Westpac Securities NZ Limited

Interim financial report

For the six months ended 31 March 2012

Westpac Securities NZ Limited

Contents

The interim financial report does not cover all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 September 2011 and any public announcements made by Westpac Securities NZ Limited during the interim reporting period in accordance with any relevant continuous disclosure obligations.

The interim financial report covers Westpac Securities NZ Limited (the '**Company**') as an individual entity.

The Company is limited by shares, incorporated and domiciled in New Zealand. Its registered office is:

Westpac on Takutai Square
16 Takutai Square
Auckland

A description of the nature of the Company's operations and its principal activities is included in the interim management report and responsibility statement on page 3.

The members of the Board of Directors of the Company ('**Board**') at the date of these financial statements are:

Name	Principal activity outside the Company
Mariette Maria Bernadette van Ryn	General Manager, Regulatory Affairs & General Counsel NZ, Westpac New Zealand Limited ('**WNZL**')
Leigh James Bartlett	Chief Financial Officer, WNZL
David Alexander McLean	General Manager, Wealth, Insurance, Private & Institutional Banking, WNZL, and Chief Executive, Westpac Banking Corporation - NZ Branch ('**WBC NZ Branch**')
David Andrew Watts	Chief Risk Officer, WNZL

The interim financial report was authorised for issue by the Directors on 14 May 2012. The Company has the power to amend and reissue the interim financial report.

Westpac Securities NZ Limited

Disclosure regarding forward-looking statements

This interim financial report contains forward-looking statements which appear in a number of places and include statements regarding our intent, belief or current expectations with respect to the Company's business and operations, market conditions, results of operations and financial condition. This interim financial report uses words such as 'will', 'may', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'believe', 'probability', 'risk', or other similar words to identify forward-looking statements. These statements reflect our current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond our control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on us will be those anticipated by management. Actual results may vary materially from those we expect, depending on the outcome of various factors. As the Company is an indirect, wholly owned subsidiary of WNZL, it is consequently affected by the same principal risks and uncertainties which affect WNZL. These factors include but are not limited to:

- the effect of, and changes in, laws, regulations, taxation or accounting standards or practices and government policy, particularly changes to liquidity, leverage and capital requirements;
- the stability of New Zealand, Australian and international financial systems and disruptions to financial markets and any losses or business impacts WNZL, its customers or counterparties may experience as a result;
- market volatility, including uncertain conditions in funding, equity and asset markets;
- adverse asset, credit or capital market conditions;
- changes to the credit ratings of WNZL or Westpac Banking Corporation ('**WBC**');
- levels of inflation, interest rates, exchange rates and market and monetary fluctuations;
- market liquidity and investor confidence;
- changes in economic conditions, consumer spending, saving and borrowing habits in New Zealand and in other countries in which WNZL or its customers or counterparties conduct their operations and WNZL's ability to maintain or to increase market share and control expenses;
- the effects of competition in the geographic and business areas in which WNZL conducts its operations;
- reliability and security of WNZL's technology and risks associated with changes to technology systems;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by customers;
- the effectiveness of WNZL's risk management policies, including its internal processes, systems and employees;
- the occurrence of environmental change or external events in countries in which WNZL or its customers or counterparties conduct their operations;
- internal and external events which may adversely impact WNZL's reputation;
- changes in political, social or economic conditions in any of the major markets in which WNZL or its customers or counterparties operate; and
- various other factors beyond WNZL's and the Company's control.

The above list is not exhaustive. For certain other factors that may impact on forward-looking statements made in this interim financial report refer to the section on 'Principal risks and uncertainties' in the Interim management report. When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and events.

The Company is under no obligation, and does not intend, to update any forward-looking statements contained in this interim financial report, whether as a result of new information, future events or otherwise, after the date of this interim financial report.

Westpac Securities NZ Limited

Interim management report

Review and results of the Company's operations during the six months ended 31 March 2012

The principal activity of the Company (acting through its London branch) is to raise and manage offshore wholesale funding for WNZL.

The profit after income tax expense of the Company for the six months ended 31 March 2012 was $1,649,000 compared with the profit after income tax expense of $1,348,000 for the six months ended 31 March 2011, an increase of 22%.

Interest income increased by 23% to $135,471,000 compared to the six months ended 31 March 2011. The $25,251,000 increase was in line with the increased interest expense.

Interest expense increased by 24% to $135,118,000 compared to the six months ended 31 March 2011. The $26,463,000 increase was due to an increased level of long term funding in the overall funding mix, as the Company focuses to reduce reliance on short term funding which is vulnerable to frequent refinance risk.

Net interest income decreased by 77% to $353,000 compared to the six months ended 31 March 2011.

Non-interest income increased by 113% to $2,295,000 compared to the six months ended 31 March 2011. This increase was mainly due to recovery from WNZL for amortisation costs and professional fees paid in relation to the covered bond programme.

Operating expenses decreased by 51% to $358,000 compared to the six months ended 31 March 2011. This decrease was due to a decreased level of operating services received by the Company.

Income tax expense of $641,000 increased by 11% due to the increase in profit before income tax expense for the six month period.

Total debt issues as at 31 March 2012 was $12,079,115,000 which was a decrease of $3,753,540,000, or 24%, compared to $15,832,655,000 as at 30 September 2011. This decrease was due to a decreased funding requirement by WNZL.

For further information on the financial performance and position of WNZL, refer to its most recent Disclosure Statement available on WNZL's website at www.westpac.co.nz.

Significant events during the six months ended 31 March 2012

There were no significant events during the six months ended 31 March 2012.

Principal risks and uncertainties

The Company's business is subject to risks that can adversely impact its business, results of operations, financial condition and future performance. As the Company is an indirect, wholly owned subsidiary of WNZL, it is consequently affected by the same principal risks and uncertainties which affect WNZL. The principal risks and uncertainties that affect WNZL are set forth below. There are no additional risk factors solely affecting the Company.

The principal risks and uncertainties described below are not the only ones the Company may face. Additional risks and uncertainties of which we may be unaware or that we currently deem to be immaterial, may also become important factors that affect us in the future. If any of the following risks actually occur, our business, results of operations or financial condition could be materially adversely affected.

WNZL's businesses are highly regulated and WNZL could be adversely affected by failing to comply with existing laws and regulations or by changes in laws and regulations and regulatory policy

As a financial institution, WNZL is subject to detailed laws and regulations in New Zealand and each of the other jurisdictions in which it obtains funding. It is supervised by a number of different regulatory authorities which have broad administrative power over its businesses. The RBNZ has supervisory oversight of WNZL's operations.

WNZL is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards) and industry codes of practice in the jurisdictions in which it operates or obtains funding, as well as meeting its ethical standards.

Compliance risk arises from these legal and regulatory requirements. If WNZL fails to comply with applicable laws and regulations, it may be subject to fines, penalties or restrictions on its ability to do business. An example of the broad administrative power available to regulatory authorities is the power available to the RBNZ in certain circumstances to investigate WNZL's affairs, issue a direction to WNZL (such as a direction to cease to carry on all or part of its business, consult with the RBNZ or take any action as directed to address a breach of its conditions of registration), or remove a director. Any such costs and restrictions could have a material adverse effect on WNZL's business, reputation, prospects, financial performance or financial condition.

Interim management report (continued)

As with other financial services providers, WNZL continues to face increased supervision and regulation, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation. One example of this is the announcement in December 2010 by the Basel Committee on Banking Supervision of a revised global regulatory framework, known as Basel III. Basel III will, among other things, increase the required quality and quantity of capital held by banks and introduce new minimum standards for the management of liquidity risk. The Basel III framework comes into effect from 1 January 2013, subject to various transitional arrangements. However, the RBNZ has proposed that the new Tier 1 and Tier 2 capital requirements be incorporated into its prudential standards with effect from 1 January 2013 mostly without a transitional period. Throughout the six months ended 31 March 2012 there have also been a series of other regulatory releases proposing significant regulatory change for financial institutions. This includes global over-the-counter derivatives reform and proposals for implementing the RBNZ's Open Bank Resolution Policy and proposal for a new legislative framework for covered bonds. Other areas of potential change that could impact WNZL include changes to accounting and reporting requirements, tax legislation, regulation relating to remuneration, consumer protection and competition legislation, privacy legislation, bribery and anti-money laundering laws and securities laws. In addition, further changes may occur driven by policy, prudential or political factors.

Regulation is becoming increasingly more extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. Such an approach may not appropriately respond to the specific requirements of New Zealand.

Changes may also occur in the oversight approach of regulators. It is possible that the New Zealand government or other governments in jurisdictions in which WNZL or the Company obtains funding might revise their application of existing regulatory policies that apply to, or impact, WNZL's business or the Company, including for reasons relating to national interest and/or systemic stability.

Regulatory changes and the timing of their introduction continue to evolve and WNZL currently manages its businesses in the context of regulatory uncertainty. The nature and impact of future changes are not predictable and are beyond WNZL's control. Regulatory compliance and the management of regulatory change are an increasingly important part of WNZL's strategic planning. WNZL expects that it will be required to continue to invest significantly in compliance and the management and implementation of regulatory change and, at the same time, significant management attention and resources will be required to update existing or implement new processes and procedures to comply with the new regulations.

Regulatory change may also impact WNZL's operations by requiring WNZL to have increased levels of liquidity and higher levels of, and better quality, capital as well as place restrictions on the businesses it conducts or require WNZL to alter its product and service offerings. If regulatory change has any such effect, it could adversely affect one or more of WNZL's businesses, restrict its flexibility, require it to incur substantial costs and impact the profitability of one or more of its business lines. Any such costs or restrictions could have a material adverse effect on WNZL's business, financial performance, financial condition or prospects.

Adverse credit and capital market conditions may significantly affect WNZL's ability to meet funding and liquidity needs and may increase its cost of funding

WNZL relies on credit and capital markets to fund its business and as a source of liquidity. WNZL's liquidity and costs of obtaining funding are related to credit and capital market conditions.

Global credit and capital markets have experienced extreme volatility, disruption and decreased liquidity in recent years. While there have been periods of stability in these markets, the environment has become more volatile and unpredictable. This has been exacerbated by the potential for sovereign debt defaults and/or banking failures in Europe which has contributed to volatility in stock prices and in credit spreads. Focus on the US has continued following Standard & Poor's downgrade of the sovereign credit rating of the United States in August 2011. New Zealand's sovereign credit ratings were also downgraded by Standard & Poor's and Fitch Ratings in September 2011. Adding to the uncertainty, has been a slowing in the global economic outlook for a number of countries including China. WNZL's direct exposure to the affected European countries is immaterial, with the main risks it faces being damage to market confidence, changes to the access to, and cost of funding and a slowing in global activity or through other impacts on entities with whom WNZL does business.

As of 31 March 2012, approximately 24% of WNZL's total net funding originated from domestic and international wholesale markets. Of this around 76% was sourced outside New Zealand.

A shift in investment preferences of businesses and consumers away from bank deposits toward other asset or investment classes would increase WNZL's need for funding from relatively less stable or more expensive forms of funding.

If market conditions deteriorate due to economic, financial, political or other reasons, WNZL's funding costs may be adversely affected and its liquidity and funding and lending activities may be constrained.

As a result of the transfer of additional banking operations from the WBC NZ Branch to WNZL on 1 November 2011, WNZL is subject to increased funding requirements. If WNZL's current sources of funding prove to be insufficient, WNZL may be forced to seek alternative financing. The availability of such alternative financing, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, WNZL's credit ratings and credit market capacity. Even if available, the cost of these alternatives may be more expensive or on unfavourable terms, which could adversely affect WNZL's results of operations, liquidity, capital resources and financial condition. There is no assurance that WNZL will be able to obtain adequate funding and do so at acceptable prices, nor that WNZL will be able to recover any additional costs.

If WNZL is unable to source appropriate funding, it may also be forced to reduce its lending or begin to sell liquid securities. Such actions may adversely impact WNZL's business, results of operations, liquidity, capital resources and financial condition.

WNZL enters into collateralised derivative positions which may require it to post additional collateral based on adverse movements in market rates, which would adversely affect WNZL's liquidity.

Failure to maintain credit ratings could adversely affect WNZL's cost of funds, liquidity, competitive position and access to capital markets

Credit ratings are opinions on WNZL's creditworthiness. WNZL's credit ratings affect the cost and availability of funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating WNZL's products and services. Therefore, maintaining high quality credit ratings is important.

Westpac Securities NZ Limited

Interim management report (continued)

The credit ratings assigned to WNZL by rating agencies are based on an evaluation of a number of factors, including WNZL's financial strength, WNZL's position as part of the WBC group and structural considerations regarding the New Zealand financial system. A credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this section or by other events including changes to the methodologies used by the rating agencies to determine ratings.

On 9 November 2011, Standard & Poor's released its new global bank rating criteria and Banking Industry Country Risk Assessments ('**BICRA**') methodology. Also, on 9 November 2011, Standard & Poor's announced the BICRA score for New Zealand of 3, down from a score of 2 under the previous methodology. On 1 December 2011, as a result of the Standard and Poor's bank rating criteria changes, WNZL's credit rating was lowered from AA to AA- with a 'stable' outlook.

On 27 May 2011, Moody's Investors Service advised WNZL, along with the other major New Zealand banks, that its long-term, senior unsecured debt rating was downgraded to Aa3 from Aa2 with a 'stable' outlook.

On 30 January 2012, Fitch Ratings ('**Fitch**') placed WNZL's credit rating on 'rating watch negative'. The announcement by Fitch formed part of a broader review of their debt ratings that are applied to the largest banking institutions in the world. On 24 February 2012, WNZL's credit rating issued by Fitch was downgraded from AA to AA- with a 'stable' outlook.

A credit rating is not a recommendation to buy, sell or hold securities of the Company or WNZL. Such ratings are subject to revision, qualification, suspension or withdrawal at any time by the assigning rating agency. Investors in the Company's or WNZL's securities are cautioned to evaluate each rating independently of any other rating.

The credit ratings of a subsidiary are generally linked to the credit ratings of its parent entity. Consequently, should the long-term issuer credit rating of WBC be downgraded, it is likely that WNZL's long-term issuer credit rating would also be downgraded which would adversely affect its cost of funds and related margins, collateral requirements, liquidity, competitive position and access to capital markets.

If WNZL fails to maintain its current credit ratings, this would adversely affect its cost of funds and related margins, collateral requirements, liquidity, competitive position and access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether WNZL's ratings differ among agencies (split ratings) and whether any ratings changes also impact WNZL's peers or the sector.

A systemic shock in relation to the New Zealand, Australian or other financial systems could have adverse consequences for WNZL or its customers or counterparties that would be difficult to predict and respond to

There is a risk that a major systemic shock could occur that causes an adverse impact on the New Zealand, Australian or other financial systems.

As outlined above, the financial services industry and capital markets have been, and may continue to be, adversely affected by continuing market volatility and the negative outlook for global economic conditions. Recently there has been an increased focus on the potential for sovereign debt defaults and/or significant bank failures in the 17 countries comprising the Eurozone which has exacerbated these conditions. There can be no assurance that the market disruptions in the Eurozone, including the increased cost of funding for certain Eurozone governments, will not spread, nor can there be any assurance that future assistance packages will be available or sufficiently robust to address any further market contagion in the Eurozone or elsewhere.

Any such market and economic disruptions could have a material adverse effect on financial institutions such as WNZL because consumer and business spending may decrease, unemployment may rise and demand for the products and services WNZL provides may decline, thereby reducing its earnings. These conditions may also affect the ability of WNZL's borrowers to repay their loans or WNZL's counterparties to meet their obligations, causing WNZL to incur higher credit losses. These events could also result in the undermining of confidence in the financial system, reducing liquidity and impairing WNZL's access to funding and impairing WNZL's customers and counterparties and their businesses. If this were to occur, WNZL's businesses, financial performance, financial condition and prospects could be adversely affected.

The nature and consequences of any such event are difficult to predict and there can be no guarantee that WNZL could respond effectively to any such event.

WNZL is subject to contagion and reputation risk, which may adversely impact WNZL's financial conditions and results of operations

As part of a larger business group, WNZL is vulnerable to financial and reputational damage by virtue of its association with other members of the WBC group, any of which may suffer the occurrence of a risk event, including financial stress or failure. In WNZL's case, the damage may be financial and may impact its financial condition and results of operations if the financial resources provided by WBC to support WNZL are withdrawn. Reputational consequences (including damage to the Westpac franchise), as a result of the occurrence of a risk event (for example, major operational failure), may exceed the direct cost of the risk event itself and may impact on WNZL's results.

Declines in asset markets could adversely affect WNZL's operations or profitability

Declines in New Zealand or other asset markets, including equity, property and other asset markets, could adversely affect WNZL's operations and profitability.

Declining asset prices impact WNZL's asset holdings. Declining asset prices could impact customers and counterparties and the value of security WNZL holds against loans and derivatives which may impact its ability to recover amounts owing to it if customers or counterparties were to default. It may also affect WNZL's level of provisioning which in turn impacts profitability.

A weakening of the real estate market in New Zealand could adversely affect WNZL

Loans secured by residential mortgages are important to WNZL's business. As at 31 March 2012, housing lending represented approximately two-thirds of WNZL's gross loans and advances.

A sustained decrease in property valuations in New Zealand could increase the losses WNZL may experience from its existing mortgages and decrease the amount of new mortgages WNZL is able to originate, which could materially and adversely affect WNZL's financial condition, results of operations and future performance.

Interim management report (continued)

For the six months ended 31 March 2012, lending has remained subdued in line with New Zealand's economic conditions. WNZL's loan growth has reflected the softer market.

WNZL's business is substantially dependent on the New Zealand economy

WNZL's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, lending is dependent on various factors including economic growth, business investment, levels of employment, interest rates and trade flows in New Zealand.

WNZL currently conducts substantially all of its business in New Zealand and, consequently, its performance is influenced by the level and cyclical nature of lending in New Zealand. These factors are in turn impacted by both domestic and international economic conditions, natural disasters and political events. A significant decrease in the New Zealand housing market or property valuations could adversely impact WNZL's housing lending activities because the ability of its borrowers to repay their loans or counterparties to honour their obligations may be affected, causing WNZL to incur higher credit losses, or the demand for WNZL's housing lending products may decline.

Adverse changes to the economic and business conditions in Australia, New Zealand's most significant trading partner, or other countries with which New Zealand has substantial trade, could also negatively impact the New Zealand economy and WNZL's customers. This could in turn result in reduced demand for WNZL's products and services and affect the ability of its borrowers to repay their loans. If this were to occur, it would negatively impact WNZL's business, financial performance, financial condition and prospects.

An increase in defaults in credit exposures could adversely affect WNZL's results of operations, liquidity, capital resources and financial condition

Credit risk is a significant risk and arises primarily from WNZL's lending activities. The risk arises from the likelihood that some customers and counterparties will be unable to honour their obligations to WNZL, including the repayment of loans and interest.

Credit risk also arises from certain derivative contracts WNZL enters into and from its dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, governments and government bodies the financial conditions of which may be impacted to varying degrees by economic conditions in global financial markets.

WNZL holds collective and individually assessed provisions for its credit exposures. If economic conditions deteriorate, some customers and/or counterparties could experience higher levels of financial stress and WNZL may experience a significant increase in defaults and write-offs, and be required to increase its provisioning. Such events would diminish available capital and would adversely affect WNZL's operating results, liquidity, capital resources and financial condition.

WNZL faces intense competition in all aspects of its business

The financial services industry is highly competitive. WNZL competes with retail and commercial banks and, to a lesser extent, with non-bank lending institutions, other financial institutions and businesses in other industries with emerging financial services aspirations. These include specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently.

If WNZL is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also materially adversely affect WNZL's results of operations by diverting business to its competitors or creating pressure to lower margins.

Increased competition for deposits could also increase WNZL's cost of funding and need to access other types of funding. WNZL relies on bank deposits to fund a significant portion of its balance sheet and deposits have been a relatively stable source of funding. WNZL competes with banks and other financial services firms for such deposits. To the extent that WNZL is not able to successfully compete for deposits, it would be forced to rely more heavily on more expensive and less stable forms of funding, or reduce lending.

WNZL is also dependent on its ability to offer products and services that match evolving customer preferences. If WNZL is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, it may lose customers to its competitors. This could adversely affect its results of operations, financial performance and financial condition.

WNZL could suffer losses due to market volatility

WNZL is exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of its financial position. As a result of these activities WNZL is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, commodity prices, credit prices and equity prices. Structural interest rate risk (WNZL's most significant market risk) may arise from lending and deposit-taking activities in the normal course of business. If WNZL were to suffer substantial losses due to any market volatility it may adversely affect its results of operations, liquidity, capital resources and financial condition.

The transfer to WNZL of additional banking operations involves operational challenges that could adversely affect WNZL's business, results of operations or financial condition

The transfer to WNZL on 1 November 2011 of certain additional banking activities formerly conducted by the WBC NZ Branch involves operational risks. These operational risks include: difficulties or unexpected costs relating to the restructuring and realigning, where required, of technology, financial and accounting systems, and risk and other management systems; difficulties or unexpected costs in realising synergies from the consolidation of certain functions within WNZL; higher than expected levels of customer attrition or market share loss arising as a result of the transfer of the deposit-taking functions from the WBC NZ Branch to WNZL; unexpected losses of key personnel following implementation of changes; possible decrease in employee morale; and potential damage to the reputation of brands due to possible actions from competitors or the media.

Interim management report (continued)

In addition, senior management of WNZL and the businesses transferred will be required to devote time and attention to the process of integrating the businesses transferred, which may decrease the time they have to manage both WNZL's existing businesses and the transferred businesses.

If any of these risks should occur, WNZL's ability to continue to integrate the operations transferred to it with WNZL's existing businesses may be impaired, which could have an adverse effect on WNZL's results of operations or financial condition.

The transfer to WNZL of additional banking operations formerly conducted by the WBC NZ Branch involves financial risks that could adversely affect WNZL's business, results of operations or financial condition

The transfer to WNZL on 1 November 2011 of certain additional banking activities formerly conducted by the WBC NZ Branch involves financial risks. These financial risks include exposure to credit losses arising from larger loans and commitments and the requirement for additional capital to facilitate the businesses transferred. As at 1 November 2011, the institutional loan portfolio transferred to WNZL amounted to approximately $6.3 billion. Consequently, following the transfer, WNZL could incur substantially higher total impairment charges, particularly in difficult economic environments, than in the past. Such charges could materially adversely affect WNZL's profitability, reduce its capital, impair its access to external funding and require it to raise additional equity.

The transfer to WNZL of additional banking operations will subject WNZL to increased funding and liquidity requirements which may increase WNZL's funding costs and could adversely affect WNZL's business, results of operations or financial condition

WNZL will have additional funding and liquidity requirements as a result of the transfer of the additional banking activities. These additional funding and liquidity requirements have initially been met through an intra-group loan from the WBC NZ Branch of $3.1 billion, together with the proceeds of the issuance of ordinary shares to WNZL's parent company. However, WNZL's ability to obtain funding from WBC in the future, or its reliance upon WBC credit, is subject to regulatory limitations under applicable banking regulations. There is no assurance that WNZL will be able to fund any additional funding or liquidity needs from external sources, in the wholesale markets, at rates comparable to its current external borrowing rates or on similar terms and conditions or at all. If WNZL's funding costs increase, it may adversely affect its profitability, and if it cannot obtain sufficient funding, it may not be able to grow its business, it may have decreased liquidity and it may not be able to repay its liabilities as they become due.

WNZL could suffer losses due to technology failures

The reliability and security of WNZL's information and technology infrastructure and its customer databases are crucial in maintaining its banking applications and processes. There is a risk that these information and technology systems might fail to operate properly or become disabled as a result of events that are wholly or partially beyond WNZL's control or that its security measures may prove inadequate or ineffective. Any failure of these systems could result in business interruption, loss of customers, reputational damage and claims for compensation, which could adversely affect WNZL's results of operations and financial performance.

Further, WNZL's ability to develop and deliver products and services to its customers is dependent upon technology that requires periodic renewal. WNZL is constantly managing technology projects including projects to consolidate duplicate technology platforms, simplify and enhance its technology and operations environment, improve productivity and provide for a better customer experience. Failure to implement these projects or manage associated change effectively could result in cost overruns, a failure to achieve anticipated productivity, operational instability, reputational damage or operating technology that could place WNZL at a competitive disadvantage and may adversely affect its results of operations.

An interruption in or breach of information systems provided by third-parties may result in lost business

WNZL relies heavily on communications and information systems furnished by third-party service providers to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its customer relationship management, general ledger, deposit, servicing or loan origination systems. There can be no assurance that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed by WNZL or the third parties on which WNZL relies. In addition, a significant barrier to online financial transactions is the secure transmission of confidential information over public networks. WNZL's internet banking system relies on encryption and authentication technology to provide the security and authentication necessary to effect secure transmission of confidential information. Advances in computer capabilities, new discoveries in the field of cryptography or other developments could result in a compromise or breach of the algorithms WNZL's third-party service providers use to protect customer transaction data. If any such compromise of security were to occur, it could have a material adverse effect on WNZL's financial condition and results of operations.

Further, if any of these third-party service providers experience financial, operational or technological difficulties, or if there is any other disruption, including failure to comply with banking regulations, in WNZL's relationships with them, WNZL may be required to locate alternative sources of such services, and there can be no assurance that WNZL could negotiate terms that are as favourable to it, or could obtain services with similar functionality as found in its existing systems without the need to expend substantial resources, if at all. The occurrence of any failures or interruptions could have a material adverse effect on WNZL's financial condition and results of operations.

Interim management report (continued)

WNZL could suffer losses due to operational risks

Operational risk is the risk of loss resulting from technology failure, inadequate or failed internal processes, people and systems or from external events. As a financial services organisation WNZL is exposed to a variety of operational risks.

WNZL's operations rely on the secure processing, storage and transmission of confidential and other information on WNZL's computer systems and networks and the systems and networks of external suppliers. Although WNZL implements significant measures to protect the security and confidentiality of its information, there is a risk that the computer systems, software and networks on which we rely may be subject to security breaches, unauthorised access, computer viruses, external attacks or internal breaches that could have an adverse security impact and compromise its confidential information or that of its customers and counterparties. Any such security breach could result in regulatory enforcement actions, reputational damage and reduced operational effectiveness. Such events could subsequently adversely affect WNZL's financial condition and results of operations.

WNZL is also highly dependent on the conduct of its employees. WNZL could, for example, be adversely affected if human error results in a process error or if an employee engages in fraudulent conduct. While WNZL has policies and processes to minimise the risk of human error and employee misconduct, these policies and processes may not always be effective.

Fraudulent conduct can also emerge from external parties seeking to access the bank's systems and customers' accounts. If systems, procedures and protocols for managing and minimising fraud fail, or are ineffective, they could lead to loss which could adversely affect WNZL's results of operations, financial performance or financial condition and its reputation.

WNZL relies on a number of external suppliers to provide services to it and its customers. Failure by these suppliers to deliver services as required could disrupt services and adversely impact WNZL's operations, profitability and reputation.

Operational risks could impact on WNZL's operations or adversely affect demand for its products and services. Operational risks can directly impact its reputation and result in financial losses which would adversely affect its financial performance or financial condition.

WNZL could suffer losses due to failures in risk management strategies

WNZL has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including liquidity risk, credit risk, market risk (including interest rate and foreign exchange risk) and operational risk.

However, there are inherent limitations with any risk management framework as there may exist, or develop in the future, risks that WNZL has not anticipated or identified or controls may not operate effectively.

If any of WNZL's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, WNZL could suffer unexpected losses and reputational damage which could adversely affect its financial performance or financial condition.

The Christchurch earthquakes could adversely affect WNZL's business, results of operations or financial condition

On 22 February 2011 Christchurch, New Zealand experienced a 6.3 magnitude earthquake which resulted in significant damage in the region. The extent of the damage was greater than that resulting from the earlier earthquake which affected Christchurch on 4 September 2010.

The precise financial impact of the earthquakes remains difficult to quantify accurately as, amongst other things, responses by local and central governments are still being developed and insurance recoveries are still being worked through. A provision of $35 million is held to reflect the impact of the Christchurch earthquakes.

If the impact on WNZL, its customers or counterparties is greater than that currently estimated, WNZL's losses could be higher than currently anticipated which could adversely affect WNZL's business, results of operations or financial condition.

WNZL could suffer losses due to environmental factors

WNZL and its customers operate businesses and hold assets in a diverse range of geographical locations. Any significant environmental change or external event (including fire, storm, flood, volcanic eruption, earthquake or pandemic) in any of these locations has the potential to disrupt business activities, impact WNZL's operations, damage property and otherwise affect the value of assets held in the affected locations and WNZL's ability to recover amounts owing to it. The Christchurch earthquakes described above are an example of this type of event. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, the ability of WNZL's customers to pay interest or repay principal on their loans, or the levels of volatility in financial markets.

Scientific observations and climate modeling are pointing to changes in the global climate system that may see extreme weather events increase in both frequency and severity. While the future impact of climate change is difficult to predict accurately, it should nevertheless be considered among the risks that may adversely impact WNZL's financial condition and results of operations in the future.

Reputational damage could harm WNZL's business and prospects

WNZL's ability to attract and retain customers and its prospects could be adversely affected if its reputation is damaged.

There are various potential sources of reputational damage including potential conflicts of interest, pricing policies, failing to comply with legal and regulatory requirements, ethical issues, engagements and conduct of external suppliers, failing to comply with money laundering laws, trade sanctions and counter-terrorism finance legislation or privacy laws, litigation, information security policies, improper sales and trading practices, failing to comply with personnel and supplier policies, improper conduct of companies in which WNZL holds strategic investments, technology failures, security breaches and risk management failures. WNZL's reputation could also be adversely affected by the actions of the financial services industry in general or from the actions of WNZL's customers and counterparties.

Failure to appropriately address issues that could or do give rise to reputational risk could also impact the regulatory change agenda, give rise to additional legal risk, subject WNZL to regulatory enforcement actions, fines and penalties or remediation costs, or harm WNZL's reputation among its customers, investors and the marketplace. This could lead to loss of business which could adversely affect WNZL's results of operations, financial performance or financial condition.

Westpac Securities NZ Limited

Interim management report (continued)

Wholesale Funding

The wholesale funding base is diversified with respect to term, investor base, currency and funding instrument. WNZL and the Company maintain funding programmes for both short and long-term debt in several jurisdictions including New Zealand, Europe and the United States.

The following table sets forth the wholesale funding programmes of WNZL and the Company as at balance date.

	2011			2010		
Markets	Issuer	Programme Type	Programme Limit	Issuer	Programme Type	Programme Limit
Euro market	WBC/ Company [1]	Euro Commercial Paper and Certificate of Deposit Programme	US$20 billion	WBC/ Company [1]	Euro Commercial Paper and Certificate of Deposit Programme	US$20 billion
Euro market	Company [1]	Programme for Issuance of Debt Instruments	US$7.5 billion	Company [1]	Programme for Issuance of Debt Instruments	US$7.5 billion
Euro market	Company [2]	Global Covered Bond Programme	€ 5.0 billion	n/a	n/a	n/a
United States	Company [1]	Section 4(2) US Commercial Paper Programme	US$10 billion	Company [1]	Section 4(2) US Commercial Paper Programme	US$10 billion
United States	Company [1]	Rule 144A US Medium term Note Programme	US$10 billion	Company [1]	Rule 144A US Medium-term Note Programme	US$10 billion
New Zealand	WNZL	Medium term Note and Registered Certificate of Deposit Programme	No limit	WNZL	Medium-term Note and Registered Certificate of Deposit Programme	No limit

[1] Notes issued by the Company (acting through its London branch) are guaranteed by WNZL.

[2] Notes issued by the Company (acting through its London branch) are guaranteed by WNZL and WNZLCBL.

Responsibility Statement

The Directors of Westpac Securities NZ Limited confirm that to the best of their knowledge:

1. the condensed set of financial statements have been prepared in accordance with NZ IAS 34 'Interim Financial Reporting' and also comply with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board; and

2. the Interim management report includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R of the United Kingdom Financial Services Authority.

Westpac Securities NZ Limited

Directors' report

The Board has pleasure in presenting the financial statements of Westpac Securities NZ Limited and the auditors' report for the six months ended 31 March 2012.

The shareholders of the Company have exercised their rights under section 211(3) of the Companies Act 1993 and unanimously agreed that these financial statements need not comply with any of the paragraphs (a) and (e) to (j) of section 211(1) of the Act.

The Board authorised these financial statements on 14 May 2012.

This Directors' report has been signed by two of the Directors:

Director
Auckland
14 May 2012

MARIETTE VAN RIJN

Director
Auckland
14 May 2012

LEIGH BARTLETT

Westpac Securities NZ Limited

Interim financial statements

Statement of comprehensive income

for the periods ended

	Six months ended 31 March 2012 Unaudited $'000	Six months ended 31 March 2011 Unaudited $'000	Year ended 30 September 2011 Audited $'000
Interest income	**135,471**	110,220	232,326
Interest expense	**(135,118)**	(108,655)	(230,019)
Net interest income	**353**	1,565	2,307
Non-interest income	**2,295**	1,086	3,164
Net operating income	**2,648**	2,651	5,471
Operating expenses	**(358)**	(725)	(1,287)
Profit before income tax expense	**2,290**	1,926	4,184
Income tax expense	**(641)**	(578)	(1,256)
Profit after income tax expense	**1,649**	1,348	2,928
Other comprehensive income	**-**	-	-
Total comprehensive income, net of tax	**1,649**	1,348	2,928
Profit after income tax expense and total comprehensive income, net of tax, attributable to:			
Owners of the Company	**1,649**	1,348	2,928
	1,649	1,348	2,928

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Westpac Securities NZ Limited

Interim financial statements

Statement of changes in equity

for the periods ended

	Share Capital $'000	Retained Profits $'000	Total $'000
As at 1 October 2010	651	7,366	8,017
Six months ended 31 March 2011			
Profit after income tax expense	-	1,348	1,348
Total comprehensive income for the six months ended 31 March 2011	-	1,348	1,348
As at 31 March 2011	651	8,714	9,365
Year ended 30 September 2011			
Profit after income tax expense	-	2,928	2,928
Total comprehensive income for the year ended 30 September 2011	-	2,928	2,928
As at 30 September 2011	651	10,294	10,945
Six months ended 31 March 2012			
Profit after income tax expense	-	1,649	1,649
Total comprehensive income for the six months ended 31 March 2012	-	1,649	1,649
As at 31 March 2012	651	11,943	12,594

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Westpac Securities NZ Limited

Interim financial statements

Balance sheet

as at

	Note	**31 March 2012 Unaudited $'000**	31 March 2011 Unaudited $'000	30 September 2011 Audited $'000
Assets				
Cash and cash equivalents		**5,122**	2,858	3,425
Due from related entities		**12,170,270**	14,948,721	16,120,596
Deferred tax assets		**4,337**	3,243	3,853
Total assets		**12,179,729**	14,954,822	16,127,874
Liabilities				
Current tax liabilities		**1,897**	1,676	1,256
Other liabilities		**80,160**	38,230	77,472
Due to related entities		**5,963**	4,609	205,546
Debt issues	2	**12,079,115**	14,900,942	15,832,655
Total liabilities		**12,167,135**	14,945,457	16,116,929
Net assets		**12,594**	9,365	10,945
Equity				
Share capital		**651**	651	651
Retained profits		**11,943**	8,714	10,294
Total equity attributable to owners of the Company		**12,594**	9,365	10,945

The above balance sheet should be read in conjunction with the accompanying notes.

Westpac Securities NZ Limited

Interim financial statements

Statement of cash flows

for the periods ended

	Six months ended 31 March 2012 Unaudited $'000	Six months ended 31 March 2011 Unaudited $'000	Year ended 30 September 2011 Audited $'000
Cash flows from operating activities			
Interest income received	**131,624**	131,305	215,771
Management fees received - related entities	**1,877**	1,320	3,064
Interest expense paid	**(132,445)**	(131,337)	(213,382)
Income tax paid	**(484)**	(516)	(2,224)
Management fees paid - related entities	**(276)**	(527)	(969)
Operating expenses paid	**(62)**	(198)	(355)
Net cash provided by operating activities	**234**	47	1,905
Cash flows from investing activities			
Net decrease/(increase) in due from related entities	**3,134,871**	(2,078,159)	(3,458,486)
Net cash (used in)/provided by investing activities	**3,134,871**	(2,078,159)	(3,458,486)
Cash flows from financing activities			
Net increase/(decrease) in due to related entities	**(198,921)**	3,920	199,453
Net proceeds from debt issues	**(2,934,487)**	2,074,097	3,257,600
Net cash (used in)/provided by financing activities	**(3,133,408)**	2,078,017	3,457,053
Net increase/(decrease) in cash and cash equivalents	**1,697**	(95)	472
Cash and cash equivalents at beginning of the period/year	**3,425**	2,953	2,953
Cash and cash equivalents at end of the period/year	**5,122**	2,858	3,425
Reconciliation of profit after income tax expense to net cash provided by operating activities:			
Profit after income tax expense	**1,649**	1,348	2,928
Adjustments:			
Movement in accrued assets	**(4,265)**	21,319	(16,655)
Movement in accrued liabilities	**2,693**	(22,682)	16,600
Movement in deferred tax assets and current tax liabilities	**157**	62	(968)
Net cash provided by operating activities	**234**	47	1,905

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

Notes to the financial statements

Note 1. Basis of preparation

These interim financial statements have been prepared and presented in accordance with the Financial Reporting Act 1993 (New Zealand) and the Companies Act 1993 (New Zealand). It has been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purpose of complying with NZ GAAP, the Company is a profit-oriented entity. The interim financial statements comply with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (**'NZ IAS 34'**).

These interim financial statements comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These financial statements are based on the general principles of historical cost accounting, as modified by fair value accounting for financial assets and financial liabilities at fair value through profit or loss. The going concern concept and the accrual basis of accounting have been adopted.

Amounts in these interim financial statements are presented in New Zealand Dollars and have been rounded to the nearest thousand dollars.

The accounting policies and methods of computation adopted in these interim financial statements are consistent with those of the previous financial year and corresponding interim reporting period except as amended for changes required due to the adoption of the new and revised accounting standards as explained in the 'Changes in accounting policies' section below.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 September 2011 and any relevant public announcements made by the Company or WNZL during the interim reporting period.

The Company's operations are not subject to seasonality.

Changes in accounting policies

As a result of the new and revised accounting standards which became operative for the annual reporting period commencing 1 October 2011, the following standards, interpretations and amendments have been adopted with effect from 1 October 2011 in the preparation of these interim financial statements:

- NZ IFRS 7 *Financial Instruments: Disclosures* - The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, certain disclosure requirements have been amended and removed.
- NZ IAS 24 *Related Party Disclosures* - The main changes to the standard simplify the definition of a related party and clarify its intended meaning.
- NZ IAS 34- The amendments add examples to the list of events or transactions that require disclosure under NZ IAS 34.
- *Amendments to NZ IFRSs to Harmonise with IFRS and Australian Accounting Standards* - The amendments remove certain New Zealand-specific disclosures and relocate certain disclosure requirements to a new standard.
- Financial Reporting Standard 44 *New Zealand Additional Disclosures* - This new standard is applicable only to New Zealand and is a consequence of the joint Trans-Tasman Convergence project of the Australian Accounting Standards Board and Financial Reporting Standards Board. This standard relocates certain New Zealand-specific disclosures from other NZ IFRS and also revises certain disclosures.

Adoption of these new and revised accounting standards has not resulted in any material change to the Company's result or financial position.

Westpac Securities NZ Limited

Note 2. Debt Issues

	As at 31 March 2012 Unaudited $'000	As at 31 March 2011 Unaudited $'000	As at 30 September 2011 Audited $'000
Short-term debt			
Commercial paper	**4,210,685**	8,265,218	7,228,879
Total short-term debt	**4,210,685**	8,265,218	7,228,879
Long-term debt			
Non-domestic medium-term notes	**7,868,430**	6,635,724	8,603,776
Total long-term debt	**7,868,430**	6,635,724	8,603,776
Total debt issues	**12,079,115**	14,900,942	15,832,655
Debt issues measured at amortised cost	**7,525,252**	6,470,733	8,105,982
Debt issues measured at fair value	**4,553,863**	8,430,209	7,726,673
Total debt issues	**12,079,115**	14,900,942	15,832,655
Movement in debt issues			
Balance at beginning of the period/ year	**15,832,655**	13,114,484	13,114,484
Issuances during the period/year	**5,598,333**	9,667,094	17,711,160
Repayments during the period/year	**(8,532,153)**	(7,592,997)	(14,458,924)
Effect of foreign exchange movements during the period/year	**(820,417)**	(288,771)	(533,682)
Effect of fair value movements during the period/year	**697**	1,132	(383)
Balance at end of the period/year	**12,079,115**	14,900,942	15,832,655

As at 31 March 2012, the Company had New Zealand Government guaranteed debt of $3,099,775,000 (31 March 2011: $3,348,589,000, 30 September 2011: $3,312,184,000).

Notes to the financial statements

Note 3. Related entities

Ultimate Holding Company

The Company is a wholly-owned subsidiary of Westpac NZ Operations Limited ('**WNZOL**'). The Company is also an indirect, wholly-owned subsidiary of WNZL. WNZL's Disclosure Statement is available, free of charge, at www.westpac.co.nz. The ultimate parent company is WBC, which is incorporated in Australia and whose financial statements are available, free of charge, at www.westpac.com.au.

Nature of Transactions

Loan finance, current account banking facilities and other financial products are provided by WNZL and the WBC London Branch to the Company on normal commercial terms.

Interest income of $135,471,000 (six months ended 31 March 2011: $110,220,000 year ended 30 September 2011: $232,326,000) was received from WNZL.

Interest expense includes an amount relating to bonds bought by WBC of $39,000 in 2012 (six months ended 31 March 2011: $49,000, year ended 30 September 2011: $116,000) and an amount relating to internal borrowing from WBC - London Branch of $36,000 (six months ended 31 March 2011: nil, year ended 30 September 2011: $83,000).

The Company raises offshore wholesale funding and on-lends all amounts raised or borrowed to WNZL. Included within interest income is a funding margin of $2,137,000 (six months ended 31 March 2011: $2,036,000, year ended 30 September 2011: $4,221,000) paid to the Company by WNZL.

Non-interest income comprises service fees of $2,295,000 (six months ended 31 March 2011: $1,086,000, year ended 30 September 2011: $3,164,000) which were charged to WNZL to recover operating expenses incurred by the Company.

Within operating expenses are reimbursements of $296,000 (six months ended 31 March 2011: $526,000, year ended 30 September 2011: $932,000) which were paid to WNZL and WBC for certain operating costs incurred on the Company's behalf.

Cash and cash at bank due from related entities comprise $5,089,000 (six months ended 31 March 2011: $2,705,000, year ended 30 September 2011: $3,331,000) held with WNZL.

WNZL guarantees the due and punctual payment of all sums payable to the holders of the debt securities issued by the Company, the proceeds of which are immediately on-lent to WNZL. The aggregate amount of outstanding principal and interest as at 31 March 2012 was $12,188,720,000 (31 March 2011: $14,962,467,000, 30 September 2011: $15,944,933,000). As the proceeds of the debt issuances are immediately on-lent to WNZL, the aggregate amount guaranteed by WNZL is already reflected in WNZL's balance sheet as part of the amounts due to related entities.

In June 2011 the Company issued bonds under WNZL's Global Covered Bond programme ('**CB Programme**'). Investors of debt issued by the Company under the CB Programme have dual recourse: first, to WNZL as WNZL guarantees all the debts issued by the Company and second, to Westpac NZ Covered Bond Limited ('**WNZCBL**'). WNZCBL is a special purpose entity which was set up to hold the residential mortgage loans and to provide a financial guarantee for the debts issued by WSNZL under the CB Programme. Included in interest expense is the guarantee fee paid by the Company to WNZCBL amounting to $2,224,000. Included in interest income is recovery from WNZL of guarantee fees paid to WNZCBL amounting to $2,224,000 (six months ended 31 March 2011: nil, year ended 30 September 2011: $1,300,000).

Note 4. Commitments and contingencies

Capital expenditure commitments

There were no capital expenditure commitments as at 31 March 2012 (six months ended 31 March 2011: nil and at 30 September 2011: nil).

Operating lease commitments

There were no operating lease commitments as at 31 March 2012 (six months ended 31 March 2011: nil and at 30 September 2011: nil).

Contingent Liabilities

The Company has no contingent liabilities as at 31 March 2012 (six months ended 31 March 2011: nil and at 30 September 2011: nil).

Note 5. Segment information

Operating segments are reported to the chief operating decision maker in a manner consistent with the financial statements disclosed in these interim financial statements. For this reason, no additional operating segment disclosure is made.

The chief operating decision maker of the Company (i.e. the person or group that allocates resources to and assesses the performance of the operating segments of an entity) is the Directors of the Company. The Directors of the Company are listed on page 2. This reflects that the Company is a wholly owned, indirect subsidiary of WNZL and that the principal activity of the Company is to raise and manage offshore wholesale funding for WNZL.

Revenue from Products and Services

The Company does not generate any revenue from external customers.

Note 6. Events after the reporting period

On 2 April 2012, WSNZL issued bonds of CHF325 million ($435 million) under the CB Programme which were guaranteed by WNZL and WNZCBL.

The Directors are not aware of any other significant events since the reporting date.

Independent Auditors' Review Report

to the shareholder of Westpac Securities NZ Limited

Report on the Interim Financial Statements

We have reviewed the interim condensed financial statements ("financial statements") of Westpac Securities NZ Limited ("the Company") on pages 11 to 17, which comprise the balance sheet as at 31 March 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Interim Financial Statements

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Company as at 31 March 2012, and its financial performance and cash flows for the period ended on that date.

Reviewers' Responsibility

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

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

We have reviewed the financial statements of the Company for the period ended 31 March 2012 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with, or interests in, Westpac Securities NZ Limited other than in our capacities as auditors, providers of other assurance services and tax advisors. These services have not impaired our independence as reviewers of the Company.

Independent Auditors' Review Report

Westpac Securities NZ Limited

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements which have been prepared in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting do not present fairly the financial position of the Company as at 31 March 2012 and its financial performance and cash flows for the six months ended on that date.

Restriction on Distribution or Use

This report is made solely to the Company's shareholder, as a body. Our review work has been undertaken so that we might state to the Company's shareholder those matters which we are required to state to them in an auditors review' 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 shareholder, as a body, for our review procedures, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants | Auckland
14 May 2012