annual report 2009

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financial highlights

	2009 $m	2008 $m
new loans	288.0	442.6
total income	93.2	98.4
profit after taxation	8.8	3.7
total assets	536.4	623.9
net loans under administration	493.0	585.4
capital	63.5	43.3
net interest income/average loans under administration	6.6%	6.5%
expense/average total assets	1.7%	1.8%
impaired asset expense/average loans under administration	1.1%	0.1%
capital percentage	11.8%	6.9%
return on average equity	16.4%	8.7%
return on average total assets	1.5%	0.6%
basic earnings per ordinary share (dollars)	0.37	0.19

review of operations

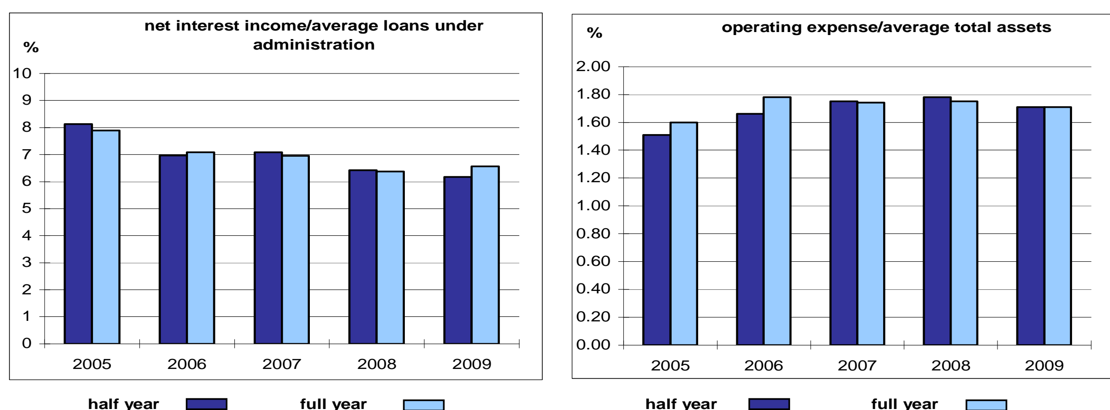
financial performance

Profit after tax recorded in these accounts is $8.8 million (last year: $3.7 million).

- new loan sales decreased 34.9% to $288.0m (last year: $442.6m), as motor vehicle sales slowed
- assets reduced by 14.0% to $536.4m, as a consequence of lower sales
- expense, excluding bad debt, as a percentage of average total assets, was 1.71% (last year: 1.75%)
- return on average total assets was 1.5% (last year: 0.6%)
- return on average equity was 16.4% (last year: 8.7%)
- weighted average yield on finance receivables increased to 15.24% (last year: 14.45%)

Net interest income has come under pressure, as credit margins and bank fees have increased. Although interest margin on new business has improved, as the full impact of increased credit margins and bank fees has factored into interest rates charged to customers, the impact on loans written prior to the global financial crisis has reduced net interest income. Credit margins are still well above historical levels and bank fees in the period totalled $6.2m, compared with $2.8m in 2008.

Expense has been well contained. Administration expense is up 5% on last year, because of additional legal and accounting expense, resulting from regulatory change both current and planned. Changes planned include regulation for financial advisers, anti-money laundering and non-bank deposit takers and amendments to credit contract legislation. Overlaid over this is the impact of the recession on the valuation of assets and liabilities, under International Financial Reporting Standards (IFRS), which has made tax more complex and auditing more costly. All this regulation has provided scant benefit to the consumer or the investor, because it has come too late, is not particularly well drafted or does not address the fundamental issues of honesty and integrity.



financial position

Total assets are down 14%, to $536.4m, in line with lower sales. We expect assets to reduce further through the coming year, in a depressed motor vehicle market, and as transacting shareholders are encouraged to be more selective in new loan origination.

Ordinary share capital of $22.3 million reflects the capital structure approved by transacting shareholders, on 29 October 2008, to convert from a co-operative to an investor owned company. Capital, including perpetual preference shares, totals $63.5m (last year $43.3m), giving an improved capital percentage of 11.8% (last year: 6.9%).

Draft non-bank deposit taker regulations set capital requirements for non-banks. Although MTF is not a deposit taker, the board will ensure that MTF will satisfy the proposed regulations. Based on draft proposals issued by the Reserve Bank, MTF has qualifying capital above the prescribed minimum of 8.0%. The Reserve Bank has yet to finalise the regulations.

funding

Bills of exchange, issued through the securitisation programme, continue to be rated A1+/P-1 (extremely strong/superior) by Standard & Poor's/Moody's, a reflection of the quality of paper written by transacting shareholders and of the continuing focus on credit quality.

At the date of this report, securitised loans are funded by bills of exchange, provided by banks, under a revolving liquidity facility (RLF), an integral part of the securitisation programme since 1995.

The financial statements at 30 September 2008 reported that the RLF was nearing maturity and that MTF was working with the providers to extend the facility. The facility was extended to 23 June 2009, and subsequently to 24 December 2009. We are working closely with our bankers and professional advisers to implement a funding structure to replace the securitisation programme, and this process is well advanced.

The new structure will provide access to term funding, through issuing medium term notes into capital markets, which are showing early signs of recovery, as we emerge from the recession.

When this structure is in place, MTF will assess opportunities to diversify further its debt facilities.

credit quality

Transacting shareholders have responded well to the challenge of managing arrears and, at the date of this report, arrears remain within target. We expect the usual upwards pressure over the Christmas/New Year period and continuing pressure from increasing unemployment. A good proportion of our customers are protected against redundancy, through our payment waiver, which softens the pressure on the customer and the Company.

Loans are managed and guaranteed by the transacting shareholder. MTF monitors the performance of each transacting shareholder and each portfolio of loans on a regular basis and carries out regular reviews of lending policy and process.

At the time of writing, MTF is managing shareholder ledgers totalling $12.0m (last year $2.5m), where we believe MTF may be at risk. There have been no material additions to managed ledgers since year end and the amount managed is down from $18.0m reported at the half year.

Provisions for expected losses total $4.7m, including $3.3m for specifically impaired assets, and we have written off loans that we have not been able to recover from borrowers or shareholders totalling $1.9m. Some of the loan failures can be attributed to the recession and some to poor lending by shareholders. Where we have recourse to shareholders, this too has been impacted by the recession. Where one shareholder is not able to meet its obligations, all shareholders share in the loss and will share in recoveries, if any.

As a result of our experience in this recession, we have tightened our lending criteria, with the primary focus on our traditional business of used motor vehicles, which provides in excess of 80% of our business, and is less prone to loss.

continuous improvement

There is nothing like a recession to focus attention on efficiency and we have rigorously tested everything we do to keep expense to reasonable levels, which is apparent in the expense lines shown in the income statement.

The success of MTF in recent years has been based around RAPID, our on-line loan origination and credit scoring system, which was launched in 2005. In the second quarter of 2010, we expect to launch a web-based upgrade to RAPID, with improvements to the integrity of data capture, the accuracy of the credit scoring model and the risk pricing outcomes that are fundamental to managing risk and return.

staff and shareholders

Staff and shareholders have worked together to ensure that MTF continues to be a viable business.

Shareholders have shown their confidence in the Company through their support of the capital restructure completed in February 2009. Lower vehicle sales, the resultant drop in loan sales and tightening of credit criteria have challenged all our shareholders, who have remained determined and supportive of the measures that have been taken to protect their interests.

Staff have been challenged by the pressure felt by shareholders in a difficult trading environment, and have very ably shown their commitment to the Company.

dividends

MTF has two groups of shareholders; transacting shareholders who hold ordinary shares and shareholders with perpetual preference shares.

Perpetual preference share dividends totalling $3.8m (gross) were paid during the period. For the period under review, the rate was 9.42%. The dividend rate is set annually, at 30 September, at 2.40% over the one year swap rate, and was reset to 5.67% on 30 September 2009, for the twelve months to 30 September 2010.

Ordinary share dividends totalling $0.91m (gross) were paid to ordinary shareholders for the year.

outlook – managing uncertainty still remains our greatest challenge

In our view, vehicle sales will remain depressed until at least the middle of 2010, resulting in reduced opportunities for finance sales. Personal Property Security Registrations, the best measure of vehicle finance activity, fell from 296,000 in 2007 to 217,000 in 2009, a drop of 27%, as the recession took effect.

The traditional source of finance for MTF, through vehicle dealerships, is under threat as more used motor vehicles are traded public to public. Dealer share of change of ownership is now below 30%, with public-to-public sales recorded as 70%. Finance sales through dealerships will need to be complemented with sales direct to the public and MTF Direct is delivering tangible results in this direction. There are currently fourteen MTF Direct franchises, delivering in excess of 20% of monthly sales. We will appoint new franchisees, as suitable candidates present themselves, and the market provides the opportunity. The dealership will remain an important source of new business.

Based on what we know today, we have sufficient capital, we have identified our vulnerable loans and are well into the process of introducing a new wholesale funding programme.

There is still considerable uncertainty in the world economy and we will continue to treat lending with caution, until there are real indications of economic recovery. As long as the US economy remains uncertain, we can expect the markets for New Zealand primary production and tourism to remain volatile and this will feed into consumer confidence, which must be restored before we can expect any meaningful improvement in economic activity.

MTF, with the support of its shareholders and staff, has come through the two most difficult years in its thirty nine year history, in good shape. We believe we are well prepared to face another year of challenge and uncertainty.

Angus Bradshaw
Managing Director

Roger Bonifant
Chairman

10 November 2009

governance

framework

The directors are responsible for the governance of the Company.

MTF is incorporated under the Companies Act 1993, with its equity shares held by its transacting and perpetual preference shareholders.

board

The board carries out its responsibilities according to the following principles:

- the number of directors will be no fewer than six, and no greater than seven
- a director may not simultaneously hold the positions of Managing Director and Chair
- the directors meet regularly throughout the financial year
- all available information relating to items to be discussed at a meeting of the board is provided to each director prior to that meeting

The primary responsibilities of the directors include:

- working with management to create shareholder value
- setting the long-term goals of the Company and the strategic plans to achieve those goals
- approving budgets for the financial performance of the Company, and monitoring results
- managing risk by ensuring that the Company has appropriate systems of internal control
- ensuring preparation of the annual and half-yearly financial statements

At 30 September 2009, the board consisted of three transacting shareholder directors, two independent directors and the Managing Director. Information about directors is set out on page 56 of this report. The board met nine times during the year ended 30 September 2009.

board committees

Committees are used to enhance the board's effectiveness, while preserving overall board responsibility. Committees are assigned terms of reference by the board for the roles they perform, and are required to report to the board on their deliberations, together with any decisions requiring board ratification.

The board continually reviews the roles, membership and effectiveness of the committees.

The board has the following committees: audit, remuneration, credit and nominations. Other committees may be formed for specific purposes and disbanded as required.

Audit : Stephen Higgs (Chair), Roger Bonifant

The audit committee provides a forum for communication between the board and the external auditor. The committee reviews:

- annual and half-yearly financial statements prior to approval by the board
- effectiveness of management information systems and systems of internal control
- efficiency, effectiveness and independence of the external audit function.

The committee met twice during the year ended 30 September 2009.

Remuneration: Roger Bonifant (Chair), Graeme Gibbons

The remuneration committee reviews the remuneration of directors and the Managing Director, annually.

The committee met once during the year ended 30 September 2009.

Particulars of director remuneration are set out on page 56 of this report.

Credit: Graeme Gibbons (Chair), Roger Bonifant, Warwick Cashmore, Mark Hatwell

The credit committee reviews credit risk, recommends credit policy and approves large exposures.

The committee met nine times during the year ended 30 September 2009.

Nominations: full board

The committee, is convened when a board vacancy is to be filled.

risk management

The board is responsible for the Company's system of internal control. The board regularly monitors the operational and financial aspects of the Company's activities and, through the audit committee, considers the recommendations and advice of external auditors.

A cycle of internal risk reviews is performed, covering treasury, finance, credit and information technology.

The board ensures that recommendations arising from external or internal audit risk reviews are investigated and, where considered necessary, suitable action is taken to ensure that the Company has an appropriate environment in place to manage the risks identified.

The board requires that management investigates ways of enhancing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

An asset liability committee, consisting of the Managing Director, Chief Financial Officer, General Manager-Credit, Trust Manager and Asset and Liability Manager, meets regularly to consider balance sheet risk and management, within the framework of board approved treasury management and credit policy.

five year financial review

	NZ IFRS			superseded NZ GAAP	
	2009 $000	2008 $000	2007 $000	2006 $000	2005 $000
financial performance					
total income	93,240	98,424	90,485	91,258	87,624
profit before commission and other gains (losses)	33,315	37,898	38,831	40,508	38,780
profit (loss) before taxation	12,326	5,059	(1,991)	40,508	38,780
taxation	3,562	1,342	(833)	474	84
profit (loss) after taxation	8,764	3,717	(1,159)	40,034	38,696
financial position					
assets	536,368	623,893	599,107	581,447	580,421
liabilities	472,895	580,611	556,575	523,818	568,997
capital	63,473	43,282	42,532	57,629	11,424
total shareholder interest	63,473	49,574	49,481	57,629	41,424
net loans under administration	492,991	585,374	565,185	548,756	549,554
performance indicators					
net interest income / average loans under administration	6.57%	6.49%	6.95%	7.09%	7.88%
expense/average total assets	1.71%	1.75%	1.78%	1.78%	1.58%
profit before commission and other gains (losses)/average total assets	5.74%	6.20%	6.57%	6.90%	6.80%
capital percentage	11.83%	6.94%	7.10%	9.90%	7.10%

These accounts have been prepared in accordance with NZ IFRS. The figures in the tables for 2006 and prior years have not been restated in accordance with NZ IFRS. A summary of the significant impacts of the transition to NZ IFRS in the 2007, 2008 and 2009 financial years is:

- for 2007, 2008 and 2009 distributions to transacting shareholders have been recorded as an expense in the income statement. Under superseded NZ GAAP, distribution to transacting shareholders was recorded in equity. This has directly impacted the reported profits before and after taxation.
- financial receivables and derivative financial instruments are now recorded a fair value, with any movements in fair value recognised through profit and loss.
- under IFRS, co-operative shares no longer meet the technical definition of capital under NZ IFRS because of their redeemable nature. From transition date co-operative share capital is classified as share capital repayable on demand. During 2009, co-operative share capital was converted to ordinary share capital as part of a capital restructure, outlined in the notes to the financial statements.

income statement

year ended 30 september 2009

	note	group 2009 $000	group 2008 $000	parent 2009 $000	parent 2008 $000
interest income	3	83,499	86,896	67,024	69,827
interest expense	4	48,078	49,576	31,603	32,507
net interest income		35,421	37,320	35,421	37,320
payment waiver net income	5	841	972	841	972
fees		8,900	10,556	8,900	10,556
net interest income and fees		**45,162**	**48,848**	**45,162**	**48,848**
expense					
employee	6	4,575	4,766	4,575	4,766
communication and processing	6	1,560	1,954	1,560	1,954
depreciation and amortisation	6	1,611	1,929	1,611	1,929
administration	6	2,196	2,093	2,196	2,093
bad debt		1,905	208	1,905	208
operating expense		11,847	10,950	11,847	10,950
profit before commission and other gains (losses)		33,315	37,898	33,315	37,898
commission		20,605	32,301	20,605	32,301
profit before net gain (loss) from financial instruments designated at fair value		12,710	5,597	12,710	5,597
net gain (loss) from financial instruments designated at fair value and foreign currency translation	7	(384)	(538)	1,044	11,699
profit before taxation		12,326	5,059	13,754	17,296
taxation	9	3,562	1,342	4,038	5,421
profit after taxation		**$8,764**	**$3,717**	**$9,716**	**$11,875**

statement of changes in equity

year ended 30 september 2009

	note	group 2009 $000	group 2008 $000	parent 2009 $000	parent 2008 $000
shareholder equity at beginning of period		43,282	42,532	51,262	42,354
ordinary shares issued	11	14,429	-	14,429	-
ordinary share dividend (net)	10	(395)	-	(395)	-
perpetual preference share dividend (net)	10	(2,607)	(2,967)	(2,607)	(2,967)
transactions with shareholders		11,427	(2,967)	11,427	(2,967)
profit after taxation		8,764	3,717	9,716	11,875
total attributable revenue and expense		8,764	3,717	9,716	11,875
shareholder equity at end of period	11	**$63,473**	**$43,282**	**$72,405**	**$51,262**

The financial statements should be read in conjunction with the accounting policies and notes on pages 13 – 53.

balance sheet

30 september 2009

	note	group 2009 $000	group 2008 $000	parent 2009 $000	parent 2008 $000
funds employed					
share capital	11	22,322	-	22,322	-
retained earnings	11	2,185	4,316	11,117	12,296
perpetual preference shares	11	38,966	38,966	38,966	38,966
total shareholder equity		63,473	43,282	72,405	51,262
share capital repayable on demand		-	6,292	-	6,292
total equity and shareholder interest		63,473	49,574	72,405	57,554
liabilities					
bank overdraft		-	481	-	530
provision for taxation		-	-	5,541	2,687
accounts payable and accrued expense	12	7,320	5,702	7,283	5,634
unearned payment waiver fees		4,417	4,476	4,417	4,476
advance from MTFS	13	-	-	412,637	489,862
short-term loans - secured	14	-	28,400	-	28,400
euro commercial paper - secured	15	-	149,572	-	-
bills of exchange - secured	16	425,100	366,636	-	-
derivative financial instruments	8	26,421	12,541	-	-
deferred taxation	9	9,637	6,511	2,362	2,505
total liabilities		472,895	574,319	432,240	534,094
total funds employed		**$536,368**	**$623,893**	**$504,645**	**$591,648**
employment of funds					
cash at bank		6,515	-	6,484	-
cash in restricted bank accounts	17	25,484	26,915	-	-
taxation refund due		1,050	588	-	-
accounts receivable		500	321	187	241
payment waiver indemnity prepayment		2,737	2,716	2,737	2,716
finance receivables	18	492,991	585,374	478,486	569,225
amounts owing by subsidiaries	20	-	-	13,680	15,079
deferred taxation	9	4,020	3,592	-	-
property, plant and equipment	21	493	786	493	786
intangible assets	22	2,578	3,601	2,578	3,601
total assets		**$536,368**	**$623,893**	**$504,645**	**$591,648**

On behalf of the Board

Angus Bradshaw
Managing Director

Roger Bonifant
Chairman

10 November 2009

The financial statements should be read in conjunction with the accounting policies and notes on pages 13 – 53.

statement of cash flow

year ended 30 september 2009

	note	group 2009 $000	group 2008 $000	parent 2009 $000	parent 2008 $000
cash flow from operating activities					
interest and fee income		92,305	97,060	75,830	79,991
funding and securitisation costs		(48,468)	(49,584)	(31,993)	(32,515)
income taxation paid		(1,324)	(1,215)	(1,324)	(1,215)
commission		(17,431)	(30,603)	(17,431)	(30,603)
operating expense		(10,155)	(7,555)	(10,155)	(7,555)
net cash flow from operating activities before changes in operating assets and liabilities		14,927	8,103	14,927	8,103
net changes in operating assets and liabilities:					
finance receivable instalments		386,329	445,166	378,297	380,955
increase (decrease) in bills of exchange - net		68,217	(12,820)	-	-
increase (decrease) in euro commercial paper - net		(146,873)	13,520	-	-
increase (decrease) in finance receivable advances		(293,010)	(455,031)	(287,955)	(381,917)
increase (decrease) in short-term loans - net		(28,400)	7,100	(28,400)	7,100
increase (decrease) in advance from MTFS		-	-	(77,225)	94
loan to subsidiaries		-	-	2,995	(8,953)
		(13,737)	(2,065)	(12,288)	(2,721)
net cash flow from operating activities		**1,190**	**6,038**	**2,639**	**5,382**
cash flow from investing activities					
sale of property, plant and equipment		64	14	64	14
purchase of property, plant and equipment		(40)	(129)	(40)	(129)
purchase of intangible assets		(324)	(843)	(324)	(843)
net cash flow from investing activities		**(300)**	**(958)**	**(300)**	**(958)**
cash flow from financing activities					
repay share capital and transacting shareholder deposits		33	(751)	33	(751)
proceeds from share issue	11	7,644	-	7,644	-
dividend to perpetual preference shareholders	10	(2,607)	(3,620)	(2,607)	(3,620)
dividend to ordinary shareholders	10	(395)	-	(395)	-
net cash flow from financing activities		**4,675**	**(4,371)**	**4,675**	**(4,371)**
net increase (decrease) in cash		5,565	709	7,014	53
cash on hand at beginning of period		26,434	25,725	(530)	(583)
cash on hand at end of period		**$31,999**	**$26,434**	**$6,484**	**$(530)**
represented by:					
cash at bank (overdraft)		6,515	(481)	6,484	(530)
cash in restricted bank accounts		25,484	26,915	-	-
		$31,999	**$26,434**	**$6,484**	**$(530)**

The financial statements should be read in conjunction with the accounting policies and notes on pages 13 – 53.

	2009 $000	2008 $000	2009 $000	2008 $000
reconciliation of profit after taxation to net cash flow from operating activities				
profit after taxation	8,764	3,717	9,716	11,875
non-cash items	2,012	2,664	2,012	2,860
	10,776	6,381	11,728	14,735
movement in other items				
(increase) decrease in accounts receivable	(200)	(784)	33	(1,135)
increase (decrease) in accounts payable and accrued expense	1,559	253	1,590	583
increase (decrease) in provision for taxation	–	(516)	2,854	2,171
increase (decrease) in taxation refund due	(462)	(588)	-	
increase (decrease) in deferred taxation	2,698	1,234	(143)	1,985
(increase) decrease in finance receivables	92,383	(20,189)	90,739	(13,069)
increase (decrease) in bills of exchange	58,464	2,310	–	-
increase (decrease) in euro commercial paper	(149,572)	22,924	–	-
increase (decrease) in derivative financial instruments	13,880	(12,101)	–	-
increase (decrease) in short term loans	(28,400)	7,100	(28,400)	7,100
(increase) decrease in loans to subsidiaries	–	-	1,399	(7,096)
increase (decrease) in advance from MTFS	–	-	(77,225)	94
	(9,650)	(357)	(9,153)	(9,367)
movement in working capital items classified as investing or financing activities	64	14	64	14
net cash surplus from operating activities	**$1,190**	**$6,038**	**$2,639**	**$5,382**

The financial statements should be read in conjunction with the accounting policies and notes on pages 13 – 53.

notes to financial statements

note 1: statement of accounting policies

(a) basis for preparation

reporting entity

The financial statements presented are those of Motor Trade Finances Limited (MTF or Company) and its subsidiaries (Group). The principal activities of MTF consist of accepting finance receivables entered into by transacting shareholders.

MTF is a profit oriented entity, incorporated in New Zealand under the Companies Act 1993. MTF is an issuer for the purpose of the Financial Reporting Act 1993 . The financial statements have been prepared in accordance with the aforementioned Acts.

The registered office of the Company is 193 Princes Street, Dunedin.

statement of compliance

The financial statements are prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP) and comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

basis of measurement

The financial statements have been prepared based on historical cost except for the revaluation of derivative financial instruments and certain financial assets measured at fair value through profit or loss.

Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability, ensuring that the substance of the underlying transactions or other events is reported.

functional and presentation currency

The reporting currency is New Zealand dollars (NZD) which is the Group functional currency. All financial information presented in New Zealand dollars is rounded to the nearest thousand.

critical judgements, estimates and assumptions

In the application of NZ IFRS, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and factors considered reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed by management on an on-going basis with any revisions to accounting estimates recognised in the period the estimate is revised.

Judgements made in the application of NZ IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period include:

(i) determination of fair value of finance receivables

Finance receivables are designated at fair value through profit and loss. As there is no active market, fair value is determined by the use of various valuation techniques including discounted cash flow models. To the extent possible, models use only observable data. Inputs to the valuation model, such as credit risk, volatility and correlation, require management to make judgements and estimates. Changes in the assumptions in these models and projections of future cash flows may affect the reported fair value of finance receivables.

(ii) determination of fair value of derivative financial instruments

The fair value of derivative financial instruments is based on discounted cash flow models using observable market data.

(iii) securitisation

Under the securitisation programme, a substantial part of the risks and rewards of ownership of the finance receivables is retained by MTF. MTF has the ability to control the contractual rights that comprise the finance receivables transferred to MTFS.

The Group consolidates the securitisation entity, MTFS Securities Limited (MTFS) on its balance sheet. The Group makes judgements about its exposure to the risk and rewards, as well as its ability to make operational decisions for the securitisation entity. In many instances elements are present that considered in isolation indicate control, or lack of control, but when considered together the Group has assessed it has control of the securitisation entity.

(b) specific accounting policies

The accounting polices have been applied consistently to all periods presented in these financial statements.

(i) consolidation of subsidiaries

Subsidiaries are those entities that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity, to obtain benefit from its activities.

The consolidated financial statements are prepared by combining the financial statements of the Company and its subsidiaries. All inter-entity transactions, balances and unrealised profits or losses on transactions between Group entities are eliminated on consolidation.

(ii) securitisation of finance receivables

MTF funds a major portion of its business by the sale of finance receivables to MTFS, a special purpose entity established solely for the purpose of purchasing finance receivables from MTF, and funding the same by access to international credit markets, supported by credit ratings issued by Standard & Poor's and by Moody's Investors Service.

MTF recognises transactions with MTFS as financing arrangements; the expenditure related to the securitisation programme is recognised as a cost of funding and the securitised assets and funding from MTFS are recognised respectively as assets and liabilities in the MTF balance sheet.

(iii) recognition of revenue and expense

finance receivables and derivative financial instruments

Net gain/loss on financial instruments at fair value through profit or loss (FVTPL) comprises realised and unrealised fair value gains and losses.

Interest income on all financial instruments measured at FVTPL is reported within interest income using the effective interest method and not included with the net gain/(loss) from financial instruments designated at fair value.

Provision for credit impairment on financial instruments designated at FVTPL is included in the net gain/(loss) from financial instruments designated at fair value.

other financial instruments

Interest income and interest expense for all financial instruments measured at amortised cost are recognised in the income statement as they accrue, using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or financial liability. The application of the method has the effect of recognising income and expense evenly in proportion to the amount outstanding over the expected life of the financial asset or liability.

fees

Fee income that relates to the execution of a significant act is recognised at the time the service is provided.

commission

Commission is recognised as an expense when approved by the directors.

(iv) securitisation funding cost

The cost of securitisation is recognised as incurred. Costs are represented by the interest cost on euro commercial paper (ECP) and bills of exchange (BOE), denominated in United States dollars (USD), issued to fund the securitisation programme, the net cost of interest rate swaps and foreign exchange contracts to hedge the funding activities with the cash flows from securitised finance receivables, and the direct cost of running the securitisation programme.

(v) financial instruments

categories of financial instruments

- **financial assets and derivative financial instruments**

Financial assets and derivative financial instruments are classified into one of the following categories at initial recognition:

- loans and receivables
- fair value through profit or loss

The Group does not use available for sale or held to maturity categories.

loans and receivables

Cash in restricted bank accounts and accounts receivable and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, net of provisions for impairment.

fair value through profit or loss

The Group designates all finance receivables at FVTPL, as doing so significantly reduces accounting mismatches that may arise from measuring such assets on a different basis.

Derivative financial instruments, transacted to manage the risk inherent in the finance receivables, are measured at fair value with movements recognised in the Income Statement. An accounting inconsistency may arise if the corresponding finance receivables were measured at amortised cost. By designating finance receivables at FVTPL, the fair value movements in the Income Statement on the finance receivables will substantially offset the fair value movements on derivatives used to hedge these financial instruments.

Once a financial instrument has been designated at FVTPL upon initial recognition, the Group cannot subsequently change the designation.

Gains and losses arising from changes in the fair value of finance receivables are included in “Net gain/(loss) from financial instruments designated at fair value” in the Income Statement.

derivative financial instruments

The Group enters into various financial instruments for the primary purpose of reducing exposure to fluctuations in interest rates and foreign exchange rates. Derivative financial instruments, consisting of interest rate swap agreements and foreign exchange contracts, are used to economically hedge the cash flows of the securitisation funding required for finance receivables. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes are generally offset by opposite effects on the items being economically hedged.

Derivatives are measured at fair value with any gains or losses included in "Net gain/(loss) from financial instruments designated at fair value" in the Income Statement.

fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices for financial instruments traded in active markets, or by using valuation techniques. Valuation techniques include the discounted cash flow method.

The value produced by a model or other valuation technique reflects all factors market participants take into account when entering a transaction. The model takes into account model risk, liquidity risk and credit risk as well as other factors.

impairment of financial assets

Financial assets at FVTPL are not assessed for impairment as the determination of fair value reflects the credit quality of the instrument and changes in fair value are recognised in the income statement.

asset quality

Impaired assets consist of restructured assets, assets acquired through the enforcement of security and other individually impaired assets.

Restructured assets means any credit exposure for which:

- the original terms have been changed to grant the counterparty a concession that would not have otherwise been available, due to the counterparty's difficulty in complying with the original terms.
- the revised terms of the arrangement are not comparable with the terms of new arrangements with comparable risks.
- the yield on the asset following restructuring is equal to or greater than the Group's average cost of funds, or a loss is not otherwise expected to be incurred.

Financial assets acquired through enforcement of security enforcement are those assets acquired through foreclosure in full or partial settlement of a debt.

Other individually impaired assets comprise financial assets where components of transacting shareholders contracts are in arrears and the Group is either unable to obtain or anticipates future difficulties in obtaining recovery but do not include restructured assets or financial assets acquired through the enforcement of security.

The Group holds 90 day past due assets where components of transacting shareholders contracts are in arrears for 90 days or more and the transacting shareholder has not been placed in the managed transacting shareholder category.

- **financial liabilities**

Debt and equity instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement.

Liabilities are recorded initially at fair value, net of transaction costs. Subsequently, liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value recognised in the Income Statement over the period of borrowing, using the effective interest rate method. Interest expense is recognised in the Income Statement using the effective interest method.

- **offset financial instruments**

The Group offsets financial assets and financial liabilities and reports the net balance in the Balance Sheet where there is a legally enforceable right to offset and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(vi) property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment loss.

All property, plant and equipment is depreciated on a straight line basis at rates which will write off the cost less estimated residual value over the expected useful life.

Residual values, useful life and depreciation method are reviewed and adjusted if appropriate at balance date.

Computer hardware	3 years
Office equipment, fixtures and fittings	5 years
Motor vehicles	5 years

Property, plant and equipment are reviewed for evidence of impairment at least annually and when events indicate that assets may have suffered impairment. The carrying amount is written down to the recoverable amount if the carrying amount is greater than the estimated recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use.

(vii) finite life intangible assets

Computer software is a finite life intangible asset, recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful life, usually 3-5 years.

Finite life intangible assets are subject to the same impairment process as property, plant and equipment. Impairment is recognised in the Income Statement.

(viii) taxation

Income tax on the profit before taxation for the period comprises current tax and deferred tax. Income tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly within equity, in which case the income tax is recognised in equity.

current tax

Current tax is the amount of income tax payable or recoverable on the profit before taxation for the period and is calculated using tax rates and tax laws applicable to the period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset when the Group has a legally enforceable right to offset the recognised amounts, and intends to settle on a net basis.

deferred tax

Deferred taxation is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arose from the initial recognition of assets and liabilities, other than as a result of a business combination, which affects neither taxable income nor accounting profit.

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries where the Group is able to control the reversal of the temporary differences and it is probable that any temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at tax rates applicable to the period when the asset and liability giving rise to them are realised or settled. The measurement of deferred tax liabilities and assets reflects the tax consequences that will follow from the manner in which the Group expects, at reporting date, to recover or settle the carrying amount of the assets and liabilities.

(ix) statement of cash flow

The Statement of Cash Flow has been prepared exclusive of GST, consistent with the method used in the Income Statement.

Cash and cash equivalents

Cash reflects the balance of cash and liquid assets used in the day-to-day management of the entity.

Netting of cash flows

Certain cash flows are netted to provide more meaningful disclosure. Short-term loan cash flows result from the day-to-day cash management of the entity and involve the rapid turnover of financial instruments or arrangements not exceeding three months. The turnover of these cash flows is netted.

Investing activities are activities involving the acquisition of and proceeds from the sale of property, plant and equipment and intangible assets.

Financing activities are activities relating to changes in equity and debt capital structure and activities relating to the cost of servicing equity capital.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing and finance activities.

(x) foreign currency transactions

In preparing the financial statements of the Group, transactions in currencies other than the Group functional currency are recorded at rates of exchange prevailing at the dates of the transactions. At balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at balance sheet date. Non-monetary items carried at fair value, which are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items which are measured at historical cost in a foreign currency are not re-measured.

(xi) GST

MTF is predominantly involved in the supply of financial services. The Group has elected to treat the supply of qualifying financial services as zero rated for GST purposes. The Group is able to obtain a refund for a proportion of the GST content of its expenditure. Where GST is not recovered, it is included in the line item it relates to.

(xii) employee entitlements

Provision is made for entitlements accruing to employees in respect of salaries, annual leave and sick leave when it is probable that settlement will be required and it can be measured reliably.

Provision for entitlements expected to be settled within twelve months is measured at nominal value using the remuneration rate expected to be applied at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within twelve months are measured at the present value of the estimated future cash out flows to be made by the Group in respect of services provided by employees up to reporting date.

(xiii) operating leases

Operating lease expense / rental is recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are derived.

(xiv) provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of benefits is probable, and the amount of the provision can be measured reliably.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a pre tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provisions resulting from the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is reasonably certain that recovery will be received and the amount of the receivable can be measured reliably.

(xv) segment reporting

The Company operates predominantly in one industry, being the provision of finance facilities, and in one geographical location, New Zealand.

(xvi) share capital

Ordinary shares are classified as equity. Dividends are not guaranteed and are payable at the discretion of the board of directors. Any dividend is recognised as a distribution within equity.

(xvii) perpetual preference shares

Perpetual preference shares are classified as equity. The shares are non-redeemable and carry no voting rights. Dividends are not guaranteed and are payable at the discretion of the board of directors. Any dividend is recognised as a distribution within equity.

(xviii) standards and interpretations issued but not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but may change the presentation and disclosures presently made in relation to the Company's and Group's financial report:

standard	***effective for annual reporting periods beginning on or after***	***expected to be initially applied in the financial year ending***
NZ IFRS-8 Operating Segments	1-Jan-09	30-Sep-10
NZ IAS-1 Presentation of Financial Statements – Revised Standard	1-Jan-09	30-Sep-10
Improving Disclosures about Financial Instruments (Amendments to NZ IFRS 7 Financial Instruments: Disclosures)	1-Jan-09	30-Sep-10
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008	Various*	30-Sep-10
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	Various**	30-Sep-11

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2009, with earlier adoption permitted, and are to be applied retrospectively.

** The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

NZ IFRS-8

NZ IFRS-8 replaces NZ IAS-14 'Segment Reporting'. NZ IFRS-8 extends the scope of segment reporting and requires identification of operating segments and disclosures based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

NZ IAS-1

The revised NZ IAS 1 requires the presentation of all recognised income and expenses in one statement (a statement of comprehensive income) or in two statements (an income statement and a statement of comprehensive income), separately from owner changes in equity. The revised standard also includes other minor changes to presentation and disclosure requirements.

Improving Disclosure about Financial Instruments (Amendments to NZ IFRS 7 Financial Instruments: Disclosures)

The amendments to NZ IFRS 7 require disclosure of a fair value hierarchy showing the financial instruments carried at fair value on the balance sheet, grouped into three levels based on the extent to which the fair values were determined by reference to market observable data as compared to unobservable inputs. The amendments expand and clarify the disclosure requirements relating to liquidity risk.

Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008 and 2009

This Standard is a result of the IASB annual improvement process, and includes amendments to certain recognition, measurement, and presentation requirements of New Zealand Equivalents to International Financial Reporting Standards.

note 2: securitisation programme

MTF is party to a securitisation programme with MTFS and other parties, including Commonwealth Bank of Australia (CBA) and Westpac Banking Corporation. The principal components of the programme are:

(i) Under a loan purchase deed between MTF and MTFS, a revolving loan purchase facility is provided by MTFS to MTF. Under the contract with the transacting shareholder MTF is given a legal assignment by way of mortgage over the transacting shareholder's rights under the contract and the underlying asset. Upon securitisation of these assets MTF transfers all its rights, including recourse to the individual transacting shareholder, to MTFS.

(ii) MTFS is a special purpose Company whose sole purpose is to purchase motor vehicle and other related finance receivables from MTF. MTFS is constituted for the specific purpose of purchasing the finance receivable agreements (securitised finance receivables) in the form of tranches of finance receivables from MTF on a weekly basis.

(iii) MTF is contracted to administer the securitised finance receivables in accordance with an administration agreement. CBA is contracted to manage the affairs, including the liability and treasury activities, of MTFS.

(iv) MTFS is nominally capitalised, revenue neutral and bankruptcy remote. The shareholders of MTFS are a discretionary trust, MTFS Holdings Ltd, on behalf of certain charities (99%) and the Trustee as trustee for the beneficiaries under a Security Trust Deed (1%). MTFS has three directors, two appointed by MTF and an independent director.

(v) The constitution of MTFS restricts the activities of MTFS, which can only be changed with the consent of all shareholders.

(vi) Credit enhancement and liquidity support (Bills of Exchange facility) are provided by appropriately rated banks and MTF. MTF provides credit enhancement support in the form of a subordinated loan representing seller hold-backs, being amounts held back by MTFS on the purchase of finance receivables.

(vii) At the date of sale, subject to the credit enhancement support, MTF receives the principal portion of the finance receivables. The interest instalments due to be paid on the finance receivables less the relevant fixed interest discount payable (MTFS funding costs) represent the purchase price balance payable to MTF on the purchase of the finance receivables.

(viii) The purchase price balance of each loan is paid to MTF progressively when each instalment is paid to MTFS. If MTFS is not paid, MTF is not paid.

(ix) To be eligible for securitisation the finance receivables must arise from finance receivables that are, inter alia:

a) hire purchase agreements, chattel security agreements, credit contracts or finance leases in relation to vehicle assets in a form approved for acceptance by MTFS;
b) for a term less than 60 months and a payoff amount greater than $1,000;
c) registered at the Personal Property Securities Register (PPSR).

(x) Interest rate swap agreements are entered into with the issuance of the ECP/BOE required to fund each individual tranche of securitised finance receivables. Under these agreements, the quantum and tenor of the money borrowed from the issuance of ECP/BOE is exactly matched in both value and timing to the aggregate cash flows due to MTFS from the securitised finance receivables. The interest cost of borrowing is fixed for the effective life of each tranche of securitised finance receivables and is fixed for each securitised finance receivable agreement that constitutes the tranche. In this manner the interest rate risk associated with funding fixed rate finance receivables with short-term, variable rate ECP/BOE is eliminated.

(xi) Foreign exchange forward agreements are entered into with the issuance of the ECP/BOE required to fund each individual tranche of securitised finance receivables. In this manner the foreign exchange risk associated with funding NZD denominated finance receivables with USD denominated ECP/BOE is eliminated.

(xii) The securitisation programme provides facilities for MTFS to borrow an agreed limit, currently set at NZD470,000,000 on the ECP market. Registered banks provide MTFS with standby liquidity facilities. These liquidity facilities guarantee funding, in the form of BOE, should it not be possible to roll over the ECP at maturity, normally every 28 - 34 days.

(xiii) MTF is required to lend funds on a continuing basis to MTFS by way of a subordinated loan in support of the credit enhancement of the securitisation programme. The quantum of the subordinated debt required equates to 5.83% (2008: 5.67%) of the net finance receivables due to MTFS. The amount of the subordinated loan at 30 September 2009 was $26,293,000 (2008: $31,008,000). The loan made by MTF to MTFS in this manner is subordinated to all other borrowings of MTFS.

(xiv) During the year ended 30 September 2009 MTF sold $287,536,000 (2008 : $413,952,000) of securitised finance receivables to MTFS. These finance receivables are recognised in the MTF balance sheet and no surplus or deficit is recognised as a result of these sales.

(xv) The securitisation programme permits MTFS to apply the subordinated loan to fund losses it might incur on any of its purchased securitised receivables. MTF exposure to any bad debts incurred by MTFS is limited to the subordinated loan invested.

The subordinated loan referred to in (vi), (xiii) and (xv) and the MTF credit enhancement referred to in Note 27(ii) is represented by the following in the Parent Statement of Financial Position:

	parent	
	2009	***2008***
	$000	***$000***
total finance receivables	478,486	569,225
less non securitised finance receivables	(14,293)	(31,211)
securitised finance receivables	464,193	538,014
less advance from MTFS	(412,637)	(489,862)
	51,556	48,152
less timing differences on collection, recognition and pass through of income from MTFS to MTF	(25,263)	(17,144)
	26,293	31,008

In certain circumstances, as outlined in note 28(i), MTF is required to repurchase securitised finance receivables from MTFS.

note 3: income

	group		parent	
	2009 $000	2008 $000	2009 $000	2008 $000
interest income				
finance receivables designated at FVTPL	82,260	84,376	67,024	69,827
cash in restricted bank accounts	1,239	2,520	-	-
	$83,499	**$86,896**	**$67,024**	**$69,827**
interest income includes income from:				
non-impaired assets	81,219	86,493	64,744	69,424
impaired assets	2,280	403	2,280	403
	$83,499	**$86,896**	**$67,024**	**$69,827**

note 4: interest expense

	group 2009 $000	group 2008 $000	parent 2009 $000	parent 2008 $000
short-term loans	566	2,323	566	2,323
euro commercial paper/bills of exchange	40,427	43,861	-	-
securitisation programme costs	6,409	3,138	-	-
securitisation funding costs	-	-	30,740	29,660
other	676	254	297	524
	$48,078	**$49,576**	**$31,603**	**$32,507**

note 5: payment waiver programme

	group 2009 $000	group 2008 $000	parent 2009 $000	parent 2008 $000
payment waiver fees earned	3,713	2,947	3,713	2,947
indemnity expense	(2,386)	(1,716)	(2,386)	(1,716)
administration expenses	(486)	(259)	(486)	(259)
payment waiver net income	**$841**	**$972**	**$841**	**$972**

Payment waiver is an optional guarantee included in a credit contract between a transacting shareholder and a customer. The waiver provides a guarantee that MTF will waive its rights to receive payment from the customer if certain events occur during the life of the credit contract.

To limit the exposure to MTF the payment waiver programme is fully indemnified. This indemnity includes all successful waiver requests and related investigation expense and is provided by a general insurance company with a rating of A+ (at 8 January 2009). The structure of this indemnity results in MTF having a credit exposure to the insurance company, should it be subject to an event of default.

The payment waiver programme is administered by a third party. All waiver requests are subject to procedures for verification and assessment of payment waiver requests. Management procedures ensure the timely and accurate application of waived payments, in accordance within the terms of the credit contract.

Payment waiver fees are recognised over the life of the credit contract, on a basis that reflects the underlying pattern of risk. The associated indemnity fee is expensed in the same manner.

Part of the indemnity agreement means that MTF is liable for additional indemnity fees, should the payment waiver programme not meet certain performance criteria. MTF has assessed this risk and determined that, given current performance, it is likely to incur further indemnity fees in subsequent periods. An amount of $125,000 (2008: nil) has been accrued in recognition of this future payment.

note 6: expense

	group		parent	
includes:	**2009 $000**	**2008 $000**	**2009 $000**	**2008 $000**
auditor				
- statutory audit	100	96	62	33
- other assurance services	115	97	108	97
- compliance	81	90	81	90
- other fees	153	134	153	134
depreciation				
- hardware	87	313	87	313
- office equipment, fixtures and fittings	103	115	103	115
- motor vehicles	76	77	76	77
amortisation				
- intangible assets - software	1,345	1,424	1,345	1,424
director fees	211	243	211	243
rental and lease	260	262	260	262
employee expense includes key management remuneration of:				
short term employee benefits	1,544	1,798	1,544	1,798
post employment benefits	3	1	3	1

The auditor of the Group is Deloitte. Other assurance services include assistance with IFRS transition and internal risk reviews. Other fees includes advising on capital restructuring options.

note 7: net gain (loss) from financial instruments designated at fair value and foreign currency translations

	group 2009 $000	group 2008 $000	parent 2009 $000	parent 2008 $000
net gain (loss) arising on:				
finance receivables	4,697	12,695	4,697	12,695
individual impairment allowance	(3,255)	175	(3,255)	175
collective impairment allowance	(800)	(574)	(800)	(574)
interest rate swap derivatives - unrealised	(1,428)	(12,432)	-	(195)
interest rate swap derivatives - realised	402	(402)	402	(402)
foreign currency derivatives	(12,452)	24,533	-	-
foreign currency translation of ECP/BOE	12,452	(24,533)	-	-
	$(384)	**$(538)**	**$1,044**	**$11,699**

note 8: derivative financial instruments

	group		parent	
	2009 $000	2008 $000	2009 $000	2008 $000
fair value				
interest rate swaps	(13,400)	(11,972)	-	-
foreign exchange contracts	(13,021)	(569)	-	-
	$(26,421)	**$(12,541)**	**-**	**-**

interest rate swaps

The Group enters into interest rate swaps to hedge fixed rate income from finance receivables against variable rate funding in the securitisation programme. The parent entity enters into interest rate swaps from time to time to hedge future funding costs. The interest rate swaps are designated at fair value with gains and losses recognised through the income statement. The table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	group only					
	average contracted interest rate		notional principal amount		fair value	
	2009 %	2008 %	2009 $000	2008 $000	2009 $000	2008 $000
group						
less than 1 year	6.81	6.42	208,948	231,509	(5,975)	(5,007)
1 to 2 years	7.18	6.81	154,561	173,670	(4,418)	(3,757)
2 to 3 years	7.89	7.17	81,398	108,604	(2,327)	(2,351)
3 to 4 years	7.46	7.86	21,344	34,223	(610)	(741)
4 to 5 years	4.17	7.98	2,458	5,342	(70)	(116)
			$468,709	**$553,348**	**$(13,400)**	**$(11,972)**
parent						
less than 1 year			-	-	-	-
			-	**-**	**-**	**-**

foreign exchange contracts

Foreign exchange forward agreements are entered into with the issuance of the ECP/BOE required to fund each individual tranche of securitised receivables. In this manner the foreign exchange risk associated with funding NZD denominated receivables with USD denominated ECP/BOE is eliminated. The notional amount, remaining term and fair value of these contracts at reporting date is:

	group only			
	weighted average exchange rate	foreign currency notional amount USD 000	local currency notional amount NZD 000	fair value NZD 000
2009				
less than 1 year	0.7198	305,712	438,121	(13,021)
		$305,712	**$438,121**	**$(13,021)**
2008				
less than 1 year	0.6674	343,481	516,777	(569)
		$343,481	**$516,777**	**$(569)**

note 9: taxation

taxation recognised in income statement

The prima facie income taxation expense on profit before taxation reconciles to the income taxation expense in the financial statements as follows:

	group		*parent*	
(a) taxation expense	***2009 $000***	***2008 $000***	***2009 $000***	***2008 $000***
profit before taxation	12,326	5,059	13,754	17,296
income taxation expense calculated at 30% (2008: 33%)	3,698	1,669	4,127	5,708
non deductible expenses	53	21	53	21
non assessable Income	(155)	(216)	(155)	(216)
change in taxation rate	-	(291)	-	(250)
(over) under provision of income taxation in previous year	(34)	159	13	158
	$3,562	**$1,342**	**$4,038**	**$5,421**
represented by:				
current taxation	864	160	4,181	3,436
deferred taxation	2,698	1,182	(143)	1,985
	$3,562	**$1,342**	**$4,038**	**$5,421**

The prima facie taxation rate used in the above reconciliation is the corporate taxation rate of 30% (2008: 33%) payable by New Zealand corporate entities on taxable profits under New Zealand taxation law.

(b) deferred taxation

The deferred taxation balances at 30 September 2009 are represented by:

group - 2009	***opening balance $000***	***charged to income $000***	***changes in taxation rate charged to income $000***	***other $000***	***closing balance $000***
deferred taxation assets:					
accounts payable and accrued expense	516	1,741	-	-	2,257
taxation losses	4,593	(4,593)	-	-	-
derivative financial instruments	-	4,020	-	-	4,020
	5,109	1,168	-	-	6,277
deferred taxation liabilities:					
property, plant and equipment	(113)	130	-	-	17
intangible assets	(371)	(172)	-	-	(543)
finance receivables	(7,544)	(3,824)	-	-	(11,368)
	(8,028)	(3,866)	-	-	(11,894)
total deferred taxation	($2,919)	($2,698)	-	-	($5,617)
represented by:					
deferred taxation asset					4,020
deferred taxation liability					(9,637)
total deferred taxation					($5,617)

The deferred tax asset arises in an entity outside the MTF taxation group.

parent - 2009	opening balance $000	charged to income $000	changes in taxation rate charged to income $000	other $000	closing balance $000
deferred taxation assets:					
accounts payable and accrued expense	516	1,741			2,257
	516	1,741	-	-	2,257
deferred taxation liabilities:					
property, plant and equipment	(113)	130			17
intangible assets	(371)	(173)			(544)
finance receivables	(2,537)	(1,555)			(4,092)
derivative financial instruments	-	-			0
	(3,021)	(1,598)	-	-	(4,619)
total deferred taxation	**($2,505)**	**$143**	**-**	**-**	**($2,362)**

group - 2008	opening balance $000	charged to income $000	changes in taxation rate charged to income $000	other $000	closing balance $000
deferred taxation assets:					
accounts payable and accrued expense	(1,191)	1,759	(52)	-	516
taxation losses	5,356	(252)	(459)	(52)	4,593
	4,165	1,507	(511)	(52)	5,109
deferred taxation liabilities:					
property, plant and equipment	(69)	(56)	11	-	(113)
intangible assets	(155)	(253)	37	-	(371)
finance receivables	(5,475)	(2,824)	754	-	(7,544)
derivative financial instruments	(152)	152	-	-	-
	(5,851)	(2,981)	802	-	(8,028)
total deferred taxation	**($1,686)**	**($1,474)**	**$291**	**($52)**	**($2,919)**
represented by:					
deferred taxation asset					3,592
deferred taxation liability					(6,511)
total deferred taxation					**($2,919)**

The deferred tax asset arises in an entity outside the MTF taxation group.

parent - 2008	opening balance $000	charged to income $000	changes in taxation rate charged to income $000	other $000	closing balance $000
deferred taxation assets:					
accounts payable and accrued expense	(1,191)	1,759	(52)	-	517
	(1,191)	1,759	(52)	-	517
deferred taxation liabilities:					
property, plant and equipment	(68)	(56)	11	-	(113)
intangible assets	(155)	(253)	37	-	(371)
finance receivables	958	(3,749)	254	-	(2,538)
derivative financial instruments	(64)	64	-	-	-
	671	(3,994)	302	-	(3,022)
total deferred taxation	**($520)**	**($2,235)**	**$250**	**-**	**($2,505)**

note 10: dividends

	group and parent	
ordinary share dividend	2009 $000	2008 $000
fully imputed dividend declared and paid during the year:		-
interim dividend paid 30 April 2009 at 1.31 cents per share (2008: nil)	169	-
interim dividend paid 30 July 2009 at 1.61 cents per share (2008: nil)	226	-
	$395	**-**

Subsequent to balance date the directors approved a dividend of $231,000 (1.63 cents per share) by way of a directors resolution dated 22 October 2009. The amount has not been recognised as a liability at the reporting date, and will be bought to account when paid.

perpetual preference share dividend	2009 $000	2008 $000
fully imputed dividend declared and paid during the year (net)	2,607	2,967
	$2,607	**$2,967**

The dividend payable on the perpetual preference shares is based on the benchmark rate plus 2.4% and is reset annually on 30 September. The benchmark rate is the one year interest rate swap on the reset day. The dividend rate was reset on 30 September 2009 at a gross rate of 5.67% (2008: 9.42%). Dividends at the relevant reset rate are declared subject to the applicable director resolution being passed.

note 11: equity

group	note	share capital	retained earnings	perpetual preference shares	total equity
2009					
Balance at beginning of period		-	4,316	38,966	43,282
Conversion of shares repayable on demand to ordinary shares	(a)	6,366	-	-	6,366
Cash issue of ordinary shares	(b)	8,063	-	-	8,063
Bonus issue from August and September 2008 retained profit allocated to former co-operative shareholders	(c)	6,964	(6,964)	-	-
				-	-
Bonus issue from retained profits withheld from former co-operative shareholders not fully participating in cash issue	(d)	929	(929)	-	-
				-	-
Profit after taxation		-	8,764	-	8,764
Ordinary share dividends		-	(395)	-	(395)
Preference share dividends		-	(2,607)	-	(2,607)
Balance at end of period		**$22,322**	**$2,185**	**$38,966**	**$63,473**
2008					
Balance at beginning of period		-	3,566	38,966	42,532
Profit after taxation		-	3,717	-	3,717
Dividend payments		-	(2,967)	-	(2,967)
Balance at end of period		**-**	**$4,316**	**$38,966**	**$43,282**

parent	note	share capital	retained earnings	perpetual preference shares	total equity
2009					
Balance at beginning of period		-	12,296	38,966	51,262
Conversion of shares repayable on demand to ordinary shares	(a)	6,366	-	-	6,366
Cash issue of ordinary shares	(b)	8,063	-	-	8,063
Bonus issue from August and September 2008 retained profit allocated to former co-operative shareholders	(c)	6,964	(6,964)	-	-
				-	-
Bonus issue from retained profits withheld from former co-operative shareholders not fully participating in cash issue	(d)	929	(929)	-	-
				-	-
Profit after taxation		-	9,716	-	9,716
Ordinary share dividends		-	(395)	-	(395)
Preference share dividends		-	(2,607)	-	(2,607)
Balance at end of period		**$22,322**	**$11,117**	**$38,966**	**$72,405**
2008					
Balance at beginning of period		-	3,388	38,966	42,354
Profit after taxation		-	11,875	-	11,875
Dividend payments		-	(2,967)	-	(2,967)
Balance at end of period		**-**	**$12,296**	**$38,966**	**$51,262**

(i) share capital

A capital restructure proposal was approved on 29 October 2008, to raise additional capital, capitalise undistributed profits and convert to an investor owned company, to ensure the Company has capital appropriate to meet prudential, regulatory and operational requirements.

(a) On 2 February 2009, co-operative share capital of 6,366,000 $1 shares was converted to ordinary shares.
(b) On 16 January 2009, 8,063,169 ordinary shares, arising from a cash issue, were issued to transacting shareholders. The shares are subject to deferred settlement. At 30 September 2009, future calls of $270,000, due for payment by 30 September 2009, are included in accounts receivable.
(c) On 16 January 2009, $6,964,763 of retained profit was converted to ordinary shares, through a non-taxable bonus issue.
(d) Shareholders that did not subscribe to the cash issue, and subsequently held less than 30,000 ordinary shares (excluding bonus shares issued above), are required to subscribe to the shortfall through the issue of non-taxable bonus shares, from commission payable, until the minimum is achieved. At 30 September 2009 non taxable bonus shares of $929,000 had been issued.
(e) Until 1 February 2011, ordinary shares may only be traded, with board approval, to new or existing transacting shareholders. During this period, the directors will determine the trading platform on which ordinary shares will be traded.
(f) No shareholder or group of associated persons may hold more than 15% of the ordinary shares on issue.
(g) MTF cancelled its registration as a co-operative company on 2 February 2009.
(h) The rights of perpetual preference shareholders remain the same.
(i) As at 30 September 2009 there were 22,322,000 shares issued of which 270,000 is due for payment at 30 September 2009 (2008: nil). All fully paid ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

	group and parent	
impact on statement of changes in equity	**2009 $000**	**2008 $000**
Ordinary shares issued during period	22,322	-
Less bonus issue from August and September 2008 retained earnings allocated to former co-operative shareholders	(6,964)	-
Bonus share issue from commission withheld from former co-operative shareholders not fully participating in cash issue	(929)	-
	$14,429	**-**
impact on statement of cash flow		
Cash issue of ordinary shares	8,063	-
Unpaid commission	(149)	-
Unpaid capital	(270)	-
	$7,644	**-**
(ii) perpetual preference shares		
face value	40,000	40,000
issue fees and expenses	(1,034)	(1,034)
	$38,966	**$38,966**

The perpetual preference shares are non-redeemable and carry no voting rights. Dividends are paid quarterly in arrears and are non-cumulative. Dividends are not promised or guaranteed and may be cancelled at the directors' discretion.

MTF may redeem or repurchase all or part of the perpetual preference shares.

In the event of liquidation of MTF, payment of the issue price and any dividends on the perpetual preference shares rank:

- before all rights of holders of other classes of MTF shares
- before all profit distribution to MTF transacting shareholders
- after all rights of secured and unsecured creditors of MTF

note 12: accounts payable and accrued expense

	group		parent	
	2009	2008	2009	2008
	$000	$000	$000	$000
trade creditors	911	1,321	911	1,321
sundry creditors and accruals	2,727	2,279	2,690	2,211
unpaid commission	3,196	1,292	3,196	1,292
employee entitlements	486	810	486	810
	$7,320	**$5,702**	**$7,283**	**$5,634**

note 13: advance from MTFS

The advance from MTFS represents the funding provided by the securitisation programme to MTF. This advance is funded within MTFS, by borrowings in the form of ECP (refer note 15) and BOE (refer note 16), denominated in USD.

The maturity profile of the advance from MTFS matches the maturity profile of the underlying securitised finance receivables originated by transacting shareholders.

The interest on the advance from MTFS is represented by the securitisation funding costs. At 30 September 2009 the securitisation funding costs represented an effective interest rate of 6.81% (2008 : 6.06%) on the advance from MTFS.

note 14: short-term loans (secured)

Short-term loans comprise bank loans secured under the following arrangements:

	maturity	rate	group		parent	
			2009	2008	2009	2008
			$000	$000	$000	$000
Commonwealth Bank of Australia (i)	30-Sep-09	-	-	14,000	-	14,000
Westpac Banking Corporation (ii)	30-Jun-10	3.63%	-	5,400	-	5,400
Bank of New Zealand (ii)	31-Dec-10	3.35%	-	5,000	-	5,000
ANZ National Bank (ii)	31-Mar-10	5.50%	-	4,000	-	4,000
			-	**$28,400**	**-**	**$28,400**

(i) The facility with Commonwealth Bank of Australia (CBA) matured at 30 September 2009. There are no outstanding obligations or security interests held in respect of this facility.

(ii) The facility is secured by a composite debenture dated 17 May 2001 in favour of Bank of New Zealand, Westpac Banking Corporation and ANZ National Bank over the assets of MTF and MTF Leasing Limited (MTFL) and over the MTF subordinated loan (refer note 2) to MTFS but not over the underlying assets of MTFS. There is a security sharing arrangement between MTF, MTFL, Bank of New Zealand, Westpac Banking Corporation and ANZ National Bank.

note 15: euro commercial paper (secured)

At balance date MTFS had $nil (2008: $149,572,000)ECP notes on issue.

New notes may be issued at the maturity date of each note for periods of up to 90 days. In practice, the funding under the securitisation programme generally rolls over every 28 – 34 days. In the event new ECP cannot be issued, liquidity support, via BOE (refer note 16), is utilised.

Borrowings are secured by a registered first charge over the assets of MTFS pursuant to the MTFS Security Trust Deed. The assets of MTF are not available as security to support the ECP.

	group		
	carrying value at forward $000	exchange gain (loss) on translation $000	carrying value at spot $000
2009			
euro commercial paper - secured	-	-	-
	-	-	-
2008			
euro commercial paper - secured	146,873	(2,699)	149,572
	$146,873	**$(2,699)**	**$149,572**

At the time ECP/BOE paper is drawn the carrying value is assessed based on the forward rate that will be delivered using the foreign currency forward exchange contracts entered into at the same date. The funding arrangement is structured such that the difference between the forward rate and spot rate at balance sheet date will always agree with the fair value of the foreign exchange forward contract fair value.

note 16: bills of exchange (secured)

BOE are issued to MTFS under the RLF a USD standby bill endorsement facility with a limit of NZD470,000,000 (2008: NZD600,000,000) which provides rolling liquidity cover from banks rated A-1+/P-1 or better, presently CBA and Westpac Banking Corporation. This liquidity facility is solely available in the event MTFS is unable to source ECP funding under the securitisation programme.

The facility has a renewal date of 24 December 2009. Commitment is provided in the following proportion:

		group				
		total RLF limit $000	undrawn facilities $000	carrying value at forward $000	exchange gain (loss) on $000	carrying value at spot $000
2009						
Commonwealth Bank of Australia	72%	338,400	32,328	315,447	9,375	306,072
Westpac Banking Corporation	28%	131,600	12,572	122,674	3,646	119,028
		$470,000	**$44,900**	**$438,121**	**$13,021**	**$425,100**
2008						
Commonwealth Bank of Australia	72%	432,000	165,669	266,331	2,353	263,978
Westpac Banking Corporation	28%	168,000	64,427	103,573	915	102,658
		$600,000	**$230,096**	**$369,904**	**$3,268**	**$366,636**

BOE with maturity dates between 7 and 28 days from balance date have been issued at an effective NZD discount rate of 2.64% p.a. (2008 : 8.41% p.a.). New bills are issued, for periods of up to 90 days, if it is not possible to roll over existing or issue new ECP.

At the time ECP/BOE paper is drawn the carrying value is assessed based on the forward rate that will be delivered using the foreign currency forward exchange contracts entered into at the same date. The funding arrangement is structured such that the difference between the forward rate and spot rate at balance sheet date will always agree with the fair value of the foreign exchange forward contract fair value.

note 17: cash in restricted bank accounts

Payments received from customers with respect to securitised finance receivables are receipted into bank accounts maintained within the securitisation programme and are credited against the applicable securitised receivable account monthly in accordance with the tranche accounting cycle. The cash in these bank accounts is a restricted cash asset as the cash may only be applied, initially, to repay ECP/BOE borrowings within the securitisation programme. Interest income of $1,239,000 (2008 : $2,520,000) was earned on cash deposits within the securitisation programme during the year.

note 18: finance receivables

	group		parent	
	2009 $000	2008 $000	2009 $000	2008 $000
receivable within 12 months	205,687	233,917	200,229	228,279
receivable beyond 12 months	287,304	351,457	278,257	340,946
total finance receivables	**$492,991**	**$585,374**	**$478,486**	**$569,225**

Finance receivables have been designated at FVTPL. The finance receivables have been hedged by interest rate swaps as part of a documented risk management strategy. An accounting mismatch would arise if the finance receivables were accounted for at amortised cost because the related derivatives (interest rate swaps) are measured at fair value, with movements in fair value recognised in the income statement.

Details of changes in the fair value recognised on the finance receivables on account of credit risk are as follows:

finance receivables at FVTPL	4,055	574	4,055	574
	$4,055	**$574**	**$4,055**	**$574**

Credit impairment on finance receivables designated at FVTPL has been reviewed by the Group as being $4,055,000 (2008 : $574,000). The impact is included in the overall fair value movement.

note 19: asset quality disclosures

Individually impaired finance receivables are represented by managed transacting shareholders. In assessing fair value a specific impairment allowance is taken in relation to the assets of these managed transacting shareholders and takes into account the value of the collateral held as part of the recourse obligation including, but not limited to, future commission and dividends, value of the goods subject to each contract, bank guarantees, personal guarantees and first ranking mortgages over property.

A financial asset is considered past due when a counterparty has failed to make a payment when contractually obligated. All customer losses are for the account of the transacting shareholder; payment is contractually due to MTF, from transacting shareholders, when a customer account has been in the arrears process for 84 days or more. All contracts that remain unpaid past this point are classified as past due but not impaired. The inclusion of past due finance receivables in the table below does not necessarily indicate that such finance receivables are doubtful. Past due but not impaired finance receivables excludes those finance receivables of managed transacting shareholders.

	group		*parent*	
asset quality	*2009 $000*	*2008 $000*	*2009 $000*	*2008 $000*
(a) asset quality - finance receivables				
neither past due nor impaired	482,084	583,320	468,751	567,187
individually impaired	14,823	2,504	13,823	2,504
past due but not impaired	799	208	627	192
specific impairment allowance	(3,341)	(84)	(3,341)	(84)
collective impairment allowance	(1,374)	(574)	(1,374)	(574)
total carrying amount	**$492,991**	**$585,374**	**$478,486**	**$569,225**
(b) aging of past due but not impaired assets				
past due 90 -120 days	448	174	448	158
past due 120 days+	351	34	179	34
carrying amount of past due assets	**$799**	**$208**	**$627**	**$192**
(c) 90 day past due assets				
balance at beginning of year	1,088	626	1,087	539
net movement in past due assets	3,516	462	3,345	548
carrying amount at end of year	**$4,604**	**$1,088**	**$4,432**	**$1,087**
(d) individually impaired assets - managed transacting shareholders				
finance receivables	14,823	2,504	13,823	2,504
balances available for offset, including collateral	(11,482)	(2,420)	(10,482)	(2,420)
specific impairment allowance	**($3,341)**	**($84)**	**($3,341)**	**($84)**

MTF has available, as collateral, registered security on the goods subject to the contract and may hold credit enhancements against the transacting shareholder including, but not limited to, rights to seize shares, commission and dividends of the transacting shareholders, bank guarantees, personal guarantees and first ranking mortgages over property.

Of the total amount recorded as finance receivables at 30 September 2009, 0.93% (2008 : 0.19%) have repayments that have been past due more than 90 days.

The Group and Parent do not have any material restructured assets or assets acquired through the enforcement of security (2008 : nil).

note 20: investment in subsidiaries

name of entity	principal activity	interest held by parent	
		2009	2008
MTF Leasing Ltd	leasing	100%	100%
MTF Securities Ltd	securitisation	-	-

Each subsidiary has a balance date of 30 September and is incorporated in New Zealand.
MTFS is a controlled entity of MTF and is consolidated into the MTF Group (note 2).

	group		parent	
	2009 $000	2008 $000	2009 $000	2008 $000
amounts owing by subsidiaries				
MTF Leasing Ltd	-	-	10,088	15,079
MTF Securities Ltd	-	-	3,592	-
total amounts owing by subsidiaries	**-**	**-**	**$13,680**	**$15,079**

note 21: property, plant and equipment

carrying amount	group		parent	
	2009 $000	2008 $000	2009 $000	2008 $000
computer hardware	1,812	1,881	1,812	1,881
less accumulated depreciation	(1,757)	(1,767)	(1,757)	(1,767)
total carrying amount	55	114	55	114
office equipment, fixtures and fittings	944	940	944	940
less accumulated depreciation	(589)	(491)	(589)	(491)
total carrying amount	355	449	355	449
motor vehicles	206	416	206	416
less accumulated depreciation	(123)	(192)	(123)	(192)
total carrying amount	83	223	83	223
total property, plant and equipment	**$493**	**$786**	**$493**	**$786**

Reconciliation of the carrying amount for each class of property, plant and equipment is:

	group 2009	group 2008	parent 2009	parent 2008
computer hardware				
balance at beginning of year	114	391	114	391
additions	30	36	30	36
disposals	(2)	-	(2)	(0)
depreciation	(87)	(313)	(87)	(313)
balance at end of year	55	114	55	114
office equipment				
balance at beginning of year	449	554	449	554
additions	9	10	9	10
disposals	-	-	-	-
depreciation	(103)	(115)	(103)	(115)
balance at end of year	355	449	355	449
motor vehicles				
balance at beginning of year	223	233	223	233
additions	-	84	-	84
disposals	(64)	(17)	(64)	(17)
depreciation	(76)	(77)	(76)	(77)
balance at end of year	83	223	83	223
total property, plant and equipment	**$493**	**$786**	**$493**	**$786**

note 22: intangible assets

	group		parent	
	2009	2008	2009	2008
	$000	$000	$000	$000
cost				
balance at beginning of year	10,345	9,502	10,345	9,502
additions	322	843	322	843
balance at end of year	10,667	10,345	10,667	10,345
amortisation and impairment				
balance at beginning of year	6,744	5,320	6,744	5,320
amortisation expense	1,345	1,424	1,345	1,424
balance at end of year	8,089	6,744	8,089	6,744
total intangible assets	**$2,578**	**$3,601**	**$2,578**	**$3,601**

note 23: related party transactions

Directors G D Gibbons, M B Hatwell and W N Cashmore are directors of companies with shareholdings in MTF that derive commission from the company on the same basis as all other transacting shareholders. Commission paid to companies (transacting shareholders) associated with the following directors are:

	group and parent	
	2009	2008
	$000	$000
G D Gibbons	1,261	2,108
W N Cashmore	76	64
M B Hatwell	903	536
	$2,240	**$2,708**

The finance receivables outstanding with companies (transacting shareholders) associated with the following directors are:

	2009	2008
	$000	$000
G D Gibbons	31,465	36,785
W N Cashmore	1,529	1,372
M B Hatwell	7,874	7,134
	$40,868	**$45,291**

The Managing Director, A R Bradshaw and the Chairman, R A Bonifant, are directors of MTFS. Transactions and balances with MTFS are:

	parent	
	2009	2008
	$000	$000
loans sold to MTFS	287,536	413,952
securitisation funding costs charged by MTFS	30,740	29,660
advance from MTFS	412,637	489,862

M J Hade retired as a director of MTFS on 13 March 2009 having been previously appointed by Commonwealth Bank of Australia Ltd. He is a senior executive of Commonwealth Bank of Australia Ltd, the ultimate parent of Securitisation Advisory Services Pty Ltd, which manages the securitisation programme and provides credit services to MTFS. Commonwealth Bank of Australia Ltd provides credit and funding facilities to MTFS. Transactions between Commonwealth Bank of Australia and MTFS for the period are:

	group	
	2009 $000 (5 months)	2008 $000 (full year)
management fees	125	300
facility fees	1,129	1,366
swap break costs paid	1,296	318
interest swap fees	115	391

note 24: commitments

	group		parent	
	2009 $000	2008 $000	2009 $000	2008 $000
(a) operating lease commitments (non-cancellable)				
payable within one year	158	182	158	182
payable between 1 and 2 years	50	85	50	85
payable between 2 and 5 years	-	-	-	-
(b) capital commitments	66	108	66	108

note 25: imputation credit account

opening balance	(731)	(160)	(731)	(502)
income taxation paid	1,324	1,212	1,324	1,212
attached to dividends paid	(1,328)	(1,783)	(1,328)	(1,783)
consolidation of imputation credit accounts	-	-	-	342
closing balance imputation credits (deficit)	**($735)**	**($731)**	**($735)**	**($731)**

note 26: categories of financial instruments

The table sets out the classification of each class of financial asset and liability

classification of financial instruments at 30 September 2009

group	fair value through profit or loss $000	available for sale $000	loans and receivables $000	held to maturity $000	financial liabilities at amortised cost $000	total carrying amount $000
assets						
cash at bank	–	–	6,515	–	–	6,515
cash in restricted bank accounts	–	–	25,484	–	–	25,484
accounts receivable	–	–	500	–	–	500
payment waiver indemnity prepayment	–	–	2,737	–	–	2,737
finance receivables (designated)	492,991	–	–	–	–	492,991
	$492,991	**-**	**$35,236**	**-**	**-**	**$528,227**
liabilities						
accounts payable and accrued expense	–	–	–	–	7,320	7,320
unearned payment waiver fees	–	–	–	–	4,417	4,417
bills of exchange - secured	–	–	–	–	425,100	425,100
derivative financial instruments	26,421	–	–	–	–	26,421
	$26,421	**-**	**-**	**-**	**$436,837**	**$463,258**

parent	fair value through profit or loss $000	available for sale $000	loans and receivables $000	held to maturity $000	financial liabilities at amortised cost $000	total carrying amount $000
assets						
cash at bank	–	–	6,484	–	–	6,484
accounts receivable	–	–	187	–	–	187
payment waiver indemnity prepayment	–	–	2,737	–	–	2,737
finance receivables (designated)	478,486	–	–	–	–	478,486
amounts owing by subsidiaries	–	–	13,680	–	–	13,680
	$478,486	**-**	**$23,088**	**-**	**-**	**$501,574**
liabilities						
accounts payable and accrued expense	–	–	–	–	7,283	7,283
unearned payment waiver fees	–	–	–	–	4,417	4,417
advance from MTFS	–	–	–	–	412,637	412,637
	-	**-**	**-**	**-**	**$424,337**	**$424,337**

classification of financial instruments at 30 September 2008

group	fair value through profit or loss $000	available for sale $000	loans and receivables $000	held to maturity $000	financial liabilities at amortised cost $000	total carrying amount $000
assets						
cash in restricted bank accounts	-	-	26,915	-	-	26,915
accounts receivable	-	-	321	-	-	321
payment waiver indemnity prepayment	-	-	2,716	-	-	2,716
finance receivables (designated)	585,374	-	-	-	-	585,374
	$585,374	**-**	**$29,952**	**-**	**-**	**$615,326**
liabilities						
share capital repayable on demand	-	-	-	-	6,292	6,292
bank overdraft	-	-	-	-	481	481
accounts payable and accrued expense	-	-	-	-	5,702	5,702
unearned payment waiver fees	-	-	-	-	4,476	4,476
short-term loans - secured	-	-	-	-	28,400	28,400
euro commercial paper - secured	-	-	-	-	149,572	149,572
bills of exchange - secured	-	-	-	-	366,636	366,636
derivative financial instruments	12,541	-	-	-	-	12,541
	$12,541	**-**	**-**	**-**	**$561,559**	**$574,100**

parent	fair value through profit or loss $000	available for sale $000	loans and receivables $000	held to maturity $000	financial liabilities at amortised cost $000	total carrying amount $000
assets						
accounts receivable	-	-	241	-	-	241
payment waiver indemnity prepayment	-	-	2,716	-	-	2,716
finance receivables (designated)	569,225	-	-	-	-	569,225
amounts owing by subsidiaries	-	-	15,079	-	-	15,079
	$569,225	**-**	**$18,036**	**-**	**-**	**$587,261**
liabilities						
share capital repayable on demand	-	-	-	-	6,292	6,292
bank overdraft	-	-	-	-	530	530
accounts payable and accrued expense	-	-	-	-	5,634	5,634
unearned payment waiver fees	-	-	-	-	4,476	4,476
short-term loans - secured	-	-	-	-	28,400	28,400
advance from MTFS	-	-	-	-	489,862	489,862
	-	**-**	**-**	**-**	**$535,194**	**$535,194**

All financial instruments designated at fair value are so designated upon initial recognition.

note 27: credit risk

Credit risk is the risk of financial loss to MTF if a customer or counterparty to a financial instrument fails to meet its contractual obligations under the contract. Financial instruments which potentially subject the Group to credit risk principally consist of cash at bank, cash in restricted bank accounts, accounts receivable and finance receivables.

(i) management of credit risk

The directors have overall responsibility for the management of credit risk. This responsibility is delegated to the credit committee. The credit committee reviews credit risks, recommends credit policy and approves certain credit limits in addition to approving any large credit exposures.

A separate credit team reports to the credit committee. The credit team role includes assessing transacting shareholder applications, reviewing transacting shareholder accounts, setting and reviewing facility limits, managing asset quality, detecting transacting shareholder fraud, recovering bad debt and perfecting security interests. MTF undertakes regular independent credit risk reviews with the credit committee ensuring any recommendations arising are investigated and appropriate action taken where necessary.

All customer losses are for the account of the transacting shareholder. The credit risk assumed by MTF is to the individual transacting shareholder and its capacity to meet any customer shortfall. In the event of any default by a transacting shareholder under a MTF contract, MTF has available as security the vehicle or goods subject to the contract and a right of action against the defaulting customer and any guarantor(s). MTF requires each transacting shareholder to indemnify MTF against any default by a customer from that transacting shareholder. The transacting shareholder indemnity includes the right to forfeit shares, dividends and commission, current and future, of any transacting shareholder in the event that the transacting shareholder fails to meet the obligations under the terms of the recourse arrangement. MTF may hold a range of additional credit enhancements against the transacting shareholder including, but not limited to, bank guarantees, personal guarantees and first ranking mortgages over property.

MTF closely monitors the credit quality, lending limits, performance and financial position of each transacting shareholder to ensure the quality of the business written meets minimum standards and that the transacting shareholder is capable of indemnifying MTF against any potential losses. Those transacting shareholders that are unable or unwilling to meet the credit and indemnity criteria have their facilities with MTF cancelled.

From time to time MTF will take possession of vehicles or goods through enforcement of its security interests. These assets are generally disposed by public auction with proceeds applied to any outstanding amounts. At 30 September 2009 MTF had an immaterial amount of such assets in its possession and transactions of this type throughout the year were of an immaterial level.

(ii) maximum exposures to credit risk

	group		parent	
	2009 $000	2008 $000	2009 $000	2008 $000
cash at bank	6,515	-	6,484	-
cash in restricted bank accounts	25,484	26,915	-	-
accounts receivable	500	321	187	241
non securitised finance receivables	28,798	48,131	14,293	31,982
securitised finance receivables	464,193	537,243	464,193	537,243

Except for the circumstances set out under note 28(i) requiring MTF to repurchase securitised finance receivables from MTFS the credit risk on securitised finance receivables is limited to the unsecured funding provided by MTF in support of the credit enhancement of the securitisation programme to MTFS (refer note 2). The balance of the credit risk on the securitised finance receivables is assumed by the holders of the ECP/BOE pursuant to the securitisation programme. As set out in note 2, securitised finance receivables have been legally purchased by MTFS. MTFS is bankruptcy remote, which, from a legal perspective, limits MTF's credit risk, with respect to securitised finance receivables, to the amount of the subordinated loan provided to MTFS.

In the normal course of business, MTF buys back any impaired finance receivables from MTFS, although it is not legally required to do so. Whilst the securitisation programme is operating, MTF Group and Parent credit risk, in relation to the securitised finance receivables, is equal to the carrying value of these assets.

Non-securitised finance receivables comprise amounts owing by transacting shareholders and are secured by a specific charge over each vehicle held under various transacting shareholder loans. Transacting shareholders largely indemnify any losses from defaults by their customers. This indemnity includes the right to seize shares, dividends and commission (current and future) of any transacting shareholder.

(iii) concentration of credit risk

The Group has a concentration of credit risk to its transacting shareholders for finance receivables. The position is mitigated by the limited exposure to transacting shareholders relative to the total asset base, the high number of individual loans which comprise the finance receivables and the risk assumed by the holders of the ECP/BOE on the securitised finance receivables.

Transacting shareholders provide MTF with an indemnity for losses from default by their customers (recourse). In certain loss situations, MTF will not enforce the recourse, if the default loan meets all the qualifying criteria under the terms of a contingent debt arrangement. The terms of this arrangement are determined by the credit criteria recommended at loan origination. Any losses under this arrangement are recognised in the income statement when incurred and totalled $100,000 for the year ending 30 September 2009 (2008 : $186,000).

	group		parent	
Concentration of credit risk by geographical location	**2009**	**2008**	**2009**	**2008**
	$000	**$000**	**$000**	**$000**
Auckland	69,715	85,251	67,641	82,147
Christchurch	70,447	78,624	67,522	75,668
Dunedin	50,176	62,027	47,942	60,293
Gisborne	13,168	16,406	13,138	16,187
Hawkes Bay	26,013	30,731	25,529	30,115
Manawatu	23,466	28,694	29,287	28,247
Nelson	29,612	36,468	17,143	35,983
North Auckland	14,782	16,244	14,231	16,013
Rotorua	17,528	20,809	10,376	19,897
South Auckland	10,777	11,552	32,990	11,232
Southland	33,524	38,618	22,436	37,515
Taranaki	15,306	18,017	14,798	17,674
Tauranga	24,342	28,745	22,507	27,558
Waikato	59,190	72,201	58,673	70,919
Wellington	34,945	40,987	34,273	39,777
total concentration of credit risk by geographical location	**$492,991**	**$585,374**	**$478,486**	**$569,225**

Concentration of credit risk by security type				
passenger vehicle	354,828	418,156	341,482	406,768
commercial vehicle	77,556	91,924	77,519	90,853
motorcycle	48,698	56,785	48,547	55,906
marine	4,044	7,373	4,048	7,295
caravan	2,021	6,516	5,850	6,448
equipment	5,844	4,619	1,040	1,955
total concentration of credit risk by security type	**$492,991**	**$585,374**	**$478,486**	**$569,225**

Concentration of credit risk by transacting shareholder				
0 - $5,000,000	280,947	363,437	272,839	366,144
$5,000,000 - $10,000,000	58,761	60,794	58,758	47,544
$10,000,000 - $50,000,000	59,286	48,172	59,245	49,887
$50,000,000+	93,997	112,971	87,644	105,649
Concentration of credit risk by transacting shareholder	**$492,991**	**$585,374**	**$478,486**	**$569,225**

Concentration of credit risk by individual contract size

0 - $5,000	53,583	52,747	52,567	51,657
$5,001 - $10,000	113,830	119,223	111,413	117,040
$10,001 - $20,000	154,657	178,177	152,433	174,125
$20,001 - $30,000	92,022	116,868	88,538	112,709
$30,001 - $40,000	44,798	64,653	41,166	61,591
$40,001- $50,000	13,466	18,067	13,091	17,400
$50,001+	20,635	35,639	19,278	34,703
total concentration of credit risk by contract size	**$492,991**	**$585,374**	**$478,486**	**$569,225**

The Group concentration of credit risk to individual counterparties, including customers, transacting shareholders under recourse arrangements and financial institutions, that are equal to or greater than 10% of total equity are:

	group		***parent***	
	2009	***2008***	***2009***	***2008***
10% - 19%	1	-	1	-
20 - 29%	1	1	1	1
40% - 49%	1	-	1	-
60% - 69%	-	1	-	1
80% - 89%	1	-	1	-
140% - 149%	-	1	-	1

(iv) counterparty risk

Counterparty credit risk exists to the banking sector in respect of derivative financial instruments entered into for the hedging of interest rate risk and foreign exchange rate risk within the securitisation programme.

forward exchange rate contracts - notional balance	438,121	516,777	-	-
interest rate swaps - notional balance	468,709	553,348	-	-

Limits on exposures with counterparties have been set and approved by the trustees for the ECP holders and are monitored on a regular basis. MTF limits concentration risk with counterparties and monitors this risk continuously.

note 28: liquidity risk

Liquidity risk is the risk that the group will encounter difficulties in meeting contractual obligations associated with financial liabilities. The Group manages its exposure to liquidity risk by maintaining sufficient liquid funds to meet its commitments based on historical and forecast cash flow requirements.

The contractual maturity profile reflects the remaining period to contractual maturity of assets and liabilities at balance date. This is not considered by MTF to be an accurate indicator of future cash flow as it assumes the BOE facility is not renewed beyond the next maturity date of 24 December 2009 (2008 : 24 December 2008). The expected maturity analysis is a more accurate reflection of the liquidity profile of the Group. This reflects the cash flows related to the repayment of the BOE mirroring the instalments from the underlying finance receivables and assumes that the BOE facility will be rolled over at the next, and each subsequent, maturity date.

The finance receivable amount is based on the undiscounted cash flow MTF is contractually entitled to receive and is not based on the fair value amount represented on the balance sheet. The amounts in the liquidity profile include both interest and principal repayments. The amounts shown for the BOE and ECP include interest costs which MTF would be obligated to pay over the run out of these facilities. MTF has unutilised facilities available to its transacting shareholders at balance date. As MTF is not contractually obligated to meet the funding obligations related to these facilities they are not included in this liquidity profile.

Financial assets matched against financial liabilities at 30 September 2009 (contractual undiscounted cash flows)

group	on demand $000	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	24 - 60 months $000	total $000
monetary assets						
cash at bank	6,515	-	-	-	-	6,515
cash in restricted bank accounts	25,484	-	-	-	-	25,484
accounts receivable	-	500	-	-	-	500
payment waiver indemnity prepayment	2,737	-	-	-	-	2,737
finance receivables	-	130,315	129,229	193,566	128,770	581,880
	34,736	**130,815**	**129,229**	**193,566**	**128,770**	**617,116**
monetary liabilities						
accounts payable and accrued expense	-	7,320	-	-	-	7,320
unearned payment waiver fees	4,417	-	-	-	-	4,417
bills of exchange - secured	-	442,018	-	-	-	442,018
derivative financial instruments	-	26,421	-	-	-	26,421
	4,417	**475,759**	**-**	**-**	**-**	**480,176**
net liquidity gap	**$30,319**	**($344,944)**	**$129,229**	**$193,566**	**$128,770**	**$136,940**
net liquidity gap - cumulative	**$30,319**	**($314,625)**	**($185,396)**	**$8,170**	**$136,940**	

parent	on demand $000	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	24 - 60 months $000	total $000
monetary assets						
cash at bank	6,484	-	-	-	-	6,484
accounts receivable	-	187	-	-	-	187
payment waiver indemnity prepayment	2,737	-	-	-	-	2,737
finance receivables	-	125,365	126,196	187,554	123,161	562,276
amounts owing by subsidiaries	-	13,680	-	-	-	13,680
	9,221	**139,232**	**126,196**	**187,554**	**123,161**	**585,364**
monetary liabilities						
accounts payable and accrued expense	-	7,283	-	-	-	7,283
unearned payment waiver fees	4,417	-	-	-	-	4,417
advance from MTFS	-	95,134	95,765	147,013	108,849	446,762
	4,417	**102,417**	**95,765**	**147,013**	**108,849**	**458,462**
net liquidity gap	**$4,804**	**$36,815**	**$30,431**	**$40,541**	**$14,311**	**$126,902**
net liquidity gap - cumulative	**$4,804**	**$41,619**	**$72,050**	**$112,591**	**$126,902**	

Financial assets matched against financial liabilities at 30 September 2008 (contractual undiscounted cash flows)

group	*on demand*	*0 - 6 months*	*6 - 12 months*	*12 - 24 months*	*24 - 60 months*	*total*
	$000	*$000*	*$000*	*$000*	*$000*	*$000*
monetary assets						
cash in restricted bank accounts	26,915	-	-	-	-	26,915
accounts receivable	-	321	-	-	-	321
payment waiver indemnity prepayment	2,716	-	-	-	-	2,716
finance receivables	-	161,403	140,248	218,749	177,446	697,846
	29,631	**161,724**	**140,248**	**218,749**	**177,446**	**727,798**
monetary liabilities						
share capital repayable on demand	-	-	-	-	6,292	6,292
bank overdraft	481	-	-	-	-	481
accounts payable and accrued expense	-	5,702	-	-	-	5,702
unearned payment waiver fees	4,476	-	-	-	-	4,476
short-term loans - secured	-	29,576	-	-	-	29,576
euro commercial paper - secured	-	150,607	-	-	-	150,607
bills of exchange - secured	-	373,228	-	-	-	373,228
derivative financial instruments	-	12,541	-	-	-	12,541
	4,957	**571,654**	**-**	**-**	**6,292**	**582,903**
net liquidity gap	**$24,674**	**($409,930)**	**$140,248**	**$218,749**	**$171,154**	**$144,895**
net liquidity gap - cumulative	**$24,674**	**($385,256)**	**($245,008)**	**($26,259)**	**$144,895**	

parent	*on demand*	*0 - 6 months*	*6 - 12 months*	*12 - 24 months*	*24 - 60 months*	*total*
	$000	*$000*	*$000*	*$000*	*$000*	*$000*
monetary assets						
accounts receivable	-	241	-	-	-	241
payment waiver indemnity prepayment	2,716	-	-	-	-	2,716
finance receivables	-	157,401	136,753	213,534	169,764	677,452
amounts owing by subsidiaries	-	15,079	-	-	-	15,079
	2,716	**172,721**	**136,753**	**213,534**	**169,764**	**695,488**
monetary liabilities						
share capital repayable on demand	-	-	-	-	6,292	6,292
bank overdraft	530	-	-	-	-	530
accounts payable and accrued expense	-	5,634	-	-	-	5,634
unearned payment waiver fees	4,476	-	-	-	-	4,476
advance from MTFS	-	127,710	106,515	168,287	138,619	541,131
short-term loans - secured	-	29,576	-	-	-	29,576
	5,006	**162,920**	**106,515**	**168,287**	**144,911**	**587,639**
net liquidity gap	**($2,290)**	**$9,801**	**$30,238**	**$45,247**	**$24,853**	**$107,849**
net liquidity gap - cumulative	**($2,290)**	**$7,511**	**$37,749**	**$82,996**	**$107,849**	

Financial assets matched against financial liabilities at 30 September 2009 (expected undiscounted cash flows)

group	on demand $000	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	24 - 60 months $000	total $000
monetary assets						
cash at bank	6,515	-	-	-	-	6,515
cash in restricted bank accounts	25,484	-	-	-	-	25,484
accounts receivable	-	500	-	-	-	500
payment waiver indemnity prepayment	2,737	-	-	-	-	2,737
finance receivables	-	130,315	129,229	193,566	128,770	581,880
	34,736	**130,815**	**129,229**	**193,566**	**128,770**	**617,116**
monetary liabilities						
accounts payable and accrued expense	-	7,320	-	-	-	7,320
unearned payment waiver fees	4,417	-	-	-	-	4,417
bills of exchange - secured	-	95,883	101,148	157,015	106,859	460,906
derivative financial instruments	-	26,421	-	-	-	26,421
	4,417	**129,624**	**101,148**	**157,015**	**106,859**	**499,064**
net liquidity gap	**$30,319**	**$1,191**	**$28,081**	**$36,551**	**$21,910**	**$118,052**
net liquidity gap - cumulative	**$30,319**	**$31,510**	**$59,590**	**$96,141**	**$118,052**	

parent	on demand $000	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	24 - 60 months $000	total $000
monetary assets						
cash at bank	6,484	-	-	-	-	6,484
accounts receivable	-	187	-	-	-	187
payment waiver indemnity prepayment	2,737	-	-	-	-	2,737
finance receivables	-	125,365	126,196	187,554	123,161	562,276
amounts owing by subsidiaries	-	13,680	-	-	-	13,680
	9,221	**139,232**	**126,196**	**187,554**	**123,161**	**585,364**
monetary liabilities						
accounts payable and accrued expense	-	7,283	-	-	-	7,283
unearned payment waiver fees	4,417	-	-	-	-	4,417
advance from MTFS	-	95,134	95,765	147,013	108,849	446,762
	4,417	**102,417**	**95,765**	**147,013**	**108,849**	**458,462**
net liquidity gap	**$4,804**	**$36,815**	**$30,431**	**$40,541**	**$14,311**	**$126,902**
net liquidity gap - cumulative	**$4,804**	**$41,619**	**$72,050**	**$112,591**	**$126,902**	

Financial assets matched against financial liabilities at 30 September 2008 (expected undiscounted cash flows)

group	on demand $000	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	24 - 60 months $000	total $000
monetary assets						
cash in restricted bank accounts	26,915	-	-	-	-	26,915
accounts receivable	-	321	-	-	-	321
payment waiver indemnity prepayment	2,716	-	-	-	-	2,716
finance receivables	-	161,403	140,248	218,749	177,446	697,846
	29,631	**161,724**	**140,248**	**218,749**	**177,446**	**727,798**
monetary liabilities						
share capital repayable on demand	-	-	-	-	6,292	6,292
bank overdraft	481	-	-	-	-	481
accounts payable and accrued expense	-	5,702	-	-	-	5,702
unearned payment waiver fees	4,476	-	-	-	-	4,476
short-term loans - secured	-	29,576	-	-	-	29,576
euro commercial paper - secured	-	19,614	-	-	-	19,614
bills of exchange - secured	-	118,410	112,623	171,352	136,216	538,601
derivative financial instruments	-	12,541	-	-	-	12,541
	4,957	**185,843**	**112,623**	**171,352**	**142,508**	**617,283**
net liquidity gap	**$24,674**	**($24,119)**	**$27,625**	**$47,397**	**$34,938**	**$110,515**
net liquidity gap - cumulative	**$24,674**	**$555**	**$28,180**	**$75,577**	**$110,515**	

parent	on demand $000	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	24 - 60 months $000	total $000
monetary assets						
accounts receivable	-	241	-	-	-	241
payment waiver indemnity prepayment	2,716	-	-	-	-	2,716
finance receivables	-	157,401	136,753	213,534	169,764	677,452
amounts owing by subsidiaries	-	15,079	-	-	-	15,079
	2,716	**172,721**	**136,753**	**213,534**	**169,764**	**695,488**
monetary liabilities						
share capital repayable on demand	-	-	-	-	6,292	6,292
bank overdraft	530	-	-	-	-	530
accounts payable and accrued expense	-	5,634	-	-	-	5,634
unearned payment waiver fees	4,476	-	-	-	-	4,476
advance from MTFS	-	127,710	106,515	168,287	138,619	541,131
short-term loans - secured	-	29,576	-	-	-	29,576
	5,006	**162,920**	**106,515**	**168,287**	**144,911**	**587,639**
net liquidity gap	**($2,290)**	**$9,801**	**$30,238**	**$45,247**	**$24,853**	**$107,849**
net liquidity gap - cumulative	**($2,290)**	**$7,511**	**$37,749**	**$82,996**	**$107,849**	

(i) liquidity risk management

Liquidity risk is managed primarily through access to the securitisation programme by which finance receivables are sold to MTFS. Within the securitisation programme revolving liquidty facilities exist with appropriately rated banks to ensure ongoing funding to repay ECP on maturity should further ECP not be able to be issued.

The Group manages non-securitised assets and liabilities to ensure maturities allow an adequate margin between requirements to fund non-securitised assets and access to funding.

The Group sets a credit limit for each transacting shareholder which represents the facility it makes available in terms of receivables financed. Credit limits are based on criteria such as the assessed quality of receivables introduced by the transacting shareholder and the transacting shareholder's assessed financial position.

The Group manages the aggregate credit limit established for all transacting shareholders against the funding lines available.

The securitisation programme has a facility limit of NZD470,000,000 (2008: NZD600,000,00) and is subject to credit rating by Standard & Poor's and Moody's Investors Service. The ECP and BOE drawn at year end are components of the securitisation programme and amount to $nil (2008 : $149,572,000) and $425,100,000 (2008 : $366,636,000) respectively. Other than the facility available to sell finance receivables pursuant to the securitisation programme, the Group has access to committed credit facilities of $68,000,000 (2008 : $82,000,000) of which $68,000,000 (2008 : $53,600,000) is unused at year end.

The Group seeks to maintain a diverse, competitive and sustainable funding portfolio regardless of current economic conditions, nationally or internationally. In conjunction with funding providers, the Group periodically and systematically reviews funding lines, both individually and as a collective portfolio. The global credit crisis and collapse of many finance companies in New Zealand have changed the funding environment for finance companies. Bank funding and securitisation will continue to provide the core funding for MTF and the Group is looking to access other sources, such as medium term notes and retail debentures, in the future, to ensure sustainability and diversification are preserved.

One transacting shareholder has significant finance receivables at 30 September 2009. If an insolvency or a ratings downgrade occurs with respect to this transacting shareholder, MTF is required to re-purchase from MTFS all of the transacting shareholder's finance receivables. The Group has arranged a specific credit and liquidity facility backed by a performance bond, for $20m, to protect the Group should such a credit or liquidity event occur. MTF has a repurchase facility in place which would require CBA to purchase the transacting shareholder's finance receivables over a 10% concentration, limiting MTF risk to the first 10%. MTF would fund this repurchase obligation through the combination of accessing the bank performance bond and unutilised bank facilities.

(ii) concentration of funding risk

MTF has concentration of funding risk to MTFS for the future sale of finance receivables, which may arise in the event that MTF is unable to meet the terms and conditions of the securitisation programme or in the event the programme is unable to provide a continuous source of funding for reasons outside the control of MTF. At 30 September 2009, MTF complies with all covenants of the securitisation programme.

(iii) going concern

The financial statements have been prepared using the going concern assumption.

At the date of approving these financial statements, MTFS is funding securitised finance receivables by BOE.

The considered view of the directors of MTF is that, after making due enquiry there is a reasonable expectation that the Company and Group have adequate resources to continue operations at existing levels for the next twelve months from the date of approving the financial statements and consequently the directors believe the going concern assumption is a valid basis on which to prepare the financial statements.

The directors reached this conclusion having regard to the circumstances which they consider likely to affect the Company and Group during the period of one year from the date of these financial statements, and having regard to other circumstances which they believe will occur after that date, which could affect the validity of the going concern assumption.

During the period MTF has successfully raised in excess of $8,000,000 in cash by issuing new shares and created an additional $6,300,000 in capital from cancelling the co-operative company status. This capital raising was one of the first steps in positioning MTF to access alternative funding markets.

MTF is working closely with its bankers and professional advisors to implement a new funding structure to replace the existing securitisation programme. The new funding facilities are intended to provide MTF with term funding by issuing medium term notes into capital markets.

Once this structure is in place, MTF will continue to assess opportunities to further diversify its debt facilities.

In the event this new structure is not in place prior to the expiry of the existing facilities the directors believe these facilities will be rolled over until at least June 2010 to allow time to implement the new funding structure, consistent with the actions of the same providers in rolling over the standby facilities on each expiry since June 2007. The directors' confidence is based on discussions with each of the standby liquidity providers, the record of sustainable earnings before profit distributions and commission payments to transacting shareholders and the quality of the finance receivables. At no stage in these discussions have the standby liquidity providers indicated they will not be rolling over the facility on 24 December 2009.

The directors believe that the Company and Group are able to continue as going concerns. The directors acknowledge the risk, as a result of the global credit crisis and resulting factors outside their control, of the Company and Group not being able to continue as going concerns and not being able to pay their debts as and when they become due and payable. If the Company and Group were unable to continue in operational existence, and pay debts as and when they become due and payable, adjustments may have to be made to reflect the situation where assets may need to be realised and liabilities extinguished, other than in the normal course of business, and at amounts which could differ significantly from the amounts at which they are recorded in the Balance Sheet.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company and the Group be unable to continue as going concerns.

note 29: market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Market risk arises on financial instruments which are measured at fair value and those which are measured at amortised cost.

The objective of market risk management is to control market risk exposures, to achieve optimal returns, while maintaining risk at acceptable levels. An annual review of treasury policy and risk management is performed with the directors ensuring that recommendations arising are investigated and actioned where necessary.

An asset and liability committee consisting of the Managing Director, Chief Financial Officer, General Manger – Credit, Trust Manager and Asset and Liability Manager, meets regularly to consider balance sheet risk and management, within the framework of director approved treasury policy.

(i) interest rate risk

The following schedule details the interest rate repricing profile at 30 September 2009. The amounts disclosed represent the contractual repricing or maturity dates, whichever dates are earlier, except for BOE, which are based on expected, rather than contractual, maturity dates.

group	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	> 24 months $000	non-interest sensitive $000	total $000
assets						
cash at bank	6,515	-	-	-	-	6,515
cash in restricted bank accounts	25,484	-	-	-	-	25,484
accounts receivable	-	-	-	-	500	500
payment waiver indemnity prepayment	-	-	-	-	2,737	2,737
finance receivables	99,391	106,296	167,779	119,525	-	492,991
taxation refund due	-	-	-	-	1,050	1,050
other assets					7,091	7,091
	131,390	**106,296**	**167,779**	**119,525**	**11,378**	**536,368**
liabilities and equity						
share capital	-	-	-	-	22,322	22,322
retained earnings	-	-	-	-	2,185	2,185
perpetual preference shares	-	-	-	-	38,966	38,966
accounts payable and accrued expense	-	-	-	-	7,320	7,320
unearned payment waiver fees	-	-	-	-	4,417	4,417
bills of exchange - secured	85,704	91,658	144,674	103,065	-	425,100
derivative financial instruments	-	-	-	-	26,421	26,421
deferred taxation	-	-	-	-	9,637	9,637
	85,704	**91,658**	**144,674**	**103,065**	**111,268**	**536,368**
total interest rate sensitivity gap	**$45,686**	**$14,638**	**$23,105**	**$16,460**	**($99,890)**	

parent	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	> 24 months $000	non-interest sensitive $000	total $000
assets						
cash at bank	6,484	-	-	-	-	6,484
accounts receivable	-	-	-	-	187	187
payment waiver indemnity prepayment	-	-	-	-	2,737	2,737
finance receivables	95,747	104,482	163,493	114,763	-	478,486
amounts owing by subsidiaries	-	-	-	-	13,680	13,680
other assets	-	-	-	-	3,071	3,071
	102,231	**104,482**	**163,493**	**114,763**	**19,675**	**504,645**
liabilities and equity						
share capital	-	-	-	-	22,322	22,322
retained earnings	-	-	-	-	11,117	11,117
perpetual preference shares	-	-	-	-	38,966	38,966
provision for taxation	-	-	-	-	5,541	5,541
accounts payable and accrued expense	-	-	-	-	7,283	7,283
unearned payment waiver fees	-	-	-	-	4,417	4,417
advance from MTFS	82,571	90,103	140,994	98,970	-	412,637
deferred taxation	-	-	-	-	2,362	2,362
	82,571	**90,103**	**140,994**	**98,970**	**92,008**	**504,645**
total interest rate sensitivity gap	**$19,660**	**$14,379**	**$22,499**	**$15,793**	**($72,333)**	

The following schedule details the interest rate repricing profile at 30 September 2008. The amounts disclosed represent the contractual repricing or maturity dates, whichever dates are earlier, except for BOE, which are based on expected, rather than contractual, maturity dates.

group	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	> 24 months $000	non-interest sensitive $000	total $000
assets						
cash in restricted bank accounts	26,915	-	-	-	-	26,915
accounts receivable	-	-	-	-	321	321
payment waiver indemnity prepayment	-	-	-	-	2,716	2,716
finance receivables	125,660	112,701	185,112	161,901	-	585,374
taxation refund due	-	-	-	-	588	588
other assets	-	-	-	-	4,387	4,387
	152,575	**112,701**	**185,112**	**161,901**	**8,012**	**620,301**
liabilities and equity						
retained earnings	-	-	-	-	4,316	4,316
perpetual preference shares	-	-	-	-	38,966	38,966
share capital repayable on demand	-	-	-	-	6,292	6,292
bank overdraft	481	-	-	-	-	481
accounts payable and accrued expense	-	-	-	-	5,702	5,702
unearned payment waiver fees	-	-	-	-	4,476	4,476
short-term loans - secured	28,400	-	-	-	-	28,400
euro commercial paper - secured	32,108	28,797	47,299	41,368	-	149,572
bills of exchange - secured	78,704	70,588	115,941	101,403	-	366,636
derivative financial instruments	-	-	-	-	12,541	12,541
deferred taxation	-	-	-	-	2,919	2,919
	139,693	**99,385**	**163,240**	**142,770**	**75,210**	**620,301**
total interest rate sensitivity gap	**$12,882**	**$13,316**	**$21,872**	**$19,131**	**($67,198)**	

parent	0 - 6 months $000	6 - 12 months $000	12 - 24 months $000	> 24 months $000	non-interest sensitive $000	total $000
assets						
accounts receivable	-	-	-	-	241	241
payment waiver indemnity prepayment	-	-	-	-	2,716	2,716
finance receivables	122,779	110,128	181,258	155,059	-	569,224
amounts owing by subsidiaries	-	-	-	-	15,079	15,079
other assets	-	-	-	-	4,388	4,388
	122,779	**110,128**	**181,258**	**155,059**	**22,424**	**591,648**
liabilities and equity						
retained earnings	-	-	-	-	12,296	12,296
perpetual preference shares	-	-	-	-	38,966	38,966
share capital repayable on demand	-	-	-	-	6,292	6,292
bank overdraft	-	-	-	-	530	530
provision for taxation	-	-	-	-	2,687	2,687
accounts payable and accrued expense	-	-	-	-	5,634	5,634
unearned payment waiver fees	-	-	-	-	4,476	4,476
short-term loans - secured	28,400	-	-	-	-	28,400
advance from MTFS	105,661	94,774	155,987	133,441	-	489,862
deferred taxation	-	-	-	-	2,505	2,505
	134,061	**94,774**	**155,987**	**133,441**	**73,386**	**591,648**
total interest rate sensitivity gap	**($11,282)**	**$15,354**	**$25,271**	**$21,618**	**($50,962)**	

The information presented above in relation to the ECP, BOE and advance from MTFS reflects the underlying hedge arrangement whereby interest rate swaps are used to fix the interest exposure.

a) securitisation programme funding

To hedge the fixed rate income from securitised receivables the Group enters into interest rate swaps to convert the floating rate interest liability on ECP/BOE into fixed interest cost.

Exposure to early termination of the interest rate swaps is the liability of MTF. Actual losses incurred on early termination of a loan agreement are passed to the customer as part of the settlement process.

b) other funding

Interest rate risk is managed by generally matching maturities on the non-securitised funding facilities with maturities on the non-securitised finance receivables. The interest rates on the Company's finance facilities are set out in notes 14, 15 and 16.

Management monitors interest rates on an ongoing basis, and from time to time, will lock in fixed rates on the next floating reset via swap contracts when it considers that interest rates will rise. At 30 September 2009 the bank overdraft and short-term loans had interest rate maturities of less than 90 days.

Bank overdraft and short-term loans are renegotiated at market rates upon maturity.

MTF may from time to time hedge the perpetual preference shares interest rate reset, which occurs annually on 30 September. The effect is to lock in fixed rates on the next rate reset via swap contracts when management considers that interest rates will rise.

c) financial assets

Interest rates applicable to finance receivables are fixed for the term of the finance receivables. The weighted average interest rate earned on finance receivables at 30 September 2009 was 15.24% (2008 : 14.45%).

Cash at bank and cash in restricted bank accounts are at call with interest rate maturities of less than 30 days. The weighted average interest rate applicable to cash balances at 30 September 2009 was 2.5% (2008 : 7.5%).

(ii) interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. A change in interest rates impacts the fair value of the fixed rate assets and liabilities and interest rate swaps. The fair value changes will impact the profit and loss only where the instruments are designated at FVTPL.

A 100 bp movement in interest rates based on the assets and liabilities held at balance date represents management assessment of a reasonably probable change in interest rates. The large impacts on profit and loss in the parent entity of such a movement in interest rate are due to all interest rate swaps being held by the subsidiary at 30 September 2009.

	group		parent	
	2009	2008	2009	2008
impact on profit (loss) after taxation	$000	$000	$000	$000
100 bp increase in interest rates	116	(8)	(3,785)	(4,759)
100 bp decrease in interest rates	(130)	(3)	3,867	4,869
impact on equity				
100 bp increase in interest rates	116	(8)	(3,785)	(4,759)
100 bp decrease in interest rates	(130)	(3)	3,867	4,869

(i) foreign currency risk

The securitised finance receivables are funded through the issue of ECP/BOE, denominated in US dollars. This gives rise to a foreign exchange risk, from funding NZD denominated securitised finance receivables with USD denominated ECP/BOE. To eliminate the risk foreign exchange agreements are entered into for the ECP/BOE required for each individual tranche of securitised receivables, on a monthly basis.

note 30: capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to transacting shareholders through an efficient mix of debt and equity instruments.

For purposes of capital management, the capital structure of the Group consists of share capital, retained earnings, perpetual preference shares ,and for the comparative period, the net interest margin facility as disclosed in notes 11 and 14 respectively. The net interest margin had been included, as the banking facility arrangements recognised such amounts as capital for the purposes of capital ratio calculations. This facility matured on 30 September 2009 and was repaid in full.

	group		parent	
	2009 $000	2008 $000	2009 $000	2008 $000
share capital	22,322	-	22,322	-
retained earnings	2,185	4,316	11,117	12,296
perpetual preference shares	38,966	38,966	38,966	38,966
share capital repayable on demand	-	6,292	-	6,292
net interest margin facility	-	14,000	-	14,000
total capital for capital management purposes	**$63,473**	**$63,574**	**$72,405**	**$71,554**

The Group is subject to externally imposed capital requirements though a variety of covenants under banking, securitisation and trustee arrangements. These covenants are built into the Group treasury policy and performance is reported weekly to the Asset and Liability Committee and monthly to the directors and external funding parties. The Group is compliant with all of these covenants. The directors are responsible for the Group system of risk management. The directors regularly monitor the operational and financial risk aspects of the Group and, through the audit committee, consider the recommendations and advice of external auditors.

capital restructure

A capital restructure proposal, approved by transacting shareholders on 29 October 2008, and completed on 2 February 2009, means that MTF is no longer registered as a co-operative. The restructure included additional capital, capitalisation of undistributed profits and conversion to an investor owned company to ensure the Company has appropriate capital to meet prudential, regulatory and operational requirements. The result of the capital restructure is detailed in note 11.

note 31: fair value

The methods and assumptions used to determine fair value depends on the terms and characteristics of the various instruments. The following methods have been used.

finance receivables

Finance receivables are designated at FVTPL. As there is no active market, fair value is determined by various valuation techniques including discounted cash flow models. To the extent possible models use only observable market data.

derivative financial instruments

Derivative financial instruments are recognised in the financial statements at fair value. Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of a derivative financial instrument is based on discounted cash flow models using observable market data.

other financial assets and liabilities

The carrying amount of all other financial assets and liabilities approximates fair value.

group	***2009 $000 carrying amount***	***2009 $000 fair value***	***2008 $000 carrying amount***	***2008 $000 fair value***
assets				
cash at bank	6,515	6,515	-	-
cash in restricted bank accounts	25,484	25,484	26,915	26,915
accounts receivable	500	500	321	321
payment waiver indemnity prepayment	2,737	2,737	2,716	2,716
finance receivables	492,991	492,991	585,374	585,374
liabilities				
share capital repayable on demand	-	-	6,292	6,292
bank overdraft	-	-	481	481
accounts payable and accrued expense	7,320	7,320	5,702	5,702
unearned payment waiver fees	4,417	4,417	4,476	4,476
short term loans - secured	-	-	28,400	28,400
euro commercial paper - secured	-	-	149,572	149,572
bills of exchange - secured	425,100	425,100	366,636	366,636
derivative financial instruments	26,421	26,421	12,541	12,541
parent				
assets				
cash at bank	6,484	6,484	-	-
accounts receivable	187	187	241	241
payment waiver indemnity prepayment	2,737	2,737	2,716	2,716
financed receivables	478,486	478,486	569,225	569,225
amounts owing by subsidiaries	13,680	13,680	15,079	15,079
liabilities				
share capital repayable on demand	-	-	6,292	6,292
bank overdraft	-	-	530	530
accounts payable and accrued expense	7,283	7,283	5,634	5,634
unearned payment waiver fees	4,417	4,417	4,476	4,476
short term loans	-	-	28,400	28,400
advance from MTFS	412,637	412,637	489,862	489,862

note 32: events after balance date

On 22 October 2009, the directors declared a final dividend on paid-up ordinary shares of 6.45% (1.61 cents per share) amounting to $231,000, for the period from 1 July 2009 to 30 September 2009. The dividend was paid on 30 October 2009.

note 33: segment information

The Group operates predominantly in one industry, provision of finance facilities, and in one geographical location, New Zealand.

note 34: contingent liabilities

The Company has a contingent liability arising from impending legal action by the Commerce Commission, in relation to fees charged under the Credit Contracts and Consumer Finance Act 2003. MTF is unable to quantify the contingent liability, as the Commerce Commission has not provided any detail beyond its intention. The Company will defend any action taken by the Commerce Commission.

Deloitte.

AUDIT REPORT

TO THE SHAREHOLDERS OF MOTOR TRADE FINANCES LIMITED

We have audited the financial statements on pages 9 to 53. The financial statements provide information about the past financial performance and financial position of Motor Trade Finances Limited and group as at 30 September 2009. This information is stated in accordance with the accounting policies set out on pages 13 to 20.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of Motor Trade Finances Limited and group as at 30 September 2009 and of the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board of Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company and group circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor, the provision of assurance services, taxation services and advice on capital restructuring options, we have no relationship with or interests in Motor Trade Finances Limited or any of its subsidiaries.

Uncertainty of Funding Facility

In forming our unqualified opinion, we have considered the disclosures in the financial statements concerning the reliance on the standby liquidity facility, in the form of bills of exchange ("the Funding Facility") and directors plans to implement a new funding structure to access alternative funding markets. The financial statements have been prepared on a going concern basis, the validity of which depends on the continued renewal of the Funding Facility and/or the access to alternative funding markets. Details are outlined in Note 28(iii). The financial statements do not include any adjustments that could result if the Funding Facility is not extended and/or adequate alternative funding facilities can not be sourced. In these circumstances the Company and Group may be unable to continue their operations in the foreseeable future and as a result assets may not be recovered at the amounts recorded on the balance sheet and additional liabilities may arise that are not recorded on the balance sheet.

Deloitte.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Motor Trade Finances Limited as far as appears from our examination of those records; and
- the financial statements on pages 9 to 53:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards;
  - give a true and fair view of the financial position of Motor Trade Finances Limited and group as at 30 September 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 10 November 2009 and our unqualified opinion is expressed as at that date.

Chartered Accountants
DUNEDIN, NEW ZEALAND

statutory information

1. principal activities

Motor Trade Finances Ltd (MTF) is a finance company whose principal activity is the provision of motor vehicle finance facilities to its transacting shareholders.

2. interests register

The following entries were recorded in the director interests register of the Company and its subsidiaries.

a) Directors' shareholdings

No director owns transacting shares in the Company. Messrs W N Cashmore, G D Gibbons and M D Hatwell are directors of companies with shareholdings in MTF and all three declared their interest in material matters affecting transacting shareholders of MTF.

Shares held by associated companies of directors:

	A shares	%
W N Cashmore	53,940	0.24%
G D Gibbons	1,100,280	4.93%
M B Hatwell	270,673	1.21%
	1,424,893	6.38%
Total shares on issue	22,322,466	100%

b) Disclosure of interests by directors

In accordance with Section 140(2) of the Companies Act 1993 the directors named below have made a general disclosure of interest by notice entered in the Company interests register.

R A Bonifant is Chairman of Ashburton Contracting Ltd and Rawlinsons Ltd, Deputy Chairman of Timaru District Holdings Ltd, and a director of Barrhill Chertsey Irrigation Ltd, CBS Canterbury, Lynn River Ltd, Rural Equities Ltd (retired 31 March 2009), W Pinckney Ltd, Northburn Investments Ltd, MTF Leasing Ltd, MTF Direct Ltd, MTF Securities Ltd and MTF Ltd.

A R Bradshaw is a director of MTF Securities Ltd, MTF Leasing Ltd, MTF Ltd and MTF Direct Ltd.

K J Cummings retired as a director of MTF Limited on 14 November 2008.

G D Gibbons is a director of The Colonial Motor Company Ltd and its subsidiaries.

M B Hatwell is a director of Metro Finance Ltd, Hamilton Wholesale Cars Ltd, East Bay Motors Ltd, Tauranga Car Sales Ltd, Metro Motors Rotorua Ltd, Metro Motors Hamilton Ltd, CNI Finance Ltd, Apec Finance Ltd, Hatwell Investments Ltd, Suzie Number Two Ltd, Metro Storage Rotorua Ltd, Hatwell Properties Ltd, Metro Properties Rotorua Ltd and Metro Taupo Properties Ltd.

S J Higgs is Chairman of Mt Difficulty Wines Ltd and Botry-Zen Ltd. He is a director of CRT Ltd, Cumberland Property Group Ltd, Cumberland Rural Properties Ltd, Polson Higgs Administration Ltd, Polson Higgs Wealth Management Ltd, Polson Higgs BPO Ltd, Incompass Ltd, MTF Leasing Ltd, MTF Direct Ltd and MTF Ltd.

W N Cashmore is a director of Warwick Cashmore Ltd and Waikiwi Holdings Ltd.

3. directors' remuneration

Remuneration and other benefits paid to directors by the Company during the year were as follows:

	Parent	
	2009	2008
R A Bonifant	62,500	62,500
A R Bradshaw	421,013	481,685
W N Cashmore	36,000	36,000
K J Cummings	4,304	36,000
G D Gibbons	36,000	36,000
M B Hatwell	36,000	36,000
S J Higgs	36,000	36,000
	631,817	724,185

No remuneration or other benefits are paid by subsidiaries.

4. employee remuneration

Remuneration and other benefits of $100,000 p.a. or more received by employees in their capacity as employees:

Range	Parent	
	Number of employees	
	2009	2008
$100,000 - $109,999	2	2
$110,000 - $119,999	3	4
$120,000 - $129,999	2	3
$130,000 - $139,999	3	2
$150,000 - $159,999	1	-
$160,000 - $169,999	2	-
$170,000 - $179,999	1	1
$200,000 - $209,999	1	1
$210,000 - $219,999	-	1
$250,000 - $259,999	1	-
$260,000 - $269,999	-	1

No remuneration is paid by subsidiaries.

The Managing Director's remuneration is included with directors' remuneration in the note above.

5. information used by directors

There were no notices from directors requesting to use Company information received in their capacity as directors which would not otherwise be available to them.

6. directors' indemnity and insurance

The Company has arranged policies of directors and officers liability insurance which together with an indemnity provided under the Company constitution ensures that generally directors will incur no monetary loss as a result of actions taken by them as directors. Certain actions are excluded, for example penalties and fines which may be imposed in respect of breaches of the law.

7. co-operative company status

On 2 February 2009 MTF cancelled its registration as a co-operative company as part of restructuring the Company.

8. donations

The Company made no donations during the year.

directory

directors
Roger A Bonifant, *MAgSc, MSc, CNZM (Chairman)*
Angus R Bradshaw, *BCA, ACA, F Fin (Managing Director)*
Warwick N Cashmore
Ken J Cummings (retired 14 November 2008)
Graeme D Gibbons, *BCom, CA*
Mark B Hatwell
Stephen J Higgs, *BCom, FCA*

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ordinary share registrar
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trustee for securitisation programme
Trustees Executors Ltd

investor information (securitisation)
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ANZ National Bank
Westpac Banking Corporation
Commonwealth Bank of Australia

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management

Managing Director
Angus Bradshaw, *BCA, ACA, F Fin*

Chief Financial Officer
Glen Todd, BCom, *ACA, A Fin*

Financial Controller
Kyle Cameron, *BCom, BPhEd, Dip Grad, CA*

Credit
Russell Walker, *MBA, BCom, ACA, CMA*

Information technology
Daniel Irvine

Customer support
Simon Hopkins

Marketing
Justin Stott, *BCom, B PhEd*