

GLOBAL POWER EQUIPMENT GROUP INC/
Form SC 13G
January 08, 2003

SCHEDULE 13G

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No.:) *

GLOBAL POWER EQUIPMENT GROUP

(Name of Issuer)

COMMON STOCK

(Title of Class of Securities)

37941P108

(CUSIP NUMBER)

December 31, 2002

(Date of Event Which Requires Filing of this Statement)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 (the "Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. 37941P108 13G

1. NAME OF REPORTING PERSON
S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Merrill Lynch & Co., Inc.
(on behalf of Merrill Lynch Investment Managers (MLIM"))**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* Joint Filing

(a) []
(b) []

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

NONE

6. SHARED VOTING POWER

2,513,267

7. SOLE DISPOSITIVE POWER

NONE

8. SHARED DISPOSITIVE POWER

2,513,267

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,513,267 (ownership disclaimed pursuant to Section 13d-4 of the 1934 Act)

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

5.60%

12. TYPE OF REPORTING PERSON*

HC, CO

*SEE INSTRUCTION BEFORE FILING OUT!

**SEE EXHIBIT A

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14. CHECK THE APPROPRIATE BOX TO DESIGNATE THE RULE PURSUANT TO WHICH THIS SCHEDULE IS FILED:

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- Rule 13d-1 (b)
- Rule 13d-1 (c)
- Rule 13d-1 (d)

SCHEDULE 13G

ITEM 1 (a) Name of Issuer:

GLOBAL POWER EQUIPMENT GROUP (the "Company")

ITEM 1 (b) Address of Issuer's Principal Executive Offices:

6120 South Yale
Suite 1480
Tulsa, OK 74136

ITEM 2 (a) Name of Persons Filing:

Merrill Lynch & Co., Inc.
(On behalf of Merrill Lynch Investment Managers ("MLIM"))

ITEM 2 (b) Address of Principal Business Office or, if none, Residence:

Merrill Lynch & Co., Inc.
(on behalf of Merrill Lynch Investment Managers ("MLIM"))
World Financial Center, North Tower
250 Vesey Street
New York, NY 10381

ITEM 2 (c) Citizenship:

See Item 4 of Cover Pages

ITEM 2 (d) Title of Class Securities:

Common Stock

ITEM 2 (e) CUSIP NUMBER:

See Cover Page

ITEM 3

If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or 13d-2(c), check whether the person filing is a:

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- (a) Broker or Dealer registered under Section 15 of the Act,
- (b) Bank as defined in Section 3(a) (6) of the Act,
- (c) Insurance Company as defined in Section 3(a) (19) of the Act,
- (d) Investment Company registered under Section 8 of the Investment Company Act of 1940,
- (e) Investment Adviser in accordance with Rule 13d-1(b) (1) (ii) (E),
- (f) Employee Benefit Plan or Endowment Fund in accordance with

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- Rule 13d-1(b) (ii) (F),
- (g) Parent Holding Company or Control Person in accordance with Rule 13d-1(b) (ii) (G); see Item 7,
 - (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813),
 - (i) A church plan that is excluded from the definition of an investment company under Section 3(c) (14) of the Investment Company Act of 1940,
 - (j) Group, in accordance with Rule 13d-1(b) (1) (ii) (J).

ITEM 4 Ownership

- (a) Amount Beneficially Owned:

See Item 9 of Cover Pages.

- (b) Percent of Class:

See Item 11 of Cover Pages

- (c) Number of shares as to which such person has:

- (i) sole power to vote or to direct the vote:

See Item 5 of Cover pages

- (ii) shared power to vote or to direct the vote:

See Item 6 of Cover pages

- (iii) sole power to dispose or to direct the disposition of:

See Item 7 of Cover pages

- (iv) shared power to dispose or to direct the disposition of:

See Item 8 of Cover pages

ITEM 5 Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more

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than five percent of the class of securities, check the following:

ITEM 6 Ownership of More than Five Percent on Behalf of Another Person.

Merrill Lynch & Co., Inc. ("ML&Co.") is a parent holding company. Merrill Lynch Investment Managers ("MLIM") is an operating division of ML&Co.'s indirectly owned asset management subsidiaries. Certain of these subsidiaries hold certain shares of the security which is the subject of this report. (See Item 7).

ITEM 7 Identification and Classification of the Subsidiary Which

Acquired the Security Being Reported on by the Parent Holding Company

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or Control Person.

Merrill Lynch & Co., Inc. ("ML&Co.") is a parent holding company. Merrill Lynch Investment Managers ("MLIM") is an operating division of ML&Co. consisting of ML&Co.'s indirectly-owned asset management subsidiaries. The following asset management subsidiaries hold certain shares of the common stock, which is the subject of this 13G filing:

FAM D/B/A MERCURY ADVISORS (SUB)
FUND ASSET MANAGEMENT, L.P.
MERRILL LYNCH INVESTMENT MANAGERS, L.P.
MERRILL LYNCH INVESTMENT MANAGERS, LLC

ITEM 8 Identification and Classification of Members of the Group.

Not Applicable

ITEM 9 Notice of Dissolution of Group.

Not Applicable

ITEM 10 Certification

By signing below each of the undersigned certifies that, to the best of their knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of such securities and were not acquired and are not held in connection with or as a participant in any transaction having such purpose or effect.

Signature.

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After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: January 08, 2003

Merrill Lynch & Co, Inc.
(on behalf of Merrill Lynch Investment Managers ("MLIM"))

/s/ Thomas D. Jones, III

Name: Thomas D. Jones, III
Title: Attorney-In-Fact*

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*Signed pursuant to a power of attorney, dated January 25, 1999, included as Exhibit B to Schedule 13G filed with the Securities and Exchange Commission by Merrill Lynch & Co, Inc. (on behalf of Merrill Lynch Asset Management Group ("AMG")) - now known as Merrill Lynch Investment Managers ("MLIM")

**Signed pursuant to a power of attorney, dated January 21, 2000, included as Exhibit B to Schedule 13G filed with the Securities and Exchange Commission by Merrill Lynch & Co, Inc. (on behalf of Merrill Lynch Asset Management Group ("AMG")) - now known as Merrill Lynch Investment Managers ("MLIM")

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EXHIBIT A

Merrill Lynch Investment Managers ("MLIM") of ML&Co. is comprised of the following legal entities: Merrill Lynch Investment Managers, L.P. ("MLIMLP"), doing business as Merrill Lynch Investment Managers; QA Advisers, LLC ("QA") doing business as Merrill Lynch Investment Managers Quantitative Advisers; Fund Asset Management, L.P., doing business as Fund Asset Management ("FAM"); Merrill Lynch Asset Management U.K. Limited ("MLAM UK"); Merrill Lynch (Suisse) Investment Management Limited ("MLS"); Merrill Lynch Investment Managers International Limited ("MLIMI"); Merrill Lynch Investment Managers, Ltd. Merrill Lynch Investment Managers (Asia Pacific Limited); Merrill Lynch Investment Managers Limited (Australia); Merrill Lynch Investment Managers (Isle of Man) Limited; Merrill Lynch Investment Managers Asia Limited; Merrill Lynch Investment Managers Kapitalanlagegesellschaft MBH; Munich London Investment Management, Ltd.; Merrill Lynch Investment Managers Ltda.; Merrill Lynch Investment Managers Japan Limited; Merrill Lynch Investment Managers Canada, Inc.; DSP Merrill Lynch Asset Management (India) Limited; PT Merrill Lynch Indonesia; Merrill Lynch Phatra Securities Co., Ltd.; Merrill Lynch Global Asset Management, Limited; Merrill Lynch Investment Managers Channel Islands Limited; Mercury Asset Management International Channel Islands Limited ("MAMCI"); Grosvenor Venture Managers Limited; and Merrill Lynch Fund Managers Limited. Each of MLIM LP, FAM, MLAM UK, MAMCI, QA, MLS, and MLIMI is an investment adviser registered under Section 203 of the Investment Advisers

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Act of 1940, which acts as investment adviser operating under the laws of a jurisdiction other than the United States. The investment advisers that comprise MLIM exercise voting and investment powers over portfolio securities independently from other direct and indirect subsidiaries of ML&Co.

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1,868

835

310

886

(110

)

3,789

158

3,947

Significant items after tax

Net profit/(loss)

1,868

835

310

886

(110

)

3,789

158

3,947

Net (profit)/loss attributable to outside equity interest

(9

)

1

(8

)

16

9

Net profit/(loss) attributable to members of the Company

1,868

835

310

877

(109

)

3,781

174

3,955

Distributions

(183

)

Earnings attributable to ordinary shareholders

3,772

-
- (1) *Other includes Group Funding, Corporate Centre and elimination entries within Total Banking.*
 - (2) *Elimination of inter-divisional income and expenses (eg. revenue sharing arrangements between divisions).*
 - (3) *Net life insurance income is the profit before tax excluding net interest income of the life insurance and investments businesses of the statutory funds of the life insurance companies of the Group.*
 - (4) *Other operating income excludes the net interest income and net life insurance income and revaluation profit/(loss).*
 - (5) *Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management only). It includes pension expenses.*

Half Year to 30 September 2004	Note	FSA \$m	FSE \$m	FSNZ \$m	CIB \$m	Other(1) \$m	Total Banking \$m	WM \$m	Elimina- tions(2) \$m	Total Group \$m
Net interest income	2									
Net life insurance income (3)	6									
Other operating income (4)	7									
Net operating income										
Operating expenses (5)	8									
Underlying profit										
Charge to provide for doubtful debts	10									
Cash earnings before tax										
Income tax expense - net life insurance income	6									
Income tax (expense)/benefit - other	12									
Cash earnings before significant items, distributions and outside equity interest										
Wealth Management revaluation loss after tax										
Goodwill amortisation										
Net profit/(loss) before significant items										
Significant items after tax	13									
Net profit/(loss)										
Net profit attributable to outside equity interest										
Net profit/(loss) attributable to members of the Company										
Distributions										
Earnings attributable to ordinary shareholders										

-
- (1) Other includes Group Funding, Corporate Centre and elimination entries within Total Banking.
- (2) Elimination of inter-divisional income and expenses (eg. revenue sharing arrangements between divisions).
- (3) Net life insurance income is the profit before tax excluding net interest income of the life insurance and investments businesses of the statutory funds of the life insurance companies of the Group.
- (4) Other operating income excludes the net interest income and net life insurance income and revaluation profit/(loss).
- (5) Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management only). It includes pension expenses.

Half Year to 31 March 2004	Note	FSA \$m	FSE \$m	FSNZ \$m	CIB \$m	Other(1) \$m	Total Banking \$m	WM \$m	Elimina- tions(2) \$m	Total Group \$m
Net interest income	2	1,799	1,043	335	371	(29)	3,519	66		3,585
Net life insurance income (3)	6							455		455
Other operating income (4)	7	989	410	160	596	(45)	2,110	412	(66)	2,456
Net operating income		2,788	1,453	495	967	(74)	5,629	933	(66)	6,496
Operating expenses (5)	8	(1,254)	(895)	(246)	(400)	(71)	(2,866)	(436)	66	(3,236)
Underlying profit		1,534	558	249	567	(145)	2,763	497		3,260
Charge to provide for doubtful debts	10	(105)	(100)	(12)	(88)		(305)			(305)
Cash earnings before tax		1,429	458	237	479	(145)	2,458	497		2,955
Income tax expense - net life insurance income	6							(213)		(213)
Income tax (expense)/benefit - other	12	(430)	(150)	(79)	(99)	28	(730)	(5)		(735)
Cash earnings before significant items, distributions and outside equity interest		999	308	158	380	(117)	1,728	279		2,007
Wealth Management revaluation profit after tax								148		148
Goodwill amortisation		(6)	(31)	(1)		(15)	(53)			(53)
Net profit/(loss) before significant items		993	277	157	380	(132)	1,675	427		2,102
Significant items after tax	13				(252)	379	127			127
Net profit		993	277	157	128	247	1,802	427		2,229
Net profit attributable to outside equity interest					(5)		(5)	(58)		(63)
Net profit attributable to members of the Company		993	277	157	123	247	1,797	369		2,166
Distributions										(94)
Earnings attributable to ordinary shareholders										2,072

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

(2) Elimination of inter-divisional income and expenses (eg. revenue sharing arrangements between divisions).

(3) Net life insurance income is the profit before tax excluding net interest income of the life insurance and investments businesses of the statutory funds of the life insurance companies of the Group.

(4) Other operating income excludes the net interest income and net life insurance income and revaluation profit/(loss).

(5) Operating expenses excludes the life insurance expenses incorporated within net life insurance income (Wealth Management only). It includes pension expenses.

Detailed Financial Information - Note 2: Net Interest Income

2. NET INTEREST INCOME

	Note	Half Year to Sep 04 \$m	Mar 04 \$m	Fav / (Unfav) Change on Mar 04 %	Sep 04 \$m	Year to Sep 03 \$m	Fav / (Unfav) Change on Sep 03 %
Group							
Interest income							
Loans to customers			7,589			14,425	
Other			1,485			2,597	
Total interest income	7		9,074			17,022	
Interest expense							
Deposits and other borrowings			(4,237)			(6,809)	
Other			(1,252)			(2,794)	
Total interest expense	8		(5,489)			(9,603)	
Net interest income			3,585			7,419	
By Division							
Financial Services Australia			1,799			3,519	
Financial Services Europe			1,043			2,327	
Financial Services New Zealand			335			651	
Retail Banking			3,177			6,497	
Corporate & Institutional Banking			371			848	
Other (incl. Group Funding & Corporate Centre)			(29)			(43)	
Total Banking			3,519			7,302	
Wealth Management			66			117	
Net interest income			3,585			7,419	

Detailed Financial Information - Note 3: Net Interest Margins & Spreads

3. NET INTEREST MARGINS & SPREADS

	Sep 04 %	Half Year to Mar 04 %	Fav / (Unfav) Change on Mar 04 basis pts	Sep 04 %	Year to Sep 03 %	Fav / (Unfav) Change on Sep 03 basis pts
Group						
Gross interest spread (1)		1.98			2.21	
Interest forgone on impaired assets		(0.03)			(0.03)	
Net interest spread (2)		1.95			2.18	
Benefit of net free liabilities, provisions and equity		0.45			0.35	
Net interest margin (3)		2.40			2.53	
By Region						
Australia (4)						
Gross interest spread (1)		2.01			2.37	
Interest forgone on impaired assets		(0.02)			(0.04)	
Net interest spread (2)		1.99			2.33	
Benefit of net free liabilities, provisions and equity		0.31			0.18	
Net interest margin (3)		2.30			2.51	
Europe (4)						
Gross interest spread (1)		1.94			2.07	
Interest forgone on impaired assets		(0.02)			(0.02)	
Net interest spread (2)		1.92			2.05	
Benefit of net free liabilities, provisions and equity		0.61			0.50	
Net interest margin (3)		2.53			2.55	
Other International (4)						
Gross interest spread (1)		1.68			1.55	
Interest forgone on impaired assets		(0.02)			(0.02)	
Net interest spread (2)		1.66			1.53	
Benefit of net free liabilities, provisions and equity		0.06			0.23	
Net interest margin (3)		1.72			1.76	

(1) Gross interest spread represents the difference between the average interest rate earned (inclusive of interest forgone on impaired assets) and the average interest rate incurred on funds.

(2) Net interest spread represents the difference between the average interest rate earned and the average interest rate incurred on funds.

(3) Net interest margin is net interest income as a percentage of average interest-earning assets.

(4) Australia, Europe and Other International include intragroup cross border loans/borrowings and associated interest.

Reconciliation of divisional margins to Group margin	Interest earning assets (\$bn) (1)						Net interest income (\$m)					
	Year to Sep 04		Year to Sep 03		Variance		Year to Sep 04		Year to Sep 03		Variance	
	\$bn	Mix%	\$bn	Mix%	\$bn	%	\$m	Mix%	\$m	Mix%	\$m	%
Financial Services Australia			112.1	38					3,519	48		
Financial Services Europe			54.2	19					2,327	31		
Financial Services New Zealand			24.0	8					651	9		
Retail Banking			190.3	65					6,497	88		
Wealth Management			7.0	2					117	2		
Corporate & Institutional Banking			136.4	46					848	11		
Other			10.3	4					(43)	(1)		
Inter-divisional eliminations			(50.7)	(17)								
Group			293.3	100					7,419	100		

Reconciliation of divisional margins to Group margin (cont d)	Net interest margin			Contribution to Group margin (2)		
	Sep 04	Sep 03	Variance	Sep 04	Sep 03	Variance
Financial Services Australia		3.14%			1.20%	
Financial Services Europe		4.30%			0.79%	
Financial Services New Zealand		2.71%			0.22%	
Retail Banking		3.42%			2.21%	
Wealth Management		1.65%			0.04%	
Corporate & Institutional Banking		0.62%			0.29%	
Other		(0.42)%			(0.01)%	
Inter-divisional eliminations						
Group					2.53%	

(1) Interest-earning assets include intercompany balances.

(2) Divisional net interest margin multiplied by % share of Group average interest-earning assets.

By Division	Half Year to	Fav / (Unfav)	Year to	Fav / (Unfav)
	Sep 04	Change on	Sep 04	Change on
	%	Mar 04	%	Sep 03
		%		%
		Basis pts		Basis pts
Net interest margin				
Financial Services Australia		2.91		3.14
Financial Services Europe		4.16		4.30
Financial Services New Zealand		2.56		2.71
Corporate & Institutional Banking		0.56		0.62
Net interest spread				
Financial Services Australia		2.39		2.68
Financial Services Europe		3.69		3.82
Financial Services New Zealand		2.78		3.00

Detailed Financial Information - Note 4: Average Balance Sheet & Related Interest

4. AVERAGE BALANCE SHEET & RELATED INTEREST

The following tables set forth the major categories of interest-earning assets and interest-bearing liabilities, together with their respective interest rates earned or paid by the Group. Averages are predominantly daily averages. Interest income figures include interest income on non-accruing loans to the extent cash payments have been received. Amounts classified as Other International represent interest-earning assets or interest-bearing liabilities of the controlled entities and overseas branches, excluding Europe. Non-accrual loans are included with interest-earning assets within loans and advances.

Average assets and interest income

	Year ended Sep 04			Year ended Sep 03		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
Interest-earning assets						
Due from other financial institutions						
<i>Australia</i>				8,022	349	4.35
<i>Europe</i>				19,944	668	3.35
<i>Other International</i>				3,264	76	2.33
Regulatory deposits						
<i>Europe</i>				140	2	1.43
<i>Other International</i>				71		
Marketable debt securities (1)						
<i>Australia</i>				16,433	803	4.89
<i>Europe</i>				9,622	394	4.09
<i>Other International</i>				8,444	254	3.01
Loans and advances (2)						
<i>Australia</i>				125,641	8,528	6.79
<i>Europe</i>				61,826	3,636	5.88
<i>Other International</i>				35,038	2,261	6.45
Other interest-earning assets (3)						
<i>Australia</i>				1,129	(102)	n/a
<i>Europe</i>				2,126	109	n/a
<i>Other International</i>				1,618	44	n/a
Intragroup loans (4)						
<i>Europe</i>				8,719	374	4.29
<i>Other International</i>				9,357	248	2.65
Average interest-earning assets and interest income incl. intragroup loans by:						
<i>Australia</i>				151,225	9,578	6.33
<i>Europe</i>				102,377	5,183	5.06
<i>Other International</i>				57,792	2,883	4.99
Total average interest-earning assets and interest income incl. intragroup loans				311,394	17,644	5.67

	Year ended Sep 04			Year ended Sep 03		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
Intragroup loans eliminations				(18,076)	(622)	3.44
Total average interest-earning assets by:						
<i>Australia</i>				151,225	9,578	6.33
<i>Europe</i>				93,658	4,809	5.13
<i>Other International</i>				48,435	2,635	5.44
Total average interest-earning assets				293,318	17,022	5.80
Non-interest-earning assets						
Investments relating to life insurance business (5)						
<i>Australia</i>				31,246		
<i>Europe</i>				291		
<i>Other International</i>				199		
Acceptances						
<i>Australia</i>				21,346		
<i>Europe</i>				122		
<i>Other International</i>				13		
Property, plant and equipment						
<i>Australia</i>				1,362		
<i>Europe</i>				746		
<i>Other International</i>				119		
Other assets (6)						
<i>Australia</i>				22,454		
<i>Europe</i>				18,120		
<i>Other International</i>				7,269		
Total average non-interest-earning assets by:						
<i>Australia</i>				76,408		
<i>Europe</i>				19,279		
<i>Other International</i>				7,600		
Total average non-interest-earning assets				103,287		
Provision for doubtful debts						
<i>Australia</i>				(1,200)		
<i>Europe</i>				(767)		
<i>Other International</i>				(289)		
Total average assets by:						
<i>Australia</i>				226,433		
<i>Europe</i>				112,170		
<i>Other International</i>				55,746		
Total average assets				394,349		
Percentage of total average assets applicable to international operations				42.6%		

Average liabilities and interest expense

	Year ended Sep 04			Year ended Sep 03		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
Interest-bearing liabilities						
Term deposits and certificates of deposit (1) (7) (8)						
<i>Australia</i>				38,335	1,652	4.31
<i>Europe</i>				30,097	952	3.16
<i>Other International</i>				21,105	863	4.09
Savings (short-term) deposits (7)						
<i>Australia</i>				8,010	337	4.21
<i>Europe</i>				14,347	289	2.01
<i>Other International</i>				3,243	107	3.30
Other on-demand deposits (7)						
<i>Australia</i>				36,290	1,041	2.87
<i>Europe</i>				14,081	221	1.57
<i>Other International</i>				7,730	118	1.53
Government and Official Institutions						
<i>Australia</i>				894	36	4.03
<i>Other International</i>				1,948	23	1.18
Due to other financial institutions						
<i>Australia</i>				13,182	548	4.16
<i>Europe</i>				25,426	980	3.85
<i>Other International</i>				14,764	314	2.13
Short-term borrowings (7)						
<i>Australia</i>				6,665	315	4.73
<i>Europe</i>				45	2	4.44
<i>Other International</i>				4,125	48	1.16
Long-term borrowings						
<i>Australia</i>				22,143	791	3.57
<i>Other International</i>				577	25	4.33
Other interest-bearing liabilities						
<i>Australia</i>				835	424	n/a
<i>Europe</i>				2	1	n/a
<i>Other International</i>				1	371	n/a
Loan Capital						
<i>Australia</i>				399	20	5.01
<i>Europe</i>				1,246	125	10.03
Intragroup loans (4)						
<i>Australia</i>				18,076	622	3.44
Average interest-bearing liabilities and interest expense incl. intragroup loans by:						
<i>Australia</i>				144,829	5,786	4.00
<i>Europe</i>				85,244	2,570	3.01
<i>Other International</i>				53,493	1,869	3.49
Total average interest-bearing liabilities and interest expense incl. intragroup loans				283,566	10,225	3.61

	Year ended Sep 04			Year ended Sep 03		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
Intragroup loans eliminations				(18,076)	(622)	3.44
Total average interest-bearing liabilities and interest expense by:						
<i>Australia</i>				126,753	5,164	4.07
<i>Europe</i>				85,244	2,570	3.01
<i>Other International</i>				53,493	1,869	3.49
Total average interest-bearing liabilities and interest expense				265,490	9,603	3.62
Non-interest-bearing liabilities						
Deposits not bearing interest						
<i>Australia</i>				5,215		
<i>Europe</i>				5,776		
<i>Other International</i>				1,273		
Liability on acceptances						
<i>Australia</i>				21,346		
<i>Europe</i>				122		
<i>Other International</i>				13		
Life insurance policy liabilities (5)						
<i>Australia</i>				30,782		
<i>Europe</i>				220		
<i>Other International</i>				310		
Other liabilities (6)						
<i>Australia</i>				16,485		
<i>Europe</i>				18,060		
<i>Other International</i>				5,146		
Total average non-interest-bearing liabilities by:						
<i>Australia</i>				73,828		
<i>Europe</i>				24,178		
<i>Other International</i>				6,742		
Total average non-interest-bearing liabilities				104,748		

Equity

	Year ended Sep 04			Year ended Sep 03		
	Average balance \$m	Interest \$m	Average rate %	Average balance \$m	Interest \$m	Average rate %
Equity						
Ordinary shares				6,559		
Preference share capital				730		
Trust Preferred Securities				5		
National Income Securities				1,945		
Contributed equity				9,239		
Reserves				1,285		
Retained profits				12,735		
Parent entity interest				23,259		
Outside equity interest in controlled entities				852		
Equity				24,111		
Total liabilities and equity				394,349		
Percentage of total average liabilities applicable to international operations						45.8%

- (1) Interest income associated with NAB-issued certificates of deposit repurchased by the Group has been reclassified from marketable debt securities to term deposits and certificates of deposit. For the September 2003 year, an amount of \$78 million was reclassified.
- (2) Includes non-accrual loans.
- (3) Includes interest on derivatives and escrow deposits.
- (4) The calculations for Australia, Europe and Other International include intragroup cross border loans/borrowings and associated interest.
- (5) Included within investments relating to life insurance business are interest-earning debt securities. The interest earned from these securities is reported in life insurance income, and has therefore been treated as non-interest earning for the purposes of this note. The assets and liabilities held in the statutory funds of the Group's Australian life insurance business are subject to the restrictions of the Life Insurance Act 1995.
- (6) To ensure consistent classification across notes to the financial statements, the gross up of trading derivatives for Europe and Other International has been revised. For the September 2003 year, these gross up amounts are \$9,934 million (Europe) and \$2,154 million (Other International) respectively.
- (7) To ensure consistent classification across notes to the financial statements, some amounts were reclassified within categories of deposits and other borrowings. For the September 2003 year, an amount of \$12,238 million was reclassified from term deposits and certificates of deposit to savings (short-term) deposits \$908 million, other demand deposits \$5,110 million and short-term borrowings \$6,220 million. Associated interest expense was also reclassified.
- (8) The sum of term deposits and certificates of deposit equate to time deposits.

Detailed Financial Information - Note 5: Gross Loans & Advances

5. GROSS LOANS & ADVANCES

	Sep 04 \$m	As at Mar 04 \$m	Sep 03 \$m	Mar 04 %	Fav / (Unfav) Change on Sep 03 %
By region					
Australia		144,075	136,099		
Europe		59,290	59,227		
New Zealand		28,994	27,699		
United States		2,685	3,367		
Asia		3,056	3,516		
Total gross loans and advances		238,100	229,908		
Securitised loans		426	585		

By product					
Housing		118,866	111,487		
Term lending		75,258	74,230		
Overdrafts		16,656	17,205		
Leasing		15,288	14,977		
Credit cards		6,645	6,609		
Other		5,387	5,400		
Total gross loans and advances		238,100	229,908		

By product & region	As at Sep 04					Total \$m
	Australia \$m	Europe \$m	New Zealand \$m	United States \$m	Asia \$m	
Housing						
Term lending						
Overdrafts						
Leasing						
Credit cards						
Other						
Total gross loans and advances						

Movement from March 2004 excluding foreign exchange	Increase / (Decrease) from Mar 04					Total %
	Australia %	Europe %	New Zealand %	United States %	Asia %	
Housing						
Term lending						
Overdrafts						
Leasing						
Credit cards						
Other						
Total gross loans and advances						

Movement from September 2003 excluding foreign exchange	Increase / (Decrease) from Sep 03					Total %
	Australia %	Europe %	New Zealand %	United States %	Asia %	
Housing						
Term lending						
Overdrafts						
Leasing						
Credit cards						
Other						
Total gross loans and advances						

By Division