

LOMBARD[®]

Group Limited

Lombard Group Limited (LOM) - 2008 Annual Report

We attach herewith a copy of the LOM annual report for the year ended 31 March 2008 in accordance with NZSX Listing Rule 10.5.1.

The annual report is also available on the LOM website at <http://www.lombardgroup.co.nz/RecentAnnouncements.cfm>

The financial performance for the year in review has been dramatically affected by the receivership of the Group's significant subsidiary, Lombard Finance & Investments Limited, which occurred on 10 April 2008. While the audited Group result is a loss of \$3.26 million, the Board recognizes that does not reflect the full impact of the receivership.

The financial statements have been prepared from the information that the Group held as at the date of the receivership of Lombard Finance & Investments Limited and its subsidiaries (in the form of incomplete draft management accounts as at 31 March 2008).

Given the Trustee's appointment of receivers on 10 April 2008, the Directors believe it is appropriate to fully impair the balance sheet of Lombard Finance & Investments Limited and its subsidiaries. However, strictly in compliance with IFRS the receivership occurred after the 31 March balance date and its full impact should be recorded in the Group financial statements for the 2008/2009 financial year.

Accordingly, as reflected in the preliminary release made to NZX on 30 May 2008 the Board has sought to show the state of the Group post the receivership of Lombard Finance & Investments Limited by including in the financial statement an additional set of information which has been prepared on a pro-forma and unaudited basis.

This unaudited consolidated pro-forma after-tax result for the year is a loss of \$21.0 million. This includes \$20.2 million impairment loss resulting from the write down of Lombard Group Limited's \$42 million investment (including debentures) in Lombard Finance & Investments Limited, and \$5.7 million impairment of goodwill. Shareholders' equity has reduced to \$1.9 million.

The Company will separately release a table showing the differences between its preliminary announcement (which showed a loss of \$21.7 million) and its revised pro-forma (loss of \$21.0 million) and audited (loss of \$3.26 million) results.

Michael Reeves
Chief Executive Officer

7 July 2008