

ALLIED NATIONWIDE FINANCE – HALF YEAR RESULT

Allied Nationwide Finance Limited, part of the NZX listed Allied Farmers group, has announced an audited net profit of \$3.44 million before tax for the half year ended 31 December 2007.

John Mallon, Chief Executive of Allied Nationwide Finance, said “This is a solid result for the half year, particularly taking into account the tough environment for finance companies and the focus on successfully completing the integration of two finance companies to form Allied Nationwide”.

Total assets were \$250 million at 31 December 2007, including a \$200 million well diversified loan book spread across the rural, commercial, property and consumer sectors. The equity ratio was 12.1%, compared to the Trust Deed requirement of 10%. There was a reduction in the size of the debenture book as a result of issues in the finance company sector and the resulting lower reinvestment rates and new fund flows.

Despite the external market pressures, Allied Nationwide maintained strong liquidity with cash of \$40.8 million at 31 December, compared to cash of \$44.8 million at 30 June 2007. This represented 16% of assets and 19% of debentures as at 31 December 2007. The ability of the company to maintain strong liquidity was due in part to its fully matched maturity profile and regular loan repayments.

Mr Mallon said, “We decided during 2007 to build up and retain cash reserves. While this has had a short term impact on profitability, it was entirely prudent under the circumstances. It has enabled Allied Nationwide to take advantage of market opportunities whilst at the same time comfortably meet our ongoing obligations to investors.”

Due to its strong liquidity position and matched maturity profile, Allied Nationwide has continued to lend despite many other finance companies putting a freeze on lending. This has resulted in an overall increase in interest margins and fee income.

“We are certainly benefiting from the restrictions on lending by other funders. We are however taking a conservative approach to new lending, focusing on looking after our existing customers, matching loans with funding maturities and expanding our property and rural finance business. We will continue to leverage off our parent’s expertise in the rural sector to generate financing opportunities, particularly in the dairy sector,” Mr Mallon said.

While the new regulations making credit ratings mandatory for finance companies have not yet come into force, Allied Nationwide has committed itself to a credit rating process to provide additional comfort for its investors. This process will commence during April this year.

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

ENDS

For further information, please contact:

John Mallon
Chief Executive
Allied Nationwide Finance Limited
Telephone: 027 473 2725