mtf finance

Half Year Report

To 31 March 2022

Helping New Zealanders to do more

Highlights

NEW LOANS $M	PROFIT AFTER TAX $M	TOTAL ASSETS $M
297	4.3	798.9

	6 mths to 31/3/2022 $m (Unaudited)	6 mths to 31/3/2021 $m (Unaudited)	12 mths to 30/9/2021 $m (Audited)
Operating result			
New loans	296.6	281.9	546.9
Profit after tax	4.3	4.4	8.0
Underlying profit after tax [1]	2.9	4.0	7.5
Total assets	798.9	777.8	761.5
Total paid to originators	34.7	36.1	68.7
Performance indicators			
Net interest income/average finance receivables (annualised)	3.2%	2.9%	2.9%
Expense/average total assets (annualised) [2]	3.2%	2.6%	2.7%
Impaired asset expense/average finance receivables (annualised)	0.03%	0.02%	0.02%
Credit risk allowance/average finance receivables	0.60%	0.79%	0.65%
Capital percentage	12.1%	12.8%	12.3%
Shareholder value (per ordinary share)			
Adjusted net asset backing [3]	$2.97	$2.64	$2.82
Underlying profit after tax [4]	$0.11	$0.16	$0.32
Dividend for the period (net)	$0.04	$0.04	$0.098

	$000 (Unaudited)	$000 (Unaudited)	$000 (Audited)
Profit after tax	4,323	4,430	8,001
Adjustments:			
Finance receivables at fair value (note 2)	9,960	5,157	12,383
Interest rate swap derivatives at fair value (note 2)	(11,982)	(5,776)	(13,148)
Total adjustments before tax	(2,022)	(619)	(765)
Tax on adjustments	566	173	214
Underlying profit after tax	$2,867	$3,984	$7,450

[1] Underlying profit removes the volatility of unrealised fair value movements and adjustment to credit risk assessment, to provide a more consistent measure of company performance.

[2] Expense excludes bad debt

[3] Adjusted net assets comprises net assets less perpetual preference shares

[4] Excludes dividends paid to perpetual preference shareholders

Overview

The first half of the 2022 financial year has been promising, as New Zealand learns to live with COVID-19 and adapt its strategy to the pandemic from one of elimination, to minimisation and protection. Our business is no different with COVID-19 now forming part of our business as usual approach.

The disruption caused by lockdowns creating sales volatility is not currently a threat, although further strains are possible that may unpredictably impact business, and the current economic climate with cost escalations and logistical delays, is creating pressures on the business.

New loans for the period of $297m is the second best in our history. This growth in sales is pleasing as it comes at a time when credit demand is contracting. Our market share has seen positive gains in the first half of the year since the CCCFA came into force, as other finance companies have struggled to a greater degree to implement timely compliance changes.

Having the decision maker in front of the customer continues to be a competitive advantage. Our turnaround times have not been as significantly impacted as other providers.

We continue to focus our efforts progressing the execution of the strategic direction of the company communicated last year. This involved the development, piloting and roll out of both unsecured and non-recourse lending products. While non-recourse is still in its pilot phase, the unsecured product has been performing well, supporting our franchise network and we believe this product will drive significant growth in coming years.

During a changing credit environment, MTF Finance has focussed on customer quality, and while this has resulted in a small dip in customer numbers, we are confident this is the right approach in the current market. As an indicator our average credit score has increased to 660, up from 630 two years ago.

Aligned to this focus, our arrears continue to improve, despite the numerous slowdowns and economic impacts of COVID-19.

Overall, the company is in a very good position from a performance, capital and funding position to weather any forecast economic downturn and to continue to push forward with our product and technology initiatives.

Financial performance

The first half of the year saw the pilot and/or launch of new products with the aim of providing Franchises with additional unsecured product and rejuvenating the declining dealer market. Coupled with the start of core technology investment and the build of a new personal loan product, operational spend has increased as signalled. This has impacted the profit after tax, slightly decreasing by 2.5%, to $4.3m from the same period last year. This short-term impact was planned for as part of the longer-term transformation of the business commenced by the Board last year.

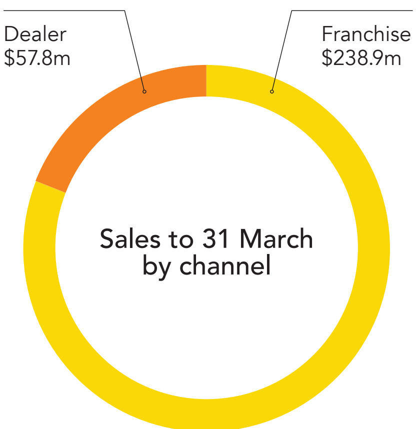
Underlying profit after tax, which removes the volatility of unrealised fair value movements, and provides a more consistent measure of company performance, decreased by 28.0% to $2.87m (31 March 2021: $3.98m, 30 September 2021: $7.45m). As mentioned this drop is in line with expectations and earlier signalling to shareholders as MTF Finance continues to reinvest to deliver on our strategic intent. We will continue to invest in our brand, product development and the addressing of legacy technology systems in the medium term, ensuring the company is well set up for the future to deliver on growth targets to ultimately provide increased and sustained returns to our shareholders.

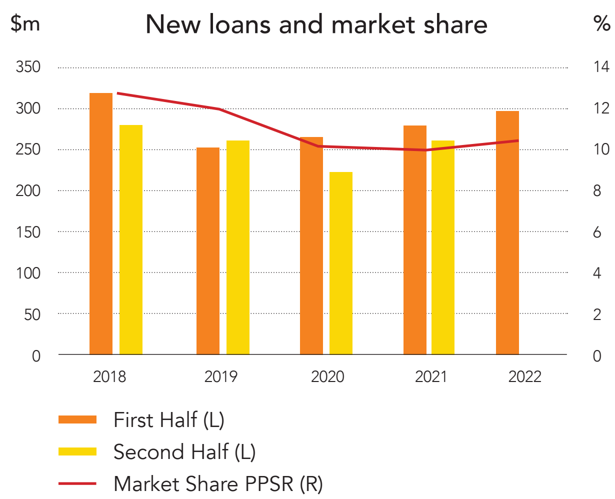
Net interest income, as a percentage of average finance receivables increased to 3.2% (31 March 2021: 2.9%, 30 September 2021: 2.9%), reflecting a strong performance within difficult market conditions.

Total amounts paid to shareholder originators, including commission, fees and payment waiver, decreased 3.9% to $34.7m. Commission paid to shareholder originators has decreased 1.1% to $22.2m, for the reasons mentioned earlier.

$297m in sales for the period (an increase of 5.2% from $282m in March 2021)

Expense has increased 25.2% primarily due to the factors mentioned earlier aligning to the business's strategy and reinvestment in itself for future growth. The year-on-year increase is inflated due to the business taking proactive measures to reduce business spend in prior periods to get through the initial shock COVID-19 sent through the economy, with pre-pandemic increase representing 12.7%. The pandemic did not strain our business in the manner originally provided for and timing is right for us to progress our strategic intent, while remaining cognisant of our shareholder originators need for cashflow certainty.



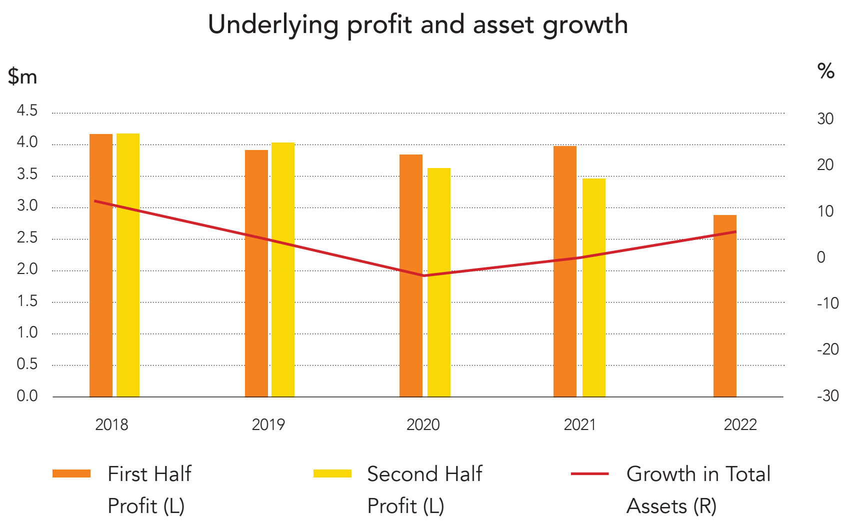


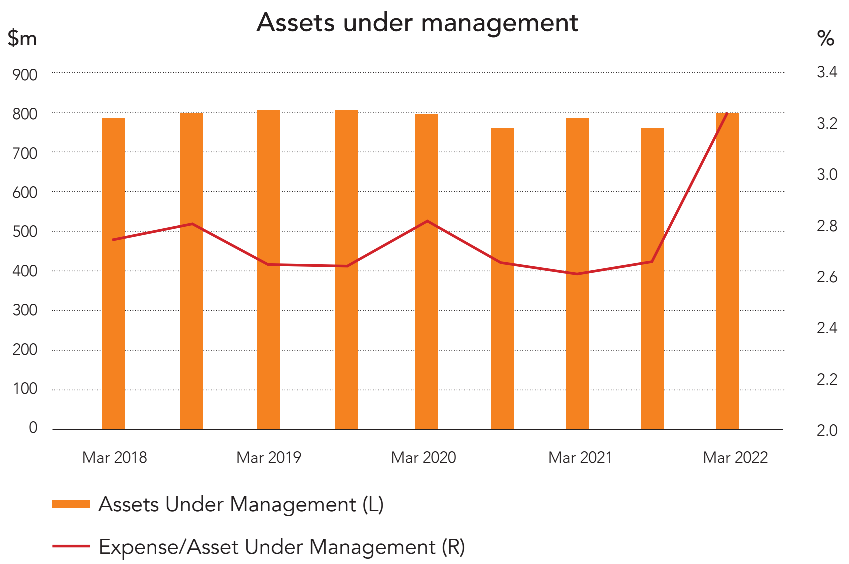
Financial position and liquidity

The company's balance sheet ratio of 12.1% continues to demonstrate a healthy position to support growth opportunities, business reinvestment and economic pressures.

Finance receivables of $695.7m are at a record high, on the back of increased sales and a rebound from initial COVID-19 shocks and lost business due to lockdowns.

Funding facilities continue to have sufficient capacity to support both current and future growth, with $130.7m undrawn at 31 March.





Our strategic focus

Late last year we launched unsecured personal lending for our franchise channel, which is performing well after running a careful pilot program before network wide launch. We are also continuing to pilot a non-recourse product for the dealer channel as part of winning back automotive dealer market share. Work is also progressing with two other industry groups about providing innovative new products that are at concept phase, and a large focus area for our business as we look to give originating shareholders and their customers the products they desire in a competitive market.

The Board have looked closely at several potential acquisitions, and while these did not proceed to completion, we continue to investigate opportunities that will allow us to fast track growth, particularly in the fintech space.

As mentioned last year, we have identified and commenced addressing technology debt critical to our ability to deliver on our digital innovation plan and improve the customer experience. This is a key focus of 2022 and beyond, as we reframe the platform for how we will deliver products to our shareholder originators and customers, including better digitisation and automation.

The expansion of the franchise ownership model is underway. This has several potential benefits including to current franchises, where they can expand beyond a single franchise, investigate joint ventures and seek investors among other opportunities.

Work continues to align interests of shareholders with those of originators through reductions of shareholders who are not active originators. Alignment will make decision making for the business much easier, including channel development and channel investment. Our desire is to continue to keep the positive co-operative dynamic of our business alive and well.

Our shareholders and originators

Return on ordinary equity, using underlying profit after tax, was 8.2%, down from 11.9% with the same period last year due to the factors outlined earlier.

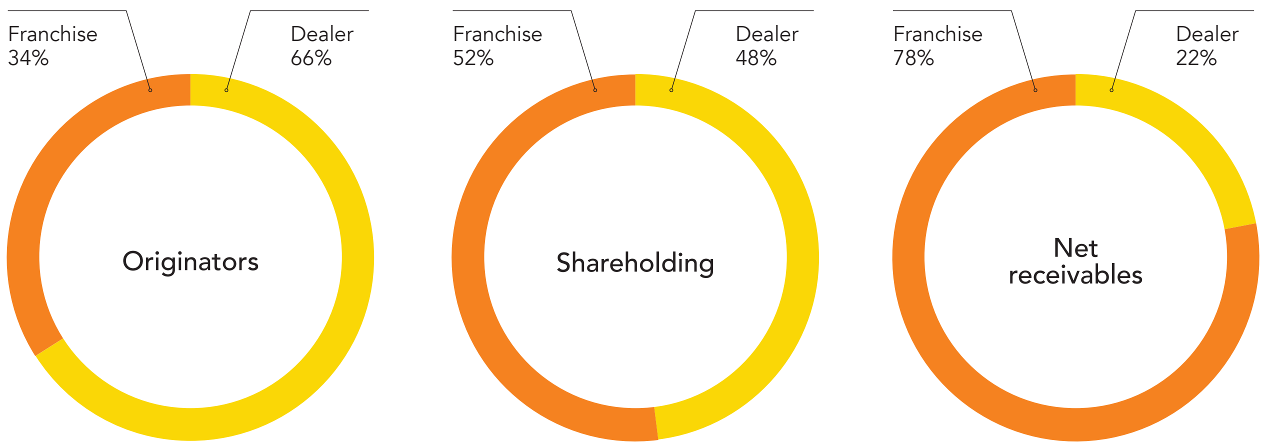
The total interim dividends for the year are 4.0 cents per share (31 March 2021: 4.0 cents). In May 2022 MTF Finance launched a Dividend Reinvestment Plan (DRP) for ordinary shareholders.

In 2021 MTF Finance initiated a buyback of shares from those who no longer participated in the origination of finance receivables with the Company. As a result of the buyback programme the Company now holds $1.2m ordinary shares as treasury stock and will utilise the DRP for ordinary shareholders to reissue this to shareholders. This is the next step in our strategy to align originator and shareholder interests, while also building our capital base to support bold growth targets.

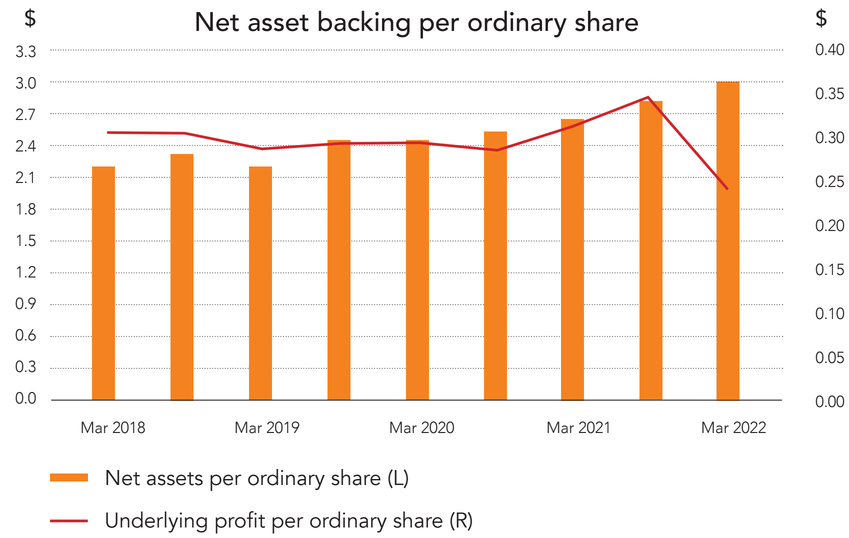
Eligible shareholders are offered the opportunity to reinvest declared dividends (in whole or part) on current shares into additional ordinary shares of MTF Finance.

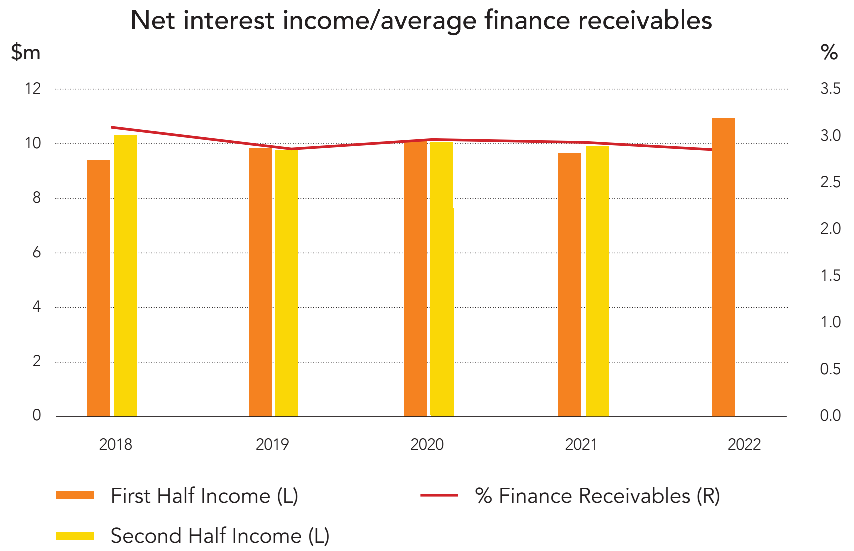
An offer document explaining how the plan operates and the terms and conditions of participation will be sent out to ordinary shareholders. Additional information can be found on our website https://www.mtf.co.nz/about/investors/.

Perpetual preference share dividends have continued totalling $0.5m (31 March 2021: $0.4m, 30 September 2021: $0.7m) for the period. The dividend rate is set annually at 2.40% over the one-year swap rate and was reset at 3.50% (2021: 2.52%) on 1 October 2021, for the twelve months to 30 September 2022.



Our shareholders and originators





Originators have received income from MTF Finance of $34.7m for the period, down from $36.1m in the same period last year. This reduction reflects the need to increase operational expense mentioned earlier. We understand the critical role MTF Finance plays with providing cashflow certainty to our originating shareholders. The reductions seen and planned in the short to medium term are necessary to address the legacy technology that prevents us from enhancing the customer experience that will ultimately lead to sustained growth providing larger returns to our originators.

Our originators have played a pivotal role in the recent CCCFA changes, not only with taking on the regulatory challenges but in maintaining a great customer experience that makes MTF Finance stand out from our competitors.

$34.7m PAID TO ORIGINATORS

(a decrease of 3.9% from $36.1m in March 2021)

Our people

The AGM was held on 24 March 2022. Incumbent Noel Johnston offered himself for re-election and was re-appointed as a shareholder director by majority vote. This will continue to provide continuity at the Board table.

As previously communicated, Glen Todd retired as Chief Executive Officer after 22 years with the Company, eight of them at the helm. Glen has led the Company through a very difficult period and has been a big part of the Company for over two decades. There is no doubt his technical expertise in the finance sector will be missed by MTF Finance. On behalf of the Board and the Company we convey our thanks and wish him all the best.

Earlier this year, long time CEO Angus Bradshaw passed away. Angus was at MTF Finance for nearly 17 years and is credited as being the architect for the modern MTF Finance business. Our thoughts continue to go to his family, friends, and local community that he was heavily involved with noting he holds a special place in MTF Finance's legacy.

Chris Lamers has been appointed as new CEO and commenced with the Company this month. Chris was the Deputy Group CEO and Chief Customer Growth Officer at hummgroup, a finance company that operates across Australia, New Zealand, the United Kingdom and Canada. He has extensive experience delivering a diversified and innovative range of financial consumer finance products. Chris has the leadership, skills and experience across a wide breadth of financial services that will greatly benefit MTF Finance as we further grow the business. His significant experience includes product innovation, brand development, customer engagement, channel development and data analytics.

We would also like to take this opportunity to welcome the many new faces who have recently joined our network. It has been an exciting time for the business to scale up and support our existing team with new recruits, offering fresh and diverse perspectives to challenge the status quo and complement the team to deliver on our growth strategy.

Outlook

The business has a lot to be proud of over the past two years, managing the adverse effects of the COVID-19 pandemic and rebounding with a strong performance creating a solid financial position to underpin and support desired growth targets.

We continue to strive to help more New Zealanders to do more and ultimately become their preferred finance company.

While the country and world learn to live with the virus in a "business as usual" manner, current and short-term economic and political conditions present significant challenges. Continued global supply chain disruption, the war in Ukraine and record low unemployment have fed high levels of inflation creating cost of living pressures on Kiwi households that could have an adverse impact on the financial performance of the Company this year.

The Reserve Bank's commitment to combat these factors by continued raises to the Official Cash Rate have seen sharp increases to wholesale interest rates and present significant cost pressure on our business, as these funding costs must be passed on.

Our shareholder originators and their customers can be assured that MTF Finance is here to help. We have learned a lot during the pandemic when arrears management and customer support was paramount. The team is here to support our whole network.

We have set some bold goals and the team have laid a great platform from which to achieve these. It is an exciting time for MTF Finance as we continue to push into new channels and look to generate improved returns for all our stakeholders, and ultimately become New Zealand's preferred finance company.

Mark Darrow
Board Chair

Financial Statements

HALF YEAR TO 31 MARCH 2022

Consolidated statement of comprehensive income

Six months ended 31 March 2022	Note	6 mths to 31/3/2022 $000 (Unaudited)	6 mths to 31/3/2021 $000 (Unaudited)	12 mths to 30/9/2021 $000 (Audited)
Gross interest income from finance receivables		40,895	41,535	82,566
Commission		(22,170)	(22,411)	(45,371)
Net interest income from finance receivables		**18,725**	**19,124**	**37,195**
Interest income from assets measured at amortised cost		413	89	331
Interest expense		(8,206)	(9,547)	(17,954)
Net interest income		**10,932**	**9,666**	**19,572**
Payment waiver		1,765	1,774	3,555
Fees		3,913	4,164	7,996
Net interest income and fees		**16,610**	**15,604**	**31,123**
Expense				
Employee		(5,456)	(4,059)	(8,716)
Communication and processing		(3,503)	(2,545)	(4,798)
Depreciation and amortisation		(746)	(834)	(1,599)
Administration		(2,716)	(2,503)	(5,258)
Bad debt		(110)	(67)	(127)
		(12,531)	(10,008)	(20,498)
Profit before net gain (loss) from financial instruments at fair value		**4,079**	**5,596**	**10,625**
Net gain (loss) from financial instruments at fair value	2	2,022	619	765
Profit before tax		**6,101**	**6,215**	**11,390**
Tax		(1,778)	(1,785)	(3,389)
Profit after tax		**4,323**	**4,430**	**8,001**
Other comprehensive income		-	-	-
Total comprehensive income		**$4,323**	**$4,430**	**$8,001**

The financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

Consolidated statement of changes in equity

Six months ended 31 March 2022

	Note	Ordinary shares $000	Retained earnings $000	Perpetual preference shares $000	Total equity $000
6 months ended 31 March 2022 (Unaudited)					
Balance at 1 October 2021		19,437	35,449	38,966	93,852
Total comprehensive income for the period:					
Profit after tax		-	4,323	-	4,323
Total comprehensive income for period		-	4,323	-	4,323
Transactions with shareholders:					
Ordinary share dividends		-	(938)	-	(938)
Perpetual preference share dividends			(504)	-	(504)
Shares cancelled on buyback		(20)	(26)	-	(46)
Total transactions with shareholders:		(20)	(1,468)	-	(1,488)
Balance at 31 March 2022		**$19,417**	**$38,304**	**$38,966**	**$96,687**
6 months ended 31 March 2021 (Unaudited)					
Balance at 1 October 2020		23,073	35,443	38,966	97,482
Total comprehensive income for the period:					
Profit after tax		-	4,430	-	4,430
Total comprehensive income for the period		-	4,430	-	4,430
Transactions with shareholders:					
Ordinary share dividends		-	(1,639)	-	(1,639)
Perpetual preference share dividends		-	(363)	-	(363)
Total transactions with shareholders:		-	(2,002)	-	(2,002)
Balance at 31 March 2021		**$23,073**	**$37,871**	**$38,966**	**$99,910**
Year ended 30 September 2021 (Audited)					
Balance at 1 October 2020		23,073	35,443	38,966	97,482
Total comprehensive income for the year:					
Profit after tax		-	8,001	-	8,001
Total comprehensive income for year		-	8,001	-	8,001
Transactions with shareholders:					
Ordinary share dividends		-	(2,532)	-	(2,532)
Perpetual preference share dividends		-	(726)	-	(726)
Shares cancelled on buyback		(2,482)	(3,226)	-	(5,708)
Shares held as treasury shares		(1,154)	(1,511)	-	(2,665)
Total transactions with shareholders:		(3,636)	(7,995)	-	(11,631)
Balance at 30 September 2021		**$19,437**	**$35,449**	**$38,966**	**$93,852**

The financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

Consolidated balance sheet

As at 31 March 2022	Note	31/3/2022 $000 (Unaudited)	31/3/2021 $000 (Unaudited)	30/9/2021 $000 (Audited)
Funds employed				
Ordinary shares		19,417	23,073	19,437
Retained earnings		38,304	37,871	35,449
Perpetual preference shares		38,966	38,966	38,966
Total shareholder equity		**96,687**	**99,910**	**93,852**
Liabilities				
Bank overdraft		-	-	367
Provision for taxation		-	-	-
Accounts payable and accrued expense		9,185	12,577	9,513
Unearned payment waiver administration fees		6,017	6,190	6,020
Committed cash advance	3	31,000	58,350	6,200
Securitisation funding	3	653,058	594,564	642,528
Deferred tax		-	10	-
Derivative financial instruments		-	3,059	-
Lease liability		2,935	3,165	3,052
Total liabilities		**$702,195**	**$677,915**	**667,680**
Total funds employed		**$798,882**	**$777,825**	**$761,532**
Employment of funds				
Cash at bank		79	67	-
Cash in restricted bank accounts		76,704	79,656	73,480
Tax receivable		1,860	4,328	2,534
Accounts receivable		1,958	1,687	2,399
Payment waiver indemnity prepayment		179	629	404
Finance receivables	4	695,707	686,218	672,478
Derivative financial instruments		16,295	-	4,313
Deferred tax		457	-	179
Property, plant and equipment		1,000	1,214	1,130
Right to use asset		2,717	3,022	2,869
Intangible assets		1,926	1,004	1,746
Total assets		**$798,882**	**$777,825**	**$761,532**

Mark Darrow
Board Chair

Melanie Templeton
Audit & Risk Committee Chair

19 May 2022

The financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

Consolidated statement of cash flow

Six months ended 31 March 2022	Note	6 mths to 31/3/2022 $000 (Unaudited)	6 mths to 31/3/2021 $000 (Unaudited)	12 mths to 30/9/2021 $000 (Audited)
Cash flow from operating activities				
Interest income		41,308	41,624	82,897
Fee income		3,912	4,158	7,988
Interest expense		(5,732)	(8,022)	(14,146)
Other funding and securitisation costs		(2,078)	(1,786)	(3,672)
Income tax paid		(1,381)	(2,701)	(2,701)
Commission		(22,175)	(21,559)	(47,601)
Payment waiver		1,684	2,006	3,600
Operating expense		(11,447)	(8,497)	(18,626)
Net cash flow from operating activities before changes in operating assets and liabilities		4,091	5,223	7,739
Changes in operating assets and liabilities				
Finance receivable instalments		263,332	259,779	531,269
Increase in committed cash advance – net		9,573	15,150	(37,000)
Increase (decrease) in securitised facilities – net		24,800	11,165	59,616
Finance receivable advances		(296,631)	(281,892)	(546,929)
		1,074	4,202	6,956
Net cash flow from operating activities	**5**	**5,165**	**9,425**	**14,695**
Cash flow from investing activities				
Sale of property, plant and equipment		3	10	84
Purchase of property, plant and equipment		(157)	(110)	(395)
Purchase of intangible assets		(489)	(264)	(1,324)
Net cash flow from investing activities		**(643)**	**(364)**	**(1,635)**
Cash flow from financing activities				
Share buybacks		(46)	-	(8,373)
Proceeds from unpaid shares		-	1	21
Lease payments		(117)	(108)	(221)
Trust establishment costs		753	-	(672)
Dividend to perpetual preference shareholders		(504)	(363)	(726)
Dividend to ordinary shareholders		(938)	(1,639)	(2,532)
Net cash flow from financing activities		**(852)**	**(2,109)**	**(12,503)**
Net increase (decrease) in cash		3,670	6,952	557
Cash on hand at beginning of period		73,113	72,771	72,556
Cash on hand at end of period		**$76,783**	**$79,723**	**$73,113**
Represented by:				
Cash at bank (overdraft)		79	67	(367)
Cash in restricted bank accounts		76,704	79,656	73,480
		$76,783	**$79,723**	**$73,113**

The financial statements should be read in conjunction with the accounting policies and notes on the accompanying pages.

Notes to consolidated financial statements

Note 1: Basis of reporting

Reporting entity

The unaudited consolidated interim financial statements presented are those of Motor Trade Finance Limited (MTF Finance) and its subsidiaries (the Group). MTF Finance is the ultimate Parent of the Group.

MTF Finance is a profit-oriented entity, domiciled in New Zealand and registered under the Companies Act 1993. MTF Finance is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the consolidated interim financial statements comply with this Act.

The registered office of MTF Finance is Level 1, 98 Great King Street, Dunedin.

The principal activity of the Group consists of accepting finance receivables entered into by transacting shareholders.

The consolidated interim financial statements were approved by the Board of Directors on 19 May 2022.

Basis of preparation

The consolidated interim financial statements are prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP), they comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities. The consolidated interim financial statements also comply with International Financial Reporting Standards.

The Group is a tier 1 for-profit entity in terms of the External Reporting Board Standard A1: Application of the Accounting Standards Framework.

COVID-19 and going concern

Whilst New Zealand has moved from an elimination to minimisation and protection strategy with respect to the COVID-19 pandemic, it does still present an element of uncertainty in both the New Zealand and world-wide economies with the threat of new variants and Government actions that could always include periods of regional or total lockdown. This would ultimately lead to rapid declines in sales volume. With this comes estimation uncertainty in the interim financial statements. While pervasive across the interim financial statements, the uncertainty is predominantly related to the credit risk adjustment to the fair value of finance receivables.

Early in the COVID-19 pandemic, management took proactive measures to increase provisioning (by way of credit risk adjustment to the fair value of finance receivables) as a response to forecasted deterioration to credit risk based on the group's credit exposure. Some of this provisioning has released during the period (and last year) to reflect the current operating environment recognising the impact of the pandemic on the business was not as severe as originally anticipated.

The current provisioning level is management's best estimate as the economic impact of the pandemic is still current and the prolonged effect on the New Zealand and global economies does remain uncertain.

Statement of compliance

The consolidated interim financial statements should be read in conjunction with the Annual Report for the year ended 30 September 2021.

The accounting policies and computation methods used in the preparation of the consolidated interim financial statements are consistent with those used as at 30 September 2021 and 31 March 2021.

These consolidated interim financial statements have not been audited. The consolidated interim financial statements comply with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting.

Note 2:
Net gain (loss) from financial instruments at fair value

	31/3/2022 $000 (Unaudited)	31/3/2021 $000 (Unaudited)	30/9/2021 $000 (Audited)
Net gain (loss) arising on financial instruments mandatorily measured at FVTPL:			
Finance receivables	(9,960)	(5,157)	(12,383)
Interest rate swap derivatives	11,982	5,776	13,148
	$2,022	**$619**	**$765**

Net gain (loss) on financial instruments at FVTPL for finance receivables comprises the remaining net change in fair value of the finance receivables at FVTPL including changes in market and credit risks.

Assessment of credit impairment on financial instruments at FVTPL is included in the net gain (loss) from financial instruments at fair value and forms part of the finance receivables fair value assessment.

Note 3:
Funding (secured)

31 March 2022 (Unaudited)	Facility expiry date	Limit $000	Undrawn $000	Drawn $000	Unamortised fees and expense $000	Carrying amount $000
Committed cash advance facility	16/12/2023	90,000	59,000	31,000	-	31,000
Securitisation:						
Senior Warehouse notes	15/03/2023	250,000	50,581	199,419	-	199,419
Senior Rambler notes	15/08/2027	131,757	-	131,757	(67)	131,690
Senior Pantera notes	15/06/2029	278,500	-	278,500	(482)	278,018
MUFG loan	15/11/2022	65,000	21,068	43,932	-	43,932
Total securitisation		725,257	71,649	653,608	(549)	653,059
Total		**$815,257**	**$130,649**	**$684,608**	**($549)**	**$684,059**

Note 3:
Funding (secured) cont...

31 March 2021 (Unaudited)	Facility expiry date	Limit	Undrawn	Drawn	Unamortised fees and expense	Carrying amount
		$000	$000	$000	$000	$000
Committed cash advance facility	30/06/2022	80,000	21,650	58,530	-	58,350
Securitisation:						
Senior Warehouse notes	15/03/2023	305,000	58,998	246,002	-	246,002
Senior Sierra notes	15/09/2025	37,928	-	37,928	(5)	37,923
Senior Rambler notes	15/08/2027	275,200	-	275,200	(262)	274,938
MUFG loan	17/01/2022	50,000	14,298	35,702	-	35,702
Total securitisation		668,128	73,296	594,832	(268)	594,564
Total		**$748,128**	**$94,946**	**$653,182**	**($268)**	**$652,914**

30 September 2021 (Audited)	Facility expiry date	Limit	Undrawn	Drawn	Unamortised fees and expense	Carrying amount
		$000	$000	$000	$000	$000
Committed cash advance facility	30/06/2022	80,000	73,800	6,200	-	6,200
Securitisation:						
Senior Warehouse notes	15/03/2023	150,000	56,553	93,447	-	93,447
Senior Rambler notes	15/08/2027	230,717	-	230,717	(145)	230,572
Senior Pantera notes	15/06/2029	278,500	-	278,500	(609)	277,891
MUFG loan	17/01/2022	50,000	9,382	40,618	-	40,618
Total securitisation		709,217	65,935	643,282	(754)	642,528
Total		**$789,217**	**$139,735**	**$649,482**	**($754)**	**$648,728**

Note 4:
Asset quality disclosures

	31/3/2022 $000 (Unaudited)	31/3/2021 $000 (Unaudited)	30/9/2021 $000 (Audited)
Asset quality – finance receivables			
Current	692,409	653,122	662,439
1-30 days past due	21,049	30,347	16,429
31-90 days past due	2,311	5,410	3,149
More than 90 days past due	1,805	1,908	1,840
Managed transacting shareholders	80	192	608
	$717,654	**$690,979**	**$684,465**
Adjustments			
Fair value adjustment	(17,828)	614	(7,544)
Credit risk adjustment	(4,119)	(5,375)	(4,443)
Total carrying amount	**$695,707**	**$686,218**	**$672,478**

Note 5:
Statement of cash flow

	31/3/2022 $000 (Unaudited)	31/3/2021 $000 (Unaudited)	30/9/2021 $000 (Audited)
Reconciliation of profit after tax to net cash flow from operating activities			
Profit after tax	4,323	4,430	8,001
Depreciation and amortisation	746	834	1,599
	5,069	**5,264**	**9,600**
Movement in other items			
(Increase) decrease in accounts receivable	369	(341)	(838)
(Increase) decrease in payment waiver indemnity prepayment	225	225	449
(Increase) decrease in finance receivables	(23,229)	(16,890)	(3,151)
Increase (decrease) in committed cash advance	24,800	15,150	(37,000)
(Increase) decrease in deferred tax	(278)	3,810	3,621
Increase (decrease) in provision for tax	674	(4,726)	(2,932)
Increase (decrease) in accounts payable and accrued expense	(257)	1,182	(1,879)
Increase (decrease) in unearned payment waiver fees	(3)	215	45
Increase (decrease) in securitised funding	10,530	11,314	59,278
(Increase) decrease in derivative financial assets	(11,982)	-	(4,313)
Increase (decrease) in derivative financial liabilities	-	(5,777)	(8,836)
	849	**4,162**	**4,444**
Movement in working capital items classified as investing or financing activities	(753)	(1)	651
Net cash surplus from operating activities	**$5,165**	**$9,425**	**$14,695**

Note 6:
Events after balance date

Dividend

On 8 April 2022, the directors declared an interim dividend on paid-up ordinary shares of 2.00 cents per share, amounting to $388,000 (fully imputed), for the period 1 January 2022 to 31 March 2022. The dividend was paid on 2 May 2022.

Directory

Directors

Mark Darrow (Chair)
Noel Johnston
Geoffrey Kenny
Stuart Myles
Melanie Templeton
Grant Woolford

Management

Chris Lamers (Chief Executive Officer)
Kyle Cameron (Chief Financial Officer)
Brent Dunshea (National Franchise Manager)
Ron Frater (National Dealer Manager)
Angus Geary (Marketing & Communications Manager)
Yoel George (Credit Manager)
Hayley Guest (Legal, Risk & Compliance Manager)
Jane Stumbles (People & Culture Manager)

Perpetual preference share registrar

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Ordinary share registrar

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Trustee for securitisation programme

Trustees Executors Limited

Bankers

Bank of New Zealand
Commonwealth Bank of Australia
Mitsubishi UFJ Financial Group (MUFG)
Westpac New Zealand

Solicitors

Bell Gully
Gallaway Cook Allan

Auditor

Deloitte Limited

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