

NZF
23/04/2007

Market Information

Full year result shows New Zealand Finance Holdings getting stronger

The Directors of New Zealand Finance Holdings Limited (NZF) are pleased to report a solid performance for the twelve months to March 31 2007.

- Revenue increased by just under 80%
- Net profit after tax was up 76%
- Earnings per share 8.77 cents (2006: 4.96 cents)
- Fully imputed dividend of 1 cent per share to be paid on May 25 2007 giving a total of 1.75 cents for the year
- A one-off profit of \$3.4 million on the sale of Mike Pero Mortgages

The Chairman, Richard Waddel, reports that “The financial year saw us lay solid foundations for the future. We:

- Raised \$20 million in a capital notes issue
- Increased our funding from Westpac to \$150 million
- Formed a 50:50 joint venture with Liberty Financial to do a full takeover of Mike Pero Mortgages
- Continued our investment in technology
- Increased our loan book from \$70 million to \$96 million
- Expanded our home loan book from \$26 million to \$76 million.

“In what has been a turbulent year for the industry we have attracted new clients and seen our deposits increase. We are now one of the country’s leading non-bank financial institutions. We are one of a very few who can still boast that we have had no bad debt write-offs,” Says Richard Waddel.

In September 2006, NZF sold down its investment in Mike Pero Mortgages and realised a one-off profit of \$3.4 million, whilst still maintaining a 50% shareholding in MPMH Limited which is the joint venture company wholly owning Mike Pero Mortgages.

The March 2007 result of NZF includes our share in the trading results of MPMH Limited for the six months ended March 31 2007.

New Zealand Finance

“This business unit saw the continued support of our investors resulting in our deposit book increasing by 29% to \$80 million. We had a good re-investment rate and new deposits grew by \$32 million. We have seen opportunities to broaden our product range for deposits on long and short term products and these will continue to be developed,” says John Callaghan, managing director.

Mike Pero Mortgages

“Behind the banks MPM is the largest and most recognised mortgage distribution brand in the country. With Liberty’s risk management and technology skills and NZF’s extensive local experience MPM is being positioned to be one of the most powerful brands in the country. A roll out of a broader financial services product range is part of this strategy,” says Mr Callaghan

Approved Mortgage Brokers & New Zealand Mortgage Finance

“More and more clients are seeking the services of mortgage brokers, like us, to negotiate the deal that suits their needs. What we are noticing is that good brokers build close relationships with their clients. While a client may stay for a short time with their bank they are very likely to have a long term business relationship with their broker irrespective of what bank or lender the client is with, adds Mr Callaghan.

Outlook

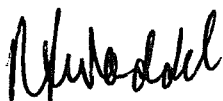
“The banking and finance industry relationship is evolving at a rapid pace and has dramatically changed in the last 20 years. As a result of this change we are investing heavily in technology systems and our people to ensure we are ready to take advantage of the opportunities that we see in the market place.

“We believe there will continue to be rationalisation in this sector which will probably result in the bigger companies getting stronger as investors seek out the quality companies that they feel they can trust and rely on. We noticed in the past year that despite three finance companies collapsing our deposits increased and we attracted new clients. Our 51% investment in Finance Direct on April 2 2007, allows us to further diversify our product base and range and it also means another range of products for our substantial distribution network. Finance Direct has developed flexible and innovative methods of borrowing for people wanting to buy property, consumer goods, or debt consolidation, something until now we didn't offer our customers.

“We believe these are very exciting times for a financial institution like ourselves with strong leadership, wise governance, excellent team members and sophisticated technology.

“You are going to see us invest considerably more in technology and our people so that we can deliver what we believe the market is and now will continue to demand. There is a significant change occurring in the way people want to manage their money. Our continued investment and innovation will ensure we are always in the position to take advantage of these opportunities,” said Mr Callaghan.

ENDS



Richard Waddel
Chairman

For further information please contact

Richard Waddel, Chairman
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Or
Malcolm Lindeque, Company Secretary
Tel (09) 379 9090

(NZF) : New Zealand Finance Holdings Limited

A:

Results for announcement to the market

Reporting Period	12 months to 31 March 2007
Previous Reporting Period	12 months to 31 March 2006

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$43,149	78.3%
Profit from ordinary activities after tax attributable to security holder.	\$6,725	76.9%
Net profit attributable to security holders.	\$6,725	76.9%

Interim/Final Dividend	Amount per security	Imputed amount per security
A fully imputed final dividend of \$0.01 has been declared.	\$0.0100	\$0.00493

NZF has no dividend reinvestment plan currently in operation.

Record Date	18-May-07
Dividend Payment Date	25-May-07

Comments:

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- = A one-off profit of \$3.4 million on the sale of Mike Pero Mortgages

B: New Zealand Finance Holdings Limited
Audited results for the year ended 31 March 2007

AUDITED FULL YEAR REPORT ANNOUNCEMENT

Preliminary full year report on consolidated results (including the results for the previous corresponding full year in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on audited financial statements. If the report is based on audited financial statements, any qualification made by the auditor is to be attached (NONE).

The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

C: Consolidated Statement of Financial Performance

	<u>Mar-07</u> <u>\$NZ '000</u>	<u>Up / Down</u> <u>%</u>	<u>Mar-06</u> <u>\$NZ '000</u>
<u>Operating revenue</u>			
Interest income	15,569	70.1%	9,154
Trading revenue	23,973	65.6%	14,476
Other reveune	150	-73.9%	575
Profit on Sale of Investment	3,457		0
Total income	43,149	78.3%	24,205
<u>Expenditure</u>			
Amortisation of goodwill	503	162.0%	192
Depreciation	519	403.9%	103
Interest Paid	12,630	119.7%	5,750
Rental Expenses	674	21.9%	553
Other Expenses	19,880	73.0%	11,489
Total expenditure	34,206	89.1%	18,087
Surplus before taxation	8,943	46.2%	6,118
Less taxation	1,983	-6.0%	2,109
Surplus after taxation	6,960	73.6%	4,009
Surplus attributable to minority shareholders during period	(235)	14.1%	(206)
Net surplus attributable to shareholders	6,725	76.8%	3,803
	Cents		Cents
Earnings per share	8.77		4.96

D: Consolidated Statement of Financial Position

	Mar-07 \$NZ '000	Up / Down %	Mar-06 \$NZ '000
Current assets			
Cash	5,553	-25.4%	7,440
Loans and advances	94,443	37.4%	68,760
Other current assets	4,498	12.8%	3,988
Total current assets	104,494	30.3%	80,188
Non-current assets			
Property, plant & equipment	920	14.9%	801
Loans and advances	77,669	207.2%	25,282
Intangible assets	15,893	-30.4%	22,829
Total non-current assets	94,482	93.2%	48,912
TOTAL ASSETS	198,976	54.1%	129,100
Current liabilities			
Bank overdraft	0	-100.0%	388
Secured debenture stock	46,756	36.9%	34,156
Unsecured subordinated notes	771	34.1%	575
Preference shares	0	-100.0%	500
Term loans	1,250	-96.8%	39,465
Other current liabilities	3,418	31.0%	2,610
Total current liabilities	52,195	-32.8%	77,694
Non-current liabilities			
Secured debenture stock	33,761	20.2%	28,086
Unsecured subordinated notes	1,178	-32.1%	1,736
Term loans	70,610	2235.0%	3,024
Capital Notes	20,050	#DIV/0!	0
Total non-current liabilities	125,599	282.4%	32,846
TOTAL LIABILITIES	177,794	60.8%	110,540
NET ASSETS	21,182	14.1%	18,560
Equity			
Share capital	7,503	0.0%	7,503
Reserves	13,606	68.8%	8,060
Total shareholders interest	21,109	35.6%	15,563
Minority shareholders interest	73	-97.6%	2,997
TOTAL EQUITY	21,182	14.1%	18,560

Net tangible assets per share	Cents 238.80	Cents 138.61
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E: Statement of Movements in Equity

	Mar-07 \$NZ '000	Up / Down %	Mar-06 \$NZ '000
Net surplus for the year	6,960	73.6%	4,009
Total recognised revenues & expenses	6,960	73.6%	4,009
Net surplus attributable to minorities	(235)	14.1%	(206)
Contributions from owners	0	-100.0%	1,200
Minority shareholders	(2,950)	-198.4%	2,997
Distribution to owners	(1,153)	201.8%	(382)
Share Issue expenses	0	-100.0%	(2)
Movements in equity for the year	2,622	-65.6%	7,617
Equity at start of the year	18,560	69.6%	10,944
Equity at end of the year	21,182	14.1%	18,560

F: Consolidated Statement of Cash Flows

	<u>Mar-07</u> <u>\$NZ '000</u>	<u>Mar-06</u> <u>\$NZ '000</u>
Net profit after taxation	6,725	3,803
Add / (less)		
Amortisation of goodwill	503	192
Depreciation	519	103
Dividend on preference shares	0	35
Increase/(decrease) in provision for doubtful debts	15	66
	<u>7,762</u>	<u>4,199</u>
Increase in accounts receivable	(109)	(3,396)
Increase in accounts payable	408	1,668
Net cash flows from operating activities	8,061	2,471
Net cash flow from investing activities	(72,291)	(54,662)
Net cash flow from financing activities	62,731	59,972
Net (decrease) / increase in cash held	(1,499)	7,781
Opening bank balance	7,052	(729)
Closing bank balance	5,553	7,052
Made up as follows:	5,553	7,052
Cash	5,553	7,440
Bank overdraft	0	(388)

G: Material disposal of subsidiaries

(a) Name of subsidiary or group of subsidiaries	Mike Pero Mortgages Limited
(b) Contribution to consolidated net surplus	\$748,473
(c) Date from which such contribution has been calculated	1/04/2006
(d) Contribution to consolidated net surplus for the previous corresponding period (Dec 05 to Mar 06)	\$490,064
(e) Contribution to consolidated net surplus from sale of subsidiary	\$3,456,766
(f) Date of disposal of investment	27/09/2006

H: Material investment in joint venture

(a) Name of joint venture	MPMH Limited
(b) Percentage of ownership acquired	50%
(c) Contribution to consolidated net Surplus after taxation	\$104,366
(d) Date from which such contribution has been calculated	28/09/2006

I: Issued and quoted securities at end of current year

Category of Securities Issued	Number	Quoted
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ORDINARY SHARES:

Total number shares in issue	76,666,668	
Issued during current half year	-	

J: Comments by directors

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

(a) Material factors affecting the revenues and expenses of the group for the current full year

N/A

(b) Significant trends or events since end of current full year

N/A

(c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed

NIL

(d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

NIL

(e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty

NIL

K: Annual meeting

(a) To be held at

Tamaki Yacht Club

(b) Date 10 August

2007

Time

11:00am

(c) Approximate date of availability of Annual Report

29th June 2007

If this full year report was approved by resolution of the Board of Directors, please indicate date of meeting:

19 April 2007



23 April 2007

(signed by) Authorised Officer of Listed Issuer

(date)



NEW ZEALAND FINANCE HOLDINGS

Segment information for the year ended 31 March 2007

		Total assets \$'000	Total revenue \$'000	Surplus before tax \$'000
Finance	31/03/2007	176,790	19,291	5,353
	31/03/2006	102,310	12,170	5,018
Mortgage broking services	31/03/2007	18,911	19,193	437
	31/03/2006	9,973	11,596	1,191
Other business & corporate costs	31/03/2007	2,874	4,665	3,153
	31/03/2006	18,418	439	(90)
Group	31/03/2007	198,575	43,149	8,943
	31/03/2006	130,701	24,205	6,118
Taxation	31/03/2007			(1,983)
	31/03/2006			(2,109)
Net surplus after taxation	31/03/2007			6,960
	31/03/2006			4,009
Attributable to minority shareholders	31/03/2007			(235)
	31/03/2006			(206)
Surplus for the period	31/03/2007			6,725
	31/03/2006			3,803