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 2008**

Results for announcement to the market

	For the half-year ended 31 December 2008 $'000	Up/Down	% movement
Revenue	41,657	up	11.0%
Profit after tax attributable to members	7,026	up	21.5%
Net profit for the year attributable to members	7,026	up	21.5%

Commentary

The Company's principal activity is to act as a special purpose vehicle for capital raising purposes as part of Commonwealth Bank of Australia'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 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 Commonwealth Bank of Australia's New Zealand branch.

Revenue of $41.66 million (2007:$37.51 million) is comprised primarily of interest income earned on the investment in Convertible Notes issued by Commonwealth Bank of Australia New Zealand branch.

The Company recorded a net profit after tax for the half-year ended 31 December 2008 of $7.03 million (2007: $5.78 million).

During the half year, the Directors resolved and paid fully franked dividend of $36.22 million (2007: $30.44 million) in respect of PERLS III ($6.2094 per share) (2007: $5.2194) and $7.74 million (2007: $5.35 million) in respect of ordinary shares ($645,265.46 per share) (2007: $446,168.80). Under AASB139 dividends pertaining to PERLS III are classified as finance costs.

On 15 December 2008 the Directors resolved to pay a fully franked dividend of $16.19 million (2008: $16.20 million) in respect of PERLS III ($2.7766 per share) (2008: $2.7772 per share) and $3.07 million (2008: $3.07 million) in respect of ordinary shares ($256,049.12 per ordinary share) (2008: $256,169.49 per ordinary share) to be payable on 6 January 2009. 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 2009.

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

Maria Karagiannis
Company Secretary
Date: 17 February 2009

PREFERRED CAPITAL LIMITED
ABN 68 101 938 176

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Contents

The Directors of Preferred Capital Limited (the 'Company') submit the following report for the half-year ended 31 December 2008.

Directors
The names of the Directors of the Company in office during the half-year ended 31 December 2008 and until the date of this report were:

G A Petersen
S I Grimshaw (Resigned 17 February 2009)
M J Venter
R M McEwan
S P Kinsella (Appointed 17 February 2009)

Review and results of operations

Revenue for the half-year ended 31 December 2008 was $41.657 million (2007: $37.512 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 2008 of $7.026 million (2007: $5.781 million).

Financial position

At 31 December 2008 the Company held total assets of $ 1,184.952 million (30 June 2008: $1,187.254 million) and net assets of $3.186 million (30 June 2008: $3.903 million). The decrease in net assets is a result of current period operations.

Perpetual Exchangeable Repurchaseable Listed Shares (PERLS III) have been assigned an independent credit rating of A+ by Standard & Poor's and Aa3 by Moody's, and are considered to be investment grade securities.

Dividends

	31 December 2008 $'000	31 December 2007 $'000
PERLS III		
PERLS III fully franked dividends paid on 7 July 2008 ($3.1006 per share) (6 July 2007: $2.5183per share)	**18,084**	14,687
PERLS III fully franked dividends paid on 7 October 2008 ($3.1088 per share) (8 October 2007: $2.7011per share)	**18,131**	15,754
	36,215	30,441
Ordinary shares		
Ordinary shares fully franked dividends paid on 7 July 2008 ($323,547.25 per share) (6 July 2007: $216,475.33 per share)	**3,882**	2,598
Ordinary shares fully franked dividends paid on 7 October 2008 ($321,718.21 per share) (8 October 2007: $229,693.47 per share)	**3,861**	2,756
	7,743	5,354

On 15 December 2008 the Directors resolved to pay a fully franked dividend of $16.194 million (2008: $16.197 million) in respect of PERLS III ($2.7766 per share) (2008: $2.7772 per share) and $3.073 million (2008: $3.074 million) in respect of ordinary shares ($256,049.12 per ordinary share) (2008: $256,169.49 per ordinary share) to be payable on 6 January 2009. 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 2009.

Auditors' 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 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.

Signed in accordance with a resolution of Directors.

Director
Sydney, NSW
17 February 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

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

Auditor's Independence Declaration

As lead auditor for the review of Preferred Capital Limited for the half-year ended 31 December 2008, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Preferred Capital Limited.

PricewaterhouseCoopers

Rahoul Chowdry
Partner

Sydney
17 February 2009

	Note	**31 December 2008 $'000**	31 December 2007 $'000
Revenue	3	**41,657**	37,512
Expenses	3	**34,629**	31,729
Profit before income tax		**7,028**	5,783
Income tax expense		**2**	2
Profit attributable to members of Preferred Capital Limited		**7,026**	5,781

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

Preferred Capital Limited
Balance Sheet
As at 31 December 2008

	31 December 2008 $'000	30 June 2008 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**287**	279
Loans, advances and other receivables	**18,209**	20,519
Total current assets	**18,496**	20,798
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	**1,184,952**	1,187,254
LIABILITIES		
Current liabilities		
Payables	**15,304**	16,891
Income tax liabilities	**6**	4
Total current liabilities	**15,310**	16,895
Non-current liabilities		
Interest bearing liabilities	**1,166,456**	1,166,456
Total non-current liabilities	**1,166,456**	1,166,456
Total liabilities	**1,181,766**	1,183,351
Net assets	**3,186**	3,903
Shareholders' equity		
Share capital*	**-**	-
Retained profits	**3,186**	3,903
Total equity	**3,186**	3,903

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

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

	Note	**31 December 2008 $'000**	31 December 2007 $'000
Share capital			
Balance at beginning of the half-year*		**-**	-
Increase in capital during the half-year		**-**	-
Balance at the end of the half-year *		**-**	-
Retained profit			
Retained profits at the beginning of the half-year		**3,903**	2,715
Profit for the half-year		**7,026**	5,781
Total recognised income and expense for the half-year		**7,026**	5,781
Dividends paid during the half-year	4	**(7,743)**	(5,354)
Retained profits at the end of the half-year		**3,186**	3,142
Total equity at the end of the half-year		**3,186**	3,142

* Share capital of $12 has been rounded to nil

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

	Note	**31 December 2008 $'000**	31 December 2007 $'000
Cash flows from operating activities			
Interest income received		**43,968**	35,803
Interest expense paid		**(36,215)**	(30,441)
Other expense paid		**(2)**	(2)
Net cash inflow from operating activities		**7,751**	5,360
Cash flows from investing activities		**-**	-
Net cash flow from investing activities		**-**	-
Cash flows from financing activities			
Dividends paid	4	**(7,743)**	(5,354)
Net cash outflow from financing activities		**(7,743)**	(5,354)
Net increase in cash held		**8**	6
Cash and cash equivalents at the beginning of the half-year		**279**	264
Cash and cash equivalents at the end of the half-year		**287**	270

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

Note 1 Accounting policies

(a) General information

The financial statements of Preferred Capital Limited (the 'Company') for the half-year ended 31 December 2008 were approved and authorised for issue by the Board of Directors on 17 February 2009.

The Company is incorporated and domiciled in Australia. It is a company limited by shares. The address of its registered office is Level 7, 48 Martin Place, Sydney NSW 2000, Australia. 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 Banks' 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.

(b) Basis of preparation of interim report

This general purpose financial report for the half-year ended 31 December 2008 has been prepared in accordance with the requirements of the *Corporation Act* 2001 and AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements.

The half-year financial report does not include all notes of the type normally included within an annual financial report 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 report. This report should therefore be read in conjunction with the 30 June 2008 Annual Financial Report 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. There have been no new accounting standards, amendments to accounting standards or interpretations during the half-year that have been mandatory for the Company to adopt. 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 report in the subsequent periods.

The financial report is prepared on the basis of historical cost.

The financial report is presented in Australian dollars.

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

(c) 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 income statement using the effective interest method when earned.

(d) 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.

(e) Financial instruments

Financial assets and financial liabilities which are not at fair value are carried at cost or amortised cost. For each class of financial instrument listed below, financial instruments are transacted on a commercial basis to derive an interest yield/cost with terms and conditions having due regard to the nature of the transaction and the risks involved.

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 Income Statement
- Available-for-sale investments
- Held to maturity investments
- Loans, advances and other receivables
- Liabilities at fair value through the Income Statement
- 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.

(f) 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.

(g) 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 assets' 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 and advances are presented net of provisions for loan impairment.

(h) Income taxes

Income tax on the profit and loss for the half-year comprises current and deferred tax.

Income tax is recognised in the Income Statement, 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 balance sheet date, 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 balance sheet date 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.

(i) Provisions

A provision is recognised in the balance sheet 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.

(j) 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 and, 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.

(k) Payables

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

(l) 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.

(m) Comparatives

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

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 2008 $'000**	31 December 2007 $'000
Revenue		
Interest income from ultimate parent entity	**9**	8
Interest income from CBA New Zealand convertible notes	**41,648**	37,504
Revenue from continuing operations	**41,657**	37,512
Expenses		
Interest paid	**34,628**	31,727
Other operating expenses	**1**	2
Total expenses	**34,629**	31,729

Note 4 Dividends

	31 December 2008 $'000	31 December 2007 $'000
Ordinary shares fully franked dividends paid on 7 July 2008 ($323,547.25 per share) (6 July 2007: $216,475.33 per share)	**3,882**	2,598
Ordinary shares fully franked dividends paid on 7 October 2008 ($321,718.21 per share) (8 October 2007: $229,693.47 per share)	**3,861**	2,756
	7,743	5,354

On 15 December 2008 the Directors resolved to pay a fully franked dividend of $16.194 million (2008: $16.197 million) in respect of PERLS III ($2.7766 per share) (2008: $2.7772 per share) and $3.073 million (2008: $3.074 million) in respect of ordinary shares ($256,049.12 per ordinary share) (2008: $256,169.49 per ordinary share) to be payable on 6 January 2009. 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 2009.

Note 5 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2008 (31 December 2007: 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, I declare in the opinion of the Directors:

(a) the half-year financial statements and notes as set out on pages 5-12 are in accordance with the *Corporations Act* 2001 and:

  (i) give a true and fair view of the financial position of the Company as at 31 December 2008 and of its performance for the half-year ended on that date; and

  (ii) comply with Accounting Standards and any further requirements in the *Corporations Regulations* 2001;and

(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
17 February 2009

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

Independent Auditor's Review Report to the Members of Preferred Capital Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Preferred Capital Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement 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 report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report 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 report that is 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 report 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 report is 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 2008 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 report.

A review of a half-year financial report 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 report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

PRICEWATERHOUSECOOPERS

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

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

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 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 report of Preferred Capital Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2008 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
17 February 2009