annual report 2009

NZF

Given the market conditions that NZF have been operating within, we are satisfied with our progress over the past year. We are conscious of building a sustainable business. As such our solid team continues to focus on quality while implementing key initiatives to enable future growth.

Source: Richard Waddel | Chairman of Directors | NZF Group Limited | 28 May 2009

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chairman's & managing director's report

a year like no other...

LAST YEAR THE WORDS 'CREDIT CRUNCH' AND 'SUB-PRIME' WERE COMMONLY USED. IN THE LAST TWELVE MONTHS THE WORDS 'TRILLIONS' AND 'FISCAL STIMULUS' HAVE BECOME MEDIA FAVOURITES.
MEDIA ARTICLES THROUGHOUT THESE TURBULENT TIMES MAKE REFERENCE TO 'TRILLIONS' AS OPPOSED TO 'BILLIONS' AND UNFORTUNATELY IT IS OFTEN ON THE WRONG SIDE OF THE LEDGER. SEVERAL ASSET CLASSES HAVE BEEN ADVERSELY AFFECTED. STOCKS, PROPERTY AND FIXED INTEREST VALUES THROUGHOUT THE WORLD HAVE BEEN DEVALUED BY TRILLIONS OF DOLLARS IN THE PAST YEAR.

JOHN CALLAGHAN
MANAGING DIRECTOR

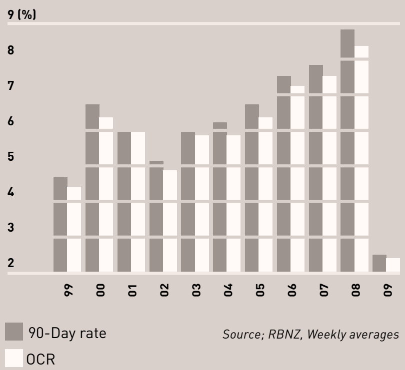
chairman's & managing director's report

KEY FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

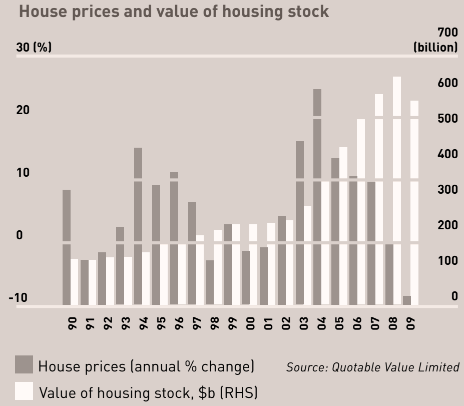
	2009 $'000	2008 $'000
Total gross trading income	39,568	45,578
Total net trading income	11,657	15,533
Operating expenses and staff costs	(8,024)	(9,823)
Operating profit before net impairment losses, (losses)/gains on financial instruments and taxation	3,633	5,710
Net impairment losses	(4,461)	(158)
(Losses)/gains on financial instruments at fair value	(4,006)	266
(Loss)/profit before income tax	(4,834)	5,818
Income tax benefit/(expense)	1,419	(1,920)
(Loss)/profit for the year	(3,415)	3,898
Attributable to:		
Minority interests	21	73
Equity holders of the Company	(3,436)	3,825

chairman's & managing director's report

90-Day rates



House prices and value of housing stock



The failure of the U.S. investment bank Lehman Brothers was just one of the shocks that hit the front pages of the press. Across the globe, countries are experiencing what has been described by some as a 'once in a century financial crisis'. As always there are differing opinions on the validity of such strong statements. However, what is evident is that this financial crisis is coupled with an international economic downturn. Throughout the international community there is less trading activity between partnering countries, a fall in commodity prices and lower interest rates.

Liquidity is now not just the concern of individuals trying to budget their cashflow, but a concern for entire countries trying to balance their books. Iceland is testament to this. The crisis in Iceland is both financial and economic based and initially involved the collapse of all three of the country's major banks following difficulties in refinancing their short term debt.

A common 'catch cry' heard in the markets locally and internationally is that liquidity is scarce as it appears difficult to find markets for some of the traditional financial instruments that were traded.

NEW ZEALAND

New Zealand is in a fortunate position in that the majority of the banks operating have AA credit ratings and many financial commentators believe that the Australian banking system is one of the strongest in the world.

The Reserve Bank of New Zealand (RBNZ) has applied significant cuts to the Official Cash Rate (OCR) in the last 12 months; unprecedented since this fiscal methodology was introduced in March 1999. At the time of writing the OCR was 2.5%, with the RBNZ signaling that it would feel uncomfortable if this rate was to fall below 2%.

These OCR reductions have generally flowed through to the floating rates offered on mortgages by the lenders. This is positive for borrowers and eventually this will also contribute to a reduction in fixed rate mortgages. New Zealanders are back to seeing short fixed rates at less than 6% (not seen for many years) and in some cases borrowers are accepting large fixed rate break costs in order to take advantage of variable rates.

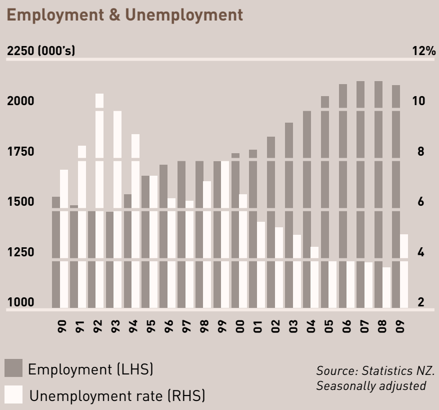
The current low interest rate environment is obviously a benefit for borrowers; however it is a different story for investors, in particular those that have lost substantial portions of their investments through finance company failures over the past 2 years.

The impact of the financial crisis has been far reaching and the recovery of the New Zealand economy will not be immediate. The RBNZ statement of 30 April 2009 indicated that "the timing and extent of the global recovery remains highly uncertain".

They expect that the adverse economic forces generated by the crisis to remain dominant throughout 2009 and that it is likely to be some time before economic activity returns to robust and healthy levels.

Some market commentators have provided the following opinions:

chairman's & managing director's report



- the outlook for New Zealand is an additional fall in property prices (in addition to the 10% already experienced);
- a rise in unemployment levels to around the 7% level, and a continued 'lull' in the desire to invest in additional recruitment;
- it is predicted that household spending habits and behaviours will change and retailers have already seen spending contract; and
- it is predicted that migration will improve slightly.

The above is sober reading and it would be naive to make cliché statements such as "behind every cloud is a silver lining". There are however some positive developments in the current environment which NZF are able to capitalise on. These are discussed in the following sections.

LENDING GROWTH AND THE IMPACT OF THE FIXED RATE FINANCIAL INSTRUMENTS (SWAPS).

In the past 2 years, in excess of 40 finance companies in New Zealand have either collapsed or now operate within a moratorium. NZF chose early in 2007 (when signs of market stress were beginning to show) to forego aggressive growth for quality.

Westpac Institutional Bank (Westpac) has continued to show support to NZF during these challenging times. The Home Loans warehouse facility has been extended to October 2010 and NZF has been offered and has accepted an increase in the limit to $225 million from $200 million.

It was previously not standard practice for loan balances to remain in a warehouse facility for more than 12 months. Within this time, a securitisation programme would normally have been formalised. However, to launch a bond issue in the current environment is not in the best interests of either NZF or Westpac. Both parties will be committed to a 'launch' and marketing programme when the time is more appropriate. This is not expected to be in the next 12 months.

The securitisation market has changed significantly. This has resulted in a contraction in the 'non-bank' sector in both Australia and New Zealand. Institutions such as BankWest, Wizard and Aussie Home Loans have been integrated into one of the four corner stone banks (ANZ, CBA, NAB, Westpac).

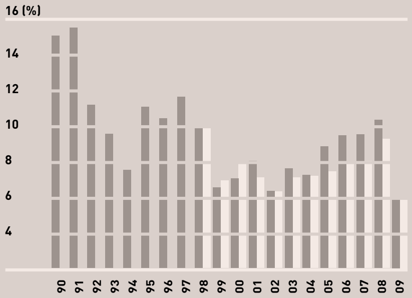
A news release from the RBNZ in May 2009 expressed the desire for banks within New Zealand to continue to lend, "The banking system has continued to lend to households and businesses over the past year, but credit growth has slowed in recent months, lending criteria have tightened and some businesses are reporting difficulties in obtaining credit.

While current conditions warrant caution, it is important that the banks continue to lend to creditworthy borrowers."

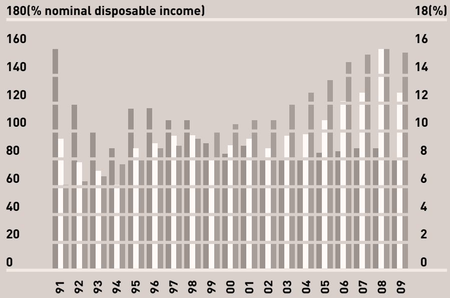
NZF has the ability to approve lending greater than 80% Loan to Security Value Ratio (LVR). The main banks (in the large part) have removed themselves from this market. There is an opportunity in this market to write quality deals for quality New Zealand borrowers. NZF has gained

chairman's & managing director's report

Mortgage Interest Rates



Household Debt



very good growth in the past 6 months with loans in this LVR space.

As stated in the announcement to the New Zealand Stock Exchange on 19 December 2008, NZF applies a full hedging policy for all of its fixed rate exposures in its Home Loan division. This is prudent management and it is in compliance with its banking facilities. The New Zealand equivalents to International Financial Reporting Standards (IFRS) require that such (Fixed Rate SWAP) financial instruments are valued by a 'mark to market' methodology. The unrealised loss on the revaluation of these financial instruments in the 2009 financial statements is $4 million and this will reverse substantially over the next 12 to 18 months.

To summarise; as the Fixed Rate SWAP contracts mature, future revaluations of these financial instruments will reverse to record a positive impact on the operating result.

It is important to note that there is no cash impact because it is an unrealised accounting adjustment.

NZF continues to receive quality applications into the Property Finance division. With the downturn in this sector, there is a reduction in the number of deals that meet our lending criteria. Given that there are reduced numbers of lenders in the market that fufill this type of lending, NZF will pursue growth opportunities.

Through the increase in shareholding in Finance Direct Limited (FDL) to 70%, there are opportunities to increase NZF's involvement in the consumer finance market. This is seen as a growth area.

ARREARS AND LOAN IMPAIRMENT MANAGEMENT

The reduction in property values and the increase in the number of people unemployed have provided challenges to most lending portfolios in New Zealand. NZF has experienced an increase in the number of Property Law Act notices and subsequent mortgagee sales.

NZF have staff dedicated to arrears and collection management, tight processes and controls are in place; and it operates at all times within the covenants that Westpac has applied to its warehouse lines.

A thorough analysis was undertaken on the Property Finance and Home Loan portfolios, and appropriate bad debt and loan impairment allowances made. To date, the results of the mortgagee sales have been satisfactory and the sales proceeds have been in line with expectations.

The vast majority of the Home Loans portfolio has 100% Loan Mortgage Insurance (LMI) cover provided by Genworth Financial Services Limited. This is in line with the contractual arrangements with Westpac for the provision of the warehouse line.

GOVERNMENT DEPOSIT GUARANTEE SCHEME

The controversial Government Deposit Guarantee Scheme (GDGS) was launched on 12 October 2008 by the New Zealand Government. The scheme was implemented swiftly; days after a similar scheme was implemented in Australia.

chairman's & managing director's report

The objective of the scheme (described as a 'financial safety net' by some analysts) is to improve investor confidence.

NZF was one of the first non-bank lenders in New Zealand to receive the guarantee, and market it to its client base as one of the benefits of investing in NZF. NZF believe that the scheme was a necessary action undertaken by the New Zealand Government to instill immediate confidence back into the New Zealand financial system. However there is a level of uncertainty as to what will happen in October 2010 when the two year guarantee expires. NZF will provide a submission to the New Zealand Government on the urgent need to provide clarity. There are a variety of scenarios that are currently being discussed in the market place and the objective of all parties in this market (clients, non-banks and banks alike) is for stability brought about through sustainable policies. New Zealand is not the only country grappling with this issue.

Details of an exit strategy for the GDGS are clearly required for all interested parties and there is urgency surrounding this. It is important that investors in New Zealand are continually reminded of the basic principles of Investment – in effect 'Investing 101' around understanding the trade off of 'risk and reward'. There is a concern in the market that the guarantee from the Government has not assisted in reinforcing these principles and that New Zealanders still require education in this matter.

Following the approval of the GDGS, NZF received substantial interest in its term investment products. So much so, that within the weeks following, NZF reduced deposit interest rates on offer in order to stem the flow of inbound money. It does not make commercial sense to take in more money than can be lent out (using quality credit criteria). This is a point that NZF stressed to its loyal clients in the regular newsletters that were sent to deposit account holders.

NZF has continued to position itself in the market to be 'strong and stable' not just because of the Government guarantee. It continues to have conservative credit policies, strong collection procedures and is run professionally by an experienced team.

Without a credit rating from an approved ratings institution, the cost of the Government guarantee is 300 basis points per annum payable on the net growth of NZF's deposit portfolio since 12 October 2008. A credit rating is currently being sought.

RATINGS AND RISK FRAMEWORK

Under the regulation 'Reserve Bank of New Zealand Amendment Act 2008', new obligations for Non Bank Deposit Takers (NBDT) are being rolled out. NZF (being a NBDT) is required to have a risk management programme in place by September 2009 and a mandatory credit rating by March 2010.

NZF is at present utilising an external organisation to assist in the implementation

chairman's & managing director's report

of an acceptable risk framework, so that it will be compliant in September. The experienced NZF team will conduct most of the work surrounding this.

An experienced project manager is preparing NZF now for a formal application to Standard and Poors for a credit rating. The engagement with this approved ratings institution will commence in October 2009 and its duration is 2 months.

NZF SUPERKIWI (KIWISAVER)

The launch of the NZF SuperKiwi product through the mortgage broker / adviser community in New Zealand has been one of the successes over the past year. The use of mortgage brokers (as a distribution channel) initially caused controversy; as debate ensued as to the quality of the processes for these groups to distribute the KiwiSaver product. This was overcome through the production of outstanding collateral, training and support from the product supplier Huljich Wealth Management.

The superior market returns that the Huljich funds have achieved to date have been beneficial to our KiwiSaver members and a promotional point for the distribution force.

The introduction of this product through road shows to brokers and advisers throughout New Zealand created very positive exposure for the NZF brand.

TECHNOLOGY

The project for the complete replacement of the NZF technology platform commenced last year. This is a significant piece of work and will position NZF in the coming years to launch new products and transactional banking into the New Zealand market.

NZF are working with Ultradata, a technology company from Melbourne, who are very familiar with the New Zealand market, having successfully completed installations in the local environment. Ultradata have provided a dedicated project manager and the project has nearly completed data migration off two existing legacy systems.

BROKER / AGGREGATOR MODEL

NZF has opened up its aggregator operations to the wider broker and adviser community. It is offering an aggregation model, which includes the provision of broker software i-Lend provided by Finware.

NZF strongly believes that there are greater opportunities to improve product sales where there is closer alignment of the brokers and advisers to the business (product provider) i.e. influence this distribution channel. In this case, NZF provide aggregation support to the broker or adviser in addition to thorough product training (understanding of functionality / benefits etc).

FINANCIAL RESULTS AND HIGHLIGHTS

- NZF produced an operating profit of $3.633 million before bad debts, loan impairment allowances, (losses)/gains on financial instruments and taxation.
- Expenses have been reduced by 18.3% in the past 12 months.
- NZF increased its Home Loan portfolio from $172.6 million to $187.6 million.

chairman's & managing director's report

- The relationship NZF has with its bankers remains strong. Westpac extended the expiry of the funding facility to NZF to 18 October 2010. The facility was further increased to $225 million from $200 million.
- NZF increased its controlling shareholding in Finance Direct Limited from 51% to 70% on 3 December 2008.
- NZF Money Limited and Finance Direct Limited both obtained approval under the Government Deposit Guarantee Scheme (GDGS) for their deposits in November 2008.
- NZF SuperKiwi and Mike Pero Saver were launched – the brands used to distribute the Huljich KiwiSaver Scheme. In the past 12 months, this has been one of the top performing KiwiSaver schemes in New Zealand.
- Continued investment in technology – a project is underway with Ultradata to replace the technology platform resulting in the ability to launch new products in the future.
- NZF had $7.9 million of cash reserves and $72 million of undrawn bank facilities as at 31 March 2009.

CONCLUSION

Richard Waddel concludes, "NZF is not a traditional finance company and it continues to position itself to take advantage of multiple income streams. It is a company built on strong credit principles and it continues to take a conservative approach to its credit approval process, including a prudent spread of investments across New Zealand. Property values locally have reduced substantially and this has impacted on the NZF result. NZF has therefore appropriately provisioned for impairment and bad debts within its portfolio, although these may not all be realised. The charges taken over property are primarily 'first mortgage' security, hence the control of the collection process is strong.

The financial instrument adjustment of $4 million had a detrimental impact on the result. This has no cash effect and this amount will reverse to enhance profit in the next 18 months. The relevance of such an adjustment, as required by International Accounting Standards, is sometimes difficult for people to understand, particulary investors in these times.

NZF continues to have strong leadership and governance together with an experienced team. The three founding directors remain with the company in active roles.

Given the market conditions that NZF have been operating within, we are very satisfied with our progress over the past year. We are conscious of building a sustainable business. As such our solid team continues to focus on quality while implementing key initiatives to enable future growth.

I wish to thank the NZF management, staff and fellow board directors for a great effort in what has been very challenging times."

The Directors have resolved that no further dividend will be declared for this reporting period.

the directors' report

THE DIRECTORS OF NZF GROUP LIMITED RESOLVED TO SUBMIT THE FOLLOWING REPORT WITH RESPECT TO THE FINANCIAL POSITION OF THE COMPANY AND GROUP AS AT 31 MARCH 2009 AND ITS FINANCIAL PERFORMANCE AND CASH FLOWS FOR THE YEAR ENDED ON THAT DATE.

the directors report:

Directors

The names of the Directors of the Company in office at the date of this report are:

Richard Alan Waddel
Chairman and Independent Director, BCom FCA (NZ), AF InstD

John Alan Callaghan
Managing Director, BBS

Mark Hume Thornton
Executive Director

Jeffrey Albert Barkwill
Independent Director, FCA (NZ), DipCM

Peter Karl Christopher Huljich
Non-Executive Director, BCom, Dip. NZX, SA Fin.

Pat Redpath O'Connor
Non-Executive Director

In accordance with the Company's Constitution, Peter Karl Christopher Huljich and Pat Redpath O'Connor will retire, and, being eligible, offer themselves for re-election.

Nature of Business

The business of the Company and Group has continued to be the provision of a broad range of financial products and services during the year under review. On 3 December 2008, the Group increased its controlling stake in Finance Direct Limited from 51% to 70%.

Consolidated Result For The Year

	2009 $'000	2008 $'000
Total gross trading income	39,568	45,578
Total net trading income	11,657	15,533
Operating expenses and staff costs	(8,024)	(9,823)
Operating profit before net impairment losses, (losses)/gains on financial instruments and taxation	3,633	5,710
Net impairment losses	(4,461)	(158)
(Losses)/gains on financial instruments at fair value	(4,006)	266
(Loss)/profit before income tax	(4,834)	5,818
Income tax expense	1,419	(1,920)
(Loss)/profit for the year	(3,415)	3,898
Attributable to:		
Minority interests	21	73
Equity holders of the Company	(3,436)	3,825

Remuneration of Directors

During the year the following remuneration was paid or payable to Directors:

	2009 $'000	2008 $'000
COMPANY		
NZF Group Limited		
Richard Alan Waddel	**42**	40
Jeffrey Albert Barkwill	**33**	31
Peter Karl Christopher Huljich	**33**	26
Pat Redpath O'Connor	**27**	22
John Alan Callaghan	**-**	-
Mark Hume Thornton	**-**	-
SUBSIDIARIES		
NZF Money Limited		
Richard Alan Waddel	**-**	-
Jeffrey Albert Barkwill	**-**	-
Peter Karl Christopher Huljich	**-**	-
Pat Redpath O'Connor	**-**	-
John Alan Callaghan	**255**	225
Mark Hume Thornton	**195**	180
NZF Homeloans Limited		
John Alan Callaghan	**-**	-
Mark Hume Thornton	**-**	-
NZF Securitisation Limited		
John Alan Callaghan	**-**	-
Mark Hume Thornton	**-**	-
NZF Mortgages Limited		
John Alan Callaghan	**-**	-
Mark Hume Thornton	**-**	-
New Zealand Mortgage Finance Limited		
John Alan Callaghan	**-**	-
Approved Mortgage Brokers Limited		
John Alan Callaghan	**-**	-
Finance Direct Limited		
Richard Alan Waddel	**9**	9
Wayne Darrin Croad	**145**	145
Murray Robert Greig (Resigned 7 July 2008)	**30**	145
John Alan Callaghan	**-**	-
Peter Karl Christopher Huljich	**-**	-
	769	823

the directors report:

Employees

The number of employees, other than Directors, within the Company and Group receiving remuneration and benefits above $100,000, as is required to be disclosed in accordance with Section 211(g) of the Companies Act 1993, is indicated in the following table:

	2009 Number	2008 Number
NZF Group Limited		
$170,000 - $179,999	-	1
NZF Money Limited		
$110,000 - $119,999	2	-
$130,000 - $139,999	1	-
$150,000 - $159,999	-	1
$160,000 - $169,999	2	1
$190,000 - $199,999	1	-
New Zealand Mortgage Finance Limited		
$150,000 - $159,999	-	1

Directors' Shareholdings

Director	Holder	Number Of Shares
John Alan Callaghan	Bluewater Corporation Limited	17,951,218
Pat Redpath O'Connor	Hillview Trust	16,910,002
Mark Hume Thornton	Colsam Trust	9,095,514
Peter Karl Christopher Huljich	Best Investments Limited	5,768,622
Peter Karl Christopher Huljich	E A Huljich Family Trust	1,122,859
Peter Karl Christopher Huljich	Peter Karl Christopher Huljich	1,007,667
Richard Alan Waddel	Richard Alan Waddel	36,000
Jeffrey Albert Barkwill	Jeffrey Albert Barkwill	26,000

Interested Transactions

The Directors have disclosed the following transactions with the Company and Group:

Interested Transactions

Peter Karl Christopher Huljich is a Director and beneficial shareholder in Huljich Wealth Management (New Zealand) Limited. NZF Group Limited and Mike Pero Mortgages Limited distribute the Huljich KiwiSaver Scheme using the NZF SuperKiwi and Mike Pero Saver brands. Huljich Wealth Management (New Zealand) Limited is the Funds Management provider and pays upfront and trail commission to NZF Group Limited and Mike Pero Mortgages Limited, of which $118,000 was received during the year ended 31 March 2009 (2008: $nil).

Pat Redpath O'Connor invested $2,800,000 in secured debenture stock issued by NZF Money Limited during the year ended 31 March 2009 (2008: $nil) on which interest of $70,884 (2008: $nil) was paid. At 31 March 2009, $1,800,000 (2008: $nil) of secured debenture stock was held by Pat Redpath O'Connor in NZF Money Limited.

There were no other transactions during the year with interested or related parties.

Directors' Remuneration

Remuneration details of Directors are provided above.

the directors report:

Interested Transactions (Continued)

Indemnification and Insurance of Officers and Directors
The Company indemnifies Directors and Executive Officers of the Group against all liabilities which arise out of the performance of their normal duties as Directors or Executive Officers, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance. The total cost of this insurance expensed during the financial year was $34,875 (2008: $15,188).

Share Transactions
No Directors acquired or disposed of any Ordinary Shares in the Company during the year.

Directors' Loans
There were no loans made by the Company or Group to Directors.

The Board received no notices during the year from Directors requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

Auditors
During the year the Group paid fees of $258,000 (2008: $202,000) for audit related services to the auditors, Grant Thornton. In accordance with Section 200 of the Companies Act 1993, the auditors, Grant Thornton, continue in office.

Donations
There were no donations paid during the year (2008: $nil).

Directors' Declaration
In the opinion of the Directors of NZF Group Limited, the financial statements and notes, on pages 22 to 70:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and Group as at 31 March 2009 and the results of their operations and cash flows for the year ended on that date.

- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements of NZF Group Limited for the year ended 31 March 2009.

For and on behalf of the Board of Directors:

John Alan Callaghan
Managing Director
18 June 2009

Richard Alan Waddel
Chairman of Directors
18 June 2009

shareholder information:

For the year ended 31 March 2009

Shareholders
As at 31 March 2009 there were 381 shareholders.

Share Issues
There were no share issues for the year under review.

Shareholder Details
The ordinary shares of NZF Group Limited are listed on the NZX.

The information in the disclosures below has been taken from the Company's registers as at 31 March 2009:

20 Largest Shareholders

Name	**Fully Paid Number**	**Ordinary Shares %**
Bluewater Corporation Limited	17,951,218	23.41
Robert Norman Burnes, Pat Redpath O'Connor & Kay O'Connor for Hillview Trust	16,910,002	22.06
Lynton Ross Campbell, Dennis Michael Graham & Mark Hume Thornton for Colsam Trust	9,095,514	11.86
Barbara Charlotte Thornton & SW Trust Services Limited	7,834,488	10.22
Best Investments Limited	5,768,622	7.52
New Zealand Central Securities Depository Limited	2,744,623	3.58
Ted Burak	1,890,000	2.47
Kim Nigel Lyons, Fiona Patricia Lyons & Christopher John Davis	1,825,917	2.38
Christopher Peter Huljich & Colin Gordon Powell	1,122,859	1.46
Peter Karl Christopher Huljich	1,007,667	1.31
Macleay Investments Limited	910,492	1.19
Suzanne Janice Sundberg & Timothy Joel Sundberg	634,118	0.83
PKB Trustees Limited	553,596	0.72
David Anthony Shatford	451,333	0.59
New Zealand Finance Solutions Limited	400,000	0.52
Christine Ruth Lockie & J T Trustee Co Limited	385,346	0.50
Lawrence Arthur Diack & Helen Maree Diack	358,443	0.47
Michael Roger Beal, Tiffany Anne Bower & Stephanie Faye Paxton-Penman	310,226	0.40
Forsyth Barr Custodians	252,061	0.33
Christine Nilsson	239,010	0.31
Total	**70,645,535**	**92.13%**

shareholder information:

Distribution of Equity Securities

Size of Holdings As at 31 March 2009	Shareholders Number	Shareholders %	Fully Paid Number	Ordinary Shares %
1 – 2,999	58	15.22	79,253	0.10
3,000 – 9,999	141	37.01	679,684	0.89
10,000 – 49,999	136	35.70	2,438,424	3.18
50,000 – 99,999	14	3.68	928,264	1.21
100,000 – 199,999	9	2.36	1,217,355	1.59
200,000 – 499,999	10	2.62	3,074,572	4.01
500,000 – 999,999	3	0.79	2,098,206	2.74
Over 1,000,000	10	2.62	66,150,910	86.28
Total	**381**	**100.00%**	**76,666,668**	**100.00%**

Substantial Security Holders
Pursuant to Section 26 of the Securities Markets Act 1988, details of substantial security holders and their total relevant interests as per their most recent notices are:

Name	Number Of Shares	Date of Notice
Bluewater Corporation Limited	17,951,218	27 December 2006
Robert Norman Burnes, Pat Redpath O'Connor & Kay O'Connor for Hillview Trust	16,910,002	6 October 2004
Lynton Ross Campbell, Dennis Michael Graham & Mark Hume Thornton for Colsam Trust	9,095,514	23 June 2006
Barbara Charlotte Thornton & SW Trust Services Limited	7,834,488	4 August 2006
Best Investments Limited	4,185,420	11 July 2006

Shareholder Enquiries
Shareholders should send changes of address to Link Market Services Limited at the address noted in the Company Directory on page 71. Notification must be in writing. Questions relating to shareholdings should also be addressed to Link Market Services Limited. For information about the Group please contact the Company at the Registered Office or by sending an e-mail to info@nzf.co.nz or visit the website www.nzf.co.nz.

Announcement and Reporting to Shareholders
The Company has established an e-mail list of Shareholders that want to receive announcements and reports made by NZF Group Limited to the NZX. Announcements and reports are e-mailed to Shareholders who wish to receive them shortly after they are released. This will include the Annual Meeting addresses, Annual Reports and Interim Reports. If you want to be added to this listing please e-mail registry@nzf.co.nz and advise us of your preferred e-mail address. Your e-mail details will be kept confidential.

Announcements are also posted on our website www.nzf.co.nz normally a day after they are released.

corporate governance:

For the year ended 31 March 2009

The Board of NZF Group Limited is committed to acting with integrity and expects high standards of behaviour and accountability from all its officers and staff. The Board recognises the need to continue to enhance its Governance Standards in line with developing best practice. In so doing, the Board has considered standards, guidelines and principles published by a range of interested parties in New Zealand and Internationally. The Governance Principles adopted by the Board are designed to meet best practice. Generally NZF Group Limited follows the NZX Corporate Governance Best Practice Code, except that there is no Nominations Committee. The Board has reviewed those Rules, Principles and Guidelines and is taking progressive steps to improve the Governance Systems and Processes by reference to them.

Role of the Board

The Board's primary objective is the enhancement of Shareholder value by following appropriate strategies and ensuring effective and innovative use of available Group resources. The Board is responsible for the management, supervision and direction of the Group. Day-to-day management of the Group is delegated to the Group Managing Director.

Board Meetings

The Board normally meets eleven times each year for scheduled meetings. Additional meetings are held where specific matters require attention between scheduled meetings. Board meetings are used to monitor, challenge, develop and fully understand business and operational issues.

Composition of the Board

The Constitution provides that there will be no less than three and not more than nine Directors. NZX requirements are that at least two Directors, or one-third, are Independent Directors. The Board currently consists of two Independent Directors including the Chairman.

Criteria for Board Membership

When a vacancy arises, the Board will identify candidates with a mix of capabilities and perspectives considered necessary for the Board to carry out its responsibilities effectively. A Director appointed by the Board must stand for election at the next Annual Meeting. At each Annual Meeting one-third of Directors (excluding the Managing Director) must retire by rotation. Retiring Directors are eligible for re-election.

Board Committees

The Board has established an Audit Committee and a Remuneration Committee.

The Audit Committee operates under a Charter approved by the Board and is accountable to the Board for: the business relationship with, and the independence of, external auditors; the reliability and appropriateness of the disclosure of the financial statements and external financial communication; and the maintenance of an effective business risk management framework including compliance and internal controls. The Audit Committee is composed of three Non-Executive Directors. The Chairman of the Committee is Jeffrey Albert Barkwill.

The Remuneration Committee operates under a Charter approved by the Board and is accountable to the Board for: obtaining assurance that the Group's human resources policies and practices support achievement of the Group's goals; overseeing appointments of the Managing Director, roles reporting to the Managing Director, and key professional advisors in the area of Legal, Tax and Public Relations; and overseeing the development of key employees.

The Remuneration Committee recommends to the Board the level of the Managing Director's remuneration package.

The Remuneration Committee is comprised of three Non-Executive Directors. The Chairman of the Committee is Peter Karl Christopher Huljich.

corporate governance:

Trading in Shares

NZF Group Limited has a detailed Insider Trading Policy applying to all Directors and employees. A procedure must be followed to obtain consent to trade in the Company's shares at all times. Generally trading is permitted from the release of interim results until 28 February and from the release of the final results until 31 August. Directors and employees are not able to trade in Company shares, if they are in possession of unpublished price sensitive information.

The Company reinforces these measures by requiring that anyone designated as having the opportunity to access price sensitive information can transact in the Company's securities only with the prior approval of the Company Secretary and Chairman.

Make Timely and Balanced Disclosure

The Company has in place procedures designed to ensure compliance with the NZX Listing Rules such that:

- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.

- Company announcements are factual and presented in a clear and balanced way.

Accountability for compliance with disclosure obligations is with the Company Secretary. Significant market announcements, including the preliminary announcement of the half year and full year results, and the financial statements for those periods, require review by the Audit Committee and the Board.

Grant Thornton

Auditors report

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To the shareholders of NZF Group Limited

We have audited the financial statements on pages 22 to 70. The financial statements provide information about the past financial performance and cash flows of the company and group for the year ended 31 March 2009 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 27 to 36.

Directors' Responsibilities

The company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the company and group as at 31 March 2009 and of their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies used are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

A financial planning entity associated with Grant Thornton received brokerage on normal commercial terms for the placement of funds with the company. This has not impaired our independence as auditors of the company.

The firm has no other interest in the company or its subsidiaries.

Unqualified Opinion

We have obtained all the information and explanations that we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and

- the financial statements on pages 22 to 70:

  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the financial position of the company and group as at 31 March 2009 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 18 June 2009 and our unqualified opinion is expressed as at that date.

Grant Thornton

Grant Thornton
Auckland, New Zealand

financial results:

For the year ended 31 March 2009

Income Statement for the year ended 31 March 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Interest income	3	**28,230**	26,712	**593**	651
Interest expense	3	**(21,489)**	(21,723)	**(1,955)**	(1,955)
Net interest income	3	**6,741**	4,989	**(1,362)**	(1,304)
Fee and commission income	4	**10,964**	18,429	**99**	-
Fee and commission expense	4	**(6,422)**	(8,322)	**(69)**	-
Net fee and commission income	4	**4,542**	10,107	**30**	-
(Losses)/gains on financial instruments at fair value	5	**(4,006)**	266	**-**	-
Other income	6	**374**	437	**3,147**	2,401
Total operating income		**7,651**	15,799	**1,815**	1,097
Net impairment losses	7	**(4,461)**	(158)	**-**	(200)
Operating expenses and staff costs	8	**(8,024)**	(9,823)	**(553)**	(793)
(Loss)/profit before income tax		**(4,834)**	5,818	**1,262**	104
Income tax benefit/(expense)	10	**1,419**	(1,920)	**565**	752
(Loss)/profit for the year		**(3,415)**	3,898	**1,827**	856
Attributable to:					
Minority interests	19	**21**	73	**-**	-
Equity holders of the Company		**(3,436)**	3,825	**1,827**	856
Earnings per Share					
Attributable to Equity holders of the Company:		**Cents**	**Cents**		
Basic	13	**(4.48)**	4.99		
Diluted	13	**(4.48)**	4.99		

The attached notes form part of and are to be read in conjunction with the Financial Statements

Statement of Changes in Equity for the year ended 31 March 2009

	Note	Share Capital $'000	Retained Earnings $'000	Hedge Accounting Reserve $'000	Minority Interest $'000	Total Equity $'000
GROUP						
Balance as at 1 April 2007		7,503	13,600	-	73	21,176
Net profit for the year		-	3,825	-	73	3,898
Dividends	12	-	(1,533)	-	-	(1,533)
Minority interest arising on acquisition of shares in Finance Direct Limited	19	-	-	-	793	793
Balance as at 31 March 2008		**7,503**	**15,892**	**-**	**939**	**24,334**
Balance as at 1 April 2008		7,503	15,892	-	939	24,334
Net loss for the year		-	(3,436)	-	21	(3,415)
Net change in the fair value of cash flow hedges		-	-	(1,238)	-	(1,238)
Minority interest reduction on acquisition of further shares in Finance Direct Limited	19	-	-	-	(365)	(365)
Dividend paid to minority shareholders in Finance Direct Limited		-	-	-	(63)	(63)
Cash drawn by minority shareholders in MPMH Limited and Subsidiary Undertakings		-	-	-	(17)	(17)
Dividends	12	-	(1,150)	-	-	(1,150)
Balance as at 31 March 2009		**7,503**	**11,306**	**(1,238)**	**515**	**18,086**
COMPANY						
Balance as at 1 April 2007		7,503	3,273	-	-	10,776
Net profit for the year		-	856	-	-	856
Dividends	12	-	(1,533)	-	-	(1,533)
Balance as at 31 March 2008		**7,503**	**2,596**	**-**	**-**	**10,099**
Balance as at 1 April 2008		7,503	2,596	-	-	10,099
Net profit for the year		-	1,827	-	-	1,827
Dividends	12	-	(1,150)	-	-	(1,150)
Balance as at 31 March 2009		**7,503**	**3,273**	**-**	**-**	**10,776**

Balance Sheet as at 31 March 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Assets					
Cash and cash equivalents		**7,896**	12,061	**6,039**	11
Derivative assets held for risk management	14	**-**	635	**-**	-
Loans and advances to customers	15	**258,712**	245,707	**-**	-
Trade and other receivables	16	**1,674**	1,764	**3,011**	9,080
Current tax assets		**534**	796	**464**	275
Property, plant and equipment	17	**726**	832	**-**	-
Intangible assets	18	**16,696**	16,747	**-**	-
Investments in subsidiaries and joint venture	19	**-**	-	**21,289**	20,668
Deferred tax asset	20	**1,954**	193	**60**	62
Other assets	21	**3,163**	3,156	**445**	615
Total assets		**291,355**	281,891	**31,308**	30,711
Liabilities					
Trade and other payables	22	**2,316**	2,813	**482**	562
Derivative liabilities held for risk management	14	**4,771**	261	**-**	-
Loans and borrowings	23	**265,628**	253,697	**20,050**	20,050
Other liabilities	24	**554**	786	**-**	-
Total liabilities		**273,269**	257,557	**20,532**	20,612
Net assets		**18,086**	24,334	**10,776**	10,099
Equity					
Share capital	25	**7,503**	7,503	**7,503**	7,503
Retained earnings		**11,306**	15,892	**3,273**	2,596
Hedge accounting reserve		**(1,238)**	-	**-**	-
Total equity attributable to equity holders of the Company		**17,571**	23,395	**10,776**	10,099
Minority interest		**515**	939	**-**	-
Total equity		**18,086**	24,334	**10,776**	10,099

For and on behalf of the Board of Directors:

John Alan Callaghan
Managing Director
18 June 2009

Richard Alan Waddel
Chairman of Directors
18 June 2009

The attached notes form part of and are to be read in conjunction with the Financial Statements

Statement of Cash Flows for the year ended 31 March 2009

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Cash Flows from Operating Activities				
Interest received	**28,332**	26,485	**593**	651
Interest paid	**(21,755)**	(21,723)	**(1,961)**	(1,955)
Fee and commission income received	**10,682**	18,410	**99**	-
Other income received	**181**	437	**-**	-
Dividends received	**-**	-	**3,147**	2,401
Payments to suppliers and employees	**(14,369)**	(19,394)	**(526)**	(714)
Taxation paid	**(80)**	(2,209)	**377**	1,338
Net increase in loans and advances to customers	**(17,446)**	(67,601)	**-**	-
Net decrease in loans to subsidiaries	**-**	-	**6,044**	333
Net decrease/(increase) in loans to franchisees	**15**	(10)	**-**	-
Net decrease in employee loans	**25**	35	**25**	35
Net Cash Flow from Operating Activities	**(14,415)**	(65,570)	**7,798**	2,089
Cash Flows used in Investing Activities				
Acquisition of subsidiaries, net of cash acquired	**-**	(179)	**-**	(1,442)
Acquisition of shares held by minority interest in subsidiary undertaking	**(270)**	-	**(270)**	-
Acquisition of additional shares in joint venture	**-**	-	**(350)**	-
Sale of intangible assets	**31**	50	**-**	-
Purchase of property, plant and equipment	**(215)**	(181)	**-**	-
Sale of property, plant and equipment	**2**	4	**-**	-
Net Cash Flow from Investing Activities	**(452)**	(306)	**(620)**	(1,442)
Cash Flows from Financing Activities				
Net increase in term loans	**21,572**	95,418	**-**	-
Net decrease in unsecured subordinated notes	**(610)**	(695)	**-**	-
Net decrease in secured debenture stock	**(9,031)**	(20,531)	**-**	-
Redemption of preference shares	**-**	(275)	**-**	-
Payment of group dividends	**(1,150)**	(1,533)	**(1,150)**	(1,533)
Payment of dividends to minority shareholders	**(63)**	-	**-**	-
Cash drawn by minority shareholders	**(16)**	-	**-**	-
Net Cash Flows from Financing Activities	**10,702**	72,384	**(1,150)**	(1,533)
Net (decrease)/increase in cash held	**(4,165)**	6,508	**6,028**	(886)
Cash balance at start of the year	**12,061**	5,553	**11**	897
Cash balance at end of the year	**7,896**	12,061	**6,039**	11
Made up as follows:				
Bank accounts	**7,896**	12,061	**6,039**	11

The attached notes form part of and are to be read in conjunction with the Financial Statements

Reconciliation of Net Loss with Cash Flows from Operating Activities for the year ended 31 March 2009

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
(Loss)/profit for the year	**(3,415)**	3,898	**1,827**	856
Add:				
Depreciation of property, plant and equipment	**226**	332	**-**	-
Loss/(gain) on sale of property, plant and equipment	**93**	(4)	**-**	-
Increase/(decrease) in collective and specific loan provisions	**4,051**	(218)	**-**	-
Bad debts written off	**390**	158	**-**	-
Impairment loss on other assets	**20**	218	**-**	200
Gain on acquisition of shares held by minority interest in subsidiary undertaking	**(95)**	-	-	-
Deduct:				
Net increase in loans and advances to customers	**(17,446)**	(67,601)	**-**	-
Net decrease/(increase) in derivative assets and liabilities held for risk management	**3,907**	(266)	**-**	-
Decrease/(increase) in accounts receivable and other assets	**82**	(1,116)	**6,239**	443
(Decrease)/increase in accounts payable and other liabilities	**(728)**	(682)	**(80)**	4
Decrease/(increase) in current tax assets	**261**	(542)	**(190)**	648
(Increase)/decrease in deferred tax asset	**(1,761)**	253	**2**	(62)
Net Cash Flow from Operating Activities	**(14,415)**	(65,570)	**7,798**	2,089

Major Non-Cash Transactions

In February 2008, holders of Unsecured Subordinated Notes in NZF Money Limited were made an offer to accept early maturity and convert their existing investments into Secured Debenture Stock for a term of 18 months at interest rates prevailing on their existing investments. The offer to holders of Unsecured Subordinated Notes closed on 28 March 2008, with $643,000 of Unsecured Subordinated Notes being converted into Secured Debenture Stock. There were no major non-cash transactions during the year ended 31 March 2009.

The attached notes form part of and are to be read in conjunction with the Financial Statements

notes to the financial statements:

For the year ended 31 March 2009

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General Information

The reporting entity is NZF Group Limited (the "Company"). It is profit oriented and incorporated and domiciled in New Zealand. The Group comprising the Company and its subsidiaries, controlled entities and joint venture is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Company and Group is an Issuer as defined by the Securities Act 1978 and the Securities Regulations 1983.

(b) Statement of Compliance

The consolidated financial statements for the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Standards and interpretations to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at balance sheet date, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

NZ IAS 1 – Presentation of Financial Statements (Amendments effective 1 July 2009)

Revised NZ IAS 1 introduces as a new primary financial statement, the "Statement of Comprehensive Income", which represents changes in equity during a period other than those changes resulting from owners in their capacity as owners. This new statement can be presented as a single Statement of Comprehensive Income (which will effectively combine the Income Statement and all non-owner changes in equity) or a separate Income Statement and Statement of Comprehensive Income. This new standard does not change the recognition, measurement or disclosure of transactions and events that are required by other NZ IFRS's. The amendments to NZ IAS 1 may result in changes to the additional disclosures in the Group's financial statements.

NZ IFRS 8 – Operating Segments (effective 1 January 2009)

NZ IFRS 8 requires an entity to report financial and descriptive information about its reportable segments based on how the business is reported to senior management. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Additional entity wide disclosures are required including information about products and services or groups of products and services, analyses of revenues and information about transactions with major customers. The standard does not change the recognition, measurement or disclosure of specific transactions and events that are required by other NZ IFRS's.

NZ IAS 27 - Consolidated and Separate Financial Statements (Amendments effective 1 July 2009)

NZ IAS 27 has introduced additional changes to the definition of cost and deemed costs, as well as a paragraph on restructuring dividends. NZ IAS 27 requires accounting for a change in ownership by any Group in a subsidiary, whilst still retaining control, to be recognised in equity. Additional disclosure requirements have been added and the amendments to NZ IAS 27 may result in changes to the disclosures in the Group's financial statements. Other than additional disclosure, the amendments are not expected to have a significant impact on the Group's financial statements.

NZ IFRS 3 – Business Combinations – Revised (Amendments effective 1 July 2009)

The objective of the NZ IFRS is to enhance the relevance, reliability and comparability of the information that an entity provides in its financial statements about a business combination and its effects, and it has the following changes:

- There has been a change from the purchase method to the acquisition method.
- Definition of business has been broadened, which will result in more acquisitions being classified as business combinations.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any minority interest will be measured at fair value, or as a proportion of the identifiable net assets, on a transaction by transaction basis.

These amendments are to be applied prospectively and thus will not have a significant impact on the Group's financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of Compliance (continued)

Standards and interpretations and amendments to published standards that are not yet effective and/or not relevant:

Standard		Effective Date
NZ IFRS 1	First Time adoption of New Zealand Equivalents to International Financial Reporting Standards (Restructured)	1 July 2009
NZ IFRS 2	Amendments to Share Based Payments: Vesting Conditions and Cancellations	1 January 2009
NZ IFRS 4	Insurance Contracts (Amendments)	1 January 2009
NZ IAS 1/32	Amendments to puttable financial instruments and obligations arising on liquidation	1 January 2009
NZ IAS 23	Borrowing Costs (Revised)	1 January 2009
NZ IAS 39	Amendments to Financial Instruments: Recognition and Measurement – Eligible hedged items	1 July 2008
NZ IAS 40	Investment Properties	1 January 2009
NZ IFRIC 13	Customer Loyalty Programmes	1 July 2008
NZ IFRIC 15	Agreements for the construction of Real Estate	1 January 2009
NZ IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
NZ IFRIC 17	Distribution of Non-Cash Assets to Owners	1 July 2009

'Improvements to IFRS' was published in May 2008 and contains numerous amendments to IFRS which the International Accounting Standards Board and the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants consider non-urgent but necessary. No changes in accounting policies are expected as a result of these amendments.

(c) Basis of Preparation

The financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of available for sale financial assets, financial instruments held at fair value through profit or loss and all derivative contracts. Cost is based on the fair values of the consideration given in exchange for assets.

The Group meets the definition of a Financial Institution under NZ IFRS 7 'Financial Instruments: Disclosures' and is subject to the specific additional disclosure requirements applicable to Financial Institutions defined in Appendix E of NZ IFRS 7.

The Income Statement discloses the net interest income, net fee and commission income and other income in line with the Income Statement presentation used by other Financial Institutions.

The Balance Sheet presentation discloses assets and liabilities in order of their liquidity in line with the Balance Sheet presentation used by other Financial Institutions. Where it is not evident from the financial statement line item, disclosure of the current/non-current split has been made in the relevant note.

(d) Functional and Presentational Currency

These financial statements are presented in New Zealand dollars ($), which is the functional currency of all entities within the Group. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars ($'000).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company, NZF Group Limited and its subsidiaries and controlled entities as detailed in Note 19 to the financial statements, using the purchase method of accounting.

Subsidiaries are entities controlled, either directly or indirectly, by the Company. All material transactions between the subsidiaries and the Company are eliminated on consolidation.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement from the date of acquisition or to the date of disposal.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for using the proportionate line by line method. The consolidated financial statements include the Group's share of income and expenses of joint venture investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

(f) Segment Reporting

The Company and the Group operate in one industry as a Financial Institution. All operations are carried out within New Zealand.

(g) Revenue

Recognition of income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income and similar expense

For all financial instruments measured at amortised cost, interest income and expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

The Group recognises interest revenue and establishment fees on an accruals basis when the services are rendered using the effective interest rate method.

Fee and commission income

The Group earns fee income from a range of services it provides to customers. Fee income can be divided into the following categories:

Lending/Establishment fees

Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to the Income Statement over the life of the loan using the effective interest method. Lending fees not directly related to the origination of a loan are recognised over the period of service.

Commissions and other fees

When commissions or fees relate to specific transactions or events, they are recognised in the Income Statement when the service is provided to the customer. When they are charged for services provided over a period, they are recognised in the Income Statement on an accruals basis as the service is provided.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue (continued)

Brokerage fees
Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance are recognised after fulfilling the corresponding criteria.

Payment protection insurance
The Group acts as an agent for payment protection insurance on small business loans and consumer finance loans. Given the agency relationship, under NZ IFRS the income is presented on a net basis rather than on a gross basis. This means that only the commission income is recognised, not the full amount of the insurance premiums offset by the cost to the Group. The Group recognises the estimated liability on payment protection insurance refunds at balance date. The amount of the liability is estimated using historical refund data.

Other income
Other income comprises dividend income, franchise sales, rent receivable and other sundry income. Dividend income is recorded in the Income Statement when the right to receive the dividend is established.

(h) Financial Instruments

Financial instruments are classified in one of the following categories at initial recognition: Financial Assets at fair value through profit or loss, Available for Sale Financial Assets, Loans and Receivables, Held to Maturity Investments, Financial Liabilities at fair value through profit or loss and Other Financial Liabilities. Furthermore, financial instruments are split between derivative and non-derivative financial instruments.

Financial instruments are transacted on a commercial basis to derive an interest yield/cost with terms and conditions having due regard to the nature of the transaction and the risks involved.

Some of these categories require measurement at fair value. Where available, quoted market prices are used as a measure of fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied to liabilities. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at balance date.

Where the Group has assets and liabilities with offsetting market risk, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies a bid/offer spread adjustment to the net open position as appropriate.

If changes in these assumptions to a reasonably possible alternative would result in a significantly different fair value this has been disclosed with a range of possibilities.

Financial Assets and Liabilities at fair value through profit or loss
Assets and liabilities in this category are either held for trading or are managed with other assets and liabilities and are accounted for and evaluated on a fair value basis. Fair value reporting of these assets and liabilities reflects the Group's risk management process, which includes utilising natural offsets where possible and managing overall risks of the portfolio on a trading basis.

Upon initial recognition, attributable transaction costs are included in the Income Statement when incurred. Assets and liabilities in this category are subsequently measured at fair value, with any changes recognised in the Income Statement.

Assets and liabilities in this category include derivative financial instruments to hedge the Group's exposure to interest rate risks arising from financing and investment activities using interest rate swaps as detailed in the Derivative Financial Instruments and Hedge Accounting note below.

Available for Sale Financial Assets
Assets in this category are measured upon initial recognition at fair value plus transaction costs directly attributable to their acquisition. Subsequently such assets are measured at fair value excluding transaction costs. Assets in this category include:

Cash and cash equivalents
These comprise cash balances and call deposits.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments (continued)

Loans and Receivables
These assets are recorded upon initial recognition at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment. This category of Financial Asset includes:

Loans and advances to customers
These are recorded at amortised cost using the effective interest rate method, less impairment.

Trade and other receivables
These include accounts receivable, accrued interest on loans and advances to customers, and amounts due from group undertakings, less impairment.

Held to Maturity Investments
Assets in this category are recorded upon initial recognition at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate, less impairment.

Other Financial Liabilities
This category includes all financial liabilities other than those at fair value through profit or loss. Liabilities in this category are measured at amortised cost using the effective interest rate and include:

Loans and borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Other Liabilities
These are recorded at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments. These amounts are unsecured.

Derivative Financial Instruments and Hedge Accounting
The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing and investment activities using interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is executed, and are subsequently re-measured to their fair value at each reporting date. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curve at reporting date derived from quoted interest rates. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge will be recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value will be recognised in the Income Statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting will be discontinued. The cumulative gain or loss previously recognised in equity will remain there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity will be transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity will be transferred to the Income Statement in the same period that the hedged item affects profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Share Capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(j) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Income Statement as incurred.

Depreciation

Depreciation is provided on leasehold improvements, computers and software, office furniture and equipment, and motor vehicles. Depreciation is recognised in the Income Statement to write off the cost of an item of property, plant and equipment, less any residual value, over its expected useful life, at the following rates:

Leasehold Improvements	18% - 26.4% Diminishing Value
Computers and Software	14.4% - 48% Diminishing Value
Office Furniture and Equipment	11.4% - 60% Diminishing Value
Motor Vehicles	22% - 26% Diminishing Value

The useful lives and residual values are reviewed annually and the depreciation recognised in the Income Statement calculated on a straight line basis would not be materially different from the depreciation recognised using the above rates as allowed by the Income Tax Act 2004.

(k) Intangible Assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and joint ventures. It represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. It is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired, any impairment is recognised immediately in the Income Statement.

Acquisitions prior to 1 April 2006

As part of its transition to NZ IFRS, the Group elected to restate only those business combinations that occurred on or after 1 April 2006. In respect of acquisitions prior to 1 April 2006, goodwill represents the amount recognised under previous NZ GAAP.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangible Assets (continued)
Goodwill (continued)

Acquisitions on or after 1 April 2006
For acquisitions on or after 1 April 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. When the excess of the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is over cost, it is recognised immediately in the Income Statement.

Other intangible assets
Other intangible assets that are acquired by the Group, which have indefinite useful lives, are measured at cost and not amortised, but tested for impairment annually and whenever there is an indication that the other intangible assets may be impaired, any impairment is recognised immediately in the Income Statement.

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the Income Statement on a straight-line basis over 20 years, from the date that other intangible assets with a finite useful life are available for use.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Income Statement when incurred.

Software development
The costs of purchasing and developing software for use by the Group are capitalised. Once the development is complete and the software is in use it will be amortised over its useful economic life.

(l) Leased Assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognised on the Group's balance sheet. Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(m) Asset Quality
Past Due Assets
An asset is Past Due when a counterparty has failed to make a payment when contractually due. A 90 Day Past Due Asset is any asset which has not been operated by the counterparty within its key terms for at least 90 days and which is not a restructured asset, other individually impaired asset, or a financial asset acquired through the enforcement of security.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Asset Quality (continued)

Impaired Assets

Impaired assets consist of restructured assets, assets acquired through the enforcement of security and other impaired assets.

"Restructured asset" means any credit exposure for which:

(a) the original terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulties in complying with the original terms; and

(b) the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and

(c) the yield on the asset following restructuring is equal to, or greater than, the Group's average cost of funds, or that a loss is not otherwise expected to be incurred.

Assets acquired through the enforcement of security are those assets (primarily real estate) which are legally owned as a result of the enforcement of security.

Other impaired assets refers to any credit exposure for which an impairment loss is recognised in accordance with NZ IAS 39 – Financial Instruments: Recognition and Measurement.

(n) Impairment

Impairment of Loans and Advances

Losses for impaired loans and advances are recognised immediately when there is objective evidence that impairment of a loan or portfolio of loans has occurred. A loan is considered impaired when management determines that it is probable that all amounts owing in accordance with the terms of the original contract will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is decreased by recording specific allowances for the loss to reduce the loan to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

Impairment losses are calculated on individually significant loans and loans assessed collectively. Losses expected from future events no matter how likely, are not recognised.

Individually significant loans

At each reporting date, the Group reviews individually significant loans for evidence of impairment. All relevant information, including the economic situation, solvency of the customer/guarantor, enforceability of guarantees, current security values and the time value of future cash flows are taken into account in determining individual impairment allowances.

Collectively assessed loans

At each reporting date, loans that have been individually assessed but no objective evidence of impairment existed and loans that are not considered individually significant (e.g. small business loans and consumer finance) are pooled in similar credit risk groups. These groups are then assessed for impairment based on historical loss experience of assets with similar risk characteristics. The historical loss experience is then adjusted for the impact of current observable data.

Management regularly reviews and adjusts the methodology and assumptions for impairment testing as improved analysis becomes available to minimise any differences between loss estimates and actual loss experience.

Loan write offs

Loans are normally written off, either partially or in full, when there is no realistic prospect of recovery of these amounts and, for collateralised loans, when the proceeds from realising the security has been received.

Impairment of Trade and Other Receivables

The recoverable amount of the Group's trade and other receivables carried at amortised cost is calculated on an undiscounted basis due to their short term nature. At each reporting date, the Group reviews individually significant trade and other receivables for evidence of impairment. For trade and other receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment (continued)

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision resulting from the passage of time is recognised in finance costs. If economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be reliably measured.

(p) Expense Recognition

All expenses are recognised in the Income Statement on an accruals basis.

(q) Employee Benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee expense in profit and loss when they are due.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has a legally enforceable right to offset current tax assets against current tax liabilities.

(s) Cash Flows

The Statement of Cash Flows has been prepared using the direct approach. The following are the definitions used in the Statement of Cash Flows:

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

(t) Investments in Subsidiaries and Joint Venture

Investments in subsidiaries and joint venture are held in the Company's financial statements at cost. The carrying amount of the investments is reviewed at each balance sheet date to determine if there is any evidence of impairment.

2. CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

The Group prepares its consolidated financial statements in accordance with NZ IFRS, the application of which often requires judgements to be made by management when formulating the Group's financial position and results. Under NZ IFRS, the directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation of each below.

The discussion below should also be read in conjunction with the Group's disclosure of significant NZ IFRS accounting policies, which is provided in Note 1 to the consolidated financial statements, "Significant accounting policies".

Management has discussed its critical accounting estimates and associated disclosures with the Company's Audit Committee.

Impairment reviews
Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, as noted below.

In accordance with NZ IFRS, management undertakes an annual test for impairment for goodwill and its indefinite life assets (i.e. brands).

For both financial and non-financial assets with a finite life, the Company and Group tests for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill
Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

NZ IFRS requires that goodwill is tested for impairment at least annually.

To determine if goodwill is impaired the carrying value of the identified Cash Generating Unit ("CGU") to which the goodwill is allocated, including the allocated goodwill, is compared to its recoverable amount. Recoverable amount in these circumstances being defined as the higher of the CGU's fair value less costs to sell and its value in use. Value in use is the present value of expected future cash flows from the CGU.

Goodwill has been allocated to three separate CGU's: MPMH Limited and Subsidiary Undertakings, New Zealand Mortgage Finance Limited and Finance Direct Limited because this is the lowest level at which goodwill is monitored for internal management reporting purposes.

In determining the recoverable amount of each CGU the value in use calculation is based on a discounted cash flow approach and a capitalisation of earnings approach.

Determination of appropriate cash flows and discount rates for the calculation of value in use is subjective and requires a number of assumptions and estimates to be made, including growth in EBITDA, timing and quantum of future capital expenditure, long term growth rates and the selection of discount rates to reflect the risks involved.

Under the capitalisation of earnings methodology, valuation multiples (such as price to earnings (PE) ratios) observed from previous transactions that have taken place in the financial services sector were used. In determining the price multiples, judgement was applied in comparing companies and transactions, particularly with respect to the risk of business, geographic location, growth prospects, riskiness of earnings and the size of the overall business. These calculations use pre-tax cash flow projections based on financial budgets approved by the Board covering a five year period.

2. CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)
Other factors taken into account when testing goodwill for impairment include:

- actual financial performance against budgeted financial performance
- any material unfavourable operational factors and regulatory factors, and
- any material unfavourable economic outlook and market competitive factors

The key assumptions used for value in use calculations are included in Note 18 as it was not possible to determine the recoverable amount using the fair value less costs to sell approach.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and, hence, results.

Goodwill impairment testing undertaken at 31 March 2009 and 31 March 2008 did not indicate that goodwill had been impaired.

Brand value
In December 2007, a high level independent assessment was carried out to reassess whether the value of the Mike Pero Mortgages Group brands had been impaired since the original independent professional valuation carried out in March 2004. The results of this high level independent assessment concluded that there was no evidence to suggest that the brand value of $13.2 million recorded in the financial statements for MPMH Limited and Subsidiary Undertakings as at 31 March 2007 had been impaired.

Management reassessed at each balance date the brand value of MPMH Limited and Subsidiary Undertakings using a methodology consistent with that used in 2007, but adjusting the input variables to reflect economic conditions and forecasts at 31 March 2009. The impairment testing, based on a discounted cash flow model, did not indicate that the value of the brands had been impaired as at 31 March 2009 or at 31 March 2008. As noted in Note 18, the recoverable amount is most sensitive to the discount rates used for the discounted cash flow model and the growth rate used for extrapolation purposes.

Impairment losses on loans and advances
An impairment allowance is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is decreased by recording specific allowances for the loss to reduce the loan to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

There are two methods used in assessing loans for impairment, including specific loan assessment and collective loan assessment. At each reporting date the Group reviews individually significant loans for evidence of impairment. All relevant information, including the economic situation, solvency of the customer/guarantor, enforceability of guarantees, current security values and the time value of future cash flows are taken into account in determining individual allowances.

At each reporting date loans that have been individually assessed but no objective evidence of impairment existed and loans that are not considered individually significant are pooled in similar credit risk groups. These groups are then assessed for impairment based on historical loss experience of assets with similar risk characteristics. The historical loss experience is then adjusted for the impact of current observable data.

Management regularly reviews and adjusts the methodology and assumptions for impairment testing as improved analysis becomes available to minimise any differences between loss estimates and actual loss experience.

2. CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Fair value estimation
The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curve at reporting date derived from quoted interest rates. The carrying amounts of loans and advances net of impairment allowances are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest for similar financial instruments.

Recognition of deferred tax assets
The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

At 31 March 2009, NZF Mortgages Warehouse A Trust and NZF Mortgages Warehouse B Trust had unrelieved income tax losses carried forward of $1,571,000 (2008: $nil) and $181,000 (2008: $nil) respectively. Management believes that sufficient and suitable taxable profits will be made available by these separate legal entities in the future and has accordingly accounted for a deferred tax asset of $526,000 relating to these unrelieved income tax losses as at 31 March 2009 (2008: $nil).

3. NET INTEREST INCOME

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Interest income				
Loans and advances	**26,659**	26,147	**-**	-
Impaired loans and advances	**1,207**	6	**-**	-
Intercompany advances	**-**	-	**581**	625
Interest from Available for Sale Financial Assets:				
Cash and short term investments	**364**	559	**12**	26
Total interest income	**28,230**	26,712	**593**	651
Interest expense				
Term loans	**14,303**	11,614	**-**	-
Unsecured capital notes	**1,955**	1,955	**1,955**	1,955
Unsecured subordinated notes	**26**	173	**-**	-
Secured debenture stock	**5,065**	7,730	**-**	-
Other similar charges	**140**	251	**-**	-
Total interest expense	**21,489**	21,723	**1,955**	1,955
Net interest income	**6,741**	4,989	**(1,362)**	(1,304)

notes to the financial statements:

4. NET FEE AND COMMISSION INCOME

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Fee and commission income				
Lending and credit related fee income	**3,761**	5,139	**-**	-
Brokerage income	**6,807**	12,499	**99**	-
Franchise levies and cost recharges	**396**	791	**-**	-
Total fee and commission income	**10,964**	18,429	**99**	-
Fee and commission expense				
Brokerage fees	**6,422**	8,322	**69**	-
Total fee and commission expense	**6,422**	8,322	**69**	-
Net fee and commission income	**4,542**	10,107	**30**	-

5. (LOSSES)/GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE

GROUP ONLY	2009 $'000	2008 $'000
Net (losses)/gains on interest rate swaps held for risk management purposes	**(4,006)**	266

6. OTHER INCOME

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Dividends received - subsidiaries		**-**	-	**3,147**	2,000
Dividends received - joint venture		**-**	-	**-**	401
Franchise sales, rent receivable and other income		**279**	437	**-**	-
Gain on acquisition of shares held by minority interest in Finance Direct Limited	19	**95**	-	**-**	-
		374	437	**3,147**	2,401

7. NET IMPAIRMENT LOSSES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Movement in collective loan allowance	15	**106**	(218)	**-**	-
Movement in specific loan allowance	15	**3,945**	-	**-**	-
Bad debts written off	29	**390**	158	**-**	-
Other impairment losses		**20**	218	**-**	200
		4,461	158	**-**	200

8. OPERATING EXPENSES AND STAFF COSTS

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
(Loss)/profit before income tax includes the following expenses:					
Executive Directors' remuneration		**625**	695	**-**	-
Non-Executive Directors' fees		**144**	128	**135**	119
Auditors' remuneration	9	**258**	202	**37**	58
Depreciation of property, plant and equipment		**226**	332	**-**	-
Loss/(gain) on sale of property, plant and equipment		**93**	(4)	**-**	-
Leasing and rental costs		**645**	695	**-**	-
Personnel costs		**2,532**	2,970	**15**	175
Administrative expenses		**3,501**	4,805	**366**	441
		8,024	9,823	**553**	793
Key management compensation included in the above:					
Short-term employee benefits		**1,355**	1,421	**15**	175

There were no post-employment benefits, other long-term benefits, termination benefits, or share based payments made to key management personnel during the year ended 31 March 2009 (2008: $nil).

9. AUDITORS' REMUNERATION

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Amounts paid to the auditor for:				
Audit related services	**258**	202	**37**	58
Other services	**-**	-	**-**	-
Total auditors' remuneration	**258**	202	**37**	58

10. INCOME TAX EXPENSE

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Income tax					
Current period		**388**	1,667	**(567)**	(690)
Adjustment for prior periods		**(46)**	-	**-**	-
		342	1,667	**(567)**	(690)
Deferred tax					
Origination and reversal of temporary differences	20	**(1,761)**	236	**2**	(68)
Decrease in effective tax rate to 30%	20	**-**	17	**-**	6
		(1,761)	253	**2**	(62)
Income tax (benefit)/expense reported in Income Statement		**(1,419)**	1,920	**(565)**	(752)
Numerical reconciliation of income tax expense to prima facie tax payable:					
(Loss)/profit before income tax expense		**(4,834)**	5,818	**1,262**	104
Tax at the New Zealand tax rate of 30% (2008: 33%)		**(1,450)**	1,920	**379**	34
Tax amounts which are not taxable or deductible in calculating taxable income:					
Non-taxable income		**(29)**	(36)	**(944)**	(792)
Non-deductible expenses		**14**	19	**-**	-
Adjustment for prior periods		**(46)**	-	**-**	-
Deferred tax:					
Adjustment for prior periods		**92**	-	**-**	-
Decrease in effective tax rate to 30%		**-**	17	**-**	6
		(1,419)	1,920	**(565)**	(752)

At 31 March 2009, NZF Mortgages Warehouse A Trust and NZF Mortgages Warehouse B Trust had unrelieved income tax losses carried forward of $1,571,000 (2008: $nil) and $181,000 (2008: $nil) respectively. Management believes that sufficient and suitable taxable profits will be made available by these separate legal entities in the future and has accordingly accounted for a deferred tax asset of $526,000 relating to these unrelieved income tax losses as at 31 March 2009 (2008: $nil).

The Company is a member of a tax consolidated group that is recognised as a single tax entity for income tax purposes. Losses incurred by the Company are taken into account in calculating the taxable income of the consolidated group.

11. IMPUTATION CREDIT ACCOUNT

The Company is a member of a tax consolidated group. The movements in the Imputation Credit Account attributable to the Group and Company were as follows:

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Opening balance	**7,298**	5,647	**174**	879
Income tax paid to/(refunded by) IRD	**80**	2,209	**(377)**	(147)
Imputation credits attached to dividends received	**898**	197	**898**	197
Imputation credits attached to dividends paid	**(1,475)**	(755)	**(567)**	(755)
Other credits	**320**	-	**-**	-
Closing balance	**7,121**	7,298	**128**	174

12. DIVIDENDS DECLARED AND PAID

The following dividends were declared and paid during the year ended 31 March 2009:

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Ordinary Shares				
Final dividend for the year ended 31 March 2008	**767**	766	**767**	766
Interim dividend for the year ended 31 March 2009	**383**	767	**383**	767
	1,150	1,533	**1,150**	1,533

A final dividend of 1 cent per Ordinary Share was paid on 28 May 2008 relating to the Group's results for the year ended 31 March 2008 (2007: 1 cent). An interim dividend of 0.50 cents per Ordinary Share was paid on 12 December 2008 on account of the Group's results for the year ended 31 March 2009 (2008: 1 cent).

13. EARNINGS PER SHARE

GROUP ONLY	2009 $'000	2008 $'000
(Loss)/profit for the year attributable to Equity holders of the Company	**(3,436)**	3,825
	2009 No. of Shares	**2008 No. of Shares**
Weighted average number of shares:		
Ordinary shares at the beginning of the year	**76,666,668**	76,666,668
Ordinary shares at the end of the year	**76,666,668**	76,666,668
	2009 Cents	**2008 Cents**
Basic Earnings Per Share	**(4.48)**	4.99
Diluted Earnings Per Share	**(4.48)**	4.99

14. DERIVATIVE ASSETS AND LIABILITIES HELD FOR RISK MANAGEMENT

GROUP ONLY	2009 $'000	2008 $'000
Derivative assets held for risk management		
Interest rate swaps	**-**	635
Derivative liabilities held for risk management		
Interest rate swaps	**4,771**	261

The Group uses interest rate swaps to mitigate the risk of changing interest rates on the fair value of fixed rate mortgages and the cash flow exposures on the issued variable debt.

15. LOANS AND ADVANCES TO CUSTOMERS

GROUP ONLY	Note	2009 $'000	2008 $'000
Loans and advances to customers		**263,283**	246,227
Less: Impaired loan allowance		**(4,571)**	(520)
		258,712	245,707
Impaired loan allowance			
Collective loan allowance		**(626)**	(520)
Specific loan allowance		**(3,945)**	-
Total loan allowance		**(4,571)**	(520)
Collective loan allowance			
Opening balance		**(520)**	(678)
Acquired on acquisition of Finance Direct Limited	19	**-**	(60)
Movement in collective loan allowance		**(106)**	218
Closing balance		**(626)**	(520)
Specific loan allowance			
Opening balance		**-**	-
Reversal of specifically impaired assets		**-**	-
Addition to specific loan allowance		**(3,945)**	-
Closing balance		**(3,945)**	-

16. TRADE AND OTHER RECEIVABLES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Accounts receivable		**629**	579	**-**	-
Accrued loan interest		**758**	859	**-**	-
Secured subordinated notes		**-**	-	**2,000**	7,000
Loans to subsidiaries		**-**	-	**604**	1,648
Loans to joint venture		**199**	199	**398**	398
Loans to franchisees		**79**	93	**-**	-
Loans to employees	25	**9**	34	**9**	34
		1,674	1,764	**3,011**	9,080

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Secured Subordinated Notes
Under the terms of the Warehouse Facility Agreements with Westpac Banking Corporation and Commonwealth Bank of Australia, NZF Group Limited has provided funding of $2,000,000 (2008: $2,000,000) and $nil (2008: $5,000,000) respectively to NZF Mortgages Warehouse A Trust and NZF Mortgages Warehouse B Trust in the form of secured subordinated notes.

The secured subordinated notes are secured against the assets and undertakings of NZF Mortgages Warehouse A Trust and NZF Mortgages Warehouse B Trust and are repayable at the earlier to occur of the date of termination of the Warehouse Facility Agreements or the Vesting Date or such other date as agreed between the Warehouse Facility Provider, NZF Homeloans Limited as Trust Manager, and The New Zealand Guardian Trust Company Limited as Trustee.

17. PROPERTY, PLANT AND EQUIPMENT

GROUP ONLY	Leasehold Improvements $'000	Computers & Software $'000	Office Furniture & Equipment $'000	Motor Vehicles $'000	Total $'000
Cost or deemed cost					
Balance at 1 April 2007	112	485	899	20	1,516
Additions	58	96	90	-	244
Disposals	-	(2)	(1)	-	(3)
Balance at 31 March 2008	**170**	**579**	**988**	**20**	**1,757**
Balance at 1 April 2008	170	579	988	20	1,757
Additions	-	209	6	-	215
Disposals	(18)	(158)	(245)	(1)	(422)
Balance at 31 March 2009	**152**	**630**	**749**	**19**	**1,550**
Depreciation and impairment losses					
Balance at 1 April 2007	1	248	338	9	596
Depreciation charge for the year	20	121	188	3	332
On disposals	-	(2)	(1)	-	(3)
Balance at 31 March 2008	**21**	**367**	**525**	**12**	**925**
Balance at 1 April 2008	21	367	525	12	925
Depreciation charge for the year	19	83	122	2	226
On disposals	(10)	(149)	(167)	(1)	(327)
Balance at 31 March 2009	**30**	**301**	**480**	**13**	**824**
Carrying amounts					
At 31 March 2008	**149**	**212**	**463**	**8**	**832**
At 31 March 2009	**122**	**329**	**269**	**6**	**726**

18. INTANGIBLE ASSETS

GROUP ONLY	Note	2009 $'000	2008 $'000
Goodwill			
At 1 April 2008		**10,133**	9,567
Additions	19	**-**	616
Disposals		**(51)**	(50)
Impairment		**-**	-
At 31 March 2009		**10,082**	10,133
Brand Value			
At 1 April 2008		**6,614**	6,614
Additions		**-**	-
Disposals		**-**	-
Impairment		**-**	-
At 31 March 2009		**6,614**	6,614
Total Intangible Assets		**16,696**	16,747

Goodwill

For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGU's) at the lowest level at which the goodwill is monitored for internal management purposes. Goodwill has been allocated to three separate CGU's, MPMH Limited and Subsidiary Undertakings, New Zealand Mortgage Finance Limited and Finance Direct Limited. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

GROUP ONLY	2009 $'000	2008 $'000
MPMH Limited and Subsidiary Undertakings	**7,869**	7,920
New Zealand Mortgage Finance Limited	**1,597**	1,597
Finance Direct Limited	**616**	616
	10,082	10,133

The Directors have carried out an annual impairment review of goodwill allocated to each CGU, in order to ensure that recoverable amounts exceed aggregate carrying amounts. The recoverable amount of all three separate CGU's was determined based on value in use calculations. Key assumptions used in the value in use calculations were as follows:

Budgeted EBITDA

The cash flow forecasts use pre-tax cash flow projections based on financial budgets approved by the Board covering a five year period. Budgeted EBITDA, calculated as adjusted operating profit before depreciation and amortisation, was based on past experience adjusted for expected increases in the short term growth rates of each CGU.

The short term growth rate applied to the budgeted EBITDA for MPMH Limited and Subsidiary Undertakings reflects the strategic growth objectives that were approved by the Board prior to each balance date. The growth objectives are designed to:

- increase market share by increasing the number of franchisees, loan writers and KiwiSaver specialists writing new business and replicating proven strategies to increase its profile in towns and cities where its market share at 31 March 2009 was significantly below its market share nationwide, and

- extract maximum value from the nationwide distribution network that was purchased in 2006. The Board of Directors believe that there will be an improvement in the New Zealand economy and housing market, largely driven by immigration and returning New Zealanders over the next five years and these two factors will significantly increase the Company's and Group's mortgage broking and insurance related income streams.

The short term growth rate applied to the budgeted EBITDA for New Zealand Mortgage Finance Limited reflects further expansion of its current business based on growth achieved in the last 12 months and further rationalisation of broker activity in the mortgage market.

18. INTANGIBLE ASSETS (CONTINUED)

The short term growth rate for Finance Direct Limited reflects anticipated organic growth based on increasing the value of loans and advances it plans to make in light of a number of consumer finance companies withdrawing from the market and additional funding now being available as a result of the New Zealand Deposit Guarantee Scheme.

Budgeted capital expenditure
The cash flow forecasts for capital expenditure were based on past experience and took into account anticipated cash outflows for the maintenance of the current functionality and performance of its property, plant and equipment.

Long term growth rate
Management determined the long term average growth rate with reference to inflation rates that have been published by the New Zealand Government.

Pre-tax adjusted discount rate
The discount rate applied to the cash flows of each CGU is based on the risk free rate for ten year bonds issued by the New Zealand Government, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of each business.

Sensitivity to changes in assumptions
As at 31 March 2009, the date of the Group's annual impairment test, the estimated recoverable amount of the MPMH Limited and Subsidiary Undertakings CGU, the New Zealand Mortgage Finance Limited CGU and the Finance Direct Limited CGU exceeded their carrying value by $6,950,000, $26,000 and $1,575,000 respectively. The table below shows the key assumptions used in the value in use calculations and the amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value.

	Assumptions used in value in use calculation			% change required in this input variable, all other things being equal, for carrying value to equal the recoverable amount		
	MPMH & Subs	**NZMF**	**FDL**	**MPMH & Subs**	**NZMF**	**FDL**
Budgeted EBITDA	**50.00%**	**15.00%**	**5.00%**	**32.50%**	**0.75%**	**30.00%**
Budgeted capital expenditure	**3.25%**	**1.85%**	**2.20%**	**31.85%**	**1.85%**	**50.00%**
Long term growth rate	**2.50%**	**2.50%**	**2.50%**	**2.50%**	**0.25%**	**35.00%**
Pre-tax adjusted discount rate	**16.86%**	**16.86%**	**16.86%**	**2.65%**	**0.25%**	**25.75%**

The assumptions used in the prior year were:

	Assumptions used in value in use calculation			% change required in this input variable, all other things being equal, for carrying value to equal the recoverable amount		
	MPMH & Subs	**NZMF**	**FDL**	**MPMH & Subs**	**NZMF**	**FDL**
Budgeted EBITDA	65.00%	15.00%	5.00%	35.00%	2.50%	24.50%
Budgeted capital expenditure	3.35%	2.15%	2.40%	35.00%	7.00%	50.00%
Long term growth rate	2.50%	2.50%	2.50%	2.50%	0.65%	22.25%
Pre-tax adjusted discount rate	15.00%	15.00%	15.00%	5.25%	0.70%	15.00%

Brand Value
The brand value of $6,614,000 (2008: $6,614,000) relates to the Group's 50% joint venture investment in MPMH Limited and Subsidiary Undertakings, which principally comprises the Mike Pero Mortgages Group, that was acquired on 2 October 2006.

19. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

The Company's investment in subsidiaries and joint venture comprise shares at cost. Significant subsidiaries and the joint venture include:

Subsidiaries	Principal Activity	Shareholding 2009 %	Shareholding 2008 %	Company 2009 $'000	Company 2008 $'000
NZF Money Limited	Finance Company	**100%**	100%	**4,574**	4,574
NZF Securitisation Limited	Mortgage Lending	**100%**	100%	**1**	1
New Zealand Mortgage Finance Limited	Mortgage Advisory	**100%**	100%	**900**	900
Finance Direct Limited	Finance Company	**70%**	51%	**1,713**	1,442
				7,188	6,917
Joint Venture					
MPMH Limited	Mortgage Advisory	**50%**	50%	**14,101**	13,751
Total Investments				**21,289**	20,668

	Principal Activity	Shareholding 2009 %	Shareholding 2008 %
Subsidiary of NZF Money Limited:			
NZF Homeloans Limited	Mortgage Servicing Company	**100%**	100%
Subsidiary of NZF Securitisation Limited:			
NZF Mortgages Limited	Mortgage Lending	**100%**	100%
Subsidiary of New Zealand Mortgage Finance Limited:			
Approved Mortgage Brokers Limited	Mortgage Advisory	**100%**	100%

NZF Homeloans Limited is the Trust Manager and exercises control over the assets and undertakings of both NZF Mortgages Warehouse A Trust and NZF Mortgages Warehouse B Trust, as it has sole entitlement to both the Residual Capital Interest and Residual Income Interest of both Trusts.

The principal activity of both NZF Mortgages Warehouse A Trust and NZF Mortgages Warehouse B Trust is Residential Mortgage Lending.

All subsidiaries, controlled entities and the joint venture have balance dates of 31 March.

19. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE (CONTINUED)

Acquisition of Finance Direct Limited
On 2 April 2007, NZF Group Limited acquired a 51% controlling stake in Finance Direct Limited, a consumer based finance company. The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition Carrying Amounts $'000	Fair Value Adjustments $'000	Recognised Values On Acquisition $'000
Cash and cash equivalents	1,263	-	1,263
Loans and advances to customers	5,951	-	5,951
Collective loan allowance	(60)	-	(60)
Trade and other receivables	93	-	93
Current tax assets	15	-	15
Property, plant and equipment	63	-	63
Deferred tax asset	78	-	78
Trade and other payables	(379)	-	(379)
Loans and borrowings	(5,130)	-	(5,130)
Preference shares	(275)		(275)
Minority shareholders	(793)	-	(793)
Net identifiable assets and liabilities	826	-	826
Goodwill on acquisition			616
Consideration paid, satisfied in cash			1,442
Cash acquired			(1,263)
Net cash outflow			179

Pre-acquisition carrying amounts were determined based on applicable NZ IFRSs immediately before the acquisition. The fair values of assets, liabilities, and contingent liabilities recognised on acquisition were not considered to be materially different to their pre-acquisition carrying amounts. The goodwill recognised on the acquisition is attributable mainly to the quality of the Company's loan book, the skills and talent of the business' work force and the synergies expected to be achieved post-acquisition.

On 2 April 2007, NZF Group Limited also took out an option to acquire the remaining 49% shareholding in Finance Direct Limited within the next four years. On 3 December 2008, NZF Group Limited exercised part of this option by increasing its controlling stake in Finance Direct Limited from 51% to 70%. Cost of the acquisition was $270,000 compared to the minority interests' share in the net assets acquired of $365,000. The resulting gain of $95,000 was considered to represent a bargain purchase and has therefore been accounted for within other income for the year ended 31 March 2009 (see Note 6).

19. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE (CONTINUED)

The acquisition of Finance Direct Limited has had the following effect on the Group's reported results for the year ended 31 March 2009 and the year ended 31 March 2008:

	2009 $'000	2008 $'000
Interest income	**807**	880
Interest expense	**(349)**	(445)
Net interest income	**458**	435
Fee and commission income	**916**	1,668
Fee and commission expense	**(139)**	(606)
Net fee and commission income	**777**	1,062
Other income	**-**	5
Total operating income	**1,235**	1,502
Net impairment losses	**(175)**	6
Operating expenses and staff costs	**(1,088)**	(1,192)
(Loss)/profit before income tax	**(28)**	316
Income tax expense	**(2)**	(104)
(Loss)/profit for the period	**(30)**	212
Attributable to:		
Minority interests	**8**	104
Equity holders of the Company	**(38)**	108

Proportional Consolidation of MPMH Limited and Subsidiary Undertakings
The Group's joint venture investment in MPMH Limited and Subsidiary Undertakings is consolidated using the proportionate line by line method. The consolidated financial statements include the Group's share of the total assets, total liabilities, minority interests, income and expenses of joint venture investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

The consolidated financial statements include the following amounts, which represent the Group's share of the total assets, total liabilities and minority interests of MPMH Limited and Subsidiary Undertakings as at 31 March 2009:

19. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE (CONTINUED)

Proportional Consolidation of MPMH Limited and Subsidiary Undertakings (continued)

	2009 $'000	2008 $'000
Assets		
Cash and cash equivalents	**148**	181
Trade and other receivables	**129**	184
Current tax assets	**220**	214
Property, plant and equipment	**346**	290
Intangible assets	**14,474**	14,524
Deferred tax asset	**-**	24
Other assets	**336**	307
Total assets	**15,653**	15,724
Liabilities		
Trade and other payables	**503**	677
Loans and borrowings	**850**	1,200
Deferred tax liability	**49**	-
Total liabilities	**1,402**	1,877
Net assets	**14,251**	13,847
Minority interests - Pyco Insurances Limited	**38**	42

The consolidated financial statements also include the following amounts, which represent the Group's share of the income and expenses of MPMH Limited and Subsidiary Undertakings for the year ended 31 March 2009:

	2009 $'000	2008 $'000
Interest income	**25**	46
Interest expense	**(117)**	(125)
Net interest income	**(92)**	(79)
Fee and commission income	**4,757**	7,913
Fee and commission expense	**(2,647)**	(4,415)
Net fee and commission income	**2,110**	3,498
Other income	**253**	293
Total operating income	**2,271**	3,712
Net impairment loss	**(20)**	(20)
Operating expenses and staff costs	**(2,101)**	(3,141)
Profit before income tax	**150**	551
Income tax expense	**(79)**	(185)
Profit for the period	**71**	366
Attributable to:		
Minority interests	**13**	(31)
Equity holders of the Company	**58**	397

20. DEFERRED TAX ASSET

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
The balance comprises temporary differences attributable to:					
Collective loan impairment allowance		**187**	156	**-**	-
Specific loan impairment allowance		**1,184**	-	**-**	-
Other impairment allowance		**60**	60	**60**	60
Income tax losses carried forward		**526**	-	**-**	-
Derivative assets and liabilities held for risk management		**-**	(112)	**-**	-
Deferred fee income		**-**	43	**-**	-
Deferred brokerage fees		**-**	(13)	**-**	-
Prepaid advertising expenditure		**(55)**	-	**-**	-
Trail commission and claw back provisions		**-**	32	**-**	-
Holiday pay accruals		**42**	36	**-**	2
Other timing differences		**10**	(9)	**-**	-
Net deferred tax asset		**1,954**	193	**60**	62
Movements					
Opening balance		**193**	368	**62**	-
Acquired on acquisition of Finance Direct Limited	19	**-**	78	**-**	-
Credited/(charged) to the Income Statement	10	**1,761**	(253)	**(2)**	62
Closing balance		**1,954**	193	**60**	62

The reduction in the corporate tax rate from 33% to 30% from 1 April 2008 has been taken into account in calculating the value of deferred tax as at 31 March 2008 and 31 March 2009.

21. OTHER ASSETS

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Deferred brokerage fees	**1,284**	1,392	**-**	-
Prepaid expenses	**1,209**	1,764	**445**	615
Intangible assets under development - software	**670**	-	**-**	-
	3,163	3,156	**445**	615
Current	**2,105**	1,746	**257**	246
Non-Current	**1,058**	1,410	**188**	369
	3,163	3,156	**445**	615

22. TRADE AND OTHER PAYABLES

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Accounts payable	**1,248**	1,356	**368**	459
Accrued interest	**239**	504	**80**	86
Accrued expenses	**829**	953	**34**	17
	2,316	2,813	**482**	562

23. LOANS AND BORROWINGS

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Term loans	**188,850**	167,278	**-**	-
Unsecured capital notes	**20,050**	20,050	**20,050**	20,050
Unsecured subordinated notes	**-**	610	**-**	-
Secured debenture stock	**56,728**	65,759	**-**	-
	265,628	253,697	**20,050**	20,050

Term Loans
At 31 March 2009, the Group had the following Term Loan facilities:

Facility	Lender	Maturity Date	2009 Interest Rate %	2009 Total Facility $'000	2009 Amount Drawn $'000	2009 Amount Undrawn $'000	2008 Interest Rate %	2008 Total Facility $'000	2008 Amount Drawn $'000	2008 Amount Undrawn $'000
NZF Money Limited										
Cash Advances Facility	CBA	**12/12/09**	**4.46**	**40,000**	**15,000**	**25,000**	-	40,000	-	40,000
NZF Mortgages Warehouse A Trust										
Warehouse Facility	Westpac	**18/10/09**	**3.58**	**200,000**	**173,000**	**27,000**	9.04	200,000	156,340	43,660
NZF Mortgages Warehouse B Trust										
Warehouse Facility	CBA	**15/05/09**	**-**	**20,000**	**-**	**20,000**	9.55	20,000	9,738	10,262
MPMH Limited and Subsidiarys										
Term Loan	Westpac	**31/05/09**	**5.70**	**850**	**850**	**-**	10.42	1,200	1,200	-
				260,850	**188,850**	**72,000**		261,200	167,278	93,922

The $40,000,000 Cash Advances Facility between Commonwealth Bank of Australia and NZF Money Limited ranks equally with secured debenture stockholders in terms of its security over all of the assets and undertakings of NZF Money Limited. Interest payable on the Cash Advances Facility is set at the date of drawdown or periodic rollover of the facility. As is usual practice, the facility will be renegotiated in the ordinary course of business.

The $200,000,000 Warehouse Facility between Westpac Banking Corporation, NZF Mortgages Warehouse A Trust, NZF Homeloans Limited and NZF Group Limited, is to be used for the provision of residential mortgages as per agreed credit criteria. Interest payable on the Warehouse Facility is set at the date of drawdown or periodic rollover of the facility. The Warehouse Facility is secured by first registered mortgages and was due for repayment on 18 October 2009. On 20 February 2009, Moody's Investor Services lowered its ratings one notch for Genworth Financial Australia, which caused a breach under the Warehouse Facility Agreement, which Westpac Banking Corporation agreed to waive for a period of 60 days. On 21 April 2009, Westpac Banking Corporation confirmed its waiver of the above breach and agreed to increase the Warehouse Facility from $200,000,000 to $225,000,000 and to extend the maturity date of the facility to 18 October 2010.

The $20,000,000 Warehouse Facility between Commonwealth Bank of Australia, NZF Mortgages Warehouse B Trust, NZF Homeloans Limited and NZF Group Limited was used for the provision of residential mortgages as per agreed credit criteria. The Warehouse Facility was secured by first registered mortgages and repaid in full on 25 March 2009.

The $1,700,000 (2008: $2,400,000) Term Loan Facility between Westpac Banking Corporation and MPMH Limited and Subsidiary Undertakings is secured over the assets and undertakings of the Mike Pero Mortgages Group. On 16 June 2009, the Term Loan Facility was extended to 31 May 2010.

23. LOANS AND BORROWINGS (CONTINUED)

At 31 March 2009, the Group had cash reserves of $7,896,000 (2008: $12,061,000) and total undrawn term loan facilities of $72,000,000 (2008: $93,922,000). The $3,000,000 Group overdraft facility with ASB Bank Limited that existed at 31 March 2008 was also reduced to $nil during the year.

Unsecured Capital Notes
Unsecured capital notes of $20,050,000 were issued by NZF Group Limited in October 2006. These notes pay fixed interest at the rate of 9.75% per annum, quarterly in arrears. The capital notes will mature on 15 March 2011. Prior to the maturity date, the Company may elect to offer the noteholders the option to renew the capital notes on new terms and conditions. Alternatively, the Company may elect to convert the capital notes by issuing new Ordinary Shares in the Company to the noteholders at a discount to the then current market price, or by redeeming the capital notes for cash.

Secured Debenture Stock
At 31 March 2009, secured debenture stock of $56,728,000 (2008: $65,759,000) comprises $52,571,000 (2008: $61,648,000) in respect of secured debenture stock issued by NZF Money Limited and $4,157,000 (2008: $4,111,000) of secured debenture stock issued by Finance Direct Limited.

The debenture stock issued by NZF Money Limited is secured under a Debenture Stock Trust Deed between NZF Money Limited and Covenant Trustee Company Limited as Trustee. The Deed creates a floating charge in favour of the Trustee over all of the assets and undertakings of NZF Money Limited, but not the assets or undertakings of NZF Homeloans Limited, NZF Mortgages Warehouse A Trust or NZF Mortgages Warehouse B Trust.

The debenture stock issued by Finance Direct Limited is secured under a Debenture Stock Trust Deed between Finance Direct Limited and Covenant Trustee Company Limited as Trustee. The Deed creates a floating charge in favour of the Trustee over all of the assets and undertakings of Finance Direct Limited.

NZF Money Limited and Finance Direct Limited both have guarantees under the New Zealand Deposit Guarantee Scheme ("Scheme"). The guarantee is for a two year period from 12 October 2008 to 12 October 2010. NZF Money Limited and Finance Direct Limited have each entered into a Deed of Guarantee with the Crown in respect of the Scheme. The Crown has guaranteed certain deposits under the Scheme. The Crown guarantee is subject to compliance with a number of requirements including certain reporting obligations, meeting Trust Deed covenants, complying with prudential directions and restrictions on entering into certain transactions.

NZF Money Limited and Finance Direct Limited have complied with all requirements under the Scheme throughout the period. As a result, there are no liabilities that rank in priority to qualifying deposits under the Scheme as at 31 March 2009 in the event that either NZF Money Limited or Finance Direct Limited were liquidated. For non-qualifying deposits under the Scheme, liabilities totalling $250,559 (2008: $319,326) for NZF Money Limited and $23,976 (2008: $nil) for Finance Direct Limited would rank in priority as at 31 March 2009 in the event of either company being liquidated.

24. OTHER LIABILITIES

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Deferred fee income:				
Current	**308**	547	**-**	-
Non-Current	**246**	239	**-**	-
	554	786	**-**	-

25. SHARE CAPITAL

Issued and paid up capital:

	Group & Company 2009 No. of Shares	Group & Company 2009 $'000	Group & Company 2008 No. of Shares	Group & Company 2008 $'000
Ordinary Shares	**76,666,668**	**7,503**	76,666,668	7,503

No Ordinary Shares were issued by the Company during the year ended 31 March 2008 or the year ended 31 March 2009.

All Ordinary Shares are issued and fully paid, have no par value and have an equal right to vote, to dividends and to any surplus on winding up. The Company does not have a total number of authorised shares. The Board may issue Shares or other Equity Securities to any person in any number it thinks fit provided that while the Company is Listed, the issue is made in accordance with the NZX Listing Rules.

On 19 August 2004, the Company issued 500,000 Ordinary Shares for $150,000 pursuant to an employee share purchase scheme complying with Section DF7 of the Income Tax Act 2004. As required by the Income Tax Act the consideration for the shares was funded by an interest free loan to each employee, which will be repaid over a five year restricted period. At 31 March 2009, the total receivable owing from the employees was $9,000 (2008: $34,000). The shares allocated to employees are held on their behalf by the Trustee, which is NZF Trustee Limited. Employees are entitled to receive the dividend on the shares, with any such amounts received applied to reducing their respective loans. Voting rights on the shares are exercised by the Trustee on behalf of the employees. John Alan Callaghan and Mark Hume Thornton have been appointed by the Company as Directors of NZF Trustee Limited.

26. FINANCIAL INSTRUMENTS

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Accounting classifications and fair values
The tables below set out the Company's and the Group's classification of each class of financial assets and financial liabilities, and their fair values:

26. FINANCIAL INSTRUMENTS (CONTINUED)

	2009 Group Carrying Amount $'000	Group Fair Value $'000	Company Carrying Amount $'000	Company Fair Value $'000
Financial Assets				
Designated at fair value through profit and loss:				
Derivative assets held for risk management	-	-	-	-
Available for sale assets:				
Cash and cash equivalents	7,896	7,896	6,039	6,039
Loans and receivables:				
Loans and advances to customers	258,712	258,712	-	-
Trade and other receivables	1,674	1,674	3,011	3,011
	260,386	260,386	3,011	3,011
Other amortised cost:				
Investments in subsidiaries and joint venture	-	-	21,289	21,289
Total Financial Assets	268,282	268,282	30,339	30,339
Financial Liabilities				
Designated at fair value through profit and loss:				
Derivative liabilities held for risk management	4,771	4,771	-	-
Other amortised cost:				
Loans and borrowings	265,628	265,628	20,050	20,050
Trade and other payables	2,316	2,316	482	482
	267,944	267,944	20,532	20,532
Total Financial Liabilities	272,715	272,715	20,532	20,532

The Company and Group have not classified any assets as Held to Maturity Investments.

26. FINANCIAL INSTRUMENTS (CONTINUED)

	2008			
	Group Carrying Amount $'000	Group Fair Value $'000	Company Carrying Amount $'000	Company Fair Value $'000
Financial Assets				
Designated at fair value through profit and loss:				
Derivative assets held for risk management	635	635	-	-
Available for sale assets:				
Cash and cash equivalents	12,061	12,061	11	11
Loans and receivables:				
Loans and advances to customers	245,707	245,707	-	-
Trade and other receivables	1,764	1,764	9,080	9,080
	247,471	247,471	9,080	9,080
Other amortised cost:				
Investments in subsidiaries and joint venture	-	-	20,668	20,668
Total Financial Assets	260,167	260,167	29,759	29,759
Financial Liabilities				
Designated at fair value through profit and loss:				
Derivative liabilities held for risk management	261	261	-	-
Other amortised cost:				
Loans and borrowings	253,697	253,697	20,050	20,050
Trade and other payables	2,813	2,813	562	562
	256,510	256,510	20,612	20,612
Total Financial Liabilities	256,771	256,771	20,612	20,612

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial assets and financial liabilities reflected in the tables above.

Derivatives held for risk management

The fair value of interest rate swaps is calculated as the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Loans and advances to customers

Each loan has particular circumstances, which determine its fair value. The carrying amounts of the loans net of impairment allowances best represent their fair value.

Investments in subsidiaries and joint venture

The fair value of investments in subsidiaries and joint ventures is considered to be their carrying value at amortised cost.

Loans and borrowings

Fair value is calculated based on the present value of contractual principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Cash and cash equivalents, trade and other receivables and trade and other payables

Due to their relatively short term nature, the carrying amounts of these items are equivalent to their fair value.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rates used for determining fair value
The following interest rates used to discount estimated cash flows, where applicable, are based on the yield curve as at 31 March 2009 plus an appropriate constant credit spread:

	2009	2008
Loans and advances to customers	**5.75% - 19.95%**	7.70% - 18.00%
Term loans	**3.58% - 5.70%**	9.04% - 10.42%
Unsecured capital notes	**9.75%**	9.75%
Unsecured subordinated notes	**N/A**	10.50% - 11.75%
Secured debenture stock	**4.25% - 12.25%**	8.00% - 11.60%

Financial risk management objectives
The Group's management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Board of Directors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk
The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swap contracts to mitigate the risk of rising interest rates.

Market risk exposures are analysed by sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management
All of the Group's operations are carried out within New Zealand. As a result, the Group is not exposed to any direct foreign currency exchange risks.

Interest rate risk management
The Group is exposed to interest rate risk as entities in the Group borrow and lend funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts in order to maintain the Group's lending margin on fixed rate mortgages.

Under the terms of term loan facility agreements with Westpac Banking Corporation and Commonwealth Bank of Australia all fixed rate mortgages are matched with individual interest rate swap contracts for the duration of the fixed rate loan period. As a result, all fixed rate lending is hedged.

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of fixed rate mortgages and the cash flow exposures on the issued variable debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curve at reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Outstanding contracts	Average Contracted Fixed Interest Rate 2009 %	Average Contracted Fixed Interest Rate 2008 %	Notional Principal Amount 2009 $'000	Notional Principal Amount 2008 $'000	Net Fair Value 2009 $'000	Net Fair Value 2008 $'000
Less than 1 year	**7.26**	7.63	**101,513**	36,763	**(1,865)**	193
1 to 2 years	**7.75**	8.09	**27,924**	77,247	**(1,561)**	157
2 to 5 years	**7.06**	7.79	**19,141**	28,949	**(1,345)**	14
5 years +	**-**	6.75	**-**	235	**-**	10
			148,578	143,194	**(4,771)**	374

The interest rate swap contracts settle on a monthly basis. The floating rate on the interest rate swap contracts is the interbank rate of New Zealand (BKBM). The Group will settle the difference between the fixed and floating interest rate on a net basis.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point (0.5%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year would increase/decrease by $369,000 (2008: $317,000).

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents, derivative assets held for risk management, loans and advances to customers, and trade and other receivables.

The Group's cash balances, call deposits and derivative assets held for risk management are placed with major trading banks with high credit-ratings assigned by international credit-rating agencies. The Group performs credit evaluations on all customers requiring loans and advances. The Group requires collateral or other security to support financial instruments with credit risk.

The Group operates a lending policy with various levels of authority depending on the size and loan to value ratio of the loan, ensuring compliance with all Trust Deed covenants and agreed credit criteria set out in term loan facility agreements. The Group closely monitors the performance of its borrowers, the payment of instalments under its loans, and has adopted a formal debt management process to be followed when a loan falls into arrears.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Risk gradings categorise exposures according to the degree of risk of financial loss faced and focus management on the attendant risks. Risk grades are used to determine where impairment allowances may be required. The current risk grading framework consists of three grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. They are as follows:

- Neither past due or impaired – compliance with all terms, good security value, no adverse events affecting the borrower.
- Past due but not impaired – material compliance with all terms, no concerns over security value or future events that may affect the borrower.
- Impaired – non-compliance with terms or evidence of impairment of security held, or adverse event affecting the borrower.

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances to customers are:

- Mortgages over properties.
- General Security Agreements.
- Charges over business assets and motor vehicles.
- Personal guarantees.

The Group also limits potential exposure to credit risk from home loan mortgage customers by fully reinsuring loan principal amounts and 12 months cash flow cover with third party insurers. At 31 March 2009, $163,996,000 (2008: $151,338,000) of the reported loans and advances to customers were fully reinsured with third party insurers.

Maximum exposure to credit risk is represented by the carrying value of each financial asset in the Balance Sheet which is net of any impairment allowance. Concentration of credit exposures set out in Note 27 do not take into account the fair value of any collateral, in the event of counterparties failing to meet their contractual obligations.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and bank facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. Included in Note 23 are details of additional undrawn facilities that the Group had at its disposal at 31 March 2009 to further reduce liquidity risk.

The tables in Note 28 detail the Group's expected maturity for its financial assets and the remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period and the cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Capital management
The Group considers share capital and retained earnings to be capital for management purposes. In implementing current capital requirements, the Debenture Stock Trust Deeds entered into between NZF Money Limited, Finance Direct Limited and Covenant Trustee Company Limited as Trustee, require both companies to maintain a prescribed ratio of total liabilities to total tangible assets. The Trust Deed prescribed ratios are 86% for both NZF Money Limited and Finance Direct Limited.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group also monitors the level of dividends to ordinary shareholders. NZF Money Limited and Finance Direct Limited have complied with all Trustee imposed capital requirements throughout the years ended 31 March 2008 and 31 March 2009 and there have been no material changes in the Group's approach to capital management during the period.

27. CONCENTRATION OF CREDIT EXPOSURE

LOANS AND ADVANCES TO CUSTOMERS
Geographical Concentration of Loans and Advances

GROUP ONLY	2009 %	2009 $'000	2008 %	2008 $'000
Residential Property				
Auckland	54.03	142,185	58.18	143,246
Bay of Plenty	2.80	7,375	3.80	9,359
Canterbury	3.20	8,438	2.42	5,948
Gisborne	0.42	1,115	0.24	602
Hawkes Bay	2.41	6,357	1.98	4,865
North Shore	10.14	26,703	8.21	20,208
Northland	3.33	8,768	3.74	9,204
Queenstown	1.25	3,293	0.77	1,889
Southland/Otago	0.95	2,512	0.60	1,473
South Island – Other	2.50	6,574	1.29	3,190
Taranaki/Manawatu/Wanganui	1.88	4,955	1.99	4,914
Waikato	4.80	12,642	5.08	12,500
Wellington/Kapiti	9.08	23,907	8.19	20,185
	96.79	254,824	96.49	237,583
Other Loans				
Auckland	0.12	307	0.16	398
Wellington	1.14	3,015	1.17	2,874
	1.26	3,322	1.33	3,272
Small Business Loans and Consumer Finance				
New Zealand	1.95	5,137	2.18	5,372
Total	100.00	263,283	100.00	246,227

Collateral held over Loans and Advances

GROUP ONLY	2009 %	2009 $'000	2008 %	2008 $'000
First Mortgages	94.89	249,839	92.47	227,676
Second Mortgages	1.89	4,971	4.02	9,907
GSA and Other Security	3.22	8,473	3.51	8,644
Total	100.00	263,283	100.00	246,227

27. CONCENTRATION OF CREDIT EXPOSURE (CONTINUED)

Concentration of Loans and Advances to Individual Counterparties

GROUP ONLY	Number of Counterparties 2009	Number of Counterparties 2008
% of Shareholder Funds		
10 - 19.99%	**14**	4
20 - 29.99%	**1**	1
30 - 39.99%	**2**	2
40 - 49.99%	**1**	-
Total	**18**	7

Managed Funds, Securitisation, Custodial and Other Fiduciary Activities

The Group has not had any involvement in funds management, securitisation and/or custodial activities.

FUNDING – LOANS AND BORROWINGS

Product Concentration of Funding

	Group 2009 %	Group 2009 $'000	Group 2008 %	Group 2008 $'000	Company 2009 %	Company 2009 $'000	Company 2008 %	Company 2008 $'000
Term loans	**71.10**	**188,850**	65.94	167,278	**-**	**-**	-	-
Unsecured capital notes	**7.55**	**20,050**	7.90	20,050	**100.00**	**20,050**	100.00	20,050
Unsecured subordinated notes	**-**	**-**	0.24	610	**-**	**-**	-	-
Secured debenture stock	**21.35**	**56,728**	25.92	65,759	**-**	**-**	-	-
	100.00	**265,628**	100.00	253,697	**100.00**	**20,050**	100.00	20,050

Geographical Concentration of Funding

	Group 2009 %	Group 2009 $'000	Group 2008 %	Group 2008 $'000	Company 2009 %	Company 2009 $'000	Company 2008 %	Company 2008 $'000
New Zealand	**99.43**	**264,240**	99.25	251,819	**99.28**	**19,905**	99.28	19,905
United Kingdom	**0.14**	**364**	0.06	156	**-**	**-**	-	-
Australia	**0.10**	**277**	0.11	299	**0.27**	**55**	0.27	55
USA	**0.08**	**207**	0.14	362	**0.12**	**25**	0.12	25
Japan	**0.05**	**130**	0.05	116	**-**	**-**	-	-
South Africa	**0.04**	**100**	0.02	40	**-**	**-**	-	-
Canada	**0.03**	**77**	-	-	**-**	**-**	-	-
Switzerland	**0.03**	**71**	0.03	79	**0.25**	**50**	0.25	50
Netherlands	**0.02**	**45**	0.01	13	**-**	**-**	-	-
Germany	**0.01**	**35**	0.01	35	**-**	**-**	-	-
Romania	**0.01**	**20**	0.01	20	**-**	**-**	-	-
France	**0.01**	**15**	0.01	15	**0.08**	**15**	0.08	15
Singapore	**0.01**	**11**	-	-	**-**	**-**	-	-
Thailand	**0.01**	**10**	0.05	129	**-**	**-**	-	-
Ireland	**0.01**	**10**	0.01	13	**-**	**-**	-	-
Malaysia	**0.01**	**10**	-	-	**-**	**-**	-	-
Taiwan	**0.01**	**6**	0.01	6	**-**	**-**	-	-
Hong Kong	**-**	**-**	0.13	346	**-**	**-**	-	-
China	**-**	**-**	0.07	183	**-**	**-**	-	-
United Arab Emirates	**-**	**-**	0.02	44	**-**	**-**	-	-
Korea	**-**	**-**	0.01	22	**-**	**-**	-	-
	100.00	**265,628**	100.00	253,697	**100.00**	**20,050**	100.00	20,050

There is no material concentration of funding within New Zealand.

28. MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Interest rate risk
The following tables summarise the Group's interest rate gap position on the basis of net discounted cash flows:

GROUP	2009						
	Weighted average effective interest rate	Current		Non-Current			Total
	%	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	$'000
Financial Assets							
Cash and cash equivalents	3.50	7,896	-	-	-	-	7,896
Loans and advances to customers	9.22	63,662	947	4,530	2,442	187,131	258,712
Trade and other receivables	-	1,674	-	-	-	-	1,674
		73,232	947	4,530	2,442	187,131	268,282
Financial Liabilities							
Trade and other payables	-	2,316	-	-	-	-	2,316
Derivative liabilities held for risk management	-	619	1,246	1,560	1,346	-	4,771
Term loans	3.66	850	188,000	-	-	-	188,850
Unsecured capital notes	9.75	-	-	20,050	-	-	20,050
Secured debenture stock	8.89	12,762	17,471	21,278	5,217	-	56,728
		16,547	206,717	42,888	6,563	-	272,715

As disclosed in Note 23, on 21 April 2009, Westpac Banking Corporation agreed to increase the Warehouse Facility made available to NZF Mortgages Warehouse A Trust from $200,000,000 to $225,000,000 and to extend the maturity date of the facility to 18 October 2010. As is usual practice, all funding facilities will be renegotiated in the ordinary course of business.

GROUP	2008						
	Weighted average effective interest rate	Current		Non-Current			Total
	%	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	$'000
Financial Assets							
Cash and cash equivalents	8.25	12,061	-	-	-	-	12,061
Derivative assets held for risk management	-	58	138	290	139	10	635
Loans and advances to customers	10.60	62,386	6,622	1,070	3,089	172,540	245,707
Trade and other receivables	-	1,764	-	-	-	-	1,764
		76,269	6,760	1,360	3,228	172,550	260,167
Financial Liabilities							
Trade and other payables	-	2,789	24	-	-	-	2,813
Derivative liabilities held for risk management	-	-	3	133	125	-	261
Term loans	9.08	-	1,200	166,078	-	-	167,278
Unsecured capital notes	9.75	-	-	-	20,050	-	20,050
Unsecured subordinated notes	11.47	381	222	7	-	-	610
Secured debenture stock	9.50	28,363	22,148	13,505	1,743	-	65,759
		31,533	23,597	179,723	21,918	-	256,771

28. MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(a) Interest rate risk (continued)

COMPANY	2009						
	Weighted average effective interest rate	Current		Non-Current			Total
		0 - 6 Months	7 - 12 Months	1 - 2 Years	2 - 5 Years	5+ Years	
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash and cash equivalents	**4.23**	**6,039**	**-**	**-**	**-**	**-**	**6,039**
Trade and other receivables	**-**	**3,011**	**-**	**-**	**-**	**-**	**3,011**
		9,050	**-**	**-**	**-**	**-**	**9,050**
Financial Liabilities							
Trade and other payables	**-**	**482**	**-**	**-**	**-**	**-**	**482**
Unsecured capital notes	**9.75**	**-**	**-**	**20,050**	**-**	**-**	**20,050**
		482	**-**	**20,050**	**-**	**-**	**20,532**

COMPANY	2008						
	Weighted average effective interest rate	Current		Non-Current			Total
		0 - 6 Months	7 - 12 Months	1 - 2 Years	2 - 5 Years	5+ Years	
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash and cash equivalents	8.25	11	-	-	-	-	11
Trade and other receivables	-	9,080	-	-	-	-	9,080
		9,091	-	-	-	-	9,091
Financial Liabilities							
Trade and other payables	-	562	-	-	-	-	562
Unsecured capital notes	9.75	-	-	-	20,050	-	20,050
		562	-	-	20,050	-	20,612

28. MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Residual contractual maturities of financial assets and financial liabilities

The following tables show the gross undiscounted cash flows of the Group's financial assets and financial liabilities on the basis of their earliest possible contractual maturity and their expected maturity. The Gross nominal inflow/(outflow) disclosed in the following tables is the contractual, undiscounted cash flow of the financial asset or financial liability.

GROUP	2009						
	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000	Carrying Amount $'000
Financial Assets							
Cash and cash equivalents	7,896	-	-	-	-	7,896	7,896
Loans and advances to customers	78,115	10,246	22,112	51,703	234,513	396,689	258,712
Trade and other receivables	1,674	-	-	-	-	1,674	1,674
	87,685	10,246	22,112	51,703	234,513	406,259	268,282
Financial Liabilities							
Trade and other payables	(2,316)	-	-	-	-	(2,316)	(2,316)
Derivative liabilities held for risk management	(619)	(1,246)	(1,560)	(1,346)	-	(4,771)	(4,771)
Term loans	(4,285)	(188,449)	-	-	-	(192,734)	(188,850)
Unsecured capital notes	(977)	(977)	(21,919)	-	-	(23,873)	(20,050)
Secured debenture stock	(14,453)	(18,954)	(22,874)	(5,556)	-	(61,837)	(56,728)
	(22,650)	(209,626)	(46,353)	(6,902)	-	(285,531)	(272,715)
Total	65,035	(199,380)	(24,241)	44,801	234,513	120,728	(4,433)

The expected maturity of financial assets and financial liabilities only differs materially from the contractual maturity in respect of loans and advances for the Group as at 31 March 2009. The expected maturity of loans and advances and the adjusted contractual cash flows are as follows:

GROUP	2009					
	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000
Loans and advances to customers (expected)	69,788	14,946	22,069	51,618	234,513	392,934
Adjusted Total	56,708	(194,680)	(24,284)	44,716	234,513	116,973

As disclosed in Note 23, on 21 April 2009, Westpac Banking Corporation agreed to increase the Warehouse Facility made available to NZF Mortgages Warehouse A Trust from $200,000,000 to $225,000,000 and to extend the maturity date of the facility to 18 October 2010. As is usual practice, all funding facilities will be renegotiated in the ordinary course of business.

28. MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Residual contractual maturities of financial assets and financial liabilities (continued)

GROUP	2008						
	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000	Carrying Amount $'000
Financial Assets							
Cash and cash equivalents	12,061	-	-	-	-	12,061	12,061
Derivative assets held for risk management	58	138	290	139	10	635	635
Loans and advances to customers	73,669	15,934	18,047	50,865	219,483	377,998	245,707
Trade and other receivables	1,764	-	-	-	-	1,764	1,764
	87,552	16,072	18,337	51,004	219,493	392,458	260,167
Financial Liabilities							
Trade and other payables	(2,789)	(24)	-	-	-	(2,813)	(2,813)
Derivative liabilities held for risk management	-	(3)	(133)	(125)	-	(261)	(261)
Term loans	(7,595)	(8,794)	(183,713)	-	-	(200,102)	(167,278)
Unsecured capital notes	(977)	(977)	(1,955)	(21,919)	-	(25,828)	(20,050)
Unsecured subordinated notes	(403)	(226)	(7)	-	-	(636)	(610)
Secured debenture stock	(30,704)	(23,376)	(14,244)	(1,873)	-	(70,197)	(65,759)
	(42,468)	(33,400)	(200,052)	(23,917)	-	(299,837)	(256,771)
Total	45,084	(17,328)	(181,715)	27,087	219,493	92,621	3,396

COMPANY	2009						
	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000	Carrying Amount $'000
Financial Assets							
Cash and cash equivalents	**6,039**	**-**	**-**	**-**	**-**	**6,039**	**6,039**
Trade and other receivables	**3,011**	**-**	**-**	**-**	**-**	**3,011**	**3,011**
	9,050	**-**	**-**	**-**	**-**	**9,050**	**9,050**
Financial Liabilities							
Trade and other payables	**(482)**	**-**	**-**	**-**	**-**	**(482)**	**(482)**
Unsecured capital notes	**(977)**	**(977)**	**(21,919)**	**-**	**-**	**(23,873)**	**(20,050)**
	(1,459)	**(977)**	**(21,919)**	**-**	**-**	**(24,355)**	**(20,532)**
Total	**7,591**	**(977)**	**(21,919)**	**-**	**-**	**(15,305)**	**(11,482)**

28. MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Residual contractual maturities of financial assets and financial liabilities (continued)

COMPANY	2008						
	0 - 6 Months $'000	7 - 12 Months $'000	1 - 2 Years $'000	2 - 5 Years $'000	5+ Years $'000	Gross Nominal Inflow/ (Outflow) $'000	Carrying Amount $'000
Financial Assets							
Cash and cash equivalents	11	-	-	-	-	11	11
Trade and other receivables	9,080	-	-	-	-	9,080	9,080
	9,091	-	-	-	-	9,091	9,091
Financial Liabilities							
Trade and other payables	(562)	-	-	-	-	(562)	(562)
Unsecured capital notes	(977)	(977)	(1,955)	(21,919)	-	(25,828)	(20,050)
	(1,539)	(977)	(1,955)	(21,919)	-	(26,390)	(20,612)
Total	7,552	(977)	(1,955)	(21,919)	-	(17,299)	(11,521)

29. ASSET QUALITY

(a) Summary of Lending

GROUP ONLY	2009 $'000	2008 $'000
Neither past due nor impaired	**221,390**	238,003
Past due but not impaired	**25,068**	8,224
Impaired	**16,825**	-
Gross loans and advances	**263,283**	246,227
Less: Impaired loan allowance	**(4,571)**	(520)
Net loans and advances	**258,712**	245,707

The Group closely monitors the performance of its borrowers and the payment of instalments under its loans. The Board has adopted a formal debt management process to be followed when a loan falls into arrears, which includes specified time driven debt collection procedures, although management may take such actions earlier as circumstances require. Special monitoring of assets occurs when there is a risk of the asset becoming impaired and active management is required to maintain the debt.

29. ASSET QUALITY (CONTINUED)

(b) Loans and Advances Past Due But Not Impaired

GROUP ONLY	2009 $'000	2008 $'000
Past Due Assets Not Impaired		
At 1 April 2008	**8,224**	4,236
Collected during the year	**(6,296)**	(4,078)
Reclassified as Impaired assets	**(1,928)**	(158)
Additions to Past Due asset status	**25,068**	8,224
At 31 March 2009	**25,068**	8,224

GROUP ONLY	2009			2008		
	Total $'000	Instalment Arrears $'000	Balance of Loan Principal $'000	Total $'000	Instalment Arrears $'000	Balance of Loan Principal $'000
Analysis of Past Due Assets Not Impaired:						
0 - 31 Days	**20,407**	**134**	**20,273**	1,895	60	1,835
32 - 60 Days	**2,178**	**39**	**2,139**	1,093	24	1,069
61 - 90 Days	**1,002**	**31**	**971**	1,528	18	1,510
90+ Days	**1,481**	**75**	**1,406**	3,708	2	3,706
Total Past Due Assets Not Impaired	**25,068**	**279**	**24,789**	8,224	104	8,120
Security Value of Past Due Assets	**36,868**			13,660		
LVR	**68%**			60%		
Past Due Assets Underwritten by Third Party Insurers	**18,977**			2,065		
Past Due Assets Not Reinsured	**6,091**			6,159		
Security Value of Past Due Assets Not Reinsured	**8,744**			10,550		
LVR	**70%**			58%		

Past Due Assets Not Impaired represent Loans and Advances to Customers where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

29. ASSET QUALITY (CONTINUED)

(c) Impaired Assets

At 31 March 2009, there were no restructured assets, real estate assets or other assets acquired through the enforcement of security (2008: $nil). The breakdown of the gross amount of other individually impaired loans and advances and individual impairment allowances is as follows:

GROUP ONLY	2009 Total $'000	2009 Property Finance $'000	2009 Consumer Finance $'000	2008 Total $'000	2008 Property Finance $'000	2008 Consumer Finance $'000
Total Gross Impaired Assets						
At 1 April 2008	**-**	**-**	**-**	-	-	-
Net additions	**17,215**	**16,901**	**314**	158	158	-
Deletions	**-**	**-**	**-**	-	-	-
Amounts written off	**(390)**	**(390)**	**-**	(158)	(158)	-
At 31 March 2009	**16,825**	**16,511**	**314**	-	-	-
Individual Allowance for Impairment	**(3,945)**	**(3,760)**	**(185)**	-	-	-
Total Net Impaired Assets	**12,880**	**12,751**	**129**	-	-	-

30. OPERATING LEASE COMMITMENTS

At 31 March 2009, the Group had operating lease commitments in respect of property, equipment and vehicles used by subsidiary companies and the joint venture investee. At 31 March 2009, total future minimum payments under non-cancellable operating leases were payable as follows:

GROUP ONLY	2009 Total $'000	2009 Property & Equipment $'000	2009 Motor Vehicles $'000	2008 Total $'000	2008 Property & Equipment $'000	2008 Motor Vehicles $'000
Less than one year	**264**	**208**	**56**	596	544	52
Between one and five years	**285**	**240**	**45**	247	220	27
	549	**448**	**101**	843	764	79

There are no onerous terms concerning renewal of the above leases and the Group does not sublet any of the leased assets.

31. CAPITAL COMMITMENTS

On 26 June 2008, NZF Money Limited, a subsidiary of the Group, entered into a Software Licence and Maintenance Agreement with Ultradata Australia Pty Limited for the procurement of a new IT operating platform. Under the terms of the agreement, the Licence Fee commitment amounts to $400,000, which is payable in various stages up to and including the Go Live date, with annual Maintenance Fees then payable, representing 20% of the Licence Fee amount. Total implementation costs are estimated to be in the region of $1,500,000; $670,000 of which had been incurred as at 31 March 2009. There were no other material capital commitments at 31 March 2009 (2008: $nil).

32. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at 31 March 2009 (2008: $nil).

33. RELATED PARTY TRANSACTIONS

GROUP

Entity	Relationship	Interest Received/(Paid) 2009 $'000	Interest Received/(Paid) 2008 $'000	Asset/(Liability) at 31 March 2009 $'000	Asset/(Liability) at 31 March 2008 $'000
Related Party Loans					
MPMH Limited	Joint Venture	**-**	-	**199**	199
Secured Debenture Stock					
Pat Redpath O'Connor	Non-Executive Director	**(71)**	-	**(1,800)**	-

COMPANY

Entity	Relationship	Interest Received/(Paid) 2009 $'000	Interest Received/(Paid) 2008 $'000	Asset/(Liability) at 31 March 2009 $'000	Asset/(Liability) at 31 March 2008 $'000
Call Account Deposit					
NZF Money Limited	Subsidiary	**-**	-	**4,420**	-
Secured Subordinated Notes					
NZF Mortgages Warehouse A Trust	Controlled Trust	**139**	150	**2,000**	2,000
NZF Mortgages Warehouse B Trust	Controlled Trust	**348**	376	**-**	5,000
		487	526	**2,000**	7,000
Related Party Loans					
NZF Money Limited	Subsidiary	**-**	-	**-**	43
NZF Homeloans Limited	Subsidiary	**-**	-	**-**	251
NZF Mortgages Warehouse A Trust	Controlled Trust	**56**	65	**(370)**	342
NZF Mortgages Warehouse B Trust	Controlled Trust	**38**	22	**-**	-
New Zealand Mortgage Finance Limited	Subsidiary	**-**	-	**974**	1,012
Finance Direct Limited	Subsidiary	**-**	12	**-**	-
		94	99	**604**	1,648
MPMH Limited	Joint Venture	**-**	-	**398**	398

In addition to the above, NZF Group Limited and Mike Pero Mortgages Limited distribute the Huljich KiwiSaver Scheme using the NZF SuperKiwi and Mike Pero Saver brands. Huljich Wealth Management (New Zealand) Limited is the Funds Management provider and pays upfront and trail commission to NZF Group Limited and Mike Pero Mortgages Limited, of which $99,000 (2008: $nil) and $19,000 (2008: $nil) was respectively received during the year ended 31 March 2009. Peter Karl Christopher Huljich, a Non-Executive Director of the Company, is a Director and beneficial shareholder in Huljich Wealth Management (New Zealand) Limited.

None of the balances, except for the Secured Debenture Stock and the Secured Subordinated Notes, are secured and no amounts owed by related parties have been written off or forgiven during the year (2008: $nil).

34. SUBSEQUENT EVENTS

On 21 April 2009, Westpac Banking Corporation agreed to increase the Warehouse Facility made available to NZF Mortgages Warehouse A Trust from $200,000,000 to $225,000,000 and to extend the maturity date of the facility to 18 October 2010.

The Directors are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with within this report or financial statements, that have significantly or may significantly affect the consolidated operations of NZF Group Limited.

company directory:

As at 31 March 2009

Independent Directors
Richard Alan Waddel (Chairman), BCom FCA (NZ), AF InstD
301 Kingsridge, 424 Remuera Road, Remuera, Auckland

Jeffrey Albert Barkwill FCA (NZ), DipCM
23 Vista Crescent, Glendowie, Auckland

Non-Executive Directors
Peter Karl Christopher Huljich BCom, Dip. NZX, SA Fin.
8 Karori Crescent, Orakei, Auckland

Pat Redpath O'Connor
9 Joseph Banks Terrace, Newmarket, Auckland

Executive Directors
John Alan Callaghan (Managing Director) BBS
23 Milton Road, Mt Eden, Auckland

Mark Hume Thornton
80 Kelmarna Avenue, Ponsonby, Auckland

Company Secretary
Malcolm Lindeque CA, BCom CA (SA)
6 George Deane Place, Albany, Auckland

Registered Office
88 Broadway, Newmarket, Auckland
Tel: 0800 379 9090

Executive Team
Chief Operating Officer
Adrienne Smith Dip Bus; Dip Mgt

Chief Financial Officer
Malcolm Lindeque CA, BCom CA (SA)

General Manager Lending
Tony Milicich

General Manager Investments and Insurance
David Shatford Dip P Fin (Waikato)

Company Number
1474151

Incorporated
22 January 2004

Shares Issued
76,666,668 Ordinary

Solicitors
Alexander Dorrington Lawyers
Level 8, Forsyth Barr Tower, 55 - 65 Shortland Street, Auckland

Jones Young
Level 14, ASB Bank Centre, 135 Albert Street, Auckland

Mayne Wetherell
Level 23, IAG House, 151 Queen Street, Auckland

Auditor
Grant Thornton
152 Fanshawe Street, Auckland

Share Registrar
Link Market Services Limited
138 Tancred Street, PO Box 384, Ashburton
Tel: 03 308 8887

Bankers
ASB Bank Limited
Level 21, ASB Bank Centre, 135 Albert Street, Auckland

Commonwealth Bank of Australia
Level 21, ASB Bank Centre, 135 Albert Street, Auckland

Westpac Banking Corporation
Level 15, PWC Tower, 188 Quay Street, Auckland

We are now in a period where financial, monetary and regulatory policymakers around the world are fully occupied in understanding the mess, and in making the transition back to more normal economic conditions as orderly as possible. At the same time, underlying the cyclical volatility and noise are no longer-run structural shifts and trends that policy needs to allow to come through.

Source: RBNZ | Alan Bollard and Tim Ng | Coping with global financial and economic stresses | An address to the Canterbury Employers' Chamber of Commerce | 30 January 2009

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