

CBA (Europe) Finance Limited

Report and Financial Statements

30 June 2005

 ERNST & YOUNG



CBA (Europe) Finance Limited

Registered No: 3279332

Directors

J C C Marshall

B Parker

C McBride

Secretary

J C C Marshall

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Bankers

Commonwealth Bank of Australia

108-120 Pitt Street

Sydney

New South Wales 2000

National Westminster Bank Plc

Kings Cross House

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 ERNST & YOUNG

Directors' report

The directors present their report and group financial statements for the year ended 30 June 2005.

Principal activity and review of the business

The group's principal activity during the year is the making of investments.

Results and dividends

The group profit for the year, after taxation, amounted to AUD 1,478k (2004: AUD 9,630k). The directors do not recommend the payment of a dividend this financial year.

Future development

The directors of the company do not expect any significant change in the operations of the company.

Directors and their interests

The directors who held office during the year were as follows:

B Parker

J C C Marshall

C McBride (appointed 28 April 2005)

P J Cole (appointed 5 November 2004, resigned 28 April 2005)

P J R Chiswell (resigned 5 October 2004)

J C C Marshall holds one fully paid ordinary share of £1 in Pontoon (Funding) plc and one fully paid ordinary share of £1 in Quay (Funding) plc. Other than these holdings, no director who held office at the end of the financial year had any beneficial interest in the ordinary shares or preference shares of the company or any of its subsidiaries.

Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditors will be put to the members at the Annual General Meeting.

On behalf of the board



Director

Date: 28th April 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of CBA (Europe) Finance Limited

We have audited the group's financial statements for the year ended 30 June 2005 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

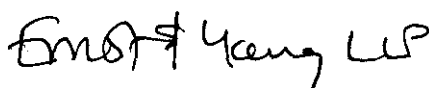
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 June 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

28/4/06

Group profit and loss account

for the year ended 30 June 2005

	Notes	2005 AUD'000	2004 AUD'000
Income from shares in group undertaking		567	—
Income from other fixed asset investments		21,595	30,742
Other interest receivable and similar income from			
- group undertakings		140,392	93,870
- others		312	577
Interest payable and similar charges	2	(160,482)	(113,383)
Other operating charges		(733)	(638)
Profit on ordinary activities before taxation	3	1,651	11,168
Tax on profit on ordinary activities	6	(173)	(1,538)
Profit on ordinary activities after taxation		1,478	9,630
Minority interest		(96)	—
Preference dividends on non-equity shares		—	(28,000)
Profit/(loss) retained for the financial year		1,382	(18,370)

The result for the year is derived entirely from continuing operations.

The accounting policies and notes on pages 9 to 16 form a part of these financial statements.

Group statement of total recognised gains and losses
for the year ended 30 June 2005

	2005 £000	2004 £000
Profit/(loss) retained for the financial year	1,382	9,630
Exchange difference on retranslation of foreign equity investments	(44,823)	(18,980)
Exchange difference on retranslation of foreign currency borrowings designated as hedges	44,823	18,980
Total recognised gains and losses relating to the year	<u>1,382</u>	<u>9,630</u>

The accounting policies and notes on pages 9 to 16 form a part of these financial statements.

Group balance sheet

at 30 June 2005

	Notes	2005 AUD'000	2004 AUD'000
Fixed assets			
Fixed asset investments	7	1,248,991	811,446
		<u>1,248,991</u>	<u>811,446</u>
Current assets			
Debtors	8	2,613,745	2,363,686
Cash at bank and in hand		1,819	957
		<u>2,615,564</u>	<u>2,364,643</u>
Creditors: amounts falling due within one year	10	(962,862)	(539,882)
Net current assets		<u>1,652,702</u>	<u>1,824,761</u>
Total assets less current liabilities		<u>2,901,693</u>	<u>2,636,207</u>
Creditors: amounts falling due after more than one year	10	(2,895,833)	(2,631,518)
		<u>5,860</u>	<u>4,689</u>
Capital and reserves			
Called up share capital	14	—	—
Foreign exchange revaluation reserve	15	(620)	(313)
Profit and loss account	15	6,384	5,002
Minority interest	15	96	—
		<u>5,860</u>	<u>4,689</u>
Shareholders' funds:			
Equity		5,764	4,689
Non-equity		96	—
	15	<u>5,860</u>	<u>4,689</u>

The accounting policies and notes on pages 9 to 16 form a part of these financial statements.

Approved by the Board of Directors on 28th April 2006



Director

Date 28th April 2006

Company balance sheet

at 30 June 2005

	Notes	2005 AUD'000	2004 AUD'000
Fixed assets			
Fixed asset investments	7	881,216	439,069
		<u>881,216</u>	<u>439,069</u>
Current assets			
Debtors	8	38,417	11,826
Cash at bank and in hand		126	348
		<u>38,543</u>	<u>12,174</u>
Creditors: amounts falling due within one year	10	(913,898)	(446,772)
Net current (liabilities)/assets		<u>(875,355)</u>	<u>434,598</u>
Total assets less current liabilities		<u>5,861</u>	<u>4,471</u>
Creditors: amounts falling due after more than one year	10	(1,154)	(4,439)
		<u>4,707</u>	<u>32</u>
Capital and reserves			
Called up share capital	14	—	—
Profit and loss account	16	4,707	32
Shareholders' funds:			
Equity		4,707	32
Non-equity		—	—
	16	<u>4,707</u>	<u>32</u>

The accounting policies and notes on pages 9 to 16 form a part of these financial statements.

Approved by the Board of Directors on 28th April 2006

Director



Date 28th April 2006

Notes to the financial statements

at 30 June 2005

1. Accounting policies

A summary of the principal accounting policies applied consistently throughout the year are set out below:

a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Basis of consolidation

The group financial statements consolidate the financial statements of CBA (Europe) Finance Limited and its subsidiary undertakings drawn up to 30 June each year, using the acquisition method of accounting. No profit and loss account is presented for CBA (Europe) Finance Limited as permitted by section 230 of the Companies Act 1985. The subsidiary undertakings have accounting dates which are coterminous to the holding company. All significant intra group transactions have been eliminated on consolidation.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

c) Related parties

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with related parties which are part of the group.

d) Cash flow statement

The company is a wholly owned subsidiary of Commonwealth Bank of Australia and has taken advantage of the exemption under FRS 1 (revised) from preparing a cash flow statement.

e) Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Where foreign currency borrowings are used to finance foreign equity investments denominated in foreign currencies, the investments are translated at the end of each accounting period at the closing rate and exchange differences arising are taken to reserves. Exchange gains or losses on the foreign currency borrowings used to finance such investments are offset, as a reserve movement, against exchange difference on the investments.

All other differences are taken to the profit and loss account.

Group

The financial statements of subsidiary undertakings with functional currency other than Australian Dollar, are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the net investments. Tax charges and credits attributable to exchange differences on these borrowings are also dealt with in reserves.

Notes to the financial statements

at 30 June 2005

1. Accounting policies (continued)

f) Fixed asset investments

Investments are shown at cost (as adjusted for discounts or premiums) unless, in the opinion of the directors, there has been an impairment in value, in which case an appropriate adjustment is made.

g) Derivative financial instruments

The group uses swaps to reduce exposures to foreign exchange, interest rate and credit risk on certain assets and liabilities.

The interest differentials on the swap are recognised by accruing with net interest payable. The foreign exchange gains and losses on the swap are recognised on a basis that matches the timing of foreign exchange gains and losses on fixed asset investments recognised during the period. Credit default swaps are not revalued or shown on the company's balance sheet at year end. Fees payable on credit default swaps purchased are amortised over the term of the contract. Gains and losses on these instruments are recognised on a basis that matches the timing of any gains and losses from credit events on hedged assets and liabilities recognised during the period.

h) Hire purchase contracts

The net investment in hire purchase contracts is recorded on the balance sheet as a debtor. The rental receipts under hire purchase contracts are charged as finance income in the profit and loss account over the periods of hire purchase contracts and represent a constant proportion of capital repayment of the debtor balance.

i) Interest receivable and payable

Interest receivable and payable is accrued over the period of the loans, investments and borrowings.

2. Interest payable and similar charges

	2005 AUD'000	2004 AUD'000
Interest payable to group undertakings	75,041	29,003
Interest payable on debt securities	85,441	84,380
	<u>160,482</u>	<u>113,383</u>

3. Profit on ordinary activities before taxation

This is stated after charging for auditors' remuneration for the group of AUD 131k (2004: AUD 94k). CBA (Europe) Finance Limited's profits on ordinary activities before taxation amounted to AUD 4,675k (2004: AUD 6,852k).

4. Directors' Remuneration

No emoluments were received by the directors from the company or any other third party for the performance of their duties.

5. Employees

The company did not have any employees during the year.

Notes to the financial statements

at 30 June 2005

6. Taxation

	2005 AUD '000	2004 AUD '000
Tax charge reconciles to the standard UK rate of 30% (2004: 30%) as follows:		
UK corporation tax at 30% (2004: 30%)	495	3,350
Previous year over accrued expense	-	-
Foreign exchange variance on consolidation	-	(29)
Tax credit on non-taxable income	(19,707)	(3,543)
Group relief surrendered for free	19,385	1,760
Current year's tax charge	173	1,538

Notes to the financial statements

at 30 June 2005

7. Fixed asset investments

Group

	<i>Shares in group undertakings AUD '000</i>	<i>Other investments other than loans AUD '000</i>	<i>Total AUD '000</i>
Cost:			
At 1 July 2004	365,671	445,775	811,446
Additions	600,000	–	600,000
Disposals/repayment	–	(116,784)	(116,784)
Foreign exchange movement	(481)	(44,342)	(44,823)
At 30 June 2005	965,190	284,649	1,249,839
Unamortised net discount	–	(848)	(848)
At 30 June 2005	965,190	283,801	1,248,991

Company

	<i>Shares in group undertakings AUD '000</i>
Cost:	
At 1 July 2004	439,069
Additions	600,000
Distribution of share premium *	(117,202)
Foreign exchange movement	(40,651)
At 30 June 2005	881,216

* On 31 May 2005, the directors of Burdekin Investments Limited, which is the company's wholly owned subsidiary made a distribution from the Share Premium Account of £48,507k to the company.

Included in other investments other than loans are listed investments amounting to AUD 283,801k (2004: AUD 445,775k). At 30 June 2005, the market value of these investments was AUD 285,331k.

Notes to the financial statements

at 30 June 2005

7. Fixed asset investments (continued)

Details of investments in which the company holds 20% or more of the nominal value of any class of share capital as at 30 June 2005 are as follows:

<i>Company</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Burdekin Investments Limited	Cayman Islands	Ordinary & Preference shares	100%	Investment company
Pontoon (Funding) Plc	United Kingdom	Ordinary shares	100%	Funding company
Quay (Funding) Plc	United Kingdom	Ordinary shares	100%	Funding company
Pavilion & Park Limited *	United Kingdom	Ordinary shares	75%	Investment company
Waterloo & Victoria Limited *	Cayman Islands	Ordinary shares	25%	Investment company
Watermark Limited *	Hong Kong	Ordinary shares	100%	Investment company
		Preference shares	100% ^Ω	

* The company holds an indirect interest through its interest in Burdekin Investments Limited.

The interest rate, currency and credit risk in certain investments have been matched by swaps. On 27 August 2004, Burdekin Investments Limited invested AUD 600.01m in shares of Watermark Limited, a fellow subsidiary undertaking. The consideration was financed through the issuance of redeemable voting preference shares. Subsequent to the initial purchase, the preference shares were provided to Pavilion & Park Limited under a stock loan agreement. Cash collateral of AUD 600m was received in respect of this stock loan. (^Ω)Under the terms of the stock loan agreement Burdekin Investments Limited sold its voting rights attached to the preference shares and neither controls or significantly influences the entity at the year end.

Burdekin Investments Limited is the beneficiary of an indemnity against costs from ASB Bank to the extent that the net asset value of Waterloo & Victoria Limited is less than NZD 400.004m at the termination of the stock loan.

8. Debtors

	Group		Company	
	2005 AUD'000	2004 AUD'000	2005 AUD'000	2004 AUD'000
Amounts owed by group undertakings	2,302,083	1,889,607	4,914	3,741
Hire purchase contracts (note 9)	4,131	7,640	4,131	7,640
Prepayments and accrued income from				
- group undertakings	27,573	21,572	29,171	244
- other fixed asset investments	—	4,292	—	—
Gross position in underlying swap	279,757	440,374	—	—
Other debtors	201	201	201	201
	<u>2,613,745</u>	<u>2,363,686</u>	<u>38,417</u>	<u>11,826</u>

Notes to the financial statements

at 30 June 2005

Included in amounts owed by group undertakings is an amount of AUD 1,645,695k (2004: AUD1,855,150k) which is due after more than one year. Loans and advances to group undertakings include an AUD 600million deposit with Commonwealth Bank of Australia ("CBA") London Branch. Full repayment of this deposit is contingent on the repayment of an AUD 600million loan to CBA London Branch from CBA (Europe) Finance Limited, the company's immediate parent.

9. Hire Purchase Contracts

	Group		Company	
	2005 AUD'000	2004 AUD'000	2005 AUD'000	2004 AUD'000
Amount receivable under finance leases:				
Within one year	2,876	2,970	2,876	2,970
In two to five years	1,421	5,183	1,421	5,183
	<u>4,297</u>	<u>8,153</u>	<u>4,297</u>	<u>8,153</u>
Less: Finance charges allocated to future periods	(166)	(513)	(166)	(513)
	<u>4,131</u>	<u>7,640</u>	<u>4,131</u>	<u>7,640</u>
Of which less than one year	2,910	2,890	2,910	2,890
Of which over one year	1,221	4,750	1,221	4,750
	<u>4,131</u>	<u>7,640</u>	<u>4,131</u>	<u>7,640</u>

10. Creditors

	Group		Company	
	2005 AUD'000	2004 AUD'000	2005 AUD'000	2004 AUD'000
Amounts falling due within one year:				
Accruals and deferred income				
- Group undertakings	7,244	3,800	6,105	2,827
- Others	20,850	22,486	63	37
Corporation tax	1,765	1,562	-	-
Amount owed to group undertakings (note 11)	907,730	448,347	907,730	443,908
Debt securities in issue (note 12)	25,273	28,609	-	-
Unamortised fees and gross position in underlying swap transaction (note 13)	-	35,078	-	-
	<u>962,862</u>	<u>539,882</u>	<u>913,898</u>	<u>446,772</u>
Amounts falling due after more than one year:				
Amounts owed to group undertakings (note 11)	966,334	365,671	1,154	4,439
Debt securities in issue (note 12)	1,645,695	1,855,150	-	-
Unamortised fees and gross position in underlying swap transaction (note 13)	283,804	410,697	-	-
	<u>2,895,833</u>	<u>2,631,518</u>	<u>1,154</u>	<u>4,439</u>

Notes to the financial statements

at 30 June 2005

11. Amounts owed to group companies

	<i>Group</i>		<i>Company</i>	
	2005	2004	2005	2004
	AUD'000	AUD'000	AUD'000	AUD'000
Maturity analysis:				
1 year or less or on demand	907,730	448,347	907,730	443,908
In more than one year but not more than two years	1,119	3,157	1,119	3,157
In more than two years but not more than five years	965,215	362,514	35	1,282
	<u>1,874,064</u>	<u>814,018</u>	<u>908,884</u>	<u>448,347</u>

12. Debt securities in issue

	<i>Group</i>		<i>Company</i>	
	2005	2004	2005	2004
	AUD'000	AUD'000	AUD'000	AUD'000
Bonds and medium term notes	—	—	—	—
Maturity analysis:				
1 year or less or on demand (balance sheet – current liabilities)	25,273	28,609	—	—
In more than one year but not more than two years	24,889	28,059	—	—
In more than two years but not more than five years	1,620,806	1,827,091	—	—
In more than five years	—	—	—	—
	<u>1,670,968</u>	<u>1,883,759</u>	<u>—</u>	<u>—</u>

These bonds issued by subsidiary undertakings are listed on the Luxembourg Stock Exchange and secured by a charge over loans and advances to group undertakings.

13. Unamortised fees and gross position in underlying swap transaction

	<i>Group</i>		<i>Company</i>	
	2005	2004	2005	2004
	AUD'000	AUD'000	AUD'000	AUD'000
Maturity analysis:				
One year or less or on demand	—	35,078	—	—
In more than one year but not more than two years	19,201	—	—	—
In more than two years but not more than five years	264,603	410,697	—	—
In more than five years	—	—	—	—
	<u>283,804</u>	<u>445,775</u>	<u>—</u>	<u>—</u>

Notes to the financial statements

at 30 June 2005

14. Called up share capital

	<i>Group Authorised 2005 £</i>	<i>Company Authorised 2004 £</i>		
100 ordinary shares of £1 each	100	100		
	<i>AUD</i>	<i>AUD</i>		
1,500,000,000 preference shares of AUD 1 each	1,500,000,000	1,500,000,000		
	<hr/>	<hr/>		
	<i>Allotted, called up and fully paid</i>			
	<i>2005 No.</i>	<i>2004 No.</i>	<i>2005 £</i>	<i>2004 £</i>
Ordinary shares of £1 each	2	2	2	2
	<hr/>	<hr/>	<hr/>	<hr/>

15. Group reconciliation of shareholders' funds and movement on reserves

	<i>Share capital AUD'000</i>	<i>Profit and loss account AUD'000</i>	<i>Foreign exchange reserve AUD'000</i>	<i>Minority interest AUD'000</i>	<i>Total shareholders' funds AUD'000</i>
At 1 July 2004	—	5,002	(313)	—	4,689
Profit retained for the year	—	1,382	—	—	1,382
Foreign exchange difference	—	—	(307)	—	(307)
Minority interest	—	—	—	96	96
At 30 June 2005	—	6,384	(620)	96	5,860
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16. Company reconciliation of shareholders' funds and movement on reserves

	<i>Share capital AUD'000</i>	<i>Profit and loss account AUD'000</i>	<i>Foreign exchange reserve AUD'000</i>	<i>Total shareholders' funds AUD'000</i>
At 1 July 2004	—	32	—	32
Profit retained for the year	—	4,675	—	4,675
At 30 June 2005	—	4,707	—	4,707
	<hr/>		<hr/>	

17. Parent undertaking

The company's parent undertaking is Commonwealth Bank of Australia, which is incorporated in Australia. Copies of its group financial statements, which include the company, are available to the public from 48 Martin Place, Sydney, Australia.