

NATIONAL AUSTRALIA BANK LTD  
Form 6-K  
October 25, 2006

FILE NO 1-9945

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON DC 20549

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## FORM 6-K

### REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of **October 2006**

## National Australia Bank Limited

ACN 004 044 937

(Registrant's Name)

Level 24

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500 Bourke Street

MELBOURNE VICTORIA 3000

AUSTRALIA

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-Fx

Form 40-Fo

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82

**Group Corporate Affairs**  
500 Bourke Street, Melbourne  
Victoria 3000  
Australia

[www.nabgroup.com](http://www.nabgroup.com)

ABN 12 004 044 937

**ASX Announcement**

*Tuesday, 24 October 2006*

**National Australia Bank Full Year Reporting Template**

National Australia Bank today released its reporting template extract for the 2006 financial year profit announcement.

The template is provided to allow analysts to update financial models to take into account the impact of businesses disposed during 2006.

To facilitate comparison on a like for like basis, prior period cash earnings have been reduced to reflect operations that have been sold. These include Custom Fleet and the MLC life insurance operations in Hong Kong and Indonesia.

The template also includes refinements to the March 2006 disclosure of fair value movements for financial instruments. This is associated with the introduction of the Australian equivalents of International Financial Reporting Standards and does not change the reported profit.

National Australia Bank will announce its 2006 financial results on Friday 3 November.

**For further information:**

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**National Australia Bank Limited**

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Australia

Telephone: 613-8641-3500

## Summary of Changes

The attached templates incorporate the following changes to the disclosures made at the 31 March 2006 half:

Prior period comparatives have been amended to exclude the impact of the businesses disposed during the year;

Prior period comparatives have been updated to reflect the impact of a minor business re-organisation of the Australian Treasury business moving from Group Funding into the Australia Region;

Reclassification within Gains less losses on financial instruments has been made to reclassify the fair value movements on derivatives designated under the Fair Value Option out of Trading income and into Other fair value movements .

The definition of Cash Earnings has been updated to reflect how it will be determined for the 30 September 2006 half year.

## Divisional Performance Summary

## DIVISIONAL PERFORMANCE SUMMARY

	Sep 06 \$m	Half Year to Mar 06 \$m	Fav / (Unfav) Change on Mar 06 %	Sep 06 \$m	Year to Sep 05 \$m	Fav / (Unfav) Change on Sep 05 %
<b>Cash earnings (1)</b>						
Australian Banking		990			1,836	
Wealth Management Australia		174			403	
Asia Banking & Wealth Management		29			29	
Australia Region		1,193			2,268	
UK Region		257			536	
New Zealand Region		167			317	
nabCapital		286			577	
Other (incl. Group Funding & Corporate Centre)		64			(241)	
<b>Cash earnings before significant items and distributions</b>		1,967			3,457	
Distributions		(127)			(204)	
<b>Cash earnings before significant items</b>		1,840			3,253	
Cash earnings before significant items disposed operations		(52)			(93)	
<b>Cash earnings before significant items ongoing operations</b>		1,788			3,160	
<b>Reconciliation to net profit</b>						
<b>Cash earnings before significant items</b>		1,840			3,253	
<b>Adjusted for:</b>						
Significant items after tax		270			678	
<b>Cash earnings after significant items</b>		2,110			3,931	
<b>Adjusted for:</b>						
Net profit attributable to minority interest		259			610	
Distributions		127			204	
Treasury shares after tax		(104)			(143)	
IoRE discount rate variation						
Impairment of goodwill		(5)				
Revaluation gains / (losses) on exchangeable capital units after tax		(134)				
Net profit/(loss) on sale of controlled entities						
Revaluation gains/(losses) on economic hedge of the proceeds on sale of controlled						

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entities

<b>Net profit</b>	2,253	4,602
Net profit attributable to minority interest	(259)	(610)
<b>Net profit attributable to members of the Company</b>	1,994	3,992
Distributions	(127)	(204)
<b>Earnings attributable to ordinary shareholders</b>	1,867	3,788

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(1) *Cash earnings is a performance measure used by the management of the Group. Refer to Non-GAAP financial measures for a complete discussion of cash earnings.*

## NON-GAAP FINANCIAL MEASURES

### *Cash earnings*

Cash earnings is defined as follows:

Net profit  
Less:  
Minority interests  
Minority interests Life businesses  
Distributions  
Revaluation gains/losses on exchangeable capital units  
Treasury shares  
Net profit/loss on sale of controlled entities  
Revaluation gains/losses on economic hedge of the proceeds on  
sale of controlled entities  
IoRE discount rate variation  
Add:  
Impairment of goodwill  
Cash earnings

Cash earnings is a key performance measure and financial target used by the Group. Dividends paid by the Company are based on after-tax cash earnings (adjusted for significant items).

Cash earnings is a key performance measure used by the investment community, as well as by those Australian peers of the Group with a similar business portfolio.

Cash earnings does not refer to, or in any way purport to represent the cash flows, funding or liquidity position of the Group. It does not refer to any amount represented on a Cash Flow Statement.

Adjustments are made between net profit and cash earnings as follows:

Minority interests reflects the allocation of profit to minority interests in the Group, and is adjusted from net profit to reflect the amount of net profit that is attributable to ordinary shareholders

Minority interests Life Businesses reflects the allocation of profit to controlled unit trusts of life companies

Distributions this reflects payments to holders of National Income Securities, Trust Preferred Securities, and Trust Preferred Securities II, and is adjusted from net profit to reflect the amount of net profit that is attributable to ordinary shareholders



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Revaluation gains/losses on exchangeable capital units the Group's exposure to foreign exchange risk is eliminated through the existence of certain conversion features that convert the ExCaps to equity at pre-determined exchange rates

Treasury shares relates to the movement in treasury share assets (direct investments in National Australia Bank Limited) caused by the movement in the share price

Net profit/loss on sale of controlled entities relates to profits or losses on the sale of controlled entities.

Revaluation gains/losses on economic hedge of the proceeds on sale of controlled entities represents the fair value movement on derivatives taken out to protect against foreign exchange rate movements and relates directly to the profit/loss on sale of controlled entities.

IoRE discount rate variation relates to the movement in Investment Earnings on Shareholders Retained Profits (IoRE) attributable to the variation between applying the short term and long term discount rates when calculating the IoRE. This adjustment has been made for the 30 September 2006 half only. It had an insignificant impact on the March 2006 half.

Impairment of goodwill relates to the impairment expense recognised on the application of an annual impairment test. Financial statement users generally do not regard impairment of goodwill as being useful information in analysing investments. As it relates to an intangible asset, management believes it is prudent to isolate this amount from the underlying operating result.

**Cash earnings before significant items and Net profit before significant items**

Under Australian accounting standards AASB101 Presentation of Financial Statements additional line items shall be presented when such presentation is relevant to an understanding of the entity's performance. Such items have been identified as significant revenue or expenses and are included on the face of the Income Statement when this is necessary to explain the elements of financial performance. Factors to consider in their identification include materiality and the nature and function of the components of income and expenses.

## DIVISIONAL CASH EARNINGS

Year ended	Australia Region			UK Region	NZ Region	nabCapital	Other <sup>(1)</sup>	Elimina- tions	Total Group	Disposed Operations	Total Ongoing
	Banking	WM	Asia								
30 September 2005	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net interest income	3,807	5	25	1,794	739	502	72		6,944	(94)	6,850
Net life insurance income											
excluding IoRE (2)		1,498	19		9				1,526	(19)	1,507
Investment earnings on shareholders retained profits & capital (IoRE)		124	18		4				146	(18)	128
Other operating income	2,636	658	14	1,249	522	927	117	(233)	5,890	(814)	5,076
Net operating income	6,443	2,285	76	3,043	1,274	1,429	189	(233)	14,506	(945)	13,561
Operating expenses (3)	(3,543)	(657)	(39)	(2,033)	(768)	(742)	(446)	233	(7,995)	799	(7,196)
Underlying profit	2,900	1,628	37	1,010	506	687	(257)		6,511	(146)	6,365
Charge to provide for doubtful debts	(257)			(216)	(38)	(24)	1		(534)	9	(525)
Cash earnings before tax	2,643	1,628	37	794	468	663	(256)		5,977	(137)	5,840
Income tax expense	(807)	(624)	1	(258)	(151)	(86)	15		(1,910)	35	(1,875)
<b>Cash earnings before significant items, distributions and Minority Interest</b>	1,836	1,004	38	536	317	577	(241)		4,067	(102)	3,965
Net profit - Minority Interest		(601)	(9)						(610)	9	(601)
<b>Cash earnings before significant items and distributions</b>	1,836	403	29	536	317	577	(241)		3,457	(93)	3,364
Distributions									(204)		(204)
<b>Cash earnings before significant items</b>									3,253	(93)	3,160

(1) Other includes Group Funding, Corporate Centre and elimination entries within Australia Region.

(2) Net life insurance income is the profit before tax of the life insurance and investment businesses of the statutory funds of the life insurance companies of the Group (excluding net interest income and investment earnings on shareholders retained profits & capital (IoRE) of the life insurance businesses).

(3) Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management businesses only).

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Half year ended 31 March 2006	Australia Region			UK	NZ	nabCapital	Other <sup>(1)</sup>	Elimina-	Total	Disposed	Total
	Banking	WM	Asia	Region	Region			tions	Group	Operations	Ongoing
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net interest income	2,315	(6)	13	883	401	434	152		4,192	49	4,241
Net life insurance income											
excluding IoRE (2)		910	20		6				936	(20)	916
Investment earnings on											
shareholders retained profits &											
capital (IoRE)		42	13		2				57	(13)	44
Other operating income	1,082	310	11	590	232	294	70	(87)	2,502	(379)	2,123
Net operating income	3,397	1,256	57	1,473	641	728	222	(87)	7,687	(363)	7,324
Operating expenses (3)	(1,875)	(296)	(29)	(954)	(372)	(366)	(128)	87	(3,933)	299	(3,634)
Underlying profit	1,522	960	28	519	269	362	94		3,754	(64)	3,690
Charge to provide for doubtful											
debts	(115)		1	(152)	(22)	17	1		(270)		(270)
Cash earnings before tax	1,407	960	29	367	247	379	95		3,484	(64)	3,420
Income tax expense	(417)	(527)		(110)	(80)	(93)	(31)		(1,258)	12	(1,246)
<b>Cash earnings before</b>											
<b>significant items, distributions</b>											
<b>and Minority Interest</b>	990	433	29	257	167	286	64		2,226	(52)	2,174
Net profit - Minority Interest		(259)							(259)		(259)
<b>Cash earnings before</b>											
<b>significant items and</b>											
<b>distributions</b>	990	174	29	257	167	286	64		1,967	(52)	1,915
Distributions									(127)		(127)
<b>Cash earnings before</b>											
<b>significant items</b>									1,840	(52)	1,788

(1) Other includes Group Funding, Corporate Centre and elimination entries within Australia Region.

(2) Net life insurance income is the profit before tax of the life insurance and investment businesses of the statutory funds of the life insurance companies of the Group (excluding net interest income and investment earnings on shareholders retained profits & capital (IoRE) of the life insurance businesses).

(3) Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management businesses only).

## SUMMARY OF DISPOSED OPERATIONS

Year ended	Custom Fleet		MLC		Ireland Banking	UK Discretionary Investment Management	Total Disposed Operations
	Australia	UK	NZ	Asia			
30 September 2005	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net Interest Income	(55)	(14)	(25)	1	185	2	94
Net life insurance income excluding IoRE (1)				19			19
Investment earnings on shareholders retained profits & capital (IoRE)				18			18
Other Operating Income	415	132	174	10	74	9	814
Net operating income	360	118	149	48	259	11	945
Operating expenses (2)	(325)	(113)	(140)	(15)	(198)	(8)	(799)
Underlying profit	35	5	9	33	61	3	146
Charge to provide for doubtful debts		(1)	(2)		(6)		(9)
Cash earnings before tax	35	4	7	33	55	3	137
Income tax expense	(14)	(1)	(1)		(18)	(1)	(35)
<b>Cash earnings before significant items, distributions and Minority Interest</b>	<b>21</b>	<b>3</b>	<b>6</b>	<b>33</b>	<b>37</b>	<b>2</b>	<b>102</b>
Net profit - Minority Interest				(9)			(9)
<b>Cash earnings before significant items and distributions</b>	<b>21</b>	<b>3</b>	<b>6</b>	<b>24</b>	<b>37</b>	<b>2</b>	<b>93</b>

Half year ended	Custom Fleet		MLC		Ireland Banking	UK Discretionary Investment Management	Total Disposed Operations
	Australia	UK	NZ	Asia			
31 March 2006	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net Interest Income	(29)	(7)	(14)			1	(49)
Net life insurance income excluding IoRE (1)				20			20
Investment earnings on shareholders retained profits & capital (IoRE)				13			13
Other Operating Income	215	69	87	3		5	379
Net operating income	186	62	73	36		6	363
Operating expenses (2)	(163)	(56)	(68)	(7)		(5)	(299)
Underlying profit	23	6	5	29		1	64
Charge to provide for doubtful debts							
Cash earnings before tax	23	6	5	29		1	64
Income tax expense	(7)	(1)	(2)	(1)		(1)	(12)
<b>Cash earnings before significant items, distributions and Minority Interest</b>	<b>16</b>	<b>5</b>	<b>3</b>	<b>28</b>			<b>52</b>
Net profit - Minority Interest							
<b>Cash earnings before significant items and distributions</b>	<b>16</b>	<b>5</b>	<b>3</b>	<b>28</b>			<b>52</b>

(1) Net life insurance income is the profit before tax of the life insurance and investment businesses of the statutory funds of the life insurance companies of the Group (excluding net interest income and investment earnings on shareholders retained profits & capital (IoRE) of the life insurance businesses).

(2) Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management businesses only).

## Management Discussion &amp; Analysis - Australia Region

## Australia Region

## Summary - ongoing operations

	Half Year to		Fav / (Unfav) Change on	Year to		Fav / (Unfav) Change on
	Sep 06 \$m	Mar 06 \$m	Mar 06 %	Sep 06 \$m	Sep 05 \$m	Sep 05 %
Cash earnings before significant items						
Australian Banking		974			1,815	
Wealth Management Australia		174			403	
Asia Banking		1			5	
Australia Region		1,149			2,223	

## Australian Banking

## Performance Summary - ongoing operations

	Half Year to		Fav / (Unfav) Change on	Year to		Fav / (Unfav) Change on
	Sep 06 \$m	Mar 06 \$m	Mar 06 %	Sep 06 \$m	Sep 05 \$m	Sep 05 %
Net interest income		2,344			3,862	
Other operating income		867			2,221	
<b>Total income</b>		3,211			6,083	
Operating expenses		(1,712)			(3,218)	
<b>Underlying profit</b>		1,499			2,865	
Charge to provide for doubtful debts		(115)			(257)	
<b>Cash earnings before tax</b>		1,384			2,608	
Income tax expense		(410)			(793)	
<b>Cash earnings before significant items</b>		974			1,815	

## Key Performance Measures - ongoing operations

Performance & profitability	Half Year to		Fav / (Unfav) Change on	Year to		Fav / (Unfav) Change on
	Sep 06 \$m	Mar 06 \$m	Mar 06 %	Sep 06 \$m	Sep 05 \$m	Sep 05 %

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Return on average assets (annualised)	1.00%	0.99%
Cost to income ratio	52.9%	52.5%
Cash earnings per average FTE (annualised) (\$'000)	108	101
<b>Net interest income</b>		
Net interest margin	2.42%	2.52%
Net interest margin (including acceptances) (1)	2.42%	2.38%
Net interest spread	2.36%	2.50%
<b>Average balance sheet (\$bn)</b>		
Gross loans and acceptances	194.5	174.6
Interest-earning assets	194.3	153.4
Interest-earning assets (including acceptances) <sup>(1)</sup>	194.3	181.0
Retail deposits	82.0	75.1

(1) To assist with meaningful comparison between periods, the net interest margin and average interest earning assets data has been adjusted to include bill acceptances in September 2005.

	30 Sep 06	As at 31 Mar 06	30 Sep 05
<b>Full-time equivalent employees (FTE)</b>		18,132	17,598
<b>Asset quality</b>			
Gross non-accrual loans (\$m)		430	372
Gross loans and acceptances (\$bn)		198.9	187.5
Gross non-accrual loans to gross loans and acceptances		0.22%	0.21%
Specific provision to gross impaired assets		25.0%	27.8%
<b>Market share (%) (1)</b>			
Housing		14.08	14.19
Business (including Institutional Markets & Services)		18.71	18.49
Other personal		15.52	15.50
Retail deposits (Personal & Business)		14.22	13.76

(1) Source: Reserve Bank of Australia (August 2006 data)



## Wealth Management Australia

## Performance Summary

	Half Year to		Fav / (Unfav)	Year to		Fav / (Unfav)
	Sep 06	Mar 06	Change on	Sep 06	Sep 05	Change on
	\$m	\$m	Mar 06	\$m	\$m	Sep 05
			%			%
Investments		80			179	
Insurance		65			123	
<b>Profit from operations (after tax)</b>		145			302	
Investment earnings on shareholders' retained profits and capital from life businesses (IoRE)		29			101	
<b>Cash earnings before significant items</b>		174			403	

## Key Performance Measures

	30 Sep 06	As at 31 Mar 06	30 Sep 05
<b>Full-time equivalent employees (FTEs) (No.)</b>		3,995	3,842
<b>Financial advisers (No.)</b>			
Bank channels		476	466
Aligned channels		821	827
Funds Under Management & Administration (\$bn)		90.5	84.2
Annual InForce Premiums (Group & Retail) (\$m)		663.2	633.4

Market share - Australia % as at	31 Dec 05	30 Jun 05
Total Master Funds (1)	16.2	16.4
Retail funds management (ex cash mgmt) (1)	12.8	12.7
Retail risk insurance (2)	15.0	15.0
New retail risk annual premiums (2)	12.0	12.1

	Half Year to		Fav / (Unfav)	Year to		Fav / (Unfav)
	Sep 06	Mar 06	Change on	Sep 06	Sep 05	Change on
			Mar 06			Sep 05
<b>Performance &amp; profitability</b>						
Cost to funds under management (bps)		42			45	
Cost to premium income (%)		16			15	

(1) Source: Plan for Life Australian Retail & Wholesale Investments Market Share & Dynamics Report as at 30 June 2006

(2) Source: DEXX&R Life Analysis Reports as at 30 June 2006. Retail risk insurance includes term, trauma and disability insurance.



## Supplementary Performance Summary (includes ongoing and disposed operations - eg. includes Custom Fleet and MLC)

	Sep 06	Half Year to	Fav /	Sep 06	Year to	Sep 05	Fav /
Cash earnings before significant items	\$m	Mar 06	(Unfav)	\$m		\$m	(Unfav)
		\$m	Change on				Change on
			Mar 06				Sep 05
			%				%
Australian Banking		990				1,836	
Wealth Management Australia		174				403	
Asia Banking and Wealth Management		29				29	
Australia Region		1,193				2,268	

## Australian Banking

## Performance Summary

	Sep 06	Half Year to	Fav /	Sep 06	Year to	Sep 05	Fav /
	\$m	Mar 06	(Unfav)	\$m		\$m	(Unfav)
		\$m	Change on				Change on
			Mar 06				Sep 05
			%				%
Net interest income		2,315				3,807	
Other operating income		1,082				2,636	
<b>Total income</b>		3,397				6,443	
Operating expenses		(1,875)				(3,543)	
<b>Underlying profit</b>		1,522				2,900	
Charge to provide for doubtful debts		(115)				(257)	
<b>Cash earnings before tax</b>		1,407				2,643	
Income tax expense		(417)				(807)	
<b>Cash earnings before significant items</b>		990				1,836	

## Management Discussion &amp; Analysis - UK Region

## UK Region

*Performance Summary - ongoing operations*

	Half Year to		Fav / (Unfav)	Year to		Fav / (Unfav)
	Sep 06	Mar 06	Change on	Sep 06	Sep 05	Change on
Australian dollars	\$m	\$m	Mar 06	\$m	\$m	Sep 05
			%			%
Net interest income		889			1,621	
Other operating income		516			1,034	
<b>Total income</b>		1,405			2,655	
Operating expenses		(893)			(1,714)	
<b>Underlying profit</b>		512			941	
Charge to provide for doubtful debts		(152)			(209)	
<b>Cash earnings before tax</b>		360			732	
Income tax expense		(108)			(238)	
<b>Cash earnings before significant items</b>		252			494	

Pounds sterling	£m	£m	%	£m	£m	%
Net interest income		377			671	
Other operating income		219			427	
<b>Total income</b>		596			1,098	
Operating expenses		(379)			(709)	
<b>Underlying profit</b>		217			389	
Charge to provide for doubtful debts		(65)			(88)	
<b>Cash earnings before tax</b>		152			301	
Income tax expense		(46)			(98)	
<b>Cash earnings before significant items</b>		106			203	

*Key Performance Measures - ongoing operations*

	Half Year to Sep 06 \$m	Mar 06 \$m	Fav / (Unfav) Change on Mar 06 %	Year to Sep 06 \$m	Sep 05 \$m	Fav / (Unfav) Change on Sep 05 %
<b>Performance &amp; profitability</b>						
Return on average assets (annualised)		0.92%			1.02%	
Cost to income ratio		62.7%			63.4%	
Cash earnings per average FTE (annualised) (£'000)		23			21	
<b>Net interest income</b>						
Net interest margin		3.68%			3.83%	
Net interest spread <sup>(1)</sup>		3.04%			3.42%	
<b>Average balance sheet (£bn)</b>						
Gross loans and acceptances		19.5			16.4	
Interest-earning assets		20.6			17.5	
Retail deposits		12.4			11.3	

(1) To reflect a change to the treatment of inter-company liabilities, the September 2005 full year net interest rate spread has been restated upwards by 15 basis points. There has been no impact to Group net interest spreads

	Sep 06	As at Mar 06	Sep 05
<b>Full-time equivalent employees (FTE)</b>		9,094	9,326
<b>Asset quality</b>			
Gross non-accrual loans (£m)		57	48
Gross loans and acceptances (£bn)		21.1	18.5
Gross non-accrual loans to gross loans and acceptances		0.27%	0.25%
Specific provision to gross impaired assets		20.7%	78.1%
<b>Financial advisers</b>			
Bank channels		114	115
Aligned channels		52	43
<b>Financial advisers (no.)</b>		166	158
<b>Funds under management (£m)</b>		1,184	1,028

## Supplementary Performance Summary (includes ongoing and disposed operations - eg includes Custom Fleet and the Irish Banks)

	Half Year to		Fav / (Unfav) Change on	Year to		Fav / (Unfav) Change on
	Sep 06	Mar 06	Mar 06	Sep 06	Sep 05	Sep 05
<i>Australian dollars</i>	\$m	\$m	%	\$m	\$m	%
Net interest income		883			1,794	
Other operating income		590			1,249	
<b>Total income</b>		1,473			3,043	
Operating expenses		(954)			(2,033)	
<b>Underlying profit</b>		519			1,010	
Charge to provide for doubtful debts		(152)			(216)	
<b>Cash earnings before tax</b>		367			794	
Income tax expense		(110)			(258)	
<b>Cash earnings before significant items</b>		257			536	
<i>Pounds sterling</i>	£m	£m	%	£m	£m	%
Net interest income		374			741	
Other operating income		250			517	
<b>Total income</b>		624			1,258	
Operating expenses		(405)			(841)	
<b>Underlying profit</b>		219			417	
Charge to provide for doubtful debts		(65)			(90)	
<b>Cash earnings before tax</b>		154			327	
Income tax expense		(46)			(107)	
<b>Cash earnings before significant items</b>		108			220	

## Management Discussion &amp; Analysis - New Zealand Region

## New Zealand Region

## Performance Summary - ongoing operations

	Half Year to		Fav / (Unfav)	Year to		Fav / (Unfav)
	Sep 06	Mar 06	Change on	Sep 06	Sep 05	Change on
<i>Australian dollars</i>	\$m	\$m	Mar 06	\$m	\$m	Sep 05
			%			%
Net interest income		415			764	
Other operating income		162			378	
<b>Total income</b>		577			1,142	
Operating expenses		(313)			(645)	
<b>Underlying profit</b>		264			497	
Charge to provide for doubtful debts		(22)			(36)	
<b>Cash earnings before tax</b>		242			461	
Income tax expense		(78)			(150)	
<b>Cash earnings before significant items</b>		164			311	
<i>New Zealand dollars</i>	NZ\$m	NZ\$m	%	NZ\$m	NZ\$m	%
Net interest income		453			829	
Other operating income		178			410	
<b>Total income</b>		631			1,239	
Operating expenses		(341)			(699)	
<b>Underlying profit</b>		290			540	
Charge to provide for doubtful debts		(25)			(39)	
<b>Cash earnings before tax</b>		265			501	
Income tax expense		(86)			(163)	
<b>Cash earnings before significant items</b>		179			338	

*Key Performance Measures - ongoing operations*

	Half Year to Sep 06	Mar 06	Fav / (Unfav) Change on Mar 06 %	Sep 06	Year to Sep 05	Fav / (Unfav) Change on Sep 05 %
<b>Performance &amp; profitability</b>						
Return on average assets (annualised)		1.02%				1.07%
Cost to income ratio		54.0%				56.4%
Cash earnings per average FTE (annualised) (NZ\$'000)		80				76
<b>Net interest income</b>						
Net interest margin <sup>(1)</sup>		2.64%				2.67%
Net interest spread <sup>(1)</sup>		2.30%				2.31%
<b>Average balance sheet (NZ\$bn)</b>						
Gross loans and acceptances		33.7				30.4
Interest-earning assets		34.4				31.1
Retail deposits		18.8				17.8

*(1) Net interest margins and spreads have been restated for September 2005 to include only interest bearing assets and liabilities.*

	30 Sep 06	As at 31 Mar 06	30 Sep 05
<b>Full-time equivalent employees (FTE)</b>		4,510	4,525
<b>Asset quality</b>			
Gross non-accrual loans (NZ\$m)		70	106
Gross loans and acceptances (NZ\$bn)		34.6	32.4
Gross non-accrual loans to gross loans and acceptances		0.20%	0.33%
Specific provision to gross impaired assets		32.8%	31.2%
<b>Market share (%) <sup>(1)</sup></b>			
Housing		16.2	16.2
Agribusiness		17.9	17.9
Cards		30.6	30.5
Retail deposits (personal & business)		18.0	19.1

*(1) Source: RBNZ*



## Supplementary Performance Summary (includes ongoing and disposed operations - eg includes Custom Fleet)

	Half Year to		Fav / (Unfav)	Year to		Fav / (Unfav)
	Sep 06	Mar 06	Change on	Sep 06	Sep 05	Change on
<i>Australian dollars</i>	\$m	\$m	Mar 06	\$m	\$m	Sep 05
			%			%
Net interest income		401			739	
Other operating income		249			552	
<b>Total income</b>		650			1,291	
Operating expenses		(381)			(785)	
<b>Underlying profit</b>		269			506	
Charge to provide for doubtful debts		(22)			(38)	
<b>Cash earnings before tax</b>		247			468	
Income tax expense		(80)			(151)	
<b>Cash earnings before significant items</b>		167			317	
<i>New Zealand dollars</i>	NZ\$m	NZ\$m	%	NZ\$m	NZ\$m	%
Net interest income		438			802	
Other operating income		273			598	
<b>Total income</b>		711			1,400	
Operating expenses		(415)			(851)	
<b>Underlying profit</b>		296			549	
Charge to provide for doubtful debts		(25)			(41)	
<b>Cash earnings before tax</b>		271			508	
Income tax expense		(88)			(164)	
<b>Cash earnings before significant items</b>		183			344	

## Management Discussion &amp; Analysis - nabCapital

## nabCapital

*Performance Summary*

	Sep 06	Year to	Sep 05	Sep 05	Fav / (Unfav) Change on	Sep 05 Ex FX <sup>(1)</sup>
	\$m		\$m	%		%
Net interest income			502			
Other operating income			927			
<b>Total income</b>			1,429			
Operating expenses			(742)			
<b>Underlying profit</b>			687			
(Charge)/Write-back to provide for doubtful debts			(24)			
<b>Cash earnings before tax</b>			663			
Income tax expense			(86)			
<b>Cash earnings before significant items</b>			577			

	Sep 06	Half Year to	Mar 06	Mar 06	Fav / (Unfav) Change on	Mar 06 Ex FX <sup>(1)</sup>
	\$m		\$m	%		%
Net interest income			434			
Other operating income			294			
<b>Total income</b>			728			
Operating expenses			(366)			
<b>Underlying profit</b>			362			
(Charge)/Write-back to provide for doubtful debts			17			
<b>Cash earnings before tax</b>			379			
Income tax expense			(93)			
<b>Cash earnings before significant items</b>			286			

<sup>(1)</sup> Change expressed at constant exchange rates.

**Key Performance Measures**

	Half Year to Sep 06	Mar 06	Fav / (Unfav) Change on Mar 06 %	Year to Sep 06	Sep 05	Fav / (Unfav) Change on Sep 05 %
<b>Performance &amp; profitability</b>						
Return on average Risk Weighted assets (annualised) <sup>(1)</sup>		0.89%			0.78%	
Return on average assets (annualised)		0.37%			0.36%	
Return on average external assets (annualised)		0.49%			0.46%	
Cost to income ratio		50.3%			51.9%	
Cash earnings per average FTE (annualised) (\$'000)		301			292	
<b>Net interest income</b>						
Net interest margin <sup>(2)</sup>		0.64%			0.37%	
<b>Average balance sheet (\$bn)</b>					40.4	
Core lending <sup>(3)</sup>		37.2			45.7	
Gross loans and acceptances <sup>(4)</sup>		41.7			100.1	
Interest-earning assets - external		97.1			36.5	
Interest-earning assets - internal <sup>(5)</sup>		38.5			136.6	
Interest-earning assets - total		135.6				
	30 Sep 06	As at 31 Mar 06		30 Sep 05	Fav / (Unfav) Change on Mar 06 %	Sep 05 %
<b>Spot Balance sheet (\$bn)</b>						
Interest earning assets - external		90.8		80.5		
Interest earning assets - internal <sup>(5)</sup>		39.7		32.8		
Interest earning assets - total		130.5		113.3		
Risk weighted assets <sup>(1)</sup>		58.8		69.3		
<b>Full-time equivalent employees (FTE)</b>		1,944		1,920		
<b>Asset quality</b>						
Gross non-accrual loans (\$m)		331		434		
Gross loans and acceptances (\$bn)		41.1		41.8		
Gross non-accrual loans to gross loans and acceptances		0.81%		1.04%		
Specific provision to gross impaired assets		31.7%		29.4%		

(1) Risk weighted Assets are calculated on internal model rather than standard model to enable a more representative comparison between periods.

(2) Impact to the March 2006 half margin arising under AIFRS was an increase of 19 basis points.

(3) Core lending includes loans and advances at amortised cost and at fair value.

(4) Gross loans and acceptances represents core lending and bill acceptances.

(5) Internal interest-earning assets include short-term funding of the Group's operations.



**Management Discussion & Analysis - Group Funding and Corporate Centre**

**OTHER (GROUP FUNDING & CORPORATE CENTRE)**

*Performance Summary*

	Sep 06	Half Year to	Mar 06	Fav / (Unfav) Change on Mar 06	Sep 06	Year to	Sep 05	Fav / (Unfav) Change on Sep 05
Cash Earnings before significant items	\$m		\$m	%	\$m		\$m	%
Group Funding			86				2	
Corporate Centre			(22)				(243)	
<b>Other</b>			64				(241)	

Financial Report - Note 3: Revenue

3. REVENUE

	Half Year to		Year to
	Sep 06	Mar 06	Sep 05
	\$m	\$m	\$m
<b>Gains less losses on financial instruments at fair value</b>			
Trading income		227	639
Other financial instruments designated in hedge relationships		(31)	
Other fair value movements		7	
		203	639

## Additional Information: Divisional Cash Earnings

## DIVISIONAL CASH EARNINGS

Half year ended 30 September 2005	Australia Region			UK	NZ	nabCapital	Other <sup>(1)</sup>	Elimina tions	Total	Disposed	Total
	Banking	WM	Asia	Region	Region				Group	Operations	Ongoing
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net interest income	1,965		13	813	372	244	65		3,472	47	3,519
Net life insurance income excluding IoRE <sup>(2)</sup>		1,026	5						1,031	(5)	1,026
Investment earnings on shareholders retained profits & capital (IoRE)		72	8		3				83	(8)	75
Other operating income	1,360	330	10	631	260	423	81	(108)	2,987	(375)	2,612
Net operating income	3,325	1,428	36	1,444	635	667	146	(108)	7,573	(341)	7,232
Operating expenses <sup>(3)</sup>	(1,890)	(354)	(21)	(967)	(367)	(372)	(230)	108	(4,093)	308	(3,785)
Underlying profit	1,435	1,074	15	477	268	295	(84)		3,480	(33)	3,447
Charge to provide for doubtful debts	(127)			(126)	(26)	24	2		(253)	1	(252)
Cash earnings before tax	1,308	1,074	15	351	242	319	(82)		3,227	(32)	3,195
Income tax expense	(423)	(418)	2	(122)	(78)	(40)	18		(1,061)	7	(1,054)
<b>Cash earnings before significant items, distributions and Minority Interest</b>	885	656	17	229	164	279	(64)		2,166	(25)	2,141
Net profit - Minority Interest		(454)	(2)						(456)	2	(454)
<b>Cash earnings before significant items and distributions</b>	885	202	15	229	164	279	(64)		1,710	(23)	1,687
Distributions									(109)		(109)
<b>Cash earnings before significant items</b>									1,601	(23)	1,578

(1) Other includes Group Funding, Corporate Centre and elimination entries within Total Australia.

(2) Net life insurance income is the profit before tax of the life insurance and investment businesses of the statutory funds of the life insurance companies of the Group (excluding net interest income and investment earnings on shareholders retained profits & capital (IoRE) of the life insurance businesses).

(3) Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management businesses only).

**Additional Information: Divisional Cash Earnings**

Half year ended 31 March 2005	Australia Region			UK	NZ	nabCapital	Other <sup>(1)</sup>	Elimina- tions	Total	Disposed	Total
	Banking	WM	Asia	Region	Region				Group	Operations	Ongoing
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net interest income	1,842	5	12	981	367	258	7		3,472	(141)	3,331
Net life insurance income excluding IoRE <sup>(2)</sup>		472	14		9				495	(14)	481
Investment earnings on shareholders retained profits & capital (IoRE)		52	10		1				63	(10)	53
Other operating income	1,276	328	4	618	262	504	36	(125)	2,903	(439)	2,464
Net operating income	3,118	857	40	1,599	639	762	43	(125)	6,933	(604)	6,329
Operating expenses <sup>(3)</sup>	(1,653)	(303)	(18)	(1,066)	(401)	(370)	(216)	125	(3,902)	491	(3,411)
Underlying profit	1,465	554	22	533	238	392	(173)		3,031	(113)	2,918
Charge to provide for doubtful debts	(130)			(90)	(12)	(48)	(1)		(281)	8	(273)
Cash earnings before tax	1,335	554	22	443	226	344	(174)		2,750	(105)	2,645
Income tax expense	(384)	(206)	(1)	(136)	(73)	(46)	(3)		(849)	28	(821)
<b>Cash earnings before significant items, distributions and Minority Interest</b>	951	348	21	307	153	298	(177)		1,901	(77)	1,824
Net profit - Minority Interest		(147)	(7)						(154)	7	(147)
<b>Cash earnings before significant items and distributions</b>	951	201	14	307	153	298	(177)		1,747	(70)	1,677
Distributions									(95)		(95)
<b>Cash earnings before significant items</b>									1,652	(70)	1,582

(1) Other includes Group Funding, Corporate Centre and elimination entries within Total Australia.

(2) Net life insurance income is the profit before tax of the life insurance and investment businesses of the statutory funds of the life insurance companies of the Group (excluding net interest income and investment earnings on shareholders retained profits & capital (IoRE) of the life insurance businesses).

(3) Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management businesses only).



## Additional Information: Summary of Disposed Operations

## SUMMARY OF DISPOSED OPERATIONS

Half year ended 30 September 2005	Australia \$m	Custom Fleet UK \$m	NZ \$m	MLC \$m	Ireland Banking \$m	UK Discretionary Investment Management \$m	Total Disposed Operations \$m
Net Interest Income	(28)	(7)	(13)			1	(47)
Net life insurance income excluding IoRE <sup>(1)</sup>				5			5
Investment earnings on shareholders retained profits & capital (IoRE)				8			8
Other Operating Income	206	71	86	8		4	375
Net operating income	178	64	73	21		5	341
Operating expenses <sup>(2)</sup>	(169)	(61)	(72)	(5)		(1)	(308)
Underlying profit	9	3	1	16		4	33
Charge to provide for doubtful debts	1	(1)	(1)				(1)
Cash earnings before tax	10	2		16		4	32
Income tax expense	(6)	(1)	1			(1)	(7)
<b>Cash earnings before significant items, distributions and Minority Interest</b>	4	1	1	16		3	25
Net profit - Minority Interest				(2)			(2)
<b>Cash earnings before significant items and distributions</b>	4	1	1	14		3	23

Half year ended 31 March 2005	Australia \$m	Custom Fleet UK \$m	NZ \$m	MLC \$m	Ireland Banking \$m	UK Discretionary Investment Management \$m	Total Disposed Operations \$m
Net Interest Income	(27)	(7)	(12)	1	185	1	141
Net life insurance income excluding IoRE <sup>(1)</sup>				14			14
Investment earnings on shareholders retained profits & capital (IoRE)				10			10
Other Operating Income	209	61	88	2	74	5	439
Net operating income	182	54	76	27	259	6	604
Operating expenses <sup>(2)</sup>	(156)	(52)	(68)	(10)	(198)	(7)	(491)
Underlying profit	26	2	8	17	61	(1)	113
Charge to provide for doubtful debts	(1)		(1)		(6)		(8)
Cash earnings before tax	25	2	7	17	55	(1)	105
Income tax expense	(8)		(2)		(18)		(28)
<b>Cash earnings before significant items, distributions and Minority Interest</b>	17	2	5	17	37	(1)	77
Net profit - Minority Interest				(7)			(7)
<b>Cash earnings before significant items and distributions</b>	17	2	5	10	37	(1)	70

(1) Net life insurance income is the profit before tax of the life insurance and investment businesses of the statutory funds of the life insurance companies of the Group (excluding net interest income and investment earnings on shareholders retained profits & capital (IoRE) of the life insurance businesses).

(2) Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management businesses only).

























**SIGNATURE PAGE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

**NATIONAL AUSTRALIA BANK LIMITED**

Date: 24 October 2006

Signature: */s/ Brendan T Case*  
Name: Brendan T Case  
Title: Associate *Company Secretary*