

20 August 2008

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### **Allco HIT Limited (ASX: AHI) – Business Update**

In preparing the financial statements for the year ended 30 June 2008 for AHI and its subsidiaries, the Directors and Management of AHI have placed particular emphasis on reviewing Strategic Finance Limited ("SFL"). Specifically, our focus has been on the likely adverse impact on SFL's business of extremely difficult funding and property development markets; and generally, by operating conditions in New Zealand.

In order to assess appropriately the likely impact of these factors upon assets within SFL's loan book, SFL engaged external consultants KordaMentha to undertake a review of these assets. SFL's auditor, KPMG has also been reviewing the provisioning levels of SFL's portfolio for adequacy. This review has resulted in proposed substantial write offs, impairments and provisions in SFL's accounts as at 30 June 2008, the extent of which are detailed in the attached statement from SFL.

As previously advised in AHI's Business Update released on 25 June 2008, the Directors and Management of AHI expected that the write down of goodwill balances and individual asset impairments would give rise to a significant loss for AHI for the year ended 30 June 2008. Within the context of SFL's results, this remains the view of the Directors.

A review of AHI's other operating subsidiaries and assets is being completed. This review, and the impact of SFL's results on AHI, will be advised to the market upon the announcement of AHI's FY08 Financial Results.

Please note that the date for the AHI results announcement has changed from 28 August 2008 to 29 August 2008.

Yours sincerely,



Tom Lennox  
**Company Secretary**  
**Allco HIT Limited**

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# **ASX RELEASE**

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**For further information, contact:**

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# STRATEGIC

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FINANCE LIMITED

Forecast: Strategic Finance Trading Update

Strategic Finance Limited (SFL) is in the course of completing its financial statements for the financial year ended 30 June 2008.

To assist with that process and in view of the increasingly difficult market conditions in the property sector generally, KordaMentha has undertaken a review of the company's loan book as at 30 June 2008. KPMG, as the company's auditor, has also been reviewing the level of provisioning made by the company in respect of its loan portfolio.

SFL, along with all participants in the property finance sector, has been affected by loan defaults and there are likely to be further loan defaults due to the continuing slowdown in the New Zealand economy and in particular the property development sector. As a result, the board of SFL expects to make significantly higher levels of impairment and provisioning in SFL's financial statements for the year ended 30 June 2008 in comparison to the previous financial year.

These additional provisions, bad debt write offs and one off adjustments are expected to result in a net operating loss for the year ended 30 June 2008 in the vicinity of \$15.5 million. The final amount will be known once KPMG has completed its audit work.

This is a disappointing result but it is considered appropriate in the current economic environment to adopt a conservative view on the realisation and underlying security value of SFL's loan book and further increase the company's collective provision to reflect the inherent uncertainties that currently exist. This collective provision is not allocated to any specific loan exposure.

After making allowance for these bad debts and provisions, Total Shareholders Funds as at 30 June 2008 are expected to be reported in the vicinity of \$73 million.

SFL expects to release full details of its audited results for the financial year ended 30 June 2008 on 29 August 2008

As required monthly by the NZX for the finance sector, SFL confirms it continues to comply with its continuous disclosure obligations under Listing Rule 10.1.

For further information contact:

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