

INDEPENDENT AUDITOR'S ASSURANCE REPORT IN RELATION TO BENCHMARK INFORMATION TO THE TRUSTEE FOR DEBENTURE HOLDERS OF AUSTRALIAN FINANCE & LEASING LIMITED

Scope

This report has been prepared for Australian Finance & Leasing Limited (the Entity) to report to the trustee for debenture holders and the Australian Securities Commission (ASIC). This report is intended for limited circulation and should not be provided to persons other than the trustee and ASIC without my consent.

I have:

- (a) audited the design and operating effectiveness of certain internal controls over benchmark information appearing on pages 3 to 4 of the prospectus of the Entity and the quarterly report dated 29th January 2010 (the Benchmark Information) to support the opinion below; and
- (b) reviewed the disclosure of certain Benchmark Information to support the conclusion below.

Directors' responsibilities

The directors of the Entity are responsible for the preparation and presentation of the Benchmark Information. The directors are also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Benchmark Information, and for monitoring compliance with the benchmarks.

Auditor's responsibilities

Audit of controls over benchmarks

My responsibility is to express an opinion on the adequacy of design and operating effectiveness of the internal controls in relation to the equity ratio of the Entity (being the ratio of total equity to the sum of total equity and liabilities) cash flow projections of the Entity and lending by the Entity that are relevant to achieving the control objectives in the opinion below.

My procedures have been conducted in accordance with applicable Standards on Assurance Engagements issued by the Auditing and Assurance Standards Board except that the effect of events occurring after 29th January 2010 up to the date of this report have not been considered. The Standards on Assurance Engagements require that I comply with the relevant ethical requirements relating to assurance engagements and plan and perform the audit to obtain reasonable assurance whether the internal controls have been designed and operated effectively to achieve the control objectives in the opinion below. My procedures have been undertaken to form an opinion whether in all material respects, the internal controls in relation to the equity ratio of the Entity, cash

flow projections of the Entity and lending by the Entity were adequately designed and operated effectively to support the opinion below.

Because of the inherent limitations of any internal control structure it is possible that fraud or errors may occur and not be detected. I have not audited the overall internal control structure and no opinion is expressed as to its effectiveness. An audit is not designed to detect all weaknesses in control procedures or all instances of non-compliance as it is not performed continuously throughout the period and the tests performed are on a sample basis having regard to the nature and size of the Entity.

Any projection of the evaluation of internal control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Review of benchmarks

My responsibility is to express a conclusion on certain disclosures in relation to the rollover approach, the existence of a credit rating, on lending of funds and the value of property security, based on a review. I conducted my review in accordance with applicable Standards on Assurance Engagements, except that the effect of events occurring after 29th January 2010 up to the date of this report have not been considered. My review was conducted in order to state whether, on the basis of the procedures described, anything has come to my attention that causes me to believe that the matters specified in the conclusion below are not in accordance with the relevant paragraphs of ASIC Regulatory Guide 69 *Debentures –improving disclosure for retail investors* (RG 69).

A review is limited primarily to inquiries of company personnel, review of documented policies, and analytical procedures applied to relevant financial data. A review is substantially less in scope than an audit and consequently does not enable me to obtain assurance that I would be aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on the matters that are subject to a review.

Opinion on controls

In my opinion, in all material respects, the internal controls of the Entity were adequately designed and operated effectively during the period from 20th July 2009 to 29th January 2010 to achieve the control objectives below:

- (a) The equity ratio of the Entity was appropriately monitored and there were no instances where the ratio was less than 8%.
- (b) The Entity had at all times a cash flow projection covering at least the following 3 months in accordance with RG 69.38.
- (c) The Entity had calculated the cash flow projections referred to in (b) on the basis of the assumptions the entity adopted for those projections.

- (d) Minimum loan to valuation ratios of 80% of the latest market valuation for loans were met.
- (e) The company does not loan to property developers.

Review conclusion


Based on my review, which is not an audit, nothing has come to my attention that causes me to believe that;

- (a) The disclosure of:
 - (i) The rollover approach in the Benchmark Information; and
 - (ii) Where the Entity on-lends funds policies and other information provided in the Benchmark Information in relation to loans and lending (including lending to related parties);

were not presented, in all material respects, in accordance with RG 69.45, RG 69.58 – RG 69.60 and RG 69.68; and

- (b) The Entity's policy of not obtaining a credit rating by a recognised credit ratings agency still applies. This policy was identified and reported in the Benchmark Information.

Date : 23rd March 2010



Roslyn Buzza
Chartered Accountant

Suite 2, 40 Young Street, Frankston 3199

Ph 03 97834864 Fax 03 97835634