

NZF  
07/11/2007

## Market Information

### **New Zealand Finance Holdings (NZF) reports strong 6 monthly growth.**

The last six months has seen New Zealand Finance Holdings continue to show strong growth, report the Directors on the six months result ended September 30, 2007.

- Total assets increased by 34 per cent since March 31, 2007 and 57 percent since September 30, 2006.
- Total equity increased by 12 per cent since March 31, 2007.
- NZF was recognised as the 29<sup>th</sup> fastest growing company in the Deloitte/Unlimited Fast 50 Index, the third consecutive year the company has featured.
- Operating surplus after taxation attributable to shareholders and excluding one off profit / (loss) on investments saw an increase of nearly 30 per cent.
- NZF increased its funding from Westpac from \$150 million to \$200 million and secured a \$40 million facility from the Commonwealth Bank of Australia.
- Interim dividend of 1.00 cents per share to be paid.

Managing Director, John Callaghan elaborated on the result saying, “The total assets of the company increased by 33.91 per cent to \$266.781 million for the six months to September 30, 2007.”

“The September 2006 trading result saw the sale of our investment in Mike Pero Mortgages Limited and the formation of a 50 per cent joint venture vehicle, MPMH Limited, with leading Australian financial institution, Liberty Financial. This realised a one off profit on the sale of our investment of \$3.516 million.”

“The operating surplus after taxation attributable to shareholders but excluding one off profit (loss) on investments, resulted in an increase of 29.50 per cent from \$2.014 million for the six months ended September 30, 2006 to \$2.608 million for the six months ended September 30, 2007.”

“The company continues to reinvest in the business and has seen total equity increase by 11.75 per cent to \$23.620 million for the six months ended September 30, 2007. Additionally, shareholder funds were \$13.872 million as at September 30, 2005.”

“We are fortunate to have multiple funding lines in place with both Westpac Institutional Bank and the Commonwealth Bank of Australia. During the last six months NZF increased its facility with Westpac from \$150 million to \$200 million and we secured a \$40 million facility with the Commonwealth Bank of Australia.”

Richard Waddel, Chairman, adds “Our growth over the past ten years has been steady and carefully considered. To date we have only had to write off an amount of \$22,123 and that was four years ago. In the past year we had no bad debt write-offs, however the company continues to maintain conservative bad debt provisions.”

“Our model is based upon the significant trading bank experience of our senior management team and directors. The three founding directors are still with the company today. Our senior management team has combined trading bank experience of over 130 years between seven of them. Our belief that the current climate won’t last is one of the reasons we made the recent senior appointment of Adrienne Smith to Chief Operating Officer of NZF”, says Mr Waddel.

“This steady but consistent growth is exemplified by our place at 29<sup>th</sup> placing in the Deloitte/Unlimited Fast 50 Index. This is our third consecutive year to be featured in the list. The only other financial institution listed is Kiwibank at 45”, says Mr Waddel.

John Callaghan, Managing Director, adds “It helps that we have a diversified model, so in that regard, we are not a traditional finance company. We have a manufacturing and distribution model which means we are able to diversify our income stream. Thanks to the distribution side of our business banks are happy to wholesale money to us.”

“Our investors seem pretty content with us too, but then not many companies provide information on their website that outlines their loan property type or where their security is. This is the kind of quality information investors giving you money are entitled to know.”

“NZF continues to have an exceptional liquidity profile with a strong matching of assets and liabilities. The importance of this has been stressed by the Reserve Bank data released last week in which it dispelled fears that not all finance companies have been borrowing short and lending long.”

“While times may be difficult for some brokers with the hard line some banks are taking, our brokers know they can rely on us. As a result the size of our NZF Mortgages Limited home loan book has grown from \$75 million in March of this year, to \$100m in May and now exceeds \$150 million in November,” he ends.

Mr Waddel, Chairman, concludes “For a financial institution like ourselves with strong leadership, wise governance, excellent team members and sophisticated technology we are very confident about our future. We expect that we will exceed the trading profit for the Group for last year, excluding the one off profit from Mike Pero Mortgages.”

The Directors have resolved to declare a fully imputed interim dividend of 1.00 cent per share, up from 0.75 cents last year. The record date for the interim dividend is 5.00pm November 16, 2007 with the payment date November 23, 2007.

Financial information in this release has been extracted from the unaudited interim financial statements ended September 30, 2007 which have been prepared along with the comparatives to 2006 under New Zealand International Financial Reporting Standards (NZIFRS).

ENDS

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The current structure and holdings are as follows:

