

APPENDIX 4E**Full year report**

Introduced 30/6/2002.

Name of entity

Commonwealth Bank of Australia

ABN or equivalent company
reference

ACN 123 123 124

Half yearly
(tick)Preliminary
final (tick)Financial year ended ('current period')
(Rule 4.3A Item No.1)

30 June 2004

Results for announcement to the market

(Rule 4.3A Item No. 2)

\$M

| | | | | |
|---|----|-------|----|--------|
| Revenues from ordinary activities (Rule 4.3A Item No. 2.1) | up | 29.3% | to | 22,202 |
| Profit (loss) from ordinary activities after tax attributable to members (Rule 4.3A Item No. 2.2) | up | 27.8% | to | 2,572 |
| Net profit (loss) for the period attributable to members (Rule 4.3A Item No. 2.3) | up | 27.8% | to | 2,572 |

| Dividends (distributions) | Amount per security | Franked amount per security |
|----------------------------------|------------------------|--------------------------------|
| Final dividend | <u>104¢</u> | <u>104¢</u> |
| Interim dividend | <u>79¢</u> | <u>79¢</u> |
| Total | <u>183¢</u> | <u>183¢</u> |

+Record date for determining entitlements to the
dividend,
(Rule 4.3A Item No. 2.5)

20th August 2004

Brief explanation of any of the figures reported above (Rule 4.3A Item No. 2.6):

REFER TO PROFIT ANNOUNCEMENT.

Consolidated statement of financial performance

For the year ended 30 June 2004

(Rule 4.3A Item No. 3)

| | 30/06/04 | 30/06/03 |
|--|------------------------|--------------|
| | \$M | \$M |
| Interest income | 13,287 | 11,528 |
| Interest expense | 7,877 | 6,502 |
| Net interest income | 5,410 | 5,026 |
| Other income: | | |
| Revenue from sale of assets | 943 | 128 |
| Written down value of assets sold | (874) | (106) |
| Other | 2,777 | 2,605 |
| Net banking operating income | 8,256 | 7,653 |
| Funds management fee income including premiums | 1,175 | 1,149 |
| Investment revenue | 1,967 | 8 |
| Claims and policyholder liability expense | (1,809) | (91) |
| Net funds management operating income | 1,333 | 1,066 |
| Premiums and related revenue | 1,012 | 1,131 |
| Investment revenue | 840 | 620 |
| Claims and policyholder liability expense | (950) | (1,071) |
| Insurance margin on services operating income | 902 | 680 |
| Total net operating income before appraisal value uplift/(reduction) | 10,491 | 9,399 |
| Charge for bad and doubtful debts | 276 | 305 |
| Operating expenses: | | |
| Operating expenses | 5,500 | 5,312 |
| Initiatives including Which new Bank ⁽¹⁾ | 749 | 239 |
| | 6,249 | 5,551 |
| Appraisal value uplift/(reduction) | 201 | (245) |
| Goodwill amortisation | (324) | (322) |
| Profit from ordinary activities before income tax | 3,843 | 2,976 |
| Income tax expense | 1,262 | 958 |
| Profit from ordinary activities after income tax | 2,581 | 2,018 |
| Outside equity interests in net profit | (9) | (6) |
| Net profit attributable to members of the Bank | 2,572 | 2,012 |
| Foreign currency translation adjustment | (8) | (129) |
| Revaluation of properties | 54 | 3 |
| Total valuation adjustments | 46 | (126) |
| Total changes in equity other than those resulting from transactions with owners as owners | 2,618 | 1,886 |
| | Cents per Share | |
| Earnings per share based on net profit distributable to members of the Bank | | |
| Basic | 196.9 | 157.4 |
| Fully Diluted | 196.8 | 157.3 |
| Dividends per share attributable to shareholders of the Bank: | | |
| Ordinary shares | 183 | 154 |
| Preference shares (issued 6 April 2001) | 1065 | 1,019 |
| Other equity instruments (issued 6 August 2003) | 7,306 | - |
| Other equity instruments (issued 6 January 2004) | 402 | - |

⁽¹⁾ June 2004 results reflects the Which new Bank initiative, while prior periods include strategic initiatives undertaken and the cost of the June 2002 ESAP paid in October 2002.

Consolidated statement of financial position

As at 30 June 2004

(Rule 4.3A Item No.4)

| | 30/06/04 | 30/06/03 |
|--|----------|----------|
| | \$M | \$M |

Assets

| | | |
|---|----------------|----------------|
| Cash and liquid assets | 6,453 | 5,575 |
| Receivables due from other financial institutions | 8,369 | 7,066 |
| Trading securities | 14,896 | 10,435 |
| Investment securities | 11,447 | 11,036 |
| Loans, advances and other receivables | 189,391 | 160,347 |
| Bank acceptances of customers | 15,019 | 13,197 |
| Insurance investment assets | 28,942 | 27,835 |
| Deposits with regulatory authorities | 38 | 23 |
| Property, plant and equipment | 1,204 | 821 |
| Investment in associates | 239 | 287 |
| Intangible assets | 4,705 | 5,029 |
| Other assets | 25,292 | 23,459 |
| Total assets | 305,995 | 265,110 |

Liabilities

| | | |
|--|----------------|----------------|
| Deposits and other public borrowings | 163,177 | 140,974 |
| Payables due to other financial institutions | 6,641 | 7,538 |
| Bank acceptances | 15,019 | 13,197 |
| Provision for dividend | 14 | 12 |
| Income tax liability | 811 | 876 |
| Other provisions | 997 | 819 |
| Insurance policyholder liabilities | 24,638 | 23,861 |
| Debt issues | 44,042 | 30,629 |
| Bills payable and other liabilities | 19,140 | 19,027 |
| | 274,479 | 236,933 |
| Loan Capital | 6,631 | 6,025 |
| Total liabilities | 281,110 | 242,958 |
| Net assets | 24,885 | 22,152 |

Shareholders' Equity

| | | |
|---|---------------|---------------|
| Share Capital: | | |
| Ordinary share capital | 13,359 | 12,678 |
| Preference share capital | 687 | 687 |
| Other equity instruments | 1,573 | - |
| Reserves | 3,946 | 3,850 |
| Retained profits | 2,840 | 2,809 |
| Shareholders' equity attributable to members of the Bank | 22,405 | 20,024 |
| Outside Equity Interests: | | |
| Controlled entities | 304 | 304 |
| Insurance statutory funds and other funds | 2,176 | 1,824 |
| Total outside equity interests | 2,480 | 2,128 |
| Total shareholders' equity | 24,885 | 22,152 |

Consolidated statement of cash flows

For the year ended 30 June 2004

(Rule 4.3A Item No.5)

| | Note | 30/06/04 \$M | 30/06/03 \$M |
|--|------|-----------------|-----------------|
| Cash Flows from Operating Activities | | | |
| Interest received | | 13,101 | 11,452 |
| Dividends received | | 6 | 4 |
| Interest paid | | (7,543) | (6,455) |
| Other operating income received | | 3,410 | 3,135 |
| Expenses paid | | (5,529) | (5,438) |
| Income taxes paid | | (1,366) | (1,258) |
| Net decrease (increase) in trading securities | | (4,324) | (2,484) |
| Life insurance: | | | |
| Investment income | | 841 | 644 |
| Premiums received ⁽¹⁾ | | 3,562 | 4,130 |
| Policy payments ⁽¹⁾ | | (4,529) | (5,855) |
| Net Cash provided by / (used in) operating activities | 1(c) | (2,371) | (2,125) |
| Cash Flows from Investing Activities | | | |
| Payments for acquisition of entities and management rights | | - | (173) |
| Proceeds from disposal of entities and businesses | | 63 | 33 |
| Disposal of shares in other companies | | 114 | - |
| Net movement in investment securities: | | | |
| Purchases | | (25,587) | (18,055) |
| Proceeds from sale | | 697 | 24 |
| Proceeds at or close to maturity | | 24,407 | 17,718 |
| Withdrawal (lodgement) of deposits with regulatory authorities | | (15) | 66 |
| Net increase in loans, advances and other receivables | | (29,328) | (13,577) |
| Proceeds from sale of property, plant and equipment | | 69 | 72 |
| Purchase of property, plant and equipment | | (536) | (143) |
| Net decrease (increase) in receivables due from other financial institutions not at call | | 292 | 513 |
| Net decrease (increase) in securities purchased under agreements to resell | | (1,023) | 50 |
| Net decrease (increase) in other assets | | (1,461) | 301 |
| Life insurance: | | | |
| Purchases of investment securities | | (20,286) | (13,091) |
| Proceeds from sale/maturity of investment securities | | 21,500 | 14,628 |
| Net cash used in investing activities | | (31,094) | (11,634) |
| Cash Flows from Financing Activities | | | |
| Buy back of shares | | (532) | - |
| Proceeds from issue of shares (net of costs) | | 505 | 13 |
| Proceeds from issue of preference shares for outside equity interests | | - | 182 |
| Proceeds from issue of other equity instruments (net of costs) | | 1,573 | - |
| Net increase (decrease) in deposits and other borrowings | | 21,997 | 5,129 |
| Net movement in debt issues | | 13,413 | 7,054 |
| Dividends paid (including DRP buy back of shares) | | (1,774) | (1,933) |
| Net movements in other liabilities | | (242) | (926) |
| Net increase (decrease) in payables due to other financial institutions not at call | | (929) | (796) |
| Net increase (decrease) in securities sold under agreements to repurchase | | 206 | 3,046 |
| Issue of loan capital | | 985 | 901 |
| Redemptions of loan capital | | (317) | - |
| Other | | (2) | 19 |
| Net cash provided by financing activities | | 34,883 | 12,689 |
| Net Increase (decrease) in cash and cash equivalents | | 1,418 | (1,070) |
| Cash and cash equivalents at beginning of period | | 1,428 | 2,498 |
| Cash and cash equivalents at end of period | 1(a) | 2,846 | 1,428 |

⁽¹⁾ These were gross premiums and policy payments before splitting between Policyholders and Shareholders.

Notes to the consolidated statement of cash flows are contained in Attachment 1

It should be noted that the Bank does not use this accounting Statement of Cash Flows in the internal management of its liquidity positions.

Dividend details

(Rule 4.3A Item Nos.6 & 7)

The Directors have declared a fully franked (at 30%) final dividend of 104 cents per share amounting to \$1,315 million. The dividend will be payable on 24 September 2004 to shareholders on the register at 5pm on 20 August 2004.

Dividends paid since the end of the previous financial year:

- As declared in last year's Annual Report, a fully franked final dividend of 85 cents per share amounting to \$1,066 million was paid on 8 October 2003. The payment comprised cash disbursements of \$865 million with \$201 million being reinvested by participants through the Dividend Reinvestment Plan; and
- In respect of the current year, a fully franked interim dividend of 79 cents per share amounting to \$996 million was paid on 30 March 2004. The payment comprised cash disbursements of \$808 million with \$188 million being reinvested by participants through the Dividend Reinvestment Plan.
- Additionally, quarterly dividends totalling \$37 million for the year were paid on the PERLS preference shares, \$15 million on the PERLS II (for distributions in March 2004 and June 2004), \$40 million on the Trust Preferred Securities, and; \$9 million on the ASB Capital preference shares.

Dividend Reinvestment Plan

The Bank expects to issue around \$250 million of shares in respect of the DRP for the final dividend for 2003/04.

The Dividend Reinvestment Plan continues to be capped at 10,000 shares per shareholder.

Record Date

The register closes for determination of dividend entitlement and for participation in the DRP at 5:00pm on 20 August 2004 at ASX Perpetual Registrars Limited, Locked Bag A14, Sydney South, 1235.

Ex Dividend Date

The ex-dividend date is 16 August 2004.

Consolidated retained earnings reconciliation

(Rule 4.3A Item No.8)

| Retained Profits | \$M |
|---|--------------|
| Opening balance 30 June 2003 | 2,809 |
| Net profit for the year | 2,572 |
| Payment of final dividend | (1,066) |
| Payment of interim dividend | (996) |
| Share buyback (19,360,759 shares @ \$16.50) | (319) |
| Appropriations to reserves (net) | (59) |
| Payment of other dividends | (101) |
| Closing balance 30 June 2004 | <u>2,840</u> |

Net tangible assets per security

(Rule 4.3A Item No.9)

| As at | Year Ended | |
|------------------------------------|------------|----------|
| | 30/06/04 | 30/06/03 |
| Net tangible assets per share (\$) | 14.00 | 11.96 |

Details of entities over which control was lost during the year

(Rule 4.3A Item No.10)

| Entity Name | Date control lost | Ownership Interest Held (%) |
|--------------------------------------|-------------------|-----------------------------|
| Commonwealth Fleet Lease Pty Limited | 31/5/04 | 100% |

Details of associates and joint ventures

(Rule 4.3A Item No.11)

| Entity Name | Ownership Interest Held (%) |
|---|-----------------------------|
| EDS (Australia) Pty Limited (EDSA) | 35 |
| Computer Fleet Management | 50 |
| Cyberlynx Procurement Services | 30 |
| PT Astra CMG Life | 50 |
| Allday Enterprises Ltd | 30 |
| China Life CMG Life Assurance Company Limited | 49 |
| Bao Minh CMG Life Insurance Company | 50 |
| CMG Mahon (China) Investment Management Limited | 50 |
| Mahon and Associates Limited | 50 |
| CMG CH China Funds Management Limited | 50 |
| Colonial First State Private Ltd | 50 |

Any other significant information

(Rule 4.3A Item No.12)

Change in accounting policies

The accounting policies applied in the preparation of the financial statements of the group for the year ended 30 June 2004 are consistent with those applied in the 30 June 2003 Annual Financial Report.

Software Capitalisation

It should be noted however, that the criteria for information technology software capitalisation has been amended, such that only computer software projects costing \$10 million or more are being capitalised and capitalisation is limited to those investments that will deliver identifiable and sustainable customer value and an increase in returns, in a significant line of business.

This change has been applied retrospectively and has resulted in the expensing of \$219 million of previously capitalised software at 1 July 2003

Foreign entities

(Rule 4.3A Item No.13)

NOT APPLICABLE.

Commentary on results

(Rule 4.3A Item No.14)

REFER TO PROFIT ANNOUNCEMENT.

Statement in relation to accounts which have been audited

(Rule 4.3A Item Nos.15, 16 & 17)

THE INFORMATION INCLUDED WITHIN THIS REPORT AND THE ATTACHED PROFIT ANNOUNCEMENT HAVE BEEN SUBJECT TO AN INDEPENDENT AUDIT BY THE EXTERNAL AUDITORS, AND ARE NOT SUBJECT TO DISPUTE OR QUALIFICATION.



Sign here:

Company Secretary

John Hatton

Date: 11 August 2004

ATTACHMENT 1

NOTES TO STATEMENT OF CASH FLOWS

| | Year Ended | |
|--|-----------------|-----------------|
| | 30/06/04 \$M | 30/06/03 \$M |
| Note (a) Reconciliation of Cash | | |
| For the purposes of the Statements of Cash Flows, cash includes cash at bankers, money at short call, at call deposits with other financial institutions and settlement account balances with other banks. | | |
| Notes, coins and cash at bankers | 1,548 | 1,492 |
| Other short term liquid assets | 440 | 641 |
| Receivables due from other financial institutions - at call | 4,124 | 2,528 |
| Payables due to other financial institutions - at call | (3,266) | (3,233) |
| Cash and Cash Equivalents at end of year | <u>2,846</u> | <u>1,428</u> |

Note (b) Cash Flows presented on a Net Basis

Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

- customer deposits to and withdrawals from deposit accounts; borrowings and repayments on loans, advances and other receivables;
- sales and purchases of trading securities; and
- proceeds from and repayment of short term debt issue

| | Year Ended | |
|--|-----------------|-----------------|
| | 30/06/04 \$M | 31/06/03 \$M |
| Note (c) Reconciliation of Operating Profit After Income Tax to Net Cash Provided by Operating Activities | | |
| Profit from ordinary activities after income tax | 2,581 | 2,018 |
| Decrease (increase) in interest receivable | (186) | (78) |
| Increase (decrease) in interest payable | 334 | 62 |
| Net (increase) decrease in trading securities | (4,324) | (2,484) |
| Net (gain)/loss on sale of investment securities | (2) | 9 |
| (Gain)/loss on sale of property plant and equipment | 11 | (22) |
| Net (gain)/loss on sale of controlled entities | - | - |
| Charge for bad and doubtful debts | 276 | 305 |
| Depreciation and amortisation | 450 | 450 |
| Other provisions | 185 | (15) |
| Increase (decrease) in income taxes payable | (36) | (234) |
| (Decrease) increase in deferred income taxes payable | (29) | (166) |
| (Increase) decrease in future income tax benefits | (39) | (100) |
| (Increase) decrease in accrued fees/reimbursements receivable | (107) | (94) |
| (Decrease) increase in accrued fees and other items payable | 412 | 6 |
| Amortisation of premium on investment securities | 12 | 6 |
| Unrealised gain on revaluation of trading securities | (260) | 269 |
| Change in excess of net market value over net assets of life Insurance controlled entities | (201) | 245 |
| Change in policy liabilities | 777 | (2,056) |
| Revaluation of life insurance assets | (1,430) | 164 |
| Gain on sale of life insurance assets | (456) | (154) |
| Other | (339) | 82 |
| Net Cash provided by Operating Activities | <u>(2,371)</u> | <u>(2,125)</u> |