



Allied
Nationwide
Finance

Half Year Report



Know where you stand. Know where you're going.

Highlights for the Half Year

- Net profit before tax of \$3.44 million
- Robust equity position maintained at 12%
- Strong liquidity position maintained
- Committed to S&P credit rating process
- Successfully completed integration of Allied Prime & Nationwide Finance



Chairman and Chief Executives' Report

We are pleased to present this half year report for Allied Nationwide. The report is being provided as part of our policy to keep our investors and stakeholders fully informed, which is particularly important given the current environment.

Profit Result

Allied Nationwide Finance achieved a solid profit result for the half year ended 31 December 2007 with an audited profit before tax of \$3.44 million.

The result is particularly pleasing given the tough operating environment arising from the failure of a number of finance companies over the last 18 months and the global credit crunch. This environment required us to hold a much higher level of cash over the period for prudent liquidity management purposes with the resulting effect of reducing interest income.

In addition, we were focused on the integration of two separate finance companies, Allied Prime Finance and Nationwide Finance, to form the larger and stronger Allied Nationwide. This was successfully completed during the half year with one-off integration costs of approximately \$0.5 million recognised over the period.

Financial Position

Total assets were \$250 million as at 31 December 2007, including a well diversified loan book of \$202 million and significant cash. This represents a reduction on the total assets of \$302 million held at 30 June 2007, mainly due to a reduction in the size of the loan book.

The equity ratio as at 31 December 2007 was however 12.1%, compared to the Trust Deed requirement of 10% and slightly above the ratio as at 30 June 2007 of 11.7%.

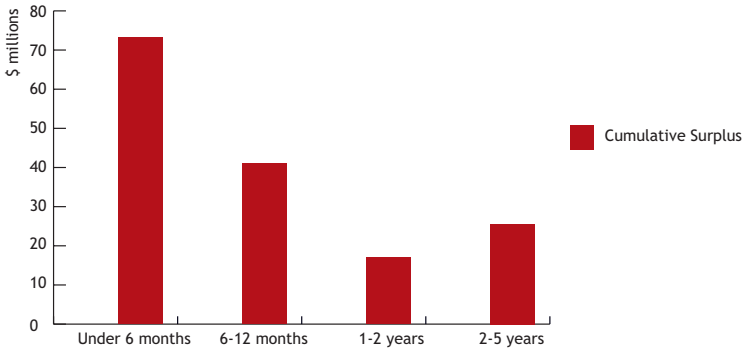
There was a reduction in the size of the debenture book as a result of pressures on the finance company sector and the resulting lower reinvestment rates and new fund flows we are experiencing. While we can endeavour to address this issue from our own perspective, our efforts continue to be affected by further finance company failures, primarily resulting from poor management, inadequate liquidity management and the questionable lending practices of some companies.

Liquidity Management

As highlighted, despite the external market pressures, Allied Nationwide maintained strong liquidity with cash of \$40.8 million at 31 December, representing 16% of assets and 19% of deposits.

There was a reduction of only \$4 million on the cash of \$44.8 million held at 30 June 2007, despite a net decrease in deposits of over \$46 million. The ability of the company to maintain strong liquidity was due in part to its matched maturity profile (as set out below) and regular loan repayments.

Cumulative Surplus of Maturing Financial Assets Over Liabilities



The Board and management decided during 2007 to build up and retain cash reserves. While this has had a short term impact on profitability (due to the lower interest rates on bank deposits compared to loans), it was entirely prudent under the circumstances. It has enabled Allied Nationwide to take advantage of market opportunities whilst at the same time comfortably meeting our ongoing obligations to investors.

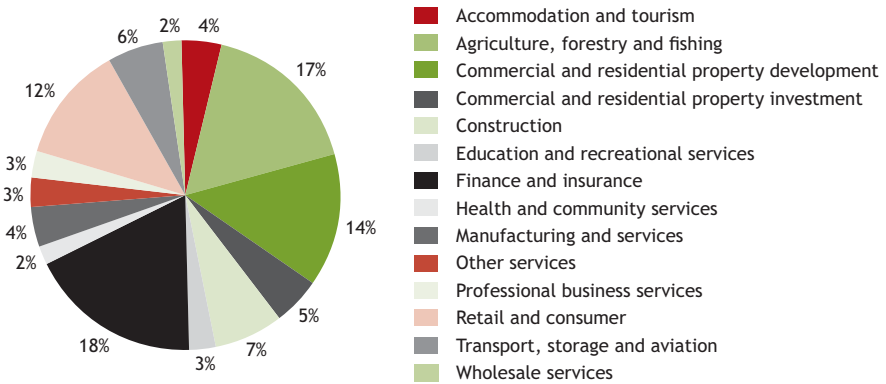
Lending Activity

Allied Nationwide has continued its strategy of maintaining a diversified loan book, spread across the rural, commercial, property and consumer sectors. We believe that investors will continue to favour investments that have diversification of risk across more than one sector or asset class.

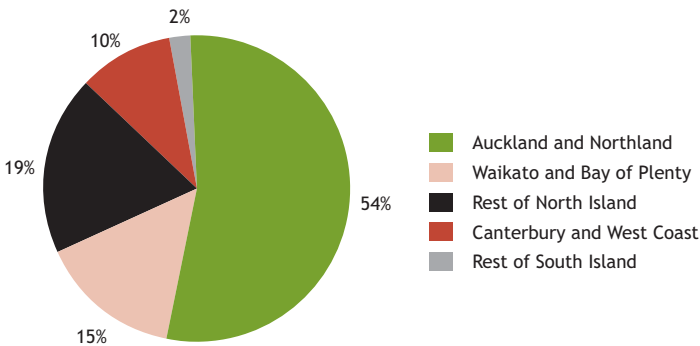
Due to its strong liquidity position and matched maturity profile, Allied Nationwide has continued to prudently lend. We are however taking a conservative approach to new lending, focusing on looking after our existing customers, short term loans, matching loans with funding maturities and expanding our property and rural finance business.

We are also benefiting from the restrictions on lending by other funders and finance companies. This has resulted in an overall increase in interest margins and fee income on our core lending business.

Financial Asset Exposure By Industry 31 December 2007



Financial Asset Exposure By Region 31 December 2007



Credit Rating

While the new regulations making credit ratings mandatory for finance companies have not yet come into force, Allied Nationwide has committed itself to obtaining a credit rating from Standard & Poors. This process will commence during April this year.

With the issues surrounding the finance company sector, we believe that obtaining an S&P rating early will provide additional comfort for our investors and reinforce Allied Nationwide's position as a quality finance company.

The Parent

A core strategy of Allied Nationwide is to be a leading provider of non-bank rural finance in New Zealand. The Parent's long history in the rural sector, particular expertise in the dairy sector and existing loyal customer base are key benefits for Allied Nationwide and we continue to use this strong rural presence to generate financing opportunities.

As an investor there are significant benefits from being part of an NZX listed group. The strong governance and reporting obligations imposed on Allied Farmers under the NZX listing rules are also applied to Allied Nationwide.

The Future

We remain committed to delivering on our growth strategy of achieving total assets of over \$500 million within 3 years. While the current environment is tough and there are pressures on our retail funding base, the Company remains in a sound financial position and has continued to maintain strong liquidity despite the market pressures.

The Company is actively working on securing alternate sources of funding to enhance growth and further diversify its funding base.

Our current sound financial and liquidity position will enable us to continue to "ride out" the difficult market and meet our obligations to debenture investors.

Finally, we thank you for your ongoing support of Allied Nationwide.



John J Loughlin
Chairman



John Mallon
Chief Executive

Summary Financial Statements

INCOME STATEMENT

For the six month period ended 31 December 2007

(All amounts in NZD thousands unless otherwise stated)

	6 months to 31 Dec 2007	6 months to 31 Dec 2006	12 months to 30 Jun 2007
Operating revenue			
Interest and fee income	19,587	11,008	21,566
Operating lease and other income	629	1,350	2,516
	<hr/>	<hr/>	<hr/>
	20,216	12,358	24,082
Operating expenses			
Interest and funding expense	11,240	6,482	12,645
Other operating expenses	5,530	3,596	7,261
	<hr/>	<hr/>	<hr/>
	16,770	10,078	19,906
Profit before income tax	<hr/>	<hr/>	<hr/>
	3,446	2,280	4,176
Income tax expense	1,190	171	689
Net profit for the period	<hr/>	<hr/>	<hr/>
	2,256	2,109	3,487

BALANCE SHEET

As at 31 December 2007

(All amounts in NZD thousands unless otherwise stated)

	31 Dec 2007	31 Dec 2006	30 Jun 2007
Assets			
Cash and cash equivalents	40,817	30,575	44,849
Financial assets at fair value through profit or loss	-	2,531	104
Trade and other receivables	208	209	452
Current tax receivable	1,396	351	834
Loans, advances and finance leases	202,150	128,526	250,449
Property, plant and equipment and software	3,339	3,457	3,721
Deferred tax asset	1,859	-	1,700
Total Assets	249,769	165,649	302,109
Liabilities			
Trade and other payables	4,900	3,970	5,879
Deposits	214,764	139,789	260,837
Deferred tax liability	-	189	-
Total Liabilities	219,664	143,948	266,716
Net Assets	30,105	21,701	35,393
Equity			
Share capital	11,091	11,091	11,091
Share based payment reserve	9	-	-
Retained earnings	19,005	10,610	24,302
Total Equity	30,105	21,701	35,393

STATEMENT OF CHANGES IN EQUITY

For the six month period ended 31 December 2007

(All amounts in NZD thousands unless otherwise stated)

	6 months to 31 Dec 2007	6 months to 31 Dec 2006	12 months to 30 Jun 2007
Equity at the beginning of the period	35,393	19,592	19,592
Net profit for the period	2,256	2,109	3,487
Equity-settled expenses	9	-	-
Total recognised income and expense for the period	2,265	2,109	3,487
Gain on amalgamation	-	-	19,714
Dividends paid	(7,553)	-	(7,400)
Equity at the end of the period	30,105	21,701	35,393

CASH FLOW STATEMENT

For the six month period ended 31 December 2007

(All amounts in NZD thousands unless otherwise stated)

	6 months to 31 Dec 2007	6 months to 31 Dec 2006	12 months to 30 Jun 2007
Net cash flows from operating activities	2,965	4,081	9,270
Net cash flows from investing activities	49,054	12,704	29,839
Net cash flows from financing activities	(56,051)	(11,342)	(31,010)
Net (decrease) / increase in cash and cash equivalents	(4,032)	5,443	8,099

These summary financial statements were authorised for issue by the Board on 19 March 2008



David Bale
Director

Events after the balance sheet date

A dividend of \$0.42 per ordinary share totalling \$2,325,000 was declared and paid on 30 January 2008.

On the 26th February 2008, after the full financial report was approved, a dividend of \$0.06 per ordinary share totalling \$325,000 was declared and then paid on 29 February 2008. This dividend was not noted in the full financial report because it occurred after those financial statements were authorised for issue.

Transition to New Zealand equivalents to International Financial Reporting Standards (NZ IFRS)

This summary financial report, including the comparative amounts, is a summary of financial results prepared in accordance with NZ IFRS. This summary financial report is a summary of the Company's first NZ IFRS full financial report. A summary of the reconciliations to explain the transition from New Zealand Financial Reporting Standards (NZ FRS) previously reported on, and NZ IFRS is included below. The Company's date of transition to NZ IFRS is 1 July 2006. For the full reconciliations and explanations refer to note 29 of the full financial report.

The transition from NZ FRS to NZ IFRS has impacted the following items of significance in the financial statements:

a Fixed income securities

Under NZ FRS, fixed income securities were recognised as cash. Under NZ IFRS, they are recognised as financial assets held at fair value through profit or loss. This has impacted the cash flow statement whereby the sale of these financial instruments is now reflected as an increase to cash flows from investing activities. As at 1 July 2006, the balance of these financial instruments was \$5,085,000 (Dec 2006: \$2,531,000; Jun 2007: \$nil).

b Provision for individually impaired assets and deferred tax

Under NZ FRS, provisions for impaired assets were raised for the amount of the shortfall between the carrying value of the asset and the estimated recoverable amount. Under NZ IFRS, provisions for impaired assets are recognised as the difference between the carrying amount of the asset and the present value of its estimated future cash flows. The effect of this on the carrying value of loans, advances and finance leases and deferred tax is:

	1 July 06	31 Dec 2006	30 Jun 2007
Loans, advances and finance leases	(136,000)	(13,000)	(157,000)
Deferred tax asset	45,000	-	52,000
Deferred tax liability	-	(4,000)	-

The after tax impact on the income statement for the six months to 31 December 2006 is to increase that period's net profit by \$82,000 (Jun 2007: \$49,000).

c Other Reclassifications

The transition has also resulted in the reclassification of other items within the Balance Sheet or Income Statement, but which do not affect the net assets or net profit previously reported. For a further explanation of these items please refer to note 29 of the full financial report.

Reconciliation of the balance sheet under NZ FRS to the balance sheet under NZ IFRS at date of transition to NZ IFRS

1 July 2006	Refer above	NZ FRS Balance Sheet	NZ IFRS Adjustments	NZ IFRS Balance Sheet
Total assets	b	172,365	(91)	172,274
Total liabilities		152,682	-	152,682
Equity		19,683	(91)	19,592

Reconciliation of the balance sheet under NZ FRS to the balance sheet under NZ IFRS at interim balance sheet date

31 December 2006	Refer above	NZ FRS Balance Sheet	NZ IFRS Adjustments	NZ IFRS Balance Sheet
Total assets	b	165,662	(13)	165,649
Total liabilities	b	143,952	(4)	143,948
Equity		21,710	(9)	21,701

Reconciliation of income under NZ FRS to income under NZ IFRS for the comparative interim period

31 December 2006	Refer above	NZ FRS Income	NZ IFRS Adjustments	NZ IFRS Income
Operating revenue	c	12,477	(119)	12,358
Operating expenses	b,c	10,320	(242)	10,078
Income tax expense	b	130	41	171
Net profit for the period	b	2,027	82	2,109

Reconciliation of cash flows under NZ FRS to cash flows under NZ IFRS for the comparative interim period

31 December 2006	Refer above	NZ FRS Cash flows	NZ IFRS Adjustments	NZ IFRS Cash flows
Net cash flows from operating activities		4,081	-	4,081
Net cash flows from investing activities	a	10,150	2,554	12,704
Net cash flows from financing activities		(11,342)	-	(11,342)
Net increase in cash and cash equivalents		2,889	2,554	5,443

Reconciliation of the balance sheet under NZ FRS to the balance sheet under NZ IFRS at most recent balance sheet date.

30 June 2007	Refer above	NZ FRS Balance Sheet	NZ IFRS Adjustments	NZ IFRS Balance Sheet
Total assets	b	302,214	(105)	302,109
Total liabilities		266,716	-	266,716
Equity		35,498	(105)	35,393

Reconciliation of income under NZ FRS to income under NZ IFRS for the most recent period

30 June 2007	Refer above	NZ FRS Income	NZ IFRS Adjustments	NZ IFRS Income
Operating revenue	c	24,357	(275)	24,082
Operating expenses	b,c	20,254	(348)	19,906
Income tax expense	b	665	24	689
Net profit for the period	b	3,438	49	3,487

Reconciliation of cash flows under NZ FRS to cash flows under NZ IFRS for the most recent period

30 June 2007	Refer above	NZ FRS Cash flows	NZ IFRS Adjustments	NZ IFRS Cash flows
Net cash flows from operating activities		9,270	-	9,270
Net cash flows from investing activities	a	24,754	5,085	29,839
Net cash flows from financing activities		(31,010)	-	(31,010)
Net increase in cash and cash equivalents		3,014	5,085	8,099

Notes:

1. This summary financial report is for the reporting entity Allied Nationwide Finance Limited ("the Company") and is prepared in compliance with FRS 43 Summary Financial Statements.
2. The specific disclosures included in this summary financial report have been extracted from the full financial report dated 26 February 2008.
3. The full financial report has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) applicable for a profit-oriented entity.
4. The Company has made an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) in its full financial report.
5. The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report of the financial performance, financial position and cash flows of the Company.
6. If you require a full financial report please write to The Secretary, Allied Nationwide Finance Limited, PO Box 252, Wellington.
7. The full financial report has been audited and an unqualified audit opinion issued.

**Audit Report
To the Shareholders of Allied Nationwide Finance Limited**

We have audited the summary financial statements of Allied Nationwide Finance Limited for the six months ended 31 December 2007 as set out on pages 6 to 10.

Responsibilities of the Board of Directors and Auditors

The Board of Directors is responsible for the preparation of summary financial statements in accordance with generally accepted accounting practice in New Zealand. It is our responsibility to express to you an independent opinion on the summary financial statements presented by the directors.

Basis of Opinion

Our audit was conducted in accordance with New Zealand Auditing Standards and involved carrying out procedures to ensure the summary financial statements are consistent with the full financial report on which the summary financial statements are based. We also evaluated the overall adequacy of the presentation of information in the summary financial statements against the requirements of Financial Reporting Standard 43: Summary Financial Statements (FRS-43).

Other than in our capacities as auditors and taxation advisors we have no relationship with, or interests in, the Company.

Unqualified Opinion

In our opinion, the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial report from which it is derived and upon which we expressed an unqualified audit opinion in our report to the shareholders dated 26 February 2008.

We completed our work for the purposes of this report on 19 March 2008.



PricewaterhouseCoopers

Wellington

Directory

The Company

Name:	Allied Nationwide Finance Limited
Physical Address:	Level 15, 142 Lambton Quay Wellington
Auckland Office:	Level 5, The General Building 33 Shortland Street Auckland
Investor Enquiries:	Level 15, 142 Lambton Quay Wellington
Postal Address:	PO Box 252 Wellington 6140
Registered Office:	Level 15, 142 Lambton Quay Wellington
Telephone:	(04) 472 0784
Freephone:	0800 888 252
Facsimile:	(04) 471 0981
Email:	invest@alliednationwide.co.nz
Website:	www.alliednationwide.co.nz

Auditor

Name:	PricewaterhouseCoopers
Physical Address:	113-119 The Terrace Wellington
Postal Address:	PO Box 243 Wellington 6140

Solicitors

Name:	Morrison Daly
Physical Address:	Level 14, 45 Johnston Street Wellington
Postal Address:	PO Box 10 341 The Terrace Wellington 6143

Trustee

Name:	The New Zealand Guardian Trust Company Limited
Physical Address:	Level 7, 48 Shortland Street Auckland
Postal Address:	PO Box 1934 Auckland 1015

Know where you stand. Know where your'e going.

Wellington

Level 15

142 Lambton Quay

Wellington

P O Box 252

Wellington 6140

0800 888 252

www.alliednationwide.co.nz