

22 April 2008

Elaine Campbell  
New Zealand Exchange Limited  
PO Box 2959  
WELLINGTON

Dear Elaine

**Continuous Disclosure Inquiry**

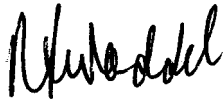
1. Thank you for your letter of 18 April.
2. The Board of NZF Group Limited (“NZF”) has considered the comments made in your letter, and in particular the requests for information contained in paragraph 4 of your letter.
3. NZF has the following comments and responses to those queries.
4. The NZF Board of Directors is of the view that it has continued to comply with NZSX Rule 10.1.1.
5. The NZF Board believes that the information sought to be disclosed in paragraph 4 of your letter is not Material Information insofar as that term can be applied to the particular circumstances of NZF. The basis for this view is that:
  - (a) NZF has assumed that the principal rationale for your enquiry is to address and allay the concerns of the NZX and members of the public in respect of the ongoing commercial viability of those finance companies that raise funds from members of the public via the issue of debenture stock;
  - (b) Assuming this is in fact the case, NZF advises that its wholly owned subsidiary, NZF Money Limited (formerly New Zealand Finance Limited) and its 51% owned subsidiary Finance Direct Limited, raises funds from members of the public, to fund its finance company operations;
  - (c) The total indebtedness of NZF Money Limited and Finance Direct Limited to debenture holders was \$65.758 million as at 31 March 2008;

- (d) The total level of cash together with indebtedness (including available but undrawn bank facilities) of NZF was \$360.069 million as at 31 March 2008;
- (e) Therefore the indebtedness of NZF Money Limited and Finance Direct Limited to debenture holders represents only 18.26% of the total indebtedness (including cash and available but undrawn bank facilities) of NZF;
- (f) On the basis of the aforementioned analysis, NZF does not believe that the information sought to be disclosed in paragraph 4 of your letter constitutes “Material Information” in respect of NZF when taking into account the entire financial position of NZF.
6. Notwithstanding the above position, NZF is happy to provide the following information to NZX in response to the queries contained in your letter. However, NZF is not prepared to provide NZX with this information on a continuing monthly basis as requested in your letter:
7. With regard to reinvestment rate, NZF does not believe that providing this information on a monthly basis is likely to assist a prudent investor in determining whether to invest in NZF Money Limited and Finance Direct Limited’s debenture stock. Rather, NZF believes that the reinvestment rate impacts almost exclusively on the prospective profitability of its finance company operations. It does not necessarily correlate to an adverse financial position for the finance companies.
8. NZF is committed to providing regular announcements to the market in respect of its prospective financial results for the current financial year and will continue to do so.
9. The following provides a useful analysis of NZF’s financial position in respect of the Group’s indebtedness, available but undrawn bank facilities and cash as at 31 March 2008:
- (a) Current Bank Funding Lines:
- |   |                    |                   |
|---|--------------------|-------------------|
| - | Drawn facilities   | \$166.078 million |
| - | Undrawn facilities | \$96.922 million  |
- (b) Debenture Stock  
(NZF Money Limited and Finance Direct Limited) \$65.758 million
- (c) Cash in bank \$12.061 million

- (d) Capital Notes \$20.050 million
10. The on-going liquidity requirements of NZF is monitored weekly by the Board and the NZF Board believes that NZF's current liquidity position is strong and not a material issue. The group had undrawn bank lines and cash of \$108.983 million as at 31 March 2008.
11. With reference to the 6 largest loans, which are required to be disclosed under Schedule 2 of the Securities Regulations 1983, NZF advises that:
- (a) the 6 largest loans of NZF represented 15.95% of total loans as at 31 March 2007;
  - (b) the 6 largest loans of NZF had reduced to 12.78% of total loans as at 30 September 2007 and again reduced to 9.58% of total loans as at 31 March 2008.

We look forward to hearing from you respect of our responses in due course.

Yours faithfully  
**NZF GROUP LIMITED**



**Richard Waddel**  
Chairman  
NZF Group Limited



**John Callaghan**  
Managing Director  
NZF Group Limited