



Financial Statements

For the year ended 31 December 2007

**Companies office registration number:
1527864**

**Registered office:
Level 2, Office Tower, 277 Broadway, Newmarket, Auckland**

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Company Directory

As at 31 December 2007

Nature of Business

Leasing of space within shopping centres.

Registered Office

Level 2
Office Tower, 277 Broadway
Newmarket
AUCKLAND

Directors

P Allen
W J Falconer
A W Harmos

Auditors

Ernst & Young
AUCKLAND

Solicitors

Russell McVeagh McKenzie Bartleet & Co
AUCKLAND

Simpson Grierson
AUCKLAND

Shareholders

Westfield Holdings Limited (100%)

Directors' Review

For the year ended 31 December 2007

The Board of Directors present their Annual Report including financial statements of the company for the year ended 31 December 2007, and the auditor's report thereon.

The shareholders of the company have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this Annual Report need not comply with any of paragraphs (a) and (e) to (j) of section 211(1) of the Act.

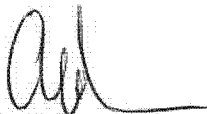
For and on behalf of the Board:



P Allen

28 MAY 2008

Date



A Harmos

28 MAY 2008

Date

Auditor's Report

To the Shareholders of Westfield Finance (NZ) Limited

We have audited the financial statements on pages 3 to 11. The financial statements provide information about the past financial performance of the company and its financial position as at 31 December 2007. This information is stated in accordance with the accounting policies set out on pages 6 to 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibilities

The directors are responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of the company as at 31 December 2007 and of its financial performance for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the company.

Unqualified Opinion

We have obtained all the information and explanations we have required.
In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 3 to 11:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the financial position of the company as at 31 December 2007 and its financial performance for the year ended on that date.

Our audit was completed on 28 May 2008 and our unqualified opinion is expressed as at that date.

Ernst & Young
Auckland

Income Statement

For the year ended 31 December 2007

	Note	31-Dec-07	31-Dec-06
Revenue and other income			
Intercompany management income		383	183
Total revenue and other income		383	183
Expenses			
Operating expenses		(383)	(183)
Total expenses		(383)	(183)
Profit before income tax		-	-
Income tax benefit	3	-	-
Profit after tax		\$-	\$-

The accompanying notes form part of these financial statements.

Balance Sheet

As at 31 December 2007

	Note	31-Dec-07	31-Dec-06
ASSETS			
Current Assets			
Cash and cash equivalents	4	809	909
Trade and other receivables	5	191	91
Total current assets		1,000	1,000
TOTAL ASSETS		\$1,000	\$1,000
LIABILITIES			
Current Liabilities			
Trade and other payables	6	1,000	1,000
Total current liabilities		1,000	1,000
TOTAL LIABILITIES		\$1,000	\$1,000
NET ASSETS		\$-	\$-
EQUITY			
Issued capital		-	-
Retained surplus/(deficit)		-	-
TOTAL EQUITY		\$-	\$-

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2007

	Issued Capital	Retained Earnings	Total Equity
Equity at 1 January 2006	-	-	-
Profit	-	-	-
Total Recognised Revenues and Expenses for the year	-	-	-
Equity at 31 December 2006	-	-	-
Profit	-	-	-
Total Recognised Revenues and Expenses for the year	-	-	-
Equity at 31 December 2007	\$-	\$-	\$-

Ordinary shares
100 issued and unpaid (2006: 100)

Shares do not have a par value.

All shares have equal voting rights and share equally in dividends and surplus on winding up.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2007

1 Corporate information

The financial statements of Westfield Finance (NZ) Limited for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors dated as per the date on the directors review.

Westfield Finance (NZ) Limited is a company incorporated in New Zealand and registered under the Companies Act 1993 and a reporting entity for purposes of the Financial Reporting Act 1993. The financial statements of Westfield Finance (NZ) Limited have been prepared in accordance with the Financial Reporting Act 1993.

Westfield Finance (NZ) Limited is involved in the leasing of space within shopping centres.

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars.

Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to IFRSs and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities that qualify for and apply differential reporting concessions. The Company is a profit-oriented entity for the purposes of complying with NZ GAAP.

This is the first set of financial statements prepared based on NZ IFRS and comparatives for the year ended 31 December 2006 have been restated accordingly.

Notes to the Financial Statements

For the year ended 31 December 2007

Trade and other receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Trade and other payables

Payables are carried at original invoice. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Revenue

Revenue is recognised and measured at fair value of the 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.

Revenue from intercompany management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

Expenses

All expenses are recognised on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash at the bank.

New accounting standards and interpretations

The company has adopted NZ IFRS 7 *Financial Instruments: Disclosures* and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the company.

Notes to the Financial Statements

For the year ended 31 December 2007

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax is provided on all temporary differences at balance sheet date on the differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the costs of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amounts of GST included.

The net amount of GST payable or receivable to the tax authority is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Differential reporting

The company and group qualifies for differential reporting as they are not publicly accountable and there is no separation between the owners and the governing body. The Company have taken advantage of all available differential reporting exemptions, except for:

- (i) the exemption available in NZ IAS 12 *Income Taxes* that permits qualifying entities to recognise taxation using the taxes payable method.
- (ii) the exemption available in NZ IAS 18 *Revenue* that permits qualifying entities to recognise revenue and expenses on a GST inclusive basis.

Capital management

When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the company. The company is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

For the year ended 31 December 2007

3 Taxation

	31-Dec-07	31-Dec-06
<u>Reconciliation of income tax expense</u>		
Profit before income tax	-	-
Income tax at 33%	-	-
Current years income tax expense	-	-
Adjustments in respect to previous years	-	-
Tax rate changes	-	-
Income tax benefit reported in the income statement	\$-	\$-

	Balance sheet		Income statement	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
Deferred tax assets	-	-		
Deferred tax liabilities	-	-		
Net deferred tax (liabilities)/assets	\$-	\$-		
Deferred tax (income)/expense			\$-	\$-

	31-Dec-07	31-Dec-06
<u>Imputation credit account</u>		
Opening balance	-	-
Tax payments made	-	-
Refunds received	-	-
Closing balance	\$-	\$-

There are no unrecognised temporary differences, unused tax losses and unused tax credits. (2006: Nil)

The company has no taxation.

The government has announced a change in the company tax rate from 33% to 30% effective for years beginning on or after 1 April 2008. This tax rate change has been substantively enacted and hence deferred tax assets and liabilities have been measured at the substantively enacted rate.

Notes to the Financial Statements

For the year ended 31 December 2007

4 Cash and cash equivalents

	31-Dec-07	31-Dec-06
Current account	809	909
	<u>809</u>	<u>909</u>

5 Trade and other receivables

	31-Dec-07	31-Dec-06
Related party receivables	191	91
	<u>\$191</u>	<u>\$91</u>

Related party receivables:
Westfield Properties (NZ) Limited

	191	91
	<u>\$191</u>	<u>\$91</u>

Related party receivables are unsecured and are repayable on demand. No interest is charged on outstanding balances.

6 Trade and other payables

	31-Dec-07	31-Dec-06
Related party payables	1,000	1,000
	<u>\$1,000</u>	<u>\$1,000</u>

Related party payables:
Westfield Shopping Centre Management Co. (NZ) Limited

	1,000	1,000
	<u>\$1,000</u>	<u>\$1,000</u>

Related party payables are unsecured and are repayable on demand. No interest is charged on outstanding balances.

Notes to the Financial Statements

For the year ended 31 December 2007

7 Related Party Transactions

Westfield Holdings Limited is the ultimate parent entity. Westfield Holdings Limited is incorporated in Australia.

The following table shows the transactions entered into with related parties. For balances at year end refer to notes 5 and 6.

Income	Property management fees income
Westfield Properties (NZ) Limited	
2007	383
2006	183

Ultimate parent

The Company has entered into a Master Guarantee Deed with other subsidiaries of Westfield Holdings Limited (a related entity) covering the Westfield Group's banking facility.

There were no other transactions with the ultimate parent entity, Westfield Holdings Limited. (2006: Nil)

8 Capital commitments

The company have no capital commitments. (2006: Nil)

9 Contingent liabilities/assets

The Company has entered into a Master Guarantee Deed with other subsidiaries of Westfield Holdings Limited (a related entity) covering the Westfield group's banking facilities.

There were no other contingent liabilities/assets at balance date (2006: nil)

10 Impact of adoption of NZ IFRS

There is no impact on Westfield Finance (NZ) Limited from adopting NZ IFRS.