

Media Release

Monday March 12, 2007

## **Astute investors and borrowers boost Strategic Finance interim profit**

Strategic Finance has today announced a record interim net profit after tax of \$13.1 million for the six months to 31 December 2006 – an increase from the \$12.3 million reported for the previous interim period\*. Its record of no bad debts remained intact.

Strategic Finance says the record interim profit is due to the combination of two factors: a healthy and stable economy making more money available for investment; and investors seeking and supporting better quality investment options.

Chief executive Kerry Finnigan said Strategic Finance was receiving more inquiries for investing and borrowing than ever before – a sign that there is still plenty of confidence in the New Zealand economy.

He said that Strategic's growth was achieved as a result of investors and borrowers being more discerning in their choice of finance company.

"The healthy economy means there's a lot of money about, although investors are increasingly wary about who they are dealing with.

Our profit level is due to the growth in the loan book. We attribute this to Strategic Finance growing its market share, rather than there being an increase in the overall market, and our ability to continue to attract investor support." he said.

"Nobody is blind to the upheavals in the finance sector over the past year. For us however, this profit confirms there are still plenty of investors wanting to place their money with reputable firms, those that have invested significantly in creating strong policies and procedures, have good corporate governance, a culture of compliance and, above all, inform their investors on a regular and transparent basis about the company they are investing in," Mr Finnigan said.

Strategic Finance prides itself on its operation and standards – which we believe are in line with planned Ministry of Economic Development changes for the sector.

"On the lending side, these interim results show there continues to be strong demand for capital in this economy. People are finding that strong and established finance companies can be much more responsive and adaptable than banks," Mr Finnigan said.

The company's loan book increased to \$493.4 million from the previous interim period's \$332.8 million.

"Strategic Finance is on track for continued growth. The size of our loan book sets the scene for a strong second half. We are experiencing increased demand to enter into

partnerships on quality brands and proposals for sustainable long-term projects” Mr Finnigan said.

The geographic mix of the company’s loan book has changed from the previous interim period – with a large increase in loans to provincial New Zealand.

Mr Finnigan said 'provincial' covered the whole country and was showing more opportunity than the main centres.

“Lending activity in regional parts of New Zealand is considerably stronger than in the main centres. We are also seeing strong growth in the buoyant tourism sector where the company has involvement in several hotel and resort developments,” he said.

An increase in loans to Australia reflects the effort Strategic Finance has made in expanding its Sydney office. This is expected to grow in the second financial half, as are loans in Christchurch, where Strategic Finance opened an office this year.

Strategic Finance’s equity stood at \$68.6 million at December 31, up from \$58.7 million a year earlier. Some of this is due to be paid out to shareholders in a special dividend utilising imputation credits before the change of ownership of Strategic Investment Group Limited to Allco HIT Limited, a diversified finance company listed on the Australian Stock Exchange (ASX: AHI) and managed by Australia's Allco Finance Group.\*\*

“Involvement with the Allco Group brings with it exciting opportunities for us to explore new areas of business both here and overseas. We look forward to seeing a further positive contribution in our full year results and expect our Australian activity to grow substantially,” Mr Finnigan said.

	December 31, 2006 \$m	December 31, 2005 \$m
Net profit after tax	\$13.1	\$12.3
Equity	\$68.6	\$58.7
Total loans	\$493.4	\$332.8
Amounts written off	0	0

<b>Loans by location:</b>	<b>31 Dec 2006</b>	<b>31 Dec 2005</b>
Auckland	187,537,891	144,919,113
Christchurch	8,866,501	12,789,789
Provincial	192,273,724	115,766,623
Wellington	19,100,458	9,736,388
New Zealand	407,778,574	283,211,913
Overseas	88,597,004	59,196,676
<b>Total</b>	<b>\$496,375,588</b>	<b>\$342,408,589</b>

<b>Loans by sector:</b>	<b>31 Dec 2006</b>	<b>31 Dec 2005</b>
<b>Property:Residential</b>	326,698,993	245,245,534
Commercial	80,436,925	74,503,391
Industrial	6,462,390	15,167,215
Tourism	80,142,994	0
Other	182,269	193,938
<b>Non-property:</b>	2,452,017	7,298,511
<b>Total</b>	<b>\$496,375,588</b>	<b>\$342,408,589</b>

\*previous interim period 1 July – 31 December 2005

\*\* No person, including Allco HIT Limited, guarantees any of the securities offered by Strategic Finance Limited.

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