

**National Wealth Management Holdings Limited**  
**ABN 73 093 329 983**

Special Purpose Annual Financial Report

30 September 2004

# **National Wealth Management Holdings Limited**

**ABN 73 093 329 983**

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# **National Wealth Management Holdings Limited**

## **Directors' report**

The Directors present their report together with the special purpose financial report of National Wealth Management Holdings Limited ("the Company") for the financial year ended 30 September 2004 and the auditor's report thereon.

### **Directors**

The Directors of the Company at any time during or since the end of the financial year are:

<b>Name</b>	<b>Appointed</b>
M H Codd	1 September 2000
I K Crow	7 September 2000
M T Laing*	3 May 2002
I G MacDonald	26 February 2003
R E McKinnon	3 May 2002
J A Moule	30 August 2000
R M Nicolson	30 April 2003
P B Scott	1 August 2000
G A Tomlinson	31 August 2000
W A H Webster	7 September 2000

\* Alternate for R E McKinnon

All Directors held their position as a Director throughout the entire financial year and up to the date of this report. There were no resignations during the financial year and up to the date of this report.

### **Principal activity**

The principal activity of the Company during the course of the financial year was to act as a holding company.

There were no significant changes in the nature of the activities of the Company during the financial year.

### **Review and results of operations**

The Company's profit/(loss) from ordinary activities after income tax amounted to \$218,478,010 (2003: \$Nil).

### **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.

### **Environmental regulation**

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

# National Wealth Management Holdings Limited

## Directors' report

### Events subsequent to balance date

No items, transactions or events of a material and unusual nature have arisen between the end of the financial year and the date of this report, which is likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### Likely developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

### Indemnification and insurance of officers and auditors

#### *Indemnification*

The Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

#### *Insurance premiums*

During the financial year the Company paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the financial year ended 30 September 2004 and since the end of the financial year, the Company has paid or agreed to pay, premiums in respect of such insurance contracts for the year ending 30 September 2005. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

This report is made and signed in accordance with a Resolution of directors this 15<sup>th</sup> day of December 2004.

  
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Director

  
\_\_\_\_\_

Director

# National Wealth Management Holdings Limited

## Statement of financial performance

For the year ended 30 September 2004

	Notes	2004 \$	2003 \$
Revenues from ordinary activities	2	220,000,000	-
Expenses from ordinary activities	3	<u>(1,521,991)</u>	-
<b>Profit/(loss) from ordinary activities before income tax expense</b>		218,478,009	-
Income tax (benefit)/expense relating to ordinary activities	5(a)	<u>(1)</u>	-
<b>Net profit/(loss)</b>		<u>218,478,010</u>	-
<b>Total changes in equity from non-owner related transactions</b>	12	<u>218,478,010</u>	-

The above statement of financial performance should be read in conjunction with the accompanying notes

# National Wealth Management Holdings Limited

## Statement of financial position

As at 30 September 2004

	Notes	2004 \$	2003 \$
<b>Current Assets</b>			
Receivables	7	1	-
<b>Total current assets</b>		1	-
<b>Non-current assets</b>			
Investments	8	6,539,525,606	6,541,047,593
<b>Total non-current assets</b>		6,539,525,606	6,541,047,593
<b>Total assets</b>		6,539,525,607	6,541,047,593
<b>Current liabilities</b>			
Overdraft	13(b)	4	-
Payables	9	-	1,000,000
Current tax liability	5(b)	-	-
<b>Total current liabilities</b>		4	1,000,000
<b>Total liabilities</b>		4	1,000,000
<b>Net assets</b>		6,539,525,603	6,540,047,593
<b>Equity</b>			
Contributed equity	10	6,540,047,593	6,540,047,593
Retained profits/(Accumulated losses)	11	(521,990)	-
<b>Total equity</b>		6,539,525,603	6,540,047,593

The above statement of financial position should be read in conjunction with the accompanying notes

# National Wealth Management Holdings Limited

## Statement of cash flows

For the year ended 30 September 2004

	Note	2004 \$	2003 \$
<b>Cash flows from operating activities</b>			
Dividends received		220,000,000	-
Payment of expenses		(4)	-
		<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	13(a)	219,999,996	-
<b>Cash flows from investing activities</b>			
Payments for additional investments in subsidiaries		-	(140,000,000)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		-	(140,000,000)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	140,000,000
Dividend paid		(219,000,000)	-
Repayments of related party loans		(1,000,000)	-
		<hr/>	<hr/>
<b>Net cash (used in)/provided by financing activities</b>		(220,000,000)	140,000,000
<b>Net (decrease)/increase in cash held</b>		(4)	-
Cash at the beginning of the financial year		-	-
		<hr/>	<hr/>
<b>Cash at the end of the financial year</b>	13(b)	(4)	-

The above statement of cash flows should be read in conjunction with the accompanying notes

# **National Wealth Management Holdings Limited**

## **Notes to the financial statements**

### **For the year ended 30 September 2004**

#### **Note 1 Statement of significant accounting policies**

The significant policies that have been adopted in the preparation of this financial report are:

##### **Basis of preparation**

In the opinion of the Directors, the Company and economic entity are not reporting entities. This financial report is a special purpose financial report on the results for the financial year ended 30 September 2004 and has been produced for the sole purpose of complying with the Corporations Act 2001 requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. It has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and Corporations Act 2001 with the exception of:

AASB 1005 Segment Reporting  
AASB 1024 Consolidated Accounts  
AASB 1017 Related Party Disclosures  
AASB 1038 Life Insurance Business

The financial report has been prepared on the accrual basis of accounting as defined in AASB 1001: Accounting Policies – Disclosure, using the historical cost convention and the going concern assumption. Except where stated, it does not take into account changing money values or current valuations of non-current assets.

##### **Comparative amounts**

Comparative amounts are, where appropriate, reclassified so as to be comparable with the figures stated in the current financial year.

##### **Revenue recognition**

Dividend revenue is recognised on an accruals basis.

##### **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 Australian Taxation Office (ATO). 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 inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability 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.

# **National Wealth Management Holdings Limited**

## **Notes to the financial statements**

### **For the year ended 30 September 2004**

#### **Note 1 Statement of significant accounting policies (continued)**

##### **Taxation**

During the year ended 30 September 2004, National Australia Bank Limited, the ultimate controlling entity, made the decision to elect to consolidate its Australian subsidiaries under the Australian tax consolidation regime. National Australia Bank Limited is the head entity in the tax-consolidated group comprising the National Australia Bank Limited and all of its Australian wholly-owned subsidiaries. The implementation date for the tax-consolidated group is 1 October 2002.

The National Australia Bank Limited as head entity recognises all of the current and deferred tax assets and liabilities of the tax-consolidated group (after elimination of intra-group transactions). National Wealth Management Holdings Limited is a member of the tax-consolidated group and has entered into a tax funding agreement that requires it to make contributions to National Australia Bank Limited for its tax liabilities as the head entity of the tax consolidated group. Under the tax funding agreement, the contributions are calculated on a 'stand-alone basis' so that the contributions are equivalent to the tax balances generated by transactions entered into by National Wealth Management Holdings Limited. The National Australia Bank Limited has agreed to reimburse National Wealth Management Holdings Limited for current and deferred tax assets arising at the date of entering tax consolidations and that arise from the actions and operations of National Wealth Management Holdings Limited following formation of the tax-consolidated group. National Wealth Management Holdings Limited has agreed to reimburse the National Australia Bank Limited for deferred tax liabilities arising at the date of entering tax consolidations and that arise from the actions and operations of National Wealth Management Holdings Limited following formation of the tax-consolidated group. Ongoing assets and liabilities arising under the tax funding agreement are recognised by National Wealth Management Holdings Limited as inter-company assets and liabilities with a corresponding charge to income tax expense.

Further, as part of entering the tax-consolidated group, National Wealth Management Holdings Limited transferred the existing franking credit balance to National Australia Bank Limited. All franking credits arising from 1 October 2002 will belong to the National Australia Bank Limited and will no longer be disclosed in individual entity accounts.

The Company adopts the statement of financial performance liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different financial periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a deferred income tax liability.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

##### **Cash assets and bank overdrafts**

Cash assets and bank overdrafts are carried at face value of the amounts deposited or drawn. The carrying amounts of cash assets and bank overdrafts approximate net fair value.

# **National Wealth Management Holdings Limited**

## **Notes to the financial statements**

**For the year ended 30 September 2004**

### **Note 1 Statement of significant accounting policies (continued)**

#### **Investments**

Investments are initially recorded at cost at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

At the reporting date, investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

#### **Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received. The carrying amount of payables approximates net fair value.

#### **Provisions**

A provision is recognised when there is a legal, equitable, or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, being risk free rates on government bonds most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

#### *Dividends*

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

# National Wealth Management Holdings Limited

## Notes to the financial statements

### For the year ended 30 September 2004

#### Note 2 Revenue from ordinary activities

	2004	2003
	\$	\$
<b>Other revenues from ordinary activities</b>		
Dividend revenue – controlled entities	220,000,000	-
	<hr/>	<hr/>

#### Note 3 Expenses from ordinary activities

<b>Other expenses from ordinary activities</b>		
Diminution in value of investment in ACN 094 484 625	1,521,987	-
Bank charges	4	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

#### Note 4 Auditors' remuneration

Total amount paid or due and payable to auditors of the Company for:

Audit fees		
Audit of the financial statements	1,498	1,400
	<hr/>	<hr/>

The Audit Committee of the Principal Board of the National Australia Bank Limited has reviewed the non-audit services provided by KPMG and is satisfied that the services provided do not compromise auditor independence. The Audit Committee has procedures in place governing approval of any non-audit work before the commencement of any engagement.

By virtue of Australian Securities and Investments Commission Class Order 98/2000 dated 30 September 1998, and amended on 8 February 2000, the auditors of National Australia Bank Limited and its controlled entities, KPMG, have been exempted from compliance with section 324(1) and 324(2) of the *Corporations Act 2001* (Cth). The Class Order exemption applies in that members of KPMG and bodies corporate in which a member of KPMG is a substantial shareholder (other than those members and bodies corporate in which a member of KPMG is a substantial shareholder engaged on the audit of National Australia Bank Limited and/or its controlled entities) may be indebted to National Australia Bank Limited and its controlled entities provided that:

- such indebtedness does not exceed \$5,000; or
- section 324(3) applies to the relevant indebtedness; or
- the indebtedness arose upon ordinary commercial terms as to the rate of interest, the terms of repayment of principal and payment of interest, the security to be provided and otherwise, and it related to a financial arrangement between the relevant member and National Australia Bank Limited and/or its controlled entities prior to the member becoming a member of KPMG where the arrangement was not entered into in connection with becoming a member of KPMG.

# National Wealth Management Holdings Limited

## Notes to the financial statements

### For the year ended 30 September 2004

#### Note 5 Taxation

	2004 \$	2003 \$
<b>(a) Income tax (benefit)/ expense</b>		
Prima facie income tax expense calculated at 30% (2003: 30%) of profit/(loss) from ordinary activities	65,543,403	-
Tax effect of permanent differences		
Rebateable dividends	(66,000,000)	-
Unrealised gains/losses	456,596	-
Total income tax (benefit)/expense for the current financial year	<u>(1)</u>	<u>-</u>
<b>(b) Provision for current income tax</b>		
Movements during the year:		
Balance at beginning of year	-	-
Income tax (benefit)/expense for current year	(1)	-
Transfer to tax-consolidated group head entity	1	-
Balance at end of year	<u>-</u>	<u>-</u>

As a consequence of the tax consolidated group, including National Wealth Management Holdings Limited implementing tax consolidations from 1 October 2002, the Company has applied UIG 52: Income Tax Accounting under the Tax Consolidation System for the 2004 year. However, as at 30 September 2003, no decision had been made to tax-consolidate and UIG 39: Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances was applied. Accordingly, current year tax related balances are included within the intercompany balances as at 30 September 2004. This is due to the effect and operation of the tax funding agreement entered into between the Company and the Head Entity.

#### Note 6 Dividends

(a) Dividends recognised in the current and prior year by the Company are:

Type	Total amount \$	Date of payment	Percentage franked
<b>2004</b>			
Interim	79,000,000	21 January 2004	74%
Final	140,000,000	28 June 2004	0%
Total amount	<u>219,000,000</u>		

#### 2003

No dividends were declared, provided or paid



# National Wealth Management Holdings Limited

## Notes to the financial statements

For the year ended 30 September 2004

### Note 10 Contributed equity

	2004 \$	2003 \$
<b>Issued and paid-up capital</b>		
3,881,120,532 ordinary shares, fully paid	3,884,740,888	3,884,740,888
2,655,306,705 (2003: 2,655,306,705) redeemable preference shares, fully paid	2,655,306,705	2,655,306,705
	<u>6,540,047,593</u>	<u>6,540,047,593</u>

#### Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of the winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

#### Redeemable preference shares

These shares are only redeemable by the issuer at the issue price and will continue to subsist until redeemed. To the extent of the rights attaching to the shares, the shares rank ahead of the ordinary shares issued by the issuer in a winding up. Holders of the preference shares are entitled to receive dividends as declared by the issuer and are entitled to one vote per share at the shareholder meetings.

### Note 11 Accumulated losses

	2004 \$	2003 \$
Retained profits at the beginning of the financial year	-	-
Net profit/(loss) attributable to members of the parent entity	218,478,010	-
Dividends paid	(219,000,000)	-
(Accumulated losses)/Retained profits at the end of the financial year	<u>(521,990)</u>	<u>-</u>

### Note 12 Total equity reconciliation

Total equity at the beginning of the financial year	6,540,047,593	6,400,047,593
Total changes in equity recognised in the statement of financial performance	218,478,010	-
Transactions with owners as owners:		
Contribution of equity	-	140,000,000
Dividend paid	(219,000,000)	-
Total equity at the end of the financial year	<u>6,539,525,603</u>	<u>6,540,047,593</u>

# National Wealth Management Holdings Limited

## Notes to the financial statements

### For the year ended 30 September 2004

#### Note 13 Note to the statement of cash flows

##### (a) Reconciliation of operating profit/(loss) after income tax to net cash provided by operating activities

	2004 \$	2003 \$
Operating profit/(loss) after tax	218,478,010	-
Changes in assets and liabilities		
Decrease/(Increase) in investments	1,521,986	-
Net cash provided by operating activities	<u>219,999,996</u>	<u>-</u>

##### (b) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2004 \$	2003 \$
(Overdraft)/Cash assets	<u>(4)</u>	<u>-</u>

#### Note 14 Directors' remuneration

Total income paid or payable, or otherwise made available, to all Directors of the Company, directly or indirectly, by the Company or any related party consists of the following:

	2004 \$	2003 \$
Total remuneration	<u>-</u>	<u>-</u>

For the purposes of this note, remuneration does not include the fair value of options or performance rights issued to executives under the National Australia Bank Limited's executive option plan and performance rights plan.

Directors' income includes amounts paid by the Company during the year to indemnify the directors, but does not include insurance premiums paid by the Company or related parties in respect of directors' and officers' liabilities and legal expenses insurance contracts, as the insurance policies do not specify premiums paid in respect of individual directors.

# National Wealth Management Holdings Limited

## Notes to the financial statements

### For the year ended 30 September 2004

#### Note 15 Financial instruments

**(a) Credit risk exposure**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the Company, which have been recognised on the statement of financial position, is the carrying amount, net of any provisions for doubtful debts.

**(b) Net fair values of financial assets and liabilities**

The carrying amounts of cash, receivables, shares in controlled entities and payables approximate net fair value.

#### Note 16 Transition to Australian equivalents to International Financial Reporting Standards

In July 2002, the Financial Reporting Council in Australia formally announced that Australian reporting entities would be required to comply with accounting standards equivalent to International Financial Reporting Standards (IFRS) and other pronouncements set by the International Accounting Standards Board (IASB) for financial years commencing on or after 1 January 2005. The adoption of these standards could have a material effect on the Company's financial performance and financial position.

The Company will be required to adopt these standards for the financial year commencing 1 October 2005 and the adoption of the standards will be first reflected in the National Group's financial statements for the half-year ending 31 March 2006. Comparative financial information prepared in compliance with IFRS will be required for the year commencing 1 October 2004. Comparative information is not required for AASB 132 "Financial Instruments: Disclosure and Presentation", AASB 139 "Financial Instruments: Recognition and Measurement" and AASB 4 "Insurance Contracts". The National Group continues to evaluate the areas impacted by adoption.

During the year a dedicated IFRS project team has identified and is implementing a range of separate IFRS work streams that focus on each difference in accounting that the team has identified as requiring "significant effort" to implement. The approach adopted by the team is to document the differences between the Company's current accounting policies and IFRS. IFRS project management have then set out detailed planning for the move to the new standards, including the identification of implementation methodologies and the specification of IT requirements. The scale of the impact on the Group's financial and operational IT systems is still being determined, but is likely to be significant.

It is not possible to estimate reliably the quantitative impact of the changes upon the Company's financial performance and financial position at this time. A full suite of the IFRS equivalent standards to be applied by Australian reporting entities for reporting periods beginning on or after 1 January 2005 was published by the Australian Accounting Standards Board (AASB) in June 2004. There are also several other future changes that the Group will need to address including Phase II of the IASB insurance project and further amendments to IAS 39 "Financial Instruments: Recognition and Measurement". The Group continues to monitor these developments.

Upon transition to IFRS a number of the Company's accounting policies will be altered. The areas of most significant impact are outlined below:

**(a) Taxation**

The Company will be required to adopt a statement of financial position approach to determining deferred tax items. This approach is based upon a comparison of carrying amounts of assets and liabilities with their tax base thereby identifying a broader range of differences than those that arise under the current tax effect accounting standard. Consequently, it is expected that the Company may be required to recognise additional levels of deferred tax assets and liabilities.

# **National Wealth Management Holdings Limited**

## **Notes to the financial statements**

### **For the year ended 30 September 2004**

#### **Note 16 Transition to Australian equivalents to International Financial Reporting Standards (continued)**

##### **(b) Share-based payments**

AASB 2 "Share-based Payment" introduces a new requirement for the National Group to recognise options granted and shares issued to employees as an expense in the statement of financial performance. The fair value of the options at grant date will be expensed over their expected vesting period on a straight-line basis. This rule must be applied to options granted from 7 November 2002 and unvested at transition date.

Shares issued under the National's EVA scheme will be recognised as an expense in the statement of financial performance when issued. If this expense is passed down to individual entities there will be a resulting expense in those entities. A final decision has not been made in this regard.

##### **(c) Transitional policy changes**

On the date of transition, the Company will need to effect two types of changes:

- those concerning presentation and disclosure of items in the financial statements, for example the format of the statement of financial performance and statement of financial position; and
- those concerning recognition and measurement of items in the financial statements.

Any adjustments that arise as a result of the transitional process will be recognised in either retained earnings or the appropriate equity reserve. No adjustments will impact the statement of financial performance for the first period under IFRS.

Under the AASB's transitional rules, several one-off exemptions are available. The exemptions recognise some of the practical difficulties that arise in making the transition to IFRS equivalent reporting standards. The Company will apply these exemptions, the most significant of which is not needing to change acquisition accounting for all subsidiaries and businesses acquired throughout the Group's history.

#### **Note 17 Events subsequent to balance date**

No items, transactions or events of a material and unusual nature have arisen between the end of the financial year and the date of this report, which is likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

# National Wealth Management Holdings Limited

## Directors' declaration

In the opinion of the Directors of National Wealth Management Holdings Limited:

- (a) the financial statements and notes, set out on pages 4 to 16 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company as at 30 September 2004 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date; and
  - (ii) complying with Accounting Standards in Australia as set out in Note 1 and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 15<sup>th</sup> day of December 2004.

Signed in accordance with a resolution of the directors:



Director



Director

# **Independent auditor's report to the members of National Wealth Management Holdings Limited**

## **Scope**

We have audited the financial report of National Wealth Management Holdings Limited for the year ended 30 September 2004, being a special purpose financial report consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes and the directors' declaration, set out on pages 4 to 17. The company's directors are responsible for the financial report. The Directors' have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Corporations Act 2001 and the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on them to the members of the company. No opinion is expressed whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the requirements of the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report, or on the financial report to which it relates, to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 1 to the financial statements, so as to present a view which is consistent with our understanding of the company's financial position and performance, as represented by the results of its operations and its cash flows. These policies do not require the application of all accounting standards nor other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

## ***Audit opinion***

In our opinion, the financial report of National Wealth Management Holdings 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 September 2004 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
  - ii. complying with AASB1025 "Application of the Reporting Entity Concept and Other Amendments", AASB 1018 "Statement Of Financial Performance", AASB 1040 "Statement of Financial Position", AASB 1034 "Financial Report Presentation and Disclosures" and other Accounting Standards in Australia, to the extent described in Note 1, and the Corporations Regulations 2001; and

## **Independent auditor's report to the members of National Wealth Management Holdings Limited**

- b) other mandatory professional reporting requirements in Australia, to the extent described in Note 1 to the financial statements.

KPMG  
KPMG

  
B P J Greig  
Partner

Sydney

15 December 2004