

ANZ NATIONAL (INT'L) LIMITED

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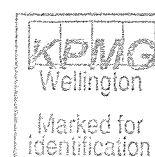
INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

31 MARCH 2010

STATEMENT OF COMPREHENSIVE INCOME for the six months ended 31 March 2010

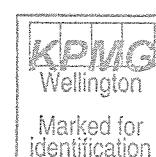
	Unaudited 6 months to 31/03/2010 \$000	Unaudited 6 months to 31/03/2009 \$000	Audited Year to 30/09/2009 \$000
Interest income	186,634	543,408	609,991
Interest expense	182,951	538,918	601,050
Net interest income	3,683	4,490	8,941
Net foreign exchange gains	4	336	63
Total income	3,687	4,826	9,004
Operating expenses	337	635	773
Profit before income tax	3,350	4,191	8,231
Income tax expense	1,005	1,257	2,469
Profit after income tax	2,345	2,934	5,762
Other comprehensive income			
Currency translation adjustments	-	-	-
Total comprehensive income	2,345	2,934	5,762



The notes on page 5 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 2010

	Share capital	Foreign currency translation reserve	Retained profits	Total Equity
	\$000	\$000	\$000	\$000
As at 1 October 2008	500	1,351	7,692	9,543
Profit after income tax	-	-	2,934	2,934
Currency translation adjustments	-	(1,311)	1,311	-
Total comprehensive income	-	(1,311)	4,245	2,934
As at 31 March 2009 (unaudited)	500	40	11,937	12,477
Profit after income tax	-	-	2,828	2,828
Currency translation adjustments	-	1,110	(1,110)	-
Total comprehensive income	-	1,110	1,718	2,828
Ordinary dividend paid	-	-	(7,692)	(7,692)
As at 30 September 2009 (audited)	500	1,150	5,963	7,613
Profit after income tax	-	-	2,345	2,345
Currency translation adjustments	-	1,817	(1,817)	-
Total comprehensive income	-	1,817	528	2,345
As at 31 March 2010 (unaudited)	500	2,967	6,491	9,958



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

BALANCE SHEET as at 31 March 2010

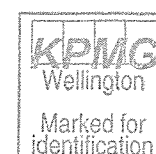
	Unaudited 31/03/2010 \$000	Unaudited 31/03/2009 \$000	Audited 30/09/2009 \$000
Assets			
Liquid assets	801	436	124
Amounts due from related parties	22,840,724	26,980,507	22,381,573
Deferred tax assets	-	18	19
Total assets	<u>22,841,525</u>	<u>26,980,961</u>	<u>22,381,716</u>
Liabilities			
Payables and other liabilities	95,411	39,825	90,255
Amounts due to related parties - current	284,822	529,864	487,298
Deposits and other borrowings	7,414,793	6,134,777	7,388,414
Current tax liabilities	999	1,509	1,333
Amounts due to related parties - term	2,212,795	2,748,687	2,238,595
Bonds and notes	12,822,747	17,513,822	12,168,208
Total liabilities	<u>22,831,567</u>	<u>26,968,484</u>	<u>22,374,103</u>
Net assets	<u>9,958</u>	<u>12,477</u>	<u>7,613</u>
Equity			
Ordinary share capital	500	500	500
Foreign currency translation reserve	2,967	40	1,150
Retained profits	6,491	11,937	5,963
Total equity	<u>9,958</u>	<u>12,477</u>	<u>7,613</u>



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

CASH FLOW STATEMENT for the six months ended 31 March 2010

	Unaudited 6 months to 31/03/2010 \$000	Unaudited 6 months to 31/03/2009 \$000	Audited Year to 30/09/2009 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Interest received	180,442	621,960	736,544
	<u>180,442</u>	<u>621,960</u>	<u>736,544</u>
<i>Cash was applied to:</i>			
Interest paid	(176,572)	(617,231)	(727,232)
Operating expenses	(302)	(591)	(940)
Payment of tax	(1,320)	(1,594)	(2,983)
	<u>(178,194)</u>	<u>(619,416)</u>	<u>(731,155)</u>
Net cash flows provided by operating activities	<u>2,248</u>	<u>2,544</u>	<u>5,389</u>
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Decrease in other assets	-	336	-
Decrease in due from parent company	230,873	9,107,077	6,866,367
Net cash flows provided by investing activities	<u>230,873</u>	<u>9,107,413</u>	<u>6,866,367</u>
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Proceeds from bonds and notes	2,441,039	-	4,511,650
	<u>2,441,039</u>	<u>-</u>	<u>4,511,650</u>
<i>Cash was applied to:</i>			
Dividends paid	-	-	(7,692)
Decrease in due to related parties	(212,143)	(398,853)	(414,069)
Decrease in deposits and other borrowings	(619,497)	(5,605,835)	(3,487,115)
Redemptions of bonds and notes	(1,841,843)	(3,106,781)	(7,476,354)
	<u>(2,673,483)</u>	<u>(9,111,469)</u>	<u>(11,385,230)</u>
Net cash flows used in financing activities	<u>(232,444)</u>	<u>(9,111,469)</u>	<u>(6,873,580)</u>
Net cash flows provided by operating activities	2,248	2,544	5,389
Net cash flows provided by investing activities	230,873	9,107,413	6,866,367
Net cash flows used in financing activities	<u>(232,444)</u>	<u>(9,111,469)</u>	<u>(6,873,580)</u>
Net increase (decrease) in cash and cash equivalents	677	(1,512)	(1,824)
Opening cash and cash equivalents	124	1,948	1,948
Closing cash and cash equivalents	<u>801</u>	<u>436</u>	<u>124</u>
Reconciliation of closing cash and cash equivalents to balance sheet:			
Liquid assets	<u>801</u>	<u>436</u>	<u>124</u>



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 2009.

(ii) Presentation and functional currency

The Company's functional currency is the United States dollar. These financial statements are presented in New Zealand dollars.

(iii) Changes in accounting policies

In this financial period the Company has adopted the amendments to NZ IAS 1. These amendments require a "Statement of comprehensive income" showing net profit or loss and revenues and expenses recognised directly in equity and a "Statement of changes in equity" showing all other movements in equity. With the exception of the adoption of the amendments to NZ IAS 1, there have been no other changes to accounting policies since the issuance of the last annual report.

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 2010, deposits and other borrowings of \$7,415 million, borrowings due to Australia and New Zealand Banking Group Limited of \$2,497 million and bonds and notes of \$12,823 million issued by the Company were guaranteed by ANZ National Bank Limited (31 March 2009 \$6,135 million, \$3,278 million and \$17,514 million; 30 September 2009 \$7,388 million, \$2,726 million and \$12,168 million).

3. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Contingent liabilities

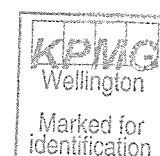
As at 31 March 2010, there were no contingent liabilities outstanding (31 March 2009: nil, 30 September 2009: nil).

Commitments

As at 31 March 2010, there were no commitments outstanding (31 March 2009: nil, 30 September 2009: nil).

4. NOTES TO THE CASH FLOW STATEMENT

	Unaudited 6 months to 31/03/2010 \$000	Unaudited 6 months to 31/03/2009 \$000	Audited Year to 30/09/2009 \$000
Reconciliation of net profit after tax to net cash flow from operating activities			
Net profit after tax	2,345	2,934	5,762
Adjustments to net profit after tax:			
Unrealised foreign exchange gains	(4)	(336)	(63)
(Increase) decrease in accrued interest income	(6,192)	78,552	126,552
Decrease (increase) in accrued interest expense	6,379	(78,313)	(126,182)
Increase (decrease) in accrued charges	35	44	(166)
Decrease (increase) in income tax assets	19	-	(1)
Decrease in income tax liabilities	(334)	(337)	(513)
Net cash flows from operating activities	2,248	2,544	5,389



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

There was no material change in the level of the Company's total assets from 30 September 2009 to 31 March 2010. On the whole, wholesale funding maturities were replaced by new term issuances. The Company has also held the level of shorter deposits and other borrowings, and the amounts due to related parties, at similar levels to the prior period.

Net interest income decreased from \$4.5 million as at 31 March 2009 to \$3.7 million as at 31 March 2010. This was due to a reduction in the level of Bonds and Notes on issue and appreciation of the NZD against the USD, EUR and GBP currencies; partially offset by an increase in Commercial Paper issued.

Principal Risks and Uncertainties

The Company expects minimal change to its 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, to the best of the knowledge of the Directors:

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

27 May 2010



Auditors' review report

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

We have reviewed the interim financial statements on pages 1 to 5 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 2010.

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 2010 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 5 do not give a true and fair view of the financial position of ANZ National (Int'l) Limited as at 31 March 2010, 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 27 May 2010 and our opinion is expressed as at that date.

A handwritten signature in black ink, appearing to be 'KPMG' with a horizontal line underneath.

Wellington