

**ALLIED NATIONWIDE FINANCE – INTERIM RESULT ANNOUNCEMENT**

Allied Nationwide Finance Limited, part of the NZX listed Allied Farmers group, today announced a net loss of \$1.63 million after tax for the half-year ended 31 December 2008.

John Loughlin, Chairman of Allied Nationwide Finance, said: "While the interim result is disappointing, it is reflective of the extremely difficult economic environment, for the Company and its customers, over the period."

The half-year result was affected by the one-off costs associated with the integration of Speirs Finance, which was amalgamated into Allied Nationwide in late September, by additional provisioning recognised over the period, and the holding cost of the Company's significant cash reserves.

Total group assets were \$430 million at 31 December 2008, including \$131 million of loan assets held in Allied Nationwide's asset securitisation programme. Total assets increased from \$191 million as at 30 June 2008, largely due to the addition of the Speirs Finance business.

Despite the difficult market pressures, Allied Nationwide has strong liquidity with \$76 million of cash as at 31 December, and \$75 million of cash currently held.

John Mallon, Chief Executive of Allied Nationwide, said: "Essentially this year was always going to be difficult given the recession and challenging trading environment. We have therefore been taking a conservative approach to our funding and lending activities to ensure Allied Nationwide is well positioned for the future."

"While our current cash position is having a short term impact on profitability, it is appropriate to remain liquid in the current environment and doing so enables Allied Nationwide to continue to support its existing customers. We will also continue to build our rural and asset finance businesses and are working on a number of initiatives in this regard," Mr Mallon said.

Allied Nationwide has a diversified loan book with around 65% of its lending book comprising asset finance to SME's in New Zealand and around 12% in the property sector. The additional provisioning recognised over the half-year period primarily related to property loans, which have been adversely impacted by the depressed property market and have become impaired.

The Board expects the operating environment for Allied Nationwide to remain challenging over the second half year in line with market conditions, with the prospects of a return to profitability in the 2009/10 financial year.

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