

Impact of receivership of finance subsidiary

Further to the announcement made on 11 April 2008 Lombard Group Limited advises that the impact of the receivership of its finance subsidiary, Lombard Finance & Investments Limited (LFIL), is uncertain at this time however LOM advises that:

Preliminary discussions with its auditors indicate that LOM's financial statements for the financial year ended 31 March 2008 will be prepared on a basis equivalent to that which would apply if LFIL has been disposed of for no consideration (i.e. no value will be placed on LOM's shareholding in LFIL);

The carrying value of LOM's investment of \$2m of Secured Debenture Stock issued by LFIL will be assessed once the receivers of LFIL have provided their initial report. This must be completed within 2 months of their appointment but may be available earlier. LFIL announced on 3 April 2008 that at the end of March 2008 the amount owed to investors, in order of priority, was \$111 million to holders of Secured Debenture Stock and \$16 million to holders of Subordinated Notes and Subordinated Capital Notes while the book value of loans outstanding amounted to \$143 million. In light of the appointment of receivers to LFIL, LOM expects that there may not be a full recovery of loans outstanding but, in the absence of a report from the receivers, LOM cannot make its own assessment of the extent of recovery of the \$2m owed to it.

Sale of Maestro business

LOM announces that on 18 April 2008 it finalised an agreement to sell the assets of its online insurance and mortgage facilitation business, Maestro Commerce Limited, to the General Manager of that business.

The terms of sale will, depending on profitability, result in LOM receiving back, in instalments, a portion of the current year costs contributed to the development of the business. An inter-company loan to Maestro Commerce Limited of approximately \$680k will be written off.

Mr Reeves commented, "While Maestro remains an interesting business, its continuing start-up phase means that it is not yet cash-flow positive and at this time we have sought to concentrate our resources on the Tasman and United businesses".

Tasman Mortgages and United Home Loans

Tasman and United continue to trade at an acceptable level in a very tough Home Mortgage Market. All lenders have indicated lower application volumes for home mortgages and certainly the application volumes have reduced.

The Tasman/United group has recently completed an internal reorganisation and cost cutting measures which are designed to ensure a budget surplus for the 2008/2009 year is achieved. LOM will report separately on Tasman/United's results to 31 March 2008 as part of LOM's full year report.

As a mortgage manager (processing and administering loans) and broker (advising clients on funding options), Tasman and United are not directly affected if a borrower defaults under a loan. Once a loan is confirmed as being in default, the third party lenders who have provided the funds take over administration of the relevant loan and seek whatever recoveries are available to them to reduce their losses. Loans are not underwritten by Tasman/United. There are trail revenues received by Tasman/United which cease once a loan is in default but, to date, the impact of defaults has not been material.

Ongoing position

The LOM Board is currently undertaking a review of LOM's ongoing operations in light of the receivership of LFIL and is assessing the future direction of the company. Further announcements will be made as decisions are made.

Michael Reeves
Chief Executive Officer

21 April 2008