

Westpac First Trust

ARSN 102 664 700

General purpose financial report
For the half-year ended 31 March 2006

CONTENTS	Page No.
Directors' report	2 – 3
Auditor's independence declaration	4
Income statement	5
Balance sheet	6
Statement of changes in equity	7
Cash flow statement	8
Notes to and forming part of the financial statements	9 – 12
Directors' declaration	13
Independent review report to the FIRsTS holders	14 – 15
Directory	16

This interim financial report does not include 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 2005 and any public announcements made by Westpac First Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This financial report covers Westpac First Trust as an individual entity.

Westpac First Trust is a managed investment scheme, constituted and registered in Australia. Its registered office is:

Level 25,
60 Martin Place
Sydney, NSW 2000

A description of the nature of Westpac First Trust's operations and its principal activities is included in the directors' report on page 2.

**Westpac First Trust
(ARSN 102 664 700)**

Directors' report

The directors of Westpac Funds Management Limited ("WFML") (ABN 28 085 352 405), the Responsible Entity ("RE") of Westpac First Trust (the "Trust"), present their report together with the financial report of the Trust for the half-year ended 31 March 2006.

Directors

The following persons held office as directors of WFML during the period, or since the end of the half-year, and up to the date of this report:

Jim Tate
Sean McElduff
Andrew Carriline (*resigned 8 May 2006*)
Alan Cameron (*appointed 8 May 2006*)
Liam Forde (*appointed 8 May 2006*)

Principal activities

The Trust is a special purpose unit trust which was established for the specific purpose of facilitating the offer of the Fixed Interest Resetable Trust Securities ("FIRsTS"). The principal activities of the Trust comprised the issue of FIRsTS and the purchase of interest bearing preferred units of the Westpac Second Trust (ARSN 102 665 029). The Trust was only permitted to invest the proceeds of the FIRsTS offer in the preferred units issued by the Westpac Second Trust. The Trust is not permitted to invest in any other assets. The preferred units provide the Trust with a vested interest in the income of the Westpac Second Trust. The Westpac Second Trust has in turn invested in convertible debentures issued by Westpac Banking Corporation's New Zealand branch. Therefore distributions paid to holders of FIRsTS are ultimately sourced from interest paid on the convertible debentures. This structure enables the holders of FIRsTS to receive the expected quarterly distributions, as described in the Product Disclosure Statement ("PDS") dated 13 November 2002 issued in respect of FIRsTS, until 31 December 2007. There were no significant changes in the nature of the Trust's activities during the period.

Review of operations

The investment policy of the Trust continues to be that detailed in the PDS and in accordance with the provisions of the governing documents of the Trust.

Results

The performance of the Trust, as represented by the results of its operations, was as follows:

	Half-year	
	31 March 2006	31 March 2005
	\$'000	\$'000
Net operating profit from ordinary activities	-	-
Distribution paid	-	-
Distribution payable	-	-
Distribution (cents per unit)	-	-

Significant changes in the state of affairs

There were no significant changes in the Trust's state of affairs during the half-year.

Rounding of amounts to the nearest thousand dollars

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, in accordance with that Class Order, unless otherwise indicated.

Directors' report (continued)

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

A copy of the auditor's independence declaration in accordance with section 307C of the *Corporation Act 2001* is set out on page 4 and forms part of this report.

The report is made in accordance with a resolution of the directors.



Director



Director

Sydney, 11 May 2006

PricewaterhouseCoopers
ABN 52 780 433 757

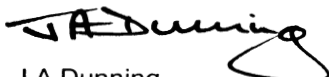
Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the review of Westpac First Trust for the half year ended 31 March 2006, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Westpac First Trust during the period.



J A Dunning
Partner
PricewaterhouseCoopers

Sydney
11th May 2006

**Westpac First Trust
(ARSN 102 664 700)**

**Income statement
For the half-year ended 31 March 2006**

	Note	Half-year 2006 \$'000	Half-year 2005 \$'000
Revenue			
Interest income	2	21,871	21,871
Total investment income		<u>21,871</u>	<u>21,871</u>
Expenses			
Finance costs - interest paid on Fixed Interest Resettable Trust Securities ("FIRsTS")	3	21,871	21,871
Total operating expenses		<u>21,871</u>	<u>21,871</u>
Net operating profit		<u>-</u>	<u>-</u>
Profit attributable to FIRsTS holders		<u>-</u>	<u>-</u>

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

Earnings per unit for FIRsTS holders' of Westpac First Trust for the half-year ending 31 March 2006 is nil (2005: nil) as distributed income on preferred units is categorised as interest expense.

**Westpac First Trust
(ARSN 102 664 700)**

**Balance sheet
As at 31 March 2006**

	Note	31 March 2006 \$'000	30 September 2005 \$'000
Non-current assets			
Receivables – investment in preferred units	4	667,114	667,114
Total non-current assets		<u>667,114</u>	<u>667,114</u>
Total assets		<u><u>667,114</u></u>	<u><u>667,114</u></u>
Non-current liabilities			
Interest bearing liabilities - FIRsTS issued	4	667,114	667,114
Total non-current liabilities		<u>667,114</u>	<u>667,114</u>
Total liabilities		<u><u>667,114</u></u>	<u><u>667,114</u></u>
Net assets		<u><u>-</u></u>	<u><u>-</u></u>
Equity			
FIRsTS holders' funds		<u>-</u>	<u>-</u>
Total equity		<u><u>-</u></u>	<u><u>-</u></u>

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

**Westpac First Trust
(ARSN 102 664 700)**

**Statement of changes in equity
For the half-year ended 31 March 2006**

	Half-year 2006 \$'000	Half-year 2005 \$'000
Total equity at the beginning of the half-year	-	-
	<hr/>	<hr/>
Total equity at the end of the half-year	-	-
	<hr/>	<hr/>

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

**Westpac First Trust
(ARSN 102 664 700)**

**Cash flow statement
For the half-year ended 31 March 2006**

	Half-year 2006 \$'000	Half-year 2005 \$'000
Cash flows from operating activities		
Interest income received	21,871	21,871
Interest paid on FIRsTS	(21,871)	(21,871)
Net cash inflows from operating activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents held	-	-
Cash and cash equivalents at the beginning of the half-year	-	-
Cash and cash equivalents at the end of the half-year	<u><u>-</u></u>	<u><u>-</u></u>

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

Notes to the financial statements

Note 1 - Summary of significant accounting policies

Westpac First Trust (the "Trust") was constituted on 16 October 2002, and registered on 11 November 2002 as a managed investment scheme with the Australian Securities and Investments Commission.

Westpac Funds Management Limited ("WFML") is the responsible entity ("RE") of the Trust. The RE's registered office is Level 25, 60 Martin Place, Sydney, New South Wales 2000.

This general purpose financial report for the interim half-year reporting period ended 31 March 2006 has been prepared in accordance with the requirements of the Trust Constitution, Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Act 2001*.

This interim financial report does not include 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 2005 and any public announcements made by the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

a) Basis of preparation of half-year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

This interim financial report is the Trust's first financial report to be prepared in accordance with Australian equivalents to International Financial Reporting Standards ("A-IFRS"). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

The Trust's financial statements until 30 September 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles ("AGAAP"). AGAAP differs in certain respects from A-IFRS. When preparing the Trust's interim financial report for the half-year ended 31 March 2006, management has amended certain accounting and valuation methods applied in the previous AGAAP financial statements to comply with A-IFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments.

The Trust has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 October 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to A-IFRS on the Trust's equity and its net income are given in Note 8.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

b) Receivables

From 1 October 2004 to 30 September 2005

The Trust has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 October 2005. The Trust has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under AGAAP the investment in preferred units was held at recoverable amount being the net amount expected to be recovered through the cash inflows and outflows arising from continued use and subsequent disposal.

From 1 October 2005

The investment in preferred units of the Westpac Second Trust is classified as a receivable in the balance sheet. Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful

receivables is established when there is objective evidence that the Trust will not be able to collect the amounts due.

Note 1 - Summary of significant accounting policies (continued)

b) Receivables (continued)

according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

c) Net operating profit

Interest income and expenses are recognised using an effective interest rate method.

d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

e) Payables and financial liabilities

From 1 October 2004 to 30 September 2005

The Trust has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 October 2005. The Trust has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under AGAAP the Westpac FIRsTS issued by the Trust were recognised at the amount of consideration received.

From 1 October 2005

i) Interest bearing liabilities

FIRsTS issued are classified as interest bearing liabilities in the balance sheet. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method.

A description of Westpac FIRsTS is provided in Note 4 to the financial statements.

f) Income tax

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed to FIRsTS holders each year.

g) Distributions

In accordance with the Trust's constitution, the Trust fully distributes its distributable income to FIRsTS holders by cash.

The distributions are payable quarterly, and are treated by the Trust as an interest expense. This is because the payments specifically relate to Westpac FIRsTS and these are recognised in the balance sheet as a liability.

h) Earnings per FIRsTS

Earnings per FIRsTS is determined by dividing the operating profit by the weighted average number of FIRsTS on issue during the period.

i) Rounding of amounts

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, in accordance with that Class Order, unless otherwise indicated.

Note 2 - Investment income

	Half-year 2006 \$'000	Half-year 2005 \$'000
Interest income on preferred units	21,871	21,871

Note 3 – Expenses

	Half-year 2006 \$'000	Half-year 2005 \$'000
Interest paid on FIRsTS	21,871	21,871

Note 4 - Westpac FIRsTS

The Westpac FIRsTS are units in Westpac First Trust with non-cumulative interest payments. Westpac First Trust is a controlled entity of Westpac Banking Corporation (ABN 33 007 457 141), ("Westpac"). The material assets of Westpac First Trust are 6,671,140 preferred units issued by another Westpac controlled entity, Westpac Second Trust. The preferred units have an issue price of \$100 each. Westpac Second Trust has issued one ordinary unit with an issue price of \$100 to Westpac Alpha Pty Limited (ABN 102 545 326), a 100% owned subsidiary of Westpac. The material assets of Westpac Second Trust are convertible debentures issued by Westpac in an aggregate amount of NZD\$731,156,944 and a currency swap with Westpac to fix at the equivalent of AUD\$667,114,000.

Westpac FIRsTS are expected to pay interest quarterly until 31 December 2007 (the first rollover date) based on an annual interest rate of 6.575%.

Note 5 - Segment information

Business segment

The Trust operates solely in the business of financial services.

Geographical segment

The Trust operates solely in Australia.

Note 6 - Contingent liabilities and commitments

The Trust does not have any contingent liabilities or commitments.

Note 7 - Events occurring after reporting date

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

Note 8 – Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principals ("AGAAP") to equity under Australian equivalents to IFRSs ("A-IFRS")

(i) at the date of transition to A-IFRS: 1 October 2004

No adjustment is required.

Note 8 – Explanation of transition to Australian equivalents to IFRSs (continued)

(ii) at the end of the last interim reporting period under previous AGAAP: 31 March 2005

No adjustment is required.

(iii) at the end of the last reporting period under previous AGAAP: 30 September 2005

No adjustment is required.

(2) Reconciliation of profit under previous AGAAP to profit under A-IFRS

The adoption of A-IFRSs has not resulted in any adjustments to the income statement for the periods ended 31 March 2005 and 30 September 2005.

(3) Reconciliation of cash flow statement under previous AGAAP to A-IFRS

The adoption of A-IFRSs has not resulted in any adjustments to the cash flow statement.

Directors' declaration

In the directors' opinion:

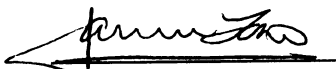
- (a) the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Trust's financial position as at 31 March 2006 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Director



Director

Sydney
11th May 2006

Independent review report to the unitholders of Westpac First Trust

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Westpac First Trust (the registered scheme) for the half-year ended 31 March 2006 included on Westpac First Trust's web site. The registered scheme's directors are responsible for the integrity of the Westpac First Trust's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Westpac First Trust:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Westpac First Trust as at 31 March 2006 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Westpac First Trust, for the half-year ended 31 March 2006.

The directors of Westpac Funds Management Limited (the responsible entity) are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the registered scheme to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the registered scheme's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of the responsible entity's personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

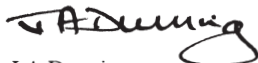
Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



J A Dunning
Partner

 Sydney
May 2006

Directory

Name of responsible entity

Westpac Funds Management Limited
ABN 28 085 352 405

Company secretaries

Anna O'Connell
Sean Ward

Address and telephone number of registered office

Level 25
60 Martin Place
Sydney NSW 2000

Telephone: +61 2 9216 0130

Address and telephone number of the unit registry

Link Market Services Limited (formerly ASX Perpetual Registrars Limited)
Level 8, 580 George Street
Sydney NSW 2000

Telephone: +61 2 8280 7111

Auditors

For the responsible entity and the Trust:

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

Stock exchange listing

Australian Stock Exchange
Company announcements - WBK
Price - WBKPA

For all enquiries
please call us on

1300 888 736