

22 April 2008

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Head of Market Supervision
New Zealand Exchange Limited
Level 2, NZX Centre, 11 Cable Street
Wellington
New Zealand

Finance companies - Continuous disclosure inquiry

We refer to your further letter of 18 April 2008 in which you seek certain information from LOM in relation to the financial position of its finance company subsidiary, Lombard Finance & Investments Limited (LFIL). This inquiry reflected the same inquiries made of other listed finance companies.

LOM queries whether the information that you seek is in fact Material Information in the context of a subsidiary whose principal business is that of a finance company, where shareholders in the listed company are not directly exposed to the assets and liabilities of the finance company's business. We believe that shareholders are interested in the sustainable cash flows from the business, as that is a key indicator of the value of the subsidiary as an investment. Other indicia of value would also be relevant (such as shareholders' equity). While much of the information you refer to has an impact on the assessment of value, we believe it should be provided in a context that relates to the perspective of shareholders in the listed company and not that of investors in the separate finance company (which has its own disclosure obligations to investors under the Securities Act). We suspect this is an issue that other companies may pursue with NZX as they strive to obtain a consistent basis for disclosure across listed companies in the finance sector.

This said, following the appointment of receivers to LFIL, the position for LOM is now moot. LOM has announced that it does not propose to attribute any value to its shareholding in LFIL (pending the outcome of the receivership). During the receivership, LOM will not have access to the information you refer to. The receivers will file reports on the progress of the receivership which may or may not contain that or like information but LOM has no control over that.

Therefore, while LOM would have had no issue with following whatever position that was established as an industry standard, at this time it believes it has announced all it can in respect of the ongoing position of LFIL. Further announcements will be made if any additional information is received.
Yours faithfully

Michael Reeves
Chief Executive Officer