

Another Historic Milestone for HFC

Record Profit and \$1.7m Dividends to Shareholders

Chief Executive Officer, Mr Freddie Keshwan, today proudly announced yet another record achievement for HFC with After-Tax Profit of \$1.926m for the year ended 30th June 2006.



Mr Freddie Keshwan
Chief Executive Officer

- Capital Adequacy Ratio at 15% well complies with RBF's minimum requirement of 10% for Licensed Credit Institutions.
- Company's risk profile is monitored against a well established audit platform and is assessed as a low risk.

The second half of the financial year was a period where HFC's priority was on completing its new building project in Suva (HFC Centre) and subsequent relocation of all its other operations at Victoria Corner and Downtown Boulevard to the new site. The company also completed its business segmentation and staff re-alignment process in line with its corporate objective to consistently provide service to its people with a difference.

SUSTAINABILITY & OUTLOOK

HFC is committed to building a base for longer term growth and sustainable returns. The external regulatory and competitive influences will no doubt have some effect on the pace of HFC's planned growth. Notwithstanding, the company anticipates this cycle to ease over the next 18-24 months which gives HFC the opportunity to improve its customer agenda and operational efficiencies.

"We will continue to consolidate our strong position in our dominant market segments and at the same time systematically increase market share in the emerging markets where the company sees potential for future growth and higher returns" said Mr Keshwan. "Raising- the-bar of our people (staff) will become the platform for launching future growth strategies with sustainable returns. This will mean aggressively advancing on the cultural change agenda and the development of enlightened values for our people to embrace a customer-first approach at the back of the "4-Pillars" of HFC's future business strategies".

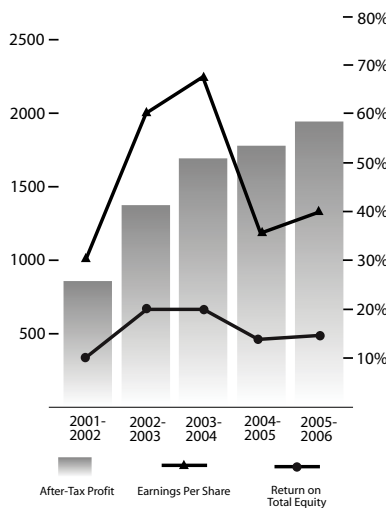
The shareholders also approved total Dividend of \$1.700m for the same period. "HFC is unique in the sense that the company is wholly owned by the people of Fiji through the 75% and 25% respective shareholding of Fiji National Provident Fund (FNPF) and the Unit Trust of Fiji (UTF). This means that all the Dividends are directly ascribed to the members' superannuation funds at FNPF and Unit holder's accounts with UTF; and we are proud to be contributing towards the economic prosperity of the people of our country in this unique way" said Mr Keshwan.

HIGHLIGHTS & COMMENTARY

For HFC the results were yet another milestone in the company's 44 year history. This was achieved in a rather difficult period despite the rising interest rate environment (influenced by RBF's tightening monetary policies) and a very highly competitive market.

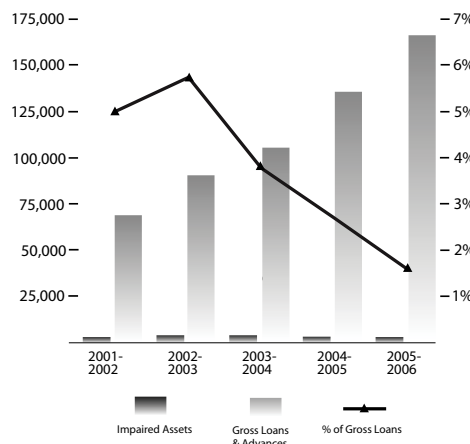
- Strong growth in Gross Loans & Advances (+25%) was offset by lower margins.
- Total Operating Expenses was maintained within 58.9% of total Revenue.
- Steady decline in total Impaired Assets (-24% for the year) that attributes to only 1.1% of the Gross Loans & Advances.
- General & Specific Provisions were adequately maintained at 150.8% of the total Impaired Assets.

After-Tax Profit, Return on Equity & EPS



(Return on Equity & EPS dropped in 2004-2005 due to injection of additional \$5m as Paid Up Capital proportionately by the two Shareholders)

Gross Loans & Impaired Assets



BOARD APPOINTMENT

The company also announced the appointment of Mr Paula Uluinaceva, CEO of Ministry for Finance & National Planning, as a new Director and Chairman of HFC. Mr Uluinaceva replaced Mr Lionel Yee who retired from the company as the longest serving Board member for more than 28 years (since October 1978). All other Directors were reappointed to office.

Mr Keshwan paid tribute to Mr Yee's invaluable contribution to the expansion and orderly growth of HFC over the years. He described Mr Yee as a very dynamic and visionary leader with a wealth of experience in the financial services industry as a result of which he always provided hands-on support to management in the day-to-day operations of the company. The management, staff and

directors of the company wishes him well with his future endeavours.

Directors of HFC are all qualified and experienced personalities appointed locally by the shareholders. The following Directors are currently in office whose term expires in October 2007:



Mr Lionel Yee



Chairman
Mr Paula Uluinaceva
(FNPF nominee)



Deputy Chairman
Dr Peter Mario
(UTF nominee)



Mr Maika Namudu
(FNPF nominee)



Mr Fazal Khan MOF
(FNPF nominee)



Mr Himmat Lodhia
(FNPF nominee)



Mr James Raman CBE
(FNPF nominee)



Mr Olota Rokovunisei
(UTF nominee)

Company Secretary: Ms Mereia Volavola (HFC Senior Manager Business Financial Services)



SUMMARY KEY DISCLOSURE STATEMENT for the year ended 30 June 2006

Introductory Statement

The purpose of this information is to provide customers and potential customers with information about the financial condition of Home Finance Company Limited.

The explanation of the terms used in the Key Disclosure Statement is contained in the Reserve Bank publication "Your Bank's Disclosure Statement : What's In It For You". The terms used in the brochure are also applicable to credit institutions. The brochure can be obtained from the Reserve Bank of Fiji.

Other information can be viewed at all branches of Home Finance Company Limited.

Corporate Information

The full name of the credit institution is Home Finance Company Limited.

The full name of the ultimate parent company of Home Finance Company Limited is Fiji National Provident Fund, which is domiciled in Fiji.

The names of the directors of Home Finance Company Limited are:

Chairman L D S Yee

Members O T Rokovunisei, F Khan, M Namudu,
P Mario, J Raman, H Lodhia

	Audited Current Year 30-Jun-06	Audited Prior Year 30-Jun-05
Profitability		
Net operating profit after tax (\$'000)	1,926	1,839
As a percentage of average total assets	1.16%	1.39%

	Audited Current Year 30-Jun-06	Audited Prior Year 30-Jun-05
Size - as at end of financial year		
Total assets (\$'000)	184,143	146,536
The percentage change in total assets over 12 months	25.66%	23.30%

	Audited Current Year 30-Jun-06	Audited Prior Year 30-Jun-05
Capital Adequacy as at end of financial year		
Tier 1 Capital (\$'000)	13,459	13,840
Tier 1 capital to total risk-weighted assets ratio	14.22%	17.46%
Total Capital (\$'000)	14,642	14,831
Capital adequacy ratio	15.47%	18.71%

	Audited Current Year 30-Jun-06	Audited Prior Year 30-Jun-05
Asset Quality as at end of financial year		
Total impaired assets (on- and off-balance sheet) (\$'000)	1,810	2,385
As a percentage of total assets	0.98%	1.63%
Total specific provisions (\$'000)	936	919
Total general provisions (\$'000)	1,794	1,464
Total provisions as a percentage of total impaired assets	150.77%	99.93%

	Audited Current Year 30-Jun-06	Audited Prior Year 30-Jun-05
Peak Credit Exposure Concentrations - number of counterparties or groups of closely-related counterparties in relation to the total capital of the credit institution		
10% to 20% of total capital	5	1
20% to 25% of total capital	0	0
Over 25% of total capital	0	0

Peak Connected Persons Credit Exposures - for all connected persons

	Audited Current Year 30-Jun-06	Audited Prior Year 30-Jun-05
Peak end-of-day credit exposure amount (\$'000)	0	0
As a percentage of total capital	0.00%	0.00%
Maximum peak end-of-day aggregate credit exposure to all connected persons as a percentage of total capital	25.00%	25.00%

Balance Sheet

The Balance Sheet for the Fiji Operations as prepared under FAS30 should be reported here and should include, but should not be limited to, the following:

	Audited Current Year 30-Jun-06 \$'000	Audited Prior Year 30-Jun-05 \$'000
Cash and liquid assets	1,822	2,727
Balance with the Reserve Bank of Fiji	0	0
Receivables due from other financial institutions	4,671	0
Securities held	13,078	13,944
Loans (including advances to customers and similar facilities)	164,323	131,169
Unearned revenue	(721)	(1,126)
Provision for doubtful debts	(2,730)	(2,383)
Fixed assets	2,431	1,241
Receivables and prepayments	434	238
Future Income Tax Benefit	835	726
Total Assets	184,143	146,536
Deposits or Promissory		
Notes of statutory bodies	0	0
Payables due to other financial institutions	0	0
Deposits and borrowings	0	0
Amounts owed to other depositors	0	0
Certificates of deposits	59,084	36,349
Promissory Notes and other liabilities evidenced by paper	0	0
Other	5,580	3,731
Secured borrowings 1	105,741	92,344
Issued and paid up or assigned capital	10,000	10,000
Capital reserves	0	0
Revaluation reserves	0	0
Other reserves	0	0
Retained earnings	3,738	4,112

Income Statement

The Income Statement for the Fiji Operations as prepared under FAS30 should be reported here and should include, but should not be limited to, the following:

	Audited Current Year 30-Jun-06 \$'000	Audited Prior Year 30-Jun-05 \$'000
Interest and similar income	11,635	9,830
Interest and similar expense	(5,338)	(4,692)
Dividend income	0	0
Fee and commission revenue	1,872	1,507
Fee and commission expense	(63)	(158)
Other revenues arising from financial instruments	0	0
Gains less losses arising from dealing securities	0	0
Other expenses arising from financial instruments	0	0
Gains less losses arising from investment securities	0	0
Gains less losses arising from dealing in foreign currencies	0	0
Other operating revenue	28	18
Bad and doubtful debts (including provisions for impairment)	(554)	(76)
Recoveries of bad and doubtful debts	51	24
General administration expense	(4,828)	(3,796)
Other operating expense	0	(364)
Net profit before tax and extraordinary items	2,803	2,293
Net profit after tax and extraordinary items	1,926	1,839

Notes

1 Amounts due to parri pasu (secured) debenture holders.

Availability of Disclosure Statements

Home Finance Company Limited's most recent Key Disclosure Statement is available at all Home Finance Company Limited branches.

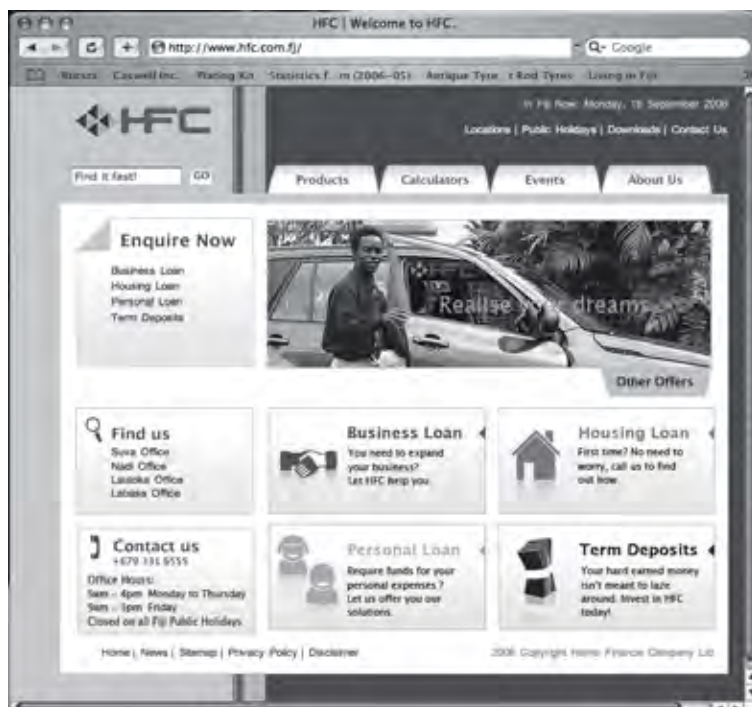
Home Finance Company Limited's most recent General Disclosure Statement is available at all Home Finance Company Limited branches.

The most recent audited balance sheet and profit and loss statements and other publicly available financial information on any "associated person" of the credit institution are available for inspection at our head office located at 371 Victoria Parade, Suva.


Director


Director

We are just a click away.



Calculating your loan in detail should be easy to do.

On the new HFC website, not only is it possible to calculate the amount you can borrow but also the monthly repayment.

With easy to use and understand menus and links, the www.hfc.com.fj website is one of the most user-friendly sites available to locals.

HFC is geared towards making your dreams a beautiful reality and this new website is another tool you can use to get that dream.

For the best financial advice, the fastest help and the most practical guidance, click onto www.hfc.com.fj



HFC is wholly owned by the FPNF (75%) and the Unit Trust of Fiji (25%). Every member of FPNF and subscriber to the Unit Trust of Fiji is a shareholder of HFC and a substantial amount of the profit that HFC makes comes back to you, as interest, added to your FPNF account or to your UTOF unit.