

ANZ NATIONAL (INT'L) LIMITED

328154

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

31 MARCH 2009



INCOME STATEMENT for the six months ended 31 March 2009

	Unaudited 6 months to 31/03/2009 \$000	Unaudited 6 months to 31/03/2008 \$000	Audited Year to 30/09/2008 \$000
Interest income	543,408	622,577	1,200,011
Interest expense	538,918	618,143	1,190,194
Net interest income	<u>4,490</u>	<u>4,434</u>	<u>9,817</u>
Net foreign exchange gains/(losses)	336	(102)	(65)
Total income	<u>4,826</u>	<u>4,332</u>	<u>9,752</u>
Operating expenses	635	505	910
Profit before income tax	<u>4,191</u>	<u>3,827</u>	<u>8,842</u>
Income tax expense	1,267	1,255	2,911
Profit after income tax	<u>2,934</u>	<u>2,572</u>	<u>5,931</u>

The notes on pages 5 and 6 form part of and should be read in conjunction with these financial statements.



STATEMENT OF CHANGES IN EQUITY for the six months ended 31 March 2009

	Unaudited 6 months to 31/03/2009 \$000	Unaudited 6 months to 31/03/2008 \$000	Audited Year to 30/09/2008 \$000
Total recognised income and expenses for the period	2,934	2,572	5,931
Retained profits at beginning of the period	7,692	1,163	1,163
Transfer to foreign currency translation reserve	1,311	(851)	598
Retained profits at end of the period	<u>11,937</u>	<u>2,884</u>	<u>7,692</u>
Foreign currency translation reserve at beginning of the period	1,351	1,949	1,949
Currency translation adjustments	(1,311)	934	(598)
Foreign currency translation reserve at end of the period	<u>40</u>	<u>2,883</u>	<u>1,351</u>
Ordinary share capital at beginning and end of the period	500	500	500
Equity at end of the period	<u>12,477</u>	<u>6,267</u>	<u>9,543</u>

The notes on pages 5 and 6 form part of and should be read in conjunction with these financial statements.



BALANCE SHEET as at 31 March 2009

	Unaudited 31/03/2009 \$000	Unaudited 31/03/2008 \$000	Audited 30/09/2008 \$000
Assets			
Liquid assets	436	1,208	1,948
Amounts due from related parties	26,980,507	27,152,563	33,386,405
Other assets	-	11,808	3,407
Deferred tax assets	18	25	18
Total assets	<u>26,980,961</u>	<u>27,165,604</u>	<u>33,391,778</u>
Liabilities			
Deposits and other borrowings	6,134,777	10,932,199	12,669,729
Amounts due to related parties - current	529,864	623,965	1,020,122
Payables and other liabilities	39,825	74,387	96,182
Current tax liabilities	1,509	1,725	1,846
Bonds and notes	17,513,822	14,394,484	17,033,647
Amounts due to related parties - term	2,748,687	1,132,577	2,560,709
Total liabilities	<u>26,968,484</u>	<u>27,159,337</u>	<u>33,382,235</u>
Net assets	<u>12,477</u>	<u>6,267</u>	<u>9,543</u>
Equity			
Ordinary share capital	500	500	500
Foreign currency translation reserve	40	2,883	1,351
Retained profits	11,937	2,884	7,692
Total equity	<u>12,477</u>	<u>6,267</u>	<u>9,543</u>

The notes on pages 5 and 6 form part of and should be read in conjunction with these financial statements.



CASH FLOW STATEMENT for the six months ended 31 March 2009

	Unaudited 6 months to 31/03/2009 \$000	Unaudited 6 months to 31/03/2008 \$000	Audited Year to 30/09/2008 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Interest received	621,960	688,794	1,235,311
	<u>621,960</u>	<u>688,794</u>	<u>1,235,311</u>
<i>Cash was applied to:</i>			
Interest paid	(617,231)	(683,673)	(1,225,381)
Operating expenses	(591)	(400)	(806)
Payment of tax	(1,594)	(1,349)	(2,836)
	<u>(619,416)</u>	<u>(685,422)</u>	<u>(1,229,023)</u>
Net cash flows provided by operating activities	<u>2,544</u>	<u>3,372</u>	<u>6,288</u>
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Decrease in other assets	336	-	-
Decrease in due from parent company	9,107,077	-	-
	<u>9,107,413</u>	<u>-</u>	<u>-</u>
<i>Cash was applied to:</i>			
Increase in other assets	-	-	(65)
Increase in due from parent company	-	(3,201,250)	(5,776,892)
	<u>-</u>	<u>(3,201,250)</u>	<u>(5,776,957)</u>
Net cash flows provided by / (used in) investing activities	<u>9,107,413</u>	<u>(3,201,250)</u>	<u>(5,776,957)</u>
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Increase in deposits and other borrowings	-	1,475,316	2,072,318
Increase in due to related parties - term	-	-	1,988,739
Proceeds from bonds and notes	-	3,476,099	7,319,442
	<u>-</u>	<u>4,951,415</u>	<u>11,380,499</u>
<i>Cash was applied to:</i>			
Decrease in due to related parties - current	(398,853)	(594,337)	(920,987)
Decrease in due to related parties - term	-	(660,182)	(660,182)
Decrease in deposits and other borrowings	(5,605,835)	-	-
Redemptions of bonds and notes	(3,106,781)	(499,966)	(4,028,869)
	<u>(9,111,469)</u>	<u>(1,754,485)</u>	<u>(5,610,038)</u>
Net cash flows (used in) / provided by financing activities	<u>(9,111,469)</u>	<u>3,196,930</u>	<u>5,770,461</u>
Net cash flows provided by operating activities	2,544	3,372	6,288
Net cash flows provided by / (used in) investing activities	9,107,413	(3,201,250)	(5,776,957)
Net cash flows (used in) / provided by financing activities	<u>(9,111,469)</u>	<u>3,196,930</u>	<u>5,770,461</u>
Net decrease in cash and cash equivalents	(1,512)	(948)	(208)
Opening cash and cash equivalents	1,948	2,156	2,156
Closing cash and cash equivalents	<u>436</u>	<u>1,208</u>	<u>1,948</u>
Reconciliation of closing cash and cash equivalents to balance sheet:			
Liquid assets	<u>436</u>	<u>1,208</u>	<u>1,948</u>

The notes on pages 5 and 6 form part of and should be read in conjunction with these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(i) **Basis of preparation**

These financial statements have been prepared in accordance with NZ IAS 34: Interim Financial Reporting and comply with this Standard. These financial statements should be read in conjunction with the financial statements for the year ended 30 September 2008.

(ii) **Measurement base**

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts.

(iii) **Changes in accounting policies**

There have been no changes in accounting policies during the six month period ended 31 March 2009.

(iv) **Presentation currency and rounding**

The amounts contained in the financial statements are presented in thousands of New Zealand dollars, unless otherwise stated. The Company's functional currency is United States dollars.

(v) **Comparatives**

To ensure consistency with the current period, all comparative figures have been restated where appropriate.

2. RELATED PARTIES

The parent company is ANZ National Bank Limited which is incorporated in New Zealand. The ultimate parent company is Australia and New Zealand Banking Group Limited which is incorporated in Australia.

As at 31 March 2009, deposits and other borrowings of \$6,135 million, borrowings due to Australia and New Zealand Banking Group Limited of \$3,278 million and bonds and notes of \$17,514 million issued by the Company were guaranteed by ANZ National Bank Limited (31 March 2008 \$10,932 million, \$1,757 million and \$14,394 million; 30 September 2008 \$12,670 million, \$3,581 million and \$17,034 million).

3. ORDINARY SHARE CAPITAL

	Unaudited 31/03/2009 No. of shares	Unaudited 31/03/2008 No. of shares	Audited 30/09/2008 No. of shares
Ordinary shares at beginning and end of the period	500,000	500,000	500,000
	31/03/2009 \$000	31/03/2008 \$000	30/09/2008 \$000
Ordinary share capital at beginning and end of the period	500	500	500

No dividends were paid during the period. (31 March 2008 nil; 30 September 2008 nil).

The ordinary shares have the rights and powers prescribed by Section 36 of the Companies Act 1993, whereby they have equal rights regarding voting, dividends and the residual assets upon winding up of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	Unaudited 6 months to 31/03/2009 \$000	Unaudited 6 months to 31/03/2008 \$000	Audited Year to 30/09/2008 \$000
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There were no contingent liabilities as at 31 March 2009 (31 March 2008 nil; 30 September 2008 nil).

As at 31 March 2009, the Company had unsecured liquidity facilities as follows:

USD 550m (March 2008: USD 1,000m)	968,177	1,261,192	820,976
GBP 125m (March 2008: nil)	314,672	-	335,980
Euro 250m (March 2008: nil)	582,609	-	535,830
Total facilities available	<u>1,865,358</u>	<u>1,261,192</u>	<u>1,692,786</u>

As at 31 March 2009, no facilities were utilised (March 2008 nil; September 2008 nil)

5. NOTES TO THE CASH FLOW STATEMENT

	Unaudited 6 months to 31/03/2009 \$000	Unaudited 6 months to 31/03/2008 \$000	Audited Year to 30/09/2008 \$000
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Reconciliation of net profit after tax to net cash flow from operating activities

Net profit after tax	2,934	2,572	5,931
Adjustments to net profit after tax:			
Unrealised foreign exchange (gains)/ losses	(336)	187	65
Decrease (increase) in accrued interest income	78,552	58,855	35,299
(Decrease) increase in accrued interest expense	(78,313)	(58,304)	(35,186)
Increase (decrease) in accrued charges	44	115	104
Increase in income tax assets	-	(25)	(18)
(Decrease) increase in income tax liabilities	(337)	(28)	93
Net cash flows from operating activities	<u>2,544</u>	<u>3,372</u>	<u>6,288</u>

INTERIM MANAGEMENT REPORT

The principal activities of the Company include the provision of funding facilities and wholesale funding to its parent company, ANZ National Bank Limited, including the issuance of U.S. Commercial Paper, Euro-Commercial Paper, U.S. Medium-Term Notes and Euro Medium-Term Notes. The Company's overseas activities are currently conducted through its London branch. The Company has no subsidiary companies.

Important Events

The decrease in the Company's total assets from \$33,392 million as at 30 September 2008 to \$26,981 million as at 31 March 2009 has been driven by a decrease in the wholesale funding required by the parent company. The Company has consequently reduced the level of shorter term deposits.

Net interest income was stable in the six months to 31 March 2009 compared to the six months to 31 March 2008, with higher levels of Total Equity invested offset by lower average margin earned, as higher margin issues roll off.

Principal Risks and Uncertainties

The Company expects minimal change to principal risks and uncertainties over the next six months.

The Company's exposure to risk arises from the Company's operations as a financial intermediary and participant in the financial markets. All aspects of risk are managed within a framework of policies, limits, control procedures, systems and reporting, and risk exposures are independently monitored and controlled within predefined limits, with an internal reporting framework in place.

The Company carries minimal interest rate, liquidity and currency risk reflecting the Company's role as a financial intermediary. The Company's principal credit risk exposure continues to be to the parent company. Operational risk is managed through a comprehensive infrastructure of effective policies, procedures, businesses systems and compliance.

RESPONSIBILITY STATEMENT

As at the date on which this Responsibility Statement is signed, after due enquiry, the Directors believe that:

The interim management report of the Company includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules (DTR), being:

- An indication of important events that have occurred during the first six months of the financial year, and their impact on the interim financial statements; and
- A description of the principal risks and uncertainties for the remaining six months of the financial year.

For and on behalf of the Board of Directors:

Director



Director



22 May 2009



Auditors' review report

To the shareholder of ANZ National (Int'l) Limited

We have reviewed the interim financial statements on pages 1 to 6 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. The financial statements provide information about the past financial performance of ANZ National (Int'l) Limited and its financial position as at 31 March 2009.

Directors' responsibilities

The Directors of ANZ National (Int'l) Limited are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the company as at 31 March 2009 and the results of its operations and cash flows for the six months ended on that date.

Reviewers' responsibilities

It is our responsibility to express an independent opinion on the interim financial statements presented by the Directors and report our opinion to you.

Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to the financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Other than in our capacity as auditors we have no relationship with or interests in the company

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 1 to 6 do not give a true and fair view of the financial position of ANZ National (Int'l) Limited as at 31 March 2009, the results of its operations and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting*.

Our review was completed on 22 May 2009 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'KPMG'.

Wellington