisting to bring about positive change and development to our area.

Manager's report continued

I would like to officially acknowledge and thank the Directors and staff who are not only hardworking, but are passionate and committed to our success.

It has been a wonderful decade and I look forward to continuing the journey with you all.



George Prodromidis
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2011

As **Community Bank**[®] shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about organising and strengthening community.

Together, we have reached new heights and achieved many great successes, all of which has been underpinned by our commitment and dedication to the communities we're a part of.

Together we're making extraordinary progress, with more than \$58.25 million returned to support community groups and endeavours since the network was established in 1998.

The returns grow exponentially each year, with \$469 thousand returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation. Based on this, we can predict the community returns should top \$100 million within the next three years, which equates to new community facilities, better health care, increased transport services and generally speaking, more prosperous communities.

Together, we haven't just returned \$58.25 million; there is also the flow on economic impact to consider. Bendigo and Adelaide Bank is in the process of establishing an evidential basis that captures the complete picture and the economic outcomes these initiatives generate. However, the tangible outcomes are obvious. We see it in tenanted shops, increased consumer traffic, retained local capital and new jobs but we know that there are broader elements of community strength beyond the economic indicators, which demonstrate the power of our community models.

It is now evident that branches go through a clear maturity phase, building customer support, generating surpluses and establishing a sustainable income stream. This enables Boards to focus less on generating business and more on the community's aspirations. Bendigo is facilitating this through Director engagement and education, community consultations and other community solutions (Community Enterprise Foundation[™], Community Sector Banking, Community Telco, Generation Green[™] and Community Enterprises) that will provide Boards with further development options.

In Bendigo, your **Community Bank**[®] Board has a committed and successful partner. Our past efforts and continued commitment to be Australia's leading customer-connected bank, that is relevant, connected and valued, is starting to attract attention and reap rewards.

In January, a Roy Morgan survey into customer satisfaction saw Bendigo Bank achieve an industry leading score among Australian retail banks. This was the first time Bendigo Bank has led the overall results since August 2009.

In May, Fitch Ratings upgraded Bendigo and Adelaide Banks Long-Term Issuer Default Rating (IDR) to A- from BBB+. This announcement saw us become the first Australian bank – and one of the very few banks globally – to receive an upgrade since the Global Financial Crisis.

Standard & Poor's revised credit rating soon followed seeing Bendigo and Adelaide Bank shift from BBB+ stable, to BBB+ positive. These announcements reflect the hard and diligent work by all our staff, our sound risk management practices, low-risk funding and balance sheet structure, sound capital ratios and a sustained improvement in profitability.

The strength of our business model – based on our commitment to our customers and the communities that we operate in – is being recognised by all three ratings agencies.

Bendigo and Adelaide Bank Ltd report continued

Over the past year the bank has also added more than 700 additional ATMs through a network sharing agreement with Suncorp Bank, which further enhances our customers' convenience and expands our footprint across the country. In addition to this a further 16 **Community Bank**[®] branches were opened.

The bank has also had a renewed focus on business banking and re-launched our wealth management services through Bendigo Wealth, which oversees the Adelaide Bank, Leveraged Equities, Sandhurst Trustees and financial planning offering.

The **Community Bank**[®] model is unique and successful, it's one of our major points of difference and it enables us to connect with more than 550,000 customers, in excess of 270 communities and make a difference in the lives of countless people.

We are very proud of the model we have developed and we're very thankful for the opportunity to partner with communities to help build their balance sheets.

We thank you all for the part you play in driving this success.



Russell Jenkins
Executive Customer and Community

Directors' report

For the financial year ended 30 June 2011

Your Directors submit their report of the Company for the financial year ended 30 June 2011.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Name and position held	Qualifications	Experience
Eric Thomas Appointed 3 May 2001 Chair of Community Grants and Audit and Risk Committee	FCA	Chartered Accountant
Rod Albury Appointed 18 October 2004 Appointed Chairman on 3 December 2009	T.P.T.C; B Ed; Dip Art; F.R.M.I.T.	Retired, former school principal, past president and member of Kew Community Festival Committee
Allen Borella Appointed 22 March 2001 Chair of Remuneration and Nominations Committee's	A Grade Mechanic	Runs own automotive business
Kenneth Franks Appointed 22 March 2001	Land Surveyor	Property investor, past chair of Harp Village Business Association
Mark Heffernan Appointed 2 June 2008 Treasurer from 7 July 2008	CPA	Certified Practising Accountant
Ross McDermott Appointed 10 March 2010 Company Secretary from 4 September 2010	B Com CA	Chartered Accountant, Tax Agent, Company Liquidator
Paula Davey Appointed 28 April 2010		Former local councillor, extensive connections with community organisations, consultant and facilitator

Other than shown below no Director has material interests in contracts or proposed contracts with the Company.

Directors' report continued

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

There has been no significant changes in the nature of these activities during the year.

Review of operations

Operations have continued to perform in line with expectations. The profit after income tax expense for the Company for the financial year was \$146,900 (2010: \$155,911).

Dividends	Year ended 30 June 2011	
	Cents per share	\$'000
Final dividends proposed:	8	38,600
Special dividends proposed: *	2	9,650
Dividends paid in the year:		
- Interim for the year	6	28,951
- As recommended in the prior year report	8	38,600

* The special dividend is in celebration of ten years in operation.

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 year under review not otherwise disclosed in this report.

Significant events after the balance date

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There are no other matters or circumstances that have arisen since the end of the financial year 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, in future years.

Likely developments

The Company will continue its policy of providing banking services to the community. The Company is considering a new facility in the Kew Junction precinct.

Remuneration report

Paula Davey, a Director of the Company has been contracted by the Company to provide administrative services to the Board. For the year ending 30 June 2011 fees paid to Paula Davey were \$29,405 (2010: \$nil).

During the previous financial year ending 30 June 2010 an amount of \$21,044 was paid to Heffernan Crawford Partners Pty Ltd, for secretarial services. Director Mark A Heffernan is a principal of this Company. There were no fees paid during the year ended 30 June 2011.

Directors' report continued

Remuneration report (continued)

Director Remuneration for the year ended 30 June 2011

	Primary benefits Fees & superannuation	
	2011 \$	2010 \$
Eric Thomas	3,429	-
Rod Albury	13,428	-
Allen Borella *	-	-
Kenneth Franks	1,429	-
Mark Heffernan	3,429	-
Ross McDermott	3,429	-
Paula Davey	1,429	-

* Allen Borella declined to accept Director remuneration in the current financial year.

Other than stated above no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Branch Manager remuneration

The Branch Manager was paid within the range of \$100,000 - \$150,000 for the financial year ended 30 June 2011 (2010: \$100,000 - \$150,000).

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Directors' report continued

Directors' meetings

The number of Directors' meetings held and attended:

Director	Board	Remuneration	Nominations	Community grants	Audit & risk	Kew branch Steering Committee
Eric Thomas	12 (14)	N/A	N/A	2 (2)	5 (5)	N/A
Rod Albury	14 (14)	1 (1)	1 (1)	2 (2)	2 (5)	17 (19)
Allen Borella	12 (14)	1 (1)	1 (1)	N/A	N/A	14 (19)
Kenneth Franks	12 (14)	N/A	0 (1)	N/A	N/A	13 (19)
Mark Heffernan	12 (14)	N/A	N/A	N/A	5 (5)	N/A
Ross McDermott	14 (14)	N/A	N/A	N/A	5 (5)	N/A
Paula Davey	13 (14)	N/A	N/A	2 (2)	N/A	17 (19)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

N/A - not a member of that Committee.

Company Secretary

Ross McDermott has been the Company Secretary of Kew East Financial Services Ltd since 4 September 2010. Prior to this time Director Kenneth Franks was the Company Secretary. Refer above for Ross's qualifications and experience.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit & risk committee. Members of the audit & risk committee are Eric Thomas, Rod Albury, Mark Heffernan and Ross McDermott;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Non audit services

Details of amounts paid or payable to the Auditor for non-audit services provided during the financial year by the Auditor are outlined in note 5 to the financial statements.

The Directors have considered the non-audit services provided during the year by the Auditor and are satisfied the provision of these services is compatible with the general standards of independence for Auditors imposed by the Corporations Act 2001 for the following reasons:

- (a) all non audit services have been reviewed to ensure they do not impact the integrity and objectivity of the Auditor; and
- (b) none of the services undermine the general principles relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing the Auditor's own work, acting in management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Directors' report continued

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:




16 September 2011

The Directors
Kew East Financial Services Limited
661A High Street
KEW EAST VIC 3102

Dear Directors

Auditor's Independence Declaration

In relation to our audit of the financial report of Kew East Financial Services Limited for the year ended 30 June 2011, 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

Signed in accordance with a resolution of the Board of Directors at Kew on 16 September 2011.



Allen Borella, Director

Financial statements

Statement of comprehensive income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue from continuing operations	2	1,315,548	1,165,614
Employee benefits expense	3	(403,745)	(353,992)
Charitable donations and sponsorship		(304,078)	(290,399)
Depreciation and amortisation expense	3	(25,763)	(25,874)
Other expenses	3	(363,488)	(283,952)
Profit before income tax expense		218,474	211,397
Income tax expense	4	71,574	55,486
Profit after income tax expense		146,900	155,911
Other comprehensive income		-	-
Total comprehensive income		146,900	155,911
Earnings per share (cents per share)			
- basic for profit for the year	22	30.44	32.31
- diluted for profit for the year	22	30.44	32.31

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position as at 30 June 2011

	Note	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	6	816,946	669,263
Receivables	7	116,229	119,096
Investments	8	12,592	11,416
Total current assets		945,767	799,775
Non-current assets			
Property, plant and equipment	9	89,086	92,367
Deferred tax assets	4	28,449	24,210
Intangible assets	10	4,167	14,167
Total non-current assets		121,702	130,744
Total assets		1,067,469	930,519
Current liabilities			
Current tax payable	4	32,515	4,751
Payables	11	56,060	32,636
Provisions	12	81,626	68,556
Total current liabilities		170,201	105,943
Non-current liabilities			
Deferred tax liability	4	1,250	4,250
Provisions	12	-	3,657
Total non-current liabilities		1,250	7,907
Total liabilities		171,451	113,850
Net assets		896,018	816,669
Equity			
Share capital	13	482,510	482,510
Retained earnings	14	413,508	334,159
Total equity		896,018	816,669

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Cash receipts in the course of operations		1,414,059	1,226,184
Cash payments in the course of operations		(1,166,449)	(1,081,236)
Interest paid		-	(8)
Interest received		31,156	26,475
Income tax paid		(51,050)	(27,125)
Net cash flows used in operating activities	15b	227,716	144,290
Cash flows from investing activities			
Payments for property, plant and equipment		(12,482)	(17,798)
Net cash flows used in investing activities		(12,482)	(17,798)
Cash flows from financing activities			
Dividends paid		(67,551)	(67,551)
Net cash flows used in financing activities		(67,551)	(67,551)
Net increase in cash held		147,683	58,941
Cash and cash equivalents at start of year		669,263	610,322
Cash and cash equivalents at end of year	15a	816,946	669,263

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Share capital			
Balance at start of year		482,510	482,510
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		482,510	482,510
Retained earnings			
Balance at start of year		334,159	245,799
Profit after income tax expense		146,900	155,911
Dividends paid	21	(67,551)	(67,551)
Balance at end of year		413,508	334,159

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2011

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Kew East Financial Services Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2011 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank**[®] services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 16 September 2011.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. 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. These changes are not expected to have a material impact on the Company's financial statements.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2010 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset using rates ranging from 5 to 33%.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Investments

Following initial recognition at cost, investments are recorded at fair value at reporting date if the fair value is below cost. Impairment is recognised as an expense.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Loans and borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

	2011 \$	2010 \$
Note 2. Revenue from continuing operations		
Operating activities		
- services commissions	1,279,756	1,135,442
	1,279,756	1,135,442
Non-operating activities:		
- interest received	34,616	28,829
- other revenue	1,176	1,343
	35,792	30,172
	1,315,548	1,165,614

Note 3. Expenses

Employee benefits expense

- wages and salaries	343,205	295,625
- superannuation costs	31,873	29,522
- workers' compensation costs	1,057	1,056
- other costs	27,610	27,789
	403,745	353,992
Depreciation of non-current assets:		
- plant and equipment	-	4,973
- fixtures and fittings	10,533	7,072
- office furniture and equipment	5,230	3,829

Notes to the financial statements continued

	2011 \$	2010 \$
Note 3. Expenses (continued)		
Amortisation of non-current assets:		
- intangibles	10,000	10,000
	25,763	25,874
Other expenses:		
- Accounting fees	38,016	56,026
- IT costs	23,567	27,530
- Marketing	44,124	53,939
- Occupancy costs	115,517	57,301
- Insurance	17,529	10,947
- Other expenses	124,735	78,209
	363,488	283,952
Finance costs:		
- Interest paid	-	8
Bad debts	38	49

Note 4. Income tax expense

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

Prima facie tax on profit before income tax at 30%	65,542	63,419
Add / (less) tax effect of:		
- Non-deductible / (other deductible) expenses	6,032	(7,933)
Current income tax expense	71,574	55,486
Income tax expense	71,574	55,486
Tax liabilities		
Current tax payable / (refundable)	32,515	4,751
Deferred tax liability	1,250	4,250
Deferred tax assets		
Future income tax benefits are recognised at reporting date as realisation of the benefit is regarded as probable.	28,449	24,210

Notes to the financial statements continued

	2011 \$	2010 \$
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Note 5. Auditors' remuneration

Amounts received or due and receivable by Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,900	2,900
- Share registry and printing services	4,622	2,168
	8,522	5,068

Note 6. Cash and cash equivalents

Cash at bank and on hand	816,946	669,263
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Note 7. Receivables

Trade debtors	99,822	105,109
Other debtors	16,407	13,987
	116,229	119,096

Note 8. Investments

Units in managed funds - at cost	15,000	15,000
Less impairment in value	(2,408)	(3,584)
	12,592	11,416

Note 9. Property, plant and equipment

Plant and equipment

At cost	139,720	139,720
Less accumulated depreciation	(139,720)	(139,720)
	-	-

Office furniture & equipment

At cost	41,721	35,910
Less accumulated depreciation	(30,777)	(25,547)
	10,944	10,363

Notes to the financial statements continued

	2011 \$	2010 \$
Note 9. Property, plant and equipment (continued)		
Fixtures & fittings		
At cost	134,512	127,841
Less accumulated depreciation	(56,370)	(45,837)
	78,142	82,004
Total written down amount	89,086	92,367
Movements in carrying amounts		
Plant and equipment		
Carrying amount at beginning of year	-	4,973
Additions	-	-
Disposals	-	-
Depreciation expense	-	(4,973)
Carrying amount at end of year	-	-
Office furniture & equipment		
Carrying amount at beginning of year	10,363	12,495
Additions	5,811	1,697
Disposals	-	-
Depreciation expense	(5,230)	(3,829)
Carrying amount at end of year	10,944	10,363
Fixtures & fittings		
Carrying amount at beginning of year	82,004	72,975
Additions	6,671	16,101
Disposals	-	-
Depreciation expense	(10,533)	(7,072)
Carrying amount at end of year	78,142	82,004

Notes to the financial statements continued

	2011 \$	2010 \$
Note 10. Intangible assets		
Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(45,833)	(35,833)
	4,167	14,167

Note 11. Payables

Trade creditors	56,060	32,636
	56,060	32,636

Note 12. Provisions

Current		
Employee benefits	81,626	68,556
Non-current		
Employee benefits	-	3,657
Total employee benefits	81,626	72,213
Movement in employee benefits		
Opening balance	72,213	73,857
Additional provisions recognised	31,057	27,230
Amounts utilised during the year	(21,644)	(28,874)
Closing balance	81,626	72,213

Note 13. Share capital

482,510 Ordinary shares fully paid of \$1 each	482,510	482,510
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Note 14. Retained earnings

Balance at the beginning of the financial year	334,159	245,799
Profit after income tax	146,900	155,911
Dividends	(67,551)	(67,551)
Balance at the end of the financial year	413,508	334,159

Notes to the financial statements continued

	2011 \$	2010 \$
Note 15. Statement of cash flows		
(a) Cash and cash equivalents		
Cash assets	816,946	669,263
	816,946	669,263
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	146,900	155,911
Non cash items		
- Depreciation	15,763	15,874
- Amortisation	10,000	10,000
- Impairment / (gain in value) of investment	(1,176)	(1,343)
Changes in assets and liabilities		
- (Increase) decrease in receivables	2,867	(25,156)
- (Increase) decrease in current tax refundable	-	24,669
- (Increase) decrease in deferred tax asset	(4,239)	1,941
- Increase (decrease) in current tax payable	27,764	4,751
- Increase (decrease) in deferred tax liability	(3,000)	(3,000)
- Increase (decrease) in payables	23,424	(37,713)
- Increase (decrease) in provisions	9,413	(1,644)
Net cash flows from/(used in) operating activities	227,716	144,290

Note 16. Director and related party disclosures

The names of Directors who have held office during the financial year are:

Eric Thomas
Rod Albury
Allen Borella
Kenneth Franks
Mark Heffernan
Ross McDermott
Paula Davey

Paula Davey, a Director of the Company has been contracted by the Company to provide administrative services to the Board. For the year ending 30 June 2011 fees paid to Paula Davey were \$29,405 (2010: \$nil).

Notes to the financial statements continued

Note 16. Director and related party disclosures (continued)

During the previous financial year ending 30 June 2010 an amount of \$21,044 was paid to Heffernan Crawford Partners Pty Ltd, for secretarial services. Director Mark A Heffernan is a principal of this Company. There were no fees paid during the year ended 30 June 2011.

Director remuneration for the year ended 30 June 2011	2011	2010
	\$	\$
Eric Thomas	3,429	-
Rod Albury	13,428	-
Allen Borella	-	-
Kenneth Franks	1,429	-
Mark Heffernan	3,429	-
Ross McDermott	3,429	-
Paula Davey	1,429	-

Other than stated above no Director or related entity has entered into a material contract with the Company.

Directors' shareholdings	2011	2010
Eric Thomas	1,001	1,001
Rod Albury	-	-
Allen Borella	501	501
Kenneth Franks	4,301	3,901
Mark Heffernan	-	-
Ross McDermott	1,000	1,000
Paula Davey	-	-

Shares are held directly or via related entities and each share held has a paid up value of \$1 and is fully paid.

Note 17. Subsequent events

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2011/12 financial year. The Company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There have been no other events after the end of the financial year that would materially affect the financial statements.

Notes to the financial statements continued

Note 18. Contingent liabilities and assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

Note 19. 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 the City of Boroondara.

Note 20. Corporate information

Kew East Financial Services Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Bendigo Stock Exchange.

The registered office and principal place of business is: 661A High Street,
Kew East VIC 3102

	2011 \$	2010 \$
Note 21. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
(i) Current year interim		
Franked dividends - 6 cents per share (2010: 6 cents per share)	28,951	28,951
(ii) Previous year final		
Franked dividends - 8 cents per share (2010: 8 cents per share)	38,600	38,600
(b) Dividends proposed and not recognised as a liability		
Franked dividends - 10 cents per share (2010: 8 cents per share)	48,250	38,600
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	231,837	209,529
- Franking credits / (debits) that will arise from the payment / (refund) of income tax payable as at the end of the financial year	32,515	4,751
	264,352	214,280

The tax rate at which dividends have been franked is 30% (2010: 30%).

Dividends proposed will be franked at a rate of 30% (2010: 30%).

Notes to the financial statements continued

	2011	2010
	\$	\$

Note 22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	146,900	155,911
Weighted average number of ordinary shares for basic and diluted earnings per share	482,510	482,510

Note 23. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Risk Committee which reports regularly to the Board. The Audit and Risk Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting 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. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2011	2010
	\$	\$
Cash assets	816,946	669,263
Investments	12,592	11,416
Receivables	116,229	119,096
	945,767	799,775

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2010: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2011					
Payables	56,060	(56,060)	(56,060)	-	-
	56,060	(56,060)	(56,060)	-	-
30 June 2010					
Payables	32,636	(32,636)	(32,636)	-	-
	32,636	(32,636)	(32,636)	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2011	2010
	\$	\$
Fixed rate instruments		
Financial assets	582,972	224,421
Financial liabilities	-	-
	582,972	224,421
Variable rate instruments		
Financial assets	233,974	444,842
Financial liabilities	-	-
	233,974	444,842

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2010 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) 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 year end.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

Notes to the financial statements continued

Note 23. Financial risk management (continued)

(e) Capital management (continued)

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2011 can be seen in the Statement of Comprehensive Income.

There were no changes in the Company's approach to capital management during the year.

Directors' declaration

In accordance with a resolution of the Directors of Kew East Financial Services Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia, International Financial Reporting Standards and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2011.



Allen Borella, Director

Signed at Kew on 16 September 2011.

Independent audit report



**Richmond
Sinnott &
Delahunty**

Chartered Accountants

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF KEW EAST FINANCIAL
SERVICES LIMITED**

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Kew East Financials Services Limited, for the year ended 30 June 2011.

The directors of the company 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 Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

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

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

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.

Partners: Kenneth J Richmond • Warren J Sinnott • Philip P Delahunty • Brett A Andrews
Level 2, 10-16 Forest Street, Bendigo 3550. PO Box 30 Bendigo 3552
Ph: 03 5443 1177 Fax: 03 5444 4344 Email: rsd@rsdadvisors.com.au
ABN 60 616 244 309

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Independent audit report continued

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

INDEPENDENCE

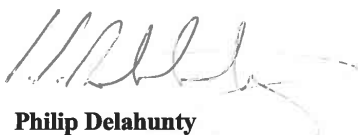
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Kew East Financials Services Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards, International Financial Reporting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants



Philip Delahunty
Partner
Bendigo

Date: 16 September 2011

BSX report

Share information

In accordance with Bendigo Stock Exchange listing rules the Company provides the following information as at 3 September 2011, which is within 6 weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders
1 to 1,000	141
1,001 to 5,000	75
5,001 to 10,000	11
10,001 to 100,000	3
Total shareholders	230

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are 7 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders.

Shareholder	Number of shares	Percentage of capital
Adrian Lawler & Karen Lawler	15,000	3.11%
Thomas Leigh Pty Ltd As Trustee for <The Waring Family Superannuation Fund A/C>	14,000	2.90%
Bruce Diggles	10,000	2.07%
Estate Of James Michael Hall	10,000	2.07%
Fiona Margaet Cochrane as trustee for <A/C381638>	10,000	2.07%
Ivory Home Pty Ltd As Trustee For <The Searle Executive Superannuation Fund A/C>	10,000	2.07%
James Raymond Smith As Trustee For (Avenel Super Fund No. 3>	10,000	2.07%
Marjorie Irene White	10,000	2.07%
Phillip R Gibbs & Margaret A Gibbs As Trustee For <P& M Gibbs S/F A/C>	10,000	2.07%
Susan Diggles	10,000	2.07%
	109,000	22.59%

BSX report continued

Registered office and principal administrative office

The registered office of the Company is located at:

661A High Street,
Kew East VIC 3102
Phone: (03) 9859 6799

The principal administrative office of the Company is located at:

661A High Street,
Kew East VIC 3102
Phone: (03) 9859 6799

Security register

The security register (share register) is kept at:

Richmond Sinnott & Delahunty
Level 2, 10-16 Forest Street,
Bendigo VIC 3550
Phone: (03) 5443 1177

Company Secretary

Ross McDermott has been the Company Secretary of Kew East Community Financial Services Ltd since 4 September 2010. Ross McDermott's qualifications and experience includes Chartered Accountant, Tax Agent, and Company Liquidator.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit and risk committee. Members of the audit and risk committee are Eric Thomas, Mark Heffernan and Ross McDermott;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Annexure 3A

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its annual report.



Kew East **Community Bank**® Branch
661A High Street, Kew East VIC 3102
Phone: (03) 9859 7699

Franchisee: Kew East Financial Services Limited
661A High Street, Kew East VIC 3102
ABN: 91 096 301 058

www.bendigobank.com.au/kew_east
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR11042) (08/11)