Rule 4.3A

Appendix 4D

Name of entity

PREFERRED CAPITAL LIMITED

ABN or equivalent company reference	Half-Year Ending
ABN 68 101 938 176	**31 December 2009**

Results for announcement to the market

	For the half-year ended 31 December 2009 $'000	up/down	% movement
Revenue	18,095	down	56.6%
Profit after tax attributable to members	118	down	98.3%
Net profit attributable to members	118	down	98.3%

Commentary

The Company's principal activity is to act as a special purpose vehicle for capital raising purposes as part of the Commonwealth Bank of Australia's capital management program. Capital was raised through the issue of Perpetual Exchangeable Repurchaseable Listed Shares (PERLS III) under a prospectus dated 3 March 2006. The Company was subsequently admitted to the Official List of the Australian Securities Exchange (ASX) as an ASX Debt Listing on 7 April 2006. PERLS III are quoted on the ASX. The gross proceeds of $1,166.460 million received by the Company through the issue of PERLS III have been invested in Convertible Notes issued by the Commonwealth Bank of Australia's New Zealand branch.

Revenue of $18.095 million (2008: $41.657 million) is comprised primarily of interest income earned on the investment in Convertible Notes issued by Commonwealth Bank of Australia's New Zealand branch. The decrease in revenue is the result of lower market rates during the six months ended 31 December 2009 in comparison to the six months ended 31 December 2008.

The Company recorded a net profit after tax for the half-year ended 31 December 2009 of $0.118 million (2008: $7.026 million).

During the half-year, the Directors resolved and paid fully franked dividend of $17.057 million (2008: $36.215 million) in respect of PERLS III ($2.9247 per share) (2008: $6.2094 per share) and $Nil (2008: $7.744 million) in respect of ordinary shares ($nil per share) (2008: $645,265.46 per share). Under AASB139 dividends pertaining to these PERLS III are classified as finance costs.

On 15 December 2009 the Directors resolved to pay a fully franked dividend of $9.440 million (2008: $16.194 million) in respect of PERLS III ($1.6185 per share) (2008:$2.7766 per share) to be payable on 6 January 2010. Payment of dividends was subject to certain conditions being met on the date prior to payment as set out in the PERLS III Terms of Issue. All necessary conditions were met and payment was made on 6 January 2010.

FOR FURTHER DETAILS, REFER TO THE FOLLOWING ATTACHED FINANCIAL REPORT AUDITED BY PricewaterhouseCoopers

Maria Karagiannis
Company Secretary
Date: 12 February 2010

PREFERRED CAPITAL LIMITED
ABN 68 101 938 176

FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Contents

The Directors of Preferred Capital Limited ("the Company") submit the following report for the half-year ended 31 December 2009.

Directors

The names of the Directors of the Company holding office during the half-year ended 31 December 2009 and until the date of this report were:

G Petersen
M J Venter
R M McEwan
S P Kinsella (appointed 17 February 2009)
S I Grimshaw (resigned 17 February 2009)

Corporate information

Preferred Capital Limited is a company limited by shares that is incorporated and domiciled in Australia.

Its immediate and ultimate parent entity is Commonwealth Bank of Australia (the "Bank").

Principal activities

The Company's principal activity is to act as a special purpose vehicle for capital raising purposes as part of the Bank's capital management program. Capital has been raised through the issue of Perpetual Exchangeable Repurchaseable Listed Shares (PERLS III) under a prospectus dated 3 March 2006. The Company was subsequently admitted to the Official List of the Australian Stock Exchange (ASX) as an ASX Debt Listing on 7 April 2006 and PERLS III are quoted on the ASX. The gross proceeds of $1,166.46 million received by the Company through the issue of PERLS III have been invested in Convertible Notes issued by the Bank's New Zealand branch ('CBA New Zealand').

Review and results of operations

Revenue for the half-year ended 31 December 2009 was $18.10 million (2008: $41.66 million) and is comprised primarily of interest income earned on the investment in convertible notes issued by Commonwealth Bank of Australia New Zealand branch ('CBA New Zealand').

The Company recorded a net profit after tax for the half-year ended 31 December 2009 of $0.12 million (2008: $7.03 million).

Likely developments, expected results of operations and business strategy

The Company will continue to act as a vehicle for PERLS III. Expected results are that the Company will continue to earn interest on Convertible Notes, pay dividends on PERLS III in accordance with the PERLS III Terms of Issue and pay dividends on the ordinary shares provided there is a surplus after paying dividends on PERLS III. There is currently no intention to make any further issue of securities.

In July 2009, the Bank has commenced making payments to the Company under the "Top-Up Deed". These payments will ensure that the Company has sufficient resources to continue making payments under PERLS III, despite a fall in income due to lower interest rates.

Financial position

At 31 December 2009 the Company held total assets of $1,175.80 million (30 June 2009: $1,174.77 million) and net assets of $0.42 million (30 June 2009: $0.30 million). The increase in net assets is as a result of current period operations.

Dividends

	31 December 2009 $'000	31 December 2008 $'000
PERLS III		
PERLS III fully franked dividends paid on 6 July 2009 ($1.45 per share) (7 July 2008: $3.10 per share)	**8,475**	18,084
PERLS III fully franked dividends paid on 6 October 2009 ($1.47 per share) (7 October 2008: $3.11 per share)	**8,582**	18,131
	17,057	36,215

Ordinary shares	**31 December 2009 $'000**	31 December 2008 $'000
Ordinary shares fully franked dividends paid on 6 July 2009 ($nil per share) (7 July 2008: $323,547.25 per share)	**-**	3,883
Ordinary shares fully franked dividends paid on 6 October 2009 ($nil per share) (7 October 2008: $321,718.21 per share)	**-**	3,861
	-	7,744

On 15 December 2009, the Directors resolved to pay a fully franked dividend of $9.44 million (6 January 2009: $16.19 million) in respect of PERLS III ($1.62 per share) (6 January 2009: $2.78 per share) and $0.14 million (6 January 2009: $3.07 million) in respect of ordinary shares ($11,292.08 per ordinary share) (6 January 2009: $256,169.49 per ordinary share) to be payable on 6 January 2010. Payment of dividends was subject to certain conditions being met on the date prior to payment as set out in the PERLS III prospectus. All necessary conditions were met and payment was made on 6 January 2010.

Auditor's independence declaration

Our auditors, PricewaterhouseCoopers, have provided us with a declaration of their independence, which is attached to the Directors' report.

Rounding of amounts

The amounts contained in the Directors' report and the financial statements are presented in Australian Dollars and all values have been rounded to the nearest one thousand dollars unless otherwise stated under the option available to the Company under Class Order 98/100 (as amended by ASIC Class Order 04/667) issued by the Australian Securities and Investments Commission.

Signed in accordance with a resolution of Directors.

Director
Sydney, NSW
12 February 2010

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Auditor's Independence Declaration

As lead auditor for the review of Preferred Capital Limited for the half year ended 31 December 2009, 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 Preferred Capital Limited during the period.

PricewaterhouseCoopers

Rahoul Chowdry
Partner

Sydney
12 February 2010

Preferred Capital Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2009

	Notes	31 December 2009 $'000	31 December 2008 $'000
Revenue	3	**18,095**	41,657
Expenses	3	**17,976**	34,629
Profit before income tax		**119**	7,028
Income tax expense		**(1)**	(2)
Profit for the half year		**118**	7,026
Total comprehensive income for the half year		**118**	7,026
Profit attributable to owners of Preferred Capital Limited		**118**	7,026

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Preferred Capital Limited
Statement of Financial Position
As at 31 December 2009

	31 December 2009 $'000	30 June 2009 $'000
Current assets		
Cash and cash equivalents	**288**	287
Loans, advances and other receivables	**9,056**	8,023
Total current assets	**9,344**	8,310
Non current assets		
Loans, advances and other receivables	**1,166,456**	1,166,456
Total non current assets	**1,166,456**	1,166,456
Total assets	**1,175,800**	1,174,766
Current liabilities		
Payables	**8,928**	8,010
Current tax liabilities	**1**	3
Total current liabilities	**8,929**	8,013
Non-current liabilities		
Interest bearing liabilities	**1,166,456**	1,166,456
Total non-current liabilities	**1,166,456**	1,166,456
Total liabilities	**1,175,385**	1,174,469
Net assets	**415**	297
Shareholders' equity		
Share capital*	**-**	-
Retained profits	**415**	297
Total equity	**415**	297

* Share capital of $12 has been rounded to nil.

Preferred Capital Limited
Statement of Changes in Equity
As at 31 December 2009

	Share Capital $'000	Retained Earnings $'000	Total Shareholder's Equity $'000
As at 1 July 2008	-	3,903	3,903
Total Comprehensive income	-	7,026	7,026
Dividends	-	(7,743)	(7,743)
As at 31 December 2008	-	3,186	3,186
Total Comprehensive income	-	710	710
Dividends	-	(3,599)	(3,599)
As at 30 June 2009	-	297	297
Total Comprehensive income	-	118	118
Dividends	-	-	-
As at 31 December 2009	**-**	415	415

* Share capital of $12 has been rounded to nil

	Notes	**31 December 2009 $'000**	31 December 2008 $'000
Cash flows from operating activities			
Interest income received		**16,825**	43,968
Interest expense paid		**(17,057)**	(36,215)
Other expenses paid		**236**	(2)
Income tax paid		**(3)**	-
Net cash inflow from operating activities		**1**	7,751
Cash flows from investing activities		**-**	-
Net cash flow from investing activities		**-**	-
Cash flows from financing activities			
Dividends paid	4	**-**	(7,743)
Net cash outflow from financing activities		**-**	(7,743)
Net increase in cash and cash equivalents		**1**	8
Cash and cash equivalents at the beginning of the half -year		**287**	279
Cash and cash equivalents at the end of the half-year		**288**	287

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Accounting policies

General information

The Financial Statements of Preferred Capital Limited (the "Company") for the half-year ended 31 December 2009 were approved and authorised for issue by the Board of Directors on 12 February 2010.

The Company is incorporated and domiciled in Australia. It is a company limited by shares. The address of its registered office is Ground Floor, Tower 1, 201 Sussex Street, Sydney. Its immediate and ultimate parent entity is Commonwealth Bank of Australia (the "Bank").

The Company's principal activity is to act as a special purpose vehicle for capital raising purposes as part of the Bank's capital management program. The Company was used to raise capital through the issue of Perpetual Exchangeable Repurchaseable Listed Shares (PERLS III) under a prospectus dated 3 March 2006. The gross proceeds of $1,166.456 million received by the Company through the issue of PERLS III have been invested in convertible notes issued by the Bank's New Zealand branch ('CBA New Zealand').

The functional and presentational currency of the Company has been determined to be Australian Dollars (AUD) as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Company.

(a) Basis of preparation of interim report

These General Purpose Financial Statements for the half year ended 31 December 2009 have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements.

The half-year Financial Statements do not include all notes of the type normally included within annual Financial Statements and therefore cannot be expected to provide as full an understanding of the financial position or financial performance of the Company as that given by the Annual Financial Statements. These statements should therefore be read in conjunction with the 30 June 2009 Annual Financial Statements of the Company and any public announcements made in the period by the Company in accordance with the *Corporations Act 2001* and ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Revised AASB 101 Presentation of Financial Statements is applicable from 1 July 2009. The revised standard does not impact the financial position or results of the Company. It does, however, result in certain presentational changes in the Financial Statements, including:

- presentation of all items of income and expense and non-owner changes in equity in a "Statement of Comprehensive income" and;
- presentation of a "Statement of Changes in Equity" showing owner changes in equity.

Other new accounting standards, amendments to accounting standards or interpretations that have been published are not mandatory for the current reporting period. These are not expected to have any material impact on the Company's financial statements in subsequent periods.

The financial statements are prepared on the basis of historical cost.

The financial statements are presented in Australian dollars.

For the purpose of these half-year financial statements, the half year has been treated as a discrete reporting period.

(b) Cash and cash equivalents

Cash and cash equivalents include cash at banks and money at short call with an original maturity of three months or less. They are brought to account at the face value or the gross value of outstanding balance. Interest is taken to the Statement of Comprehensive Income using the effective interest method when earned.

(c) Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The principal source of revenue is interest income.

Interest income
Interest income is recognised on an accruals basis using the effective interest method.

Top-up payments
Where the Company does not receive sufficient funds from the Convertible Notes to cover payments required on PERLS III, the Bank has the right under the "Top-up Deed", in its absolute discretion to make a Top-up payment to cover the shortfall. Top-up payments are recognised only when approved by the Bank.

(d) Financial instruments

Financial assets and financial liabilities which are not at fair value are carried at cost or amortised cost. Under AASB 132 and AASB 139, financial instruments are required to be classified into one of the following measurement categories which determine the accounting treatment of the item:

- Assets at fair value through the Statement of Comprehensive Income
- Available-for-sale investments
- Held to maturity investments
- Loans, advances and other receivables (Note 1(e))
- Liabilities at fair value through the Statement of Comprehensive Income
- Liabilities at amortised cost
- Equity

Derecognition of financial instruments
The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party and the risks and rewards have substantially been transferred.

(e) Loans, advances and other receivables

Loans, advances and other receivables are primarily financial assets with fixed and determinable payments that are not quoted on an active market and include convertible notes issued by CBA New Zealand. These amounts are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost using the effective interest method.

(f) Provisions for impairment

Loans, advances and other receivables
The Company assesses at each balance date whether there is any objective evidence of impairment. If there is objective evidence that an impairment loss on loans, advances and other receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the expected future cash flows, discounted at the financial asset's original effective interest rate. Short-term balances are not discounted.

Loans, advances and other receivables are presented net of provisions for loan impairment.

(g) Income taxes

Income tax on the profit for the period comprises current and deferred tax.

Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the half-year, using tax rates enacted or substantially enacted at the end of reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of reporting period which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Provisions

A provision is recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event, and where it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provision for dividend
A provision for dividend payable is recognised when dividends are declared in the period in which they are approved by the Company's Directors and all terms and conditions set out in the prospectus are met.

The dividends payable to PERLS III holders are expected to be primarily sourced from interest paid on convertible notes issued by CBA New Zealand.

(i) Interest bearing liabilities

Interest bearing liabilities include PERLS III issued by the Company. PERLS III are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost using the effective interest method.

PERLS III may be exchanged for ordinary shares in the Bank, Bank PERLS III Preference shares or a combination of Bank ordinary shares and cash after 6 April 2016 under certain circumstances as set out in the PERLS III prospectus. PERLS III offers a non cumulative floating rate return. Dividends are reset quarterly commencing on 6 April 2006 and are payable quarterly in arrears.

(j) Payables and other liabilities

Payables and other liabilities include interest payable which is recognised on a time proportion basis using the effective interest rate method.

(k) Shareholders' equity

Ordinary share capital is the amount of paid up capital from the issue of ordinary shares and is classified as equity.
Redeemable preference shares are classified as liabilities.

Retained profits are derived from revenue profits and are available for dividend.

(l) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

(m) Critical accounting policies and estimates

These notes to the financial statements contain a summary of the Company's significant accounting policies. Certain of these policies are considered to be more important in the determination of the Company's financial position, since they may require management to make difficult, complex or subjective judgements, some of which may relate to matters that are inherently uncertain. During the half-year management have not been required to make any decisions of this nature.

(n) Rounding of amounts

The amounts contained in the Director's report and the financial report are presented in Australian Dollars and all values have been rounded to the nearest one thousand dollars unless otherwise stated under the option available to the Company under Class Order 98/0100 (as amended by ASIC Class Order 04/667) issued by the Australian Securities and Investments Commission.

Note 2 Segment information

The Company operates predominantly in one geographical area, Australia, and operates predominantly in one business segment. The Company's primary activity is to invest funds raised from the issue of PERLS III in convertible notes issued by CBA New Zealand. The Company is domiciled in Australia.

Note 3 Revenue and Expenses

	31 December 2009 $'000	31 December 2008 $'000
Revenue		
Interest income from ultimate parent entity	**5**	9
Interest income from CBA New Zealand convertible notes	**17,858**	41,648
Top-up payment from ultimate parent entity	**232**	-
Revenue from ordinary activities	**18,095**	41,657
Expenses		
Interest paid	**17,974**	34,628
Other operational expenses	**2**	1
Total expenses	**17,976**	34,629

Note 4 Dividends

Ordinary shares	**31 December 2009 $'000**	31 December 2008 $'000
Ordinary shares fully franked dividends paid on 6 July 2009 ($nil per share) (7 July 2008: $323,547.25 per share)	**-**	3,882
Ordinary shares fully franked dividends paid on 6 October 2009 ($nil per share) (7 October 2008: $321,718.21 per share)	**-**	3,861
	-	7,743

On 15 December 2009 the Directors resolved to pay a fully franked dividend of $9.440 million (6 January 2009: $16.19 million) in respect of PERLS III ($1.62 per share) (6 January 2009: $2.78 per share) and $0.14 million (6 January 2009: $3.07 million) in respect of ordinary shares ($11,292.12 per ordinary share) (6 January 2009: $256,169.49 per ordinary share) to be payable on 6 January 2010. Payment of dividends was subject to certain conditions being met on the date prior to payment as set out in the PERLS III prospectus. All necessary conditions were met and payment was made on 6 January 2010.

Note 5 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2009 (30 June 2009: none). CBA New Zealand and the Company entered into an agreement under which, in consideration for the Company agreeing to subscribe for Convertible Notes, CBA New Zealand agrees to pay all of the Company's upfront costs and expenses in connection with the offer and the issue of PERLS III including, without limitation, all legal, accounting, share registry, listing, printing, advertising and other expenses.

Note 6 Events after the balance sheet date

The Directors are not aware of any matter or circumstance not otherwise dealt within this report that has occurred since the end of the half-year that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

In accordance with a resolution of the Directors of Preferred Capital Limited, the Directors declare that:

(a) the financial statements and notes thereto comply with the Accounting Standards and in their opinion are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half- year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Act* 2001 and other mandatory professional reporting requirements;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

Director
Sydney, NSW
12 February 2010

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Independent auditor's review report to the members of Preferred Capital Limited

Report on the Half-Year Financial Statements

We have reviewed the accompanying half-year financial statements of Preferred Capital Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Preferred Capital Limited (the company).

Directors' responsibility for the half-year financial statements

The directors of the company are responsible for the preparation and fair presentation of the half year financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial statements based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial statements are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Preferred Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of half-year financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial statements to determine whether it contains any material inconsistencies with the financial statements. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. 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.

Independent auditor's review report to the members of Preferred Capital Limited (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial statements of Preferred Capital Limited are not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 30 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

PricewaterhouseCoopers

Rahoul Chowdry
Partner

Sydney
12 February 2010