



HOMELOANS LIMITED

Appendix 4E (rule 4.3A)

Preliminary final report
for the year ended 30 June 2017

ABN: 55 095 034 003

ASX CODE: HOM

APPENDIX 4E (Rule 4.3A)

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| (All comparisons to year ended 30 June 2016) | \$'000 | Up/ down | Movement from FY16 ¹ % |
|---|----------------|---------------------|--|
| Revenue from ordinary activities | 315,279 | up | 25% |
| Profit from ordinary activities after tax attributable to members | 15,780 | up | 21% |
| Net comprehensive income for the period attributable to members | 12,586 | unchanged | 0% |

¹ The results for the:

- financial year ended 30 June 2017 reflect RESIMAC Limited (RESIMAC) only for the period 1 July 2016 to 12 October 2016 and the newly formed combined Homeloans Group results of RESIMAC, as well as Homeloans Limited (Homeloans) for the period 13 October 2016 to 30 June 2017; and
- comparative period for the year ended 30 June 2016 reflect RESIMAC only.

Refer to note 7 for more detail.

| DIVIDENDS | Amount per share (cents) | Franked amount per security (cents) |
|--|---|--|
| Interim dividend | 0.75 | 0.75 |
| Final dividend | 0.75 | 0.75 |
| Total FY17 dividend | 1.50 | 1.50 |
| <i>Previous corresponding period: ¹</i> | | |
| Interim dividend | 2.0 | 2.0 |
| Final dividend | 2.0 | 2.0 |
| Total FY16 dividend | 4.0 | 4.0 |

¹ Relates to dividends paid to Homeloans shareholders in the periods prior to the merger.

Record date for determining entitlements to the dividend
Date the final dividend is payable

20 September 2017
5 October 2017

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (DRP) will apply to the final dividend payment. The allocation price for shares under the DRP will be calculated at the average of the daily volume weighted average price of Homeloans ordinary shares traded on the ASX over the 6 day trading period comprising the 5 trading days before the record date and the record date. The shares will be issued at a discount of 2.5%. Dividend election notices will be posted out to shareholders on 31 August 2017.

APPENDIX 4E (Rule 4.3A)

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1) Previous corresponding period

The previous corresponding period is the year ended 30 June 2016 and reflects RESIMAC Limited (RESIMAC) only for that period.

2) Net tangible assets per security

Net tangible assets per security is \$0.30 (FY16: \$0.28).

3) Explanation of results

This information should be read in conjunction with any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

Normalised earnings

To reflect the Group's normalised earnings the net profit after tax (NPAT) has been adjusted to separate:

- the acquisition and restructure costs of the merger;
- other merger related tax adjustments; and
- the one off sale of 60% of the company holding in the Finsure Group.

| | FY17 \$'000 |
|---|----------------|
| Statutory NPAT | 15,780 |
| Acquisition and restructure costs | 4,294 |
| Tax effect and other merger related tax adjustments | (326) |
| Profit on sale of investment | (1,080) |
| Normalised NPAT | 18,668 |

4) Details of entities over which control has been gained or lost during the year

On 13 October 2016, Homeloans acquired 100% of the shares in RESIMAC.

Refer to note 7 for more detail.

APPENDIX 4E (Rule 4.3A)

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

5) Details of associates and joint venture entities

The company has an investment in the following associates:

| Name of associate | Principal activity | Percentage holding (%) |
|-----------------------------|--------------------|------------------------|
| Finsure Holding Pty Limited | Mortgage brokerage | 28 |

On 27 April 2017, the Company reduced its ownership interest in Finsure Holding Pty Ltd from 50% to 28%.

Subsequently, this investment has been reclassified from a joint venture to an investment in an associate.

During the year, the Company partially disposed of its 50% ownership interest in the following joint ventures:

- Finsure Wealth Pty Ltd;
- Finsure Domain Names Pty Ltd; and
- 1300 Homeloans Holdings Pty Ltd.

6) Set of accounting standards used for foreign entities in compiling this report

For the foreign entities of the company, International Financial Reporting Standards (IFRS) are used.

7) Any other significant information

There was no other significant information to disclose at 30 June 2017.

Subsequent event

Subsequent to balance sheet date Homeloans entered into an agreement to purchase the minority shareholdings of 12% of the fully paid ordinary shares in Paywise Pty Limited (Paywise). This will result in Paywise becoming a wholly owned subsidiary. The transaction has not been reflected in the 30 June 2017 accounts.

8) Audit

This report is based on the financial report which is in the process of being audited by Deloitte Touche Tohmatsu.

9) Commentary on results for the year

Commentary on results for the year is contained the press release dated 28 August 2017 accompanying this statement.



Robert Scott

Chairman and Non-executive Director

28 August 2017

APPENDIX 4E (Rule 4.3A)

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Contents

Financial statements

| | |
|---|---------|
| Consolidated statement of profit or loss and other comprehensive income | Page 6 |
| Consolidated statement of financial position | Page 8 |
| Consolidated statement of changes in equity | Page 9 |
| Consolidated statement of cash flows | Page 10 |

Notes to the financial statements

| | |
|---------------------|---------|
| Segment information | Page 11 |
|---------------------|---------|

Key numbers

| | |
|---------------------------------|---------|
| 1. Income | Page 13 |
| 2. Expenses | Page 14 |
| 3. Cash and cash equivalents | Page 15 |
| 4. Loans and advances | Page 15 |
| 5. Interest-bearing liabilities | Page 15 |

Capital

| | |
|-----------------------|---------|
| 6. Earnings per share | Page 16 |
|-----------------------|---------|

Group structure

| | |
|------------------------------|---------|
| 7. Acquisition of subsidiary | Page 17 |
|------------------------------|---------|

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

| | Note | FY17 \$'000 | FY16 \$'000 |
|-------------------------------------|------|----------------|----------------|
| Interest income | 1 | 278,830 | 241,158 |
| Interest expense | 2 | (196,288) | (171,771) |
| Net interest income | | 82,542 | 69,387 |
| Fee and commission income | 1 | 32,084 | 9,276 |
| Fee and commission expense | 2 | (31,096) | (13,847) |
| Other income | 1 | 4,365 | 1,530 |
| Employee benefits expense | 2 | (36,677) | (28,293) |
| Other expenses | 2 | (26,862) | (20,139) |
| Loan impairment expense | 2 | (1,334) | (2,153) |
| Share of profit from joint ventures | 1 | - | 742 |
| Profit before tax | | 23,022 | 16,503 |
| Income tax expense | | (7,242) | (3,455) |
| PROFIT AFTER TAX | 6 | 15,780 | 13,048 |
| Attributable to: | | | |
| Owners of the parent | | 15,768 | 13,041 |
| Non-controlling interest | | 12 | 7 |
| | | 15,780 | 13,048 |

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

| | Note | FY17 \$'000 | FY16 \$'000 |
|--|------|-------------------------------------|-------------------------------------|
| PROFIT AFTER TAX | | 15,780 | 13,048 |
| Other comprehensive income, net of income tax | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Reversal of prior year reserve on trust wind up | | (22) | (615) |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Net fair value loss on hedging instruments entered into for cash flow hedges | | (3,026) | (612) |
| Exchange differences on translating foreign operations | | (146) | 712 |
| Other comprehensive income for the period, net of tax | | (3,194) | (515) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 12,586 | 12,533 |
| Attributable to: | | | |
| Owners of the parent | | 12,574 | 12,526 |
| Non-controlling interest | | 12 | 7 |
| | | 12,586 | 12,533 |
| | | FY17 cents per share | FY16 cents per share |
| Earnings per share | | | |
| Basic | 6 | 4.39 | 4.57 |
| Diluted | 6 | 4.39 | 4.57 |

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

| | Note | FY17 \$'000 | FY16 \$'000 |
|--|------|------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | 3 | 187,109 | 161,494 |
| Trade and other receivables | | 7,674 | 3,082 |
| Loans and advances | 4 | 6,642,988 | 5,245,317 |
| Current tax receivable | | 105 | - |
| Other financial assets | | 62,449 | 443 |
| Derivative financial asset | | 7,297 | 45,998 |
| Plant and equipment | | 1,351 | 930 |
| Other assets | | 3,503 | 5,080 |
| Deferred tax assets | | - | 4,828 |
| Investments in joint ventures | | - | 1,173 |
| Intangible assets | | 22,296 | 1,331 |
| | | 6,934,772 | 5,469,676 |
| LIABILITIES | | | |
| Trade and other payables | | 38,345 | 23,062 |
| Current tax payable | | - | 2,022 |
| Interest-bearing liabilities | 5 | 6,708,755 | 5,349,193 |
| Other financial liabilities | | 28,328 | - |
| Derivative financial liabilities | | 4,384 | 5,214 |
| Other liabilities | | 2,792 | 4,321 |
| Deferred tax liabilities | | 5,716 | - |
| Lease incentives | | 100 | - |
| Provisions | | 5,144 | 3,528 |
| | | 6,793,564 | 5,387,340 |
| NET ASSETS | | | |
| | | 141,208 | 82,336 |
| EQUITY | | | |
| Share capital | | 174,762 | 134,157 |
| Reverse acquisition reserve | 7 | (61,541) | (70,189) |
| Total issued capital | | 113,221 | 63,968 |
| General reserves | | (3,158) | 42 |
| Retained earnings | | 31,136 | 18,329 |
| Equity attributable to owners of the parent | | 141,199 | 82,339 |
| Non-controlling interest | | 9 | (3) |
| | | 141,208 | 82,336 |

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 2017

| | Share capital \$'000 | Reverse acquisition reserve ¹ \$'000 | Total issued capital \$'000 | General reserves \$'000 | Retained earnings \$'000 | Attributable to owners of the parent \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|---|----------------------------|--|--------------------------------------|-------------------------------|--------------------------------|--|---|---------------------------|
| Balance at 1 July 2015 | 134,157 | (70,189) | 63,968 | (410) | 6,255 | 69,813 | (10) | 69,803 |
| Profit after tax | - | - | - | - | 13,041 | 13,041 | 7 | 13,048 |
| Other comprehensive income, net of income tax | - | - | - | 452 | (967) | (515) | - | (515) |
| Total comprehensive income for the period | - | - | - | 452 | 12,074 | 12,526 | 7 | 12,533 |
| Balance at 30 June 2016 | 134,157 | (70,189) | 63,968 | 42 | 18,329 | 82,339 | (3) | 82,336 |
| Balance at 1 July 2016 | 134,157 | (70,189) | 63,968 | 42 | 18,329 | 82,339 | (3) | 82,336 |
| Profit after tax | - | - | - | - | 15,768 | 15,768 | 12 | 15,780 |
| Other comprehensive income, net of income tax | - | - | - | (3,200) | 6 | (3,194) | - | (3,194) |
| Total comprehensive income for the period | - | - | - | (3,200) | 15,774 | 12,574 | 12 | 12,586 |
| Fair value of consideration on acquisition of Homeloans Limited | 40,605 | 8,648 | 49,253 | - | - | 49,253 | - | 49,253 |
| Payment of dividends | - | - | - | - | (2,967) | (2,967) | - | (2,967) |
| Balance at 30 June 2017 | 174,762 | (61,541) | 113,221 | (3,158) | 31,136 | 141,199 | 9 | 141,208 |

¹ As a result of reverse acquisition accounting, a new equity account was created as a component of equity. This account called 'Reverse acquisition reserve' is similar in nature to share capital. The Reverse acquisition reserve is not available for distribution. This equity account represents a net adjustment for the replacement of the legal parent's (Homeloans) equity with that of the deemed acquirer (RESIMAC).

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2017

| | Note | FY17 \$'000 | FY16 \$'000 |
|--|------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Interest received | | 292,965 | 254,805 |
| Interest paid | | (189,023) | (166,930) |
| Receipts from loan fees and other income | | 44,976 | 16,414 |
| Payments to suppliers and employees | | (117,860) | (71,357) |
| Payments of net loans to borrowers | | (1,230,045) | (778,692) |
| Income tax paid | | (7,491) | (4,378) |
| Net cash flows used in operating activities | | (1,206,478) | (750,138) |
| Cash flows from investing activities | | | |
| Proceeds from sale of investment securities | | - | 2,047 |
| Payment for plant and equipment | | (402) | (1,068) |
| Repayment of loans from /(to) related parties | | 11,820 | (3,090) |
| Cash acquired on acquisition of business | | 10,345 | - |
| Proceeds from sale of share in joint ventures | | 2,253 | - |
| Net cash provided by/(used in) investing activities | | 24,016 | (2,111) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 20,016,927 | 10,987,964 |
| Repayment of borrowings | | (18,803,223) | (10,255,731) |
| Swap payments | | (1,089) | (1,273) |
| Payment of dividends | | (5,118) | - |
| Net cash provided by financing activities | | 1,207,497 | 730,960 |
| Net increase/(decrease) in cash and cash equivalents | | 25,035 | (21,289) |
| Cash and cash equivalents at the beginning of the year | | 161,494 | 181,844 |
| Effects of exchange rate changes on cash balances held in foreign currencies | | 580 | 939 |
| Cash and cash equivalents at the end of the period | 3 | 187,109 | 161,494 |

The following is an analysis of the Group's revenue and results by reportable operating segment:

| | AUSTRALIAN LENDING | | NEW ZEALAND LENDING | | PAYWISE | | CONSOLIDATED | |
|--|-------------------------------|---------------|--------------------------------|---------------|----------------|---------------|---------------------|---------------|
| | FY17 | FY16 | FY17 | FY16 | FY17 | FY16 | FY17 | FY16 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue from external customers | 299,013 | 236,401 | 12,092 | 12,340 | 4,174 | 3,965 | 315,279 | 252,706 |
| Total segment revenue | 299,013 | 236,401 | 12,092 | 12,340 | 4,174 | 3,965 | 315,279 | 252,706 |
| Segment results before tax, depreciation, amortisation, finance costs and impairment | 26,787 | 22,656 | 1,914 | 57 | 471 | 394 | 29,172 | 23,107 |
| Depreciation and amortisation | (731) | (759) | (13) | (32) | (301) | (388) | (1,045) | (1,179) |
| Loan impairment | (1,241) | (1,982) | (92) | (170) | - | - | (1,333) | (2,152) |
| Finance costs | (3,662) | (3,146) | (110) | (127) | - | - | (3,772) | (3,273) |
| Segment results before tax | 21,153 | 16,769 | 1,699 | (272) | 170 | 6 | 23,022 | 16,503 |
| Income tax expense | | | | | | | (7,242) | (3,455) |
| PROFIT AFTER TAX | | | | | | | 15,780 | 13,048 |

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

| | AUSTRALIAN LENDING | | NEW ZEALAND LENDING | | PAYWISE | | CONSOLIDATED | |
|---------------------|-----------------------|---------------|------------------------|--------------|------------|------------|----------------|---------------|
| | FY17 | FY16 | FY17 | FY16 | FY17 | FY16 | FY17 | FY16 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment assets | 6,662,963 | 5,267,251 | 256,201 | 196,659 | 15,608 | 5,766 | 6,934,772 | 5,469,676 |
| | 6,662,963 | 5,267,251 | 256,201 | 196,659 | 15,608 | 5,766 | 6,934,772 | 5,469,676 |
| Segment liabilities | (6,525,033) | (5,189,885) | (247,594) | (189,817) | (15,016) | (5,616) | (6,787,643) | (5,385,318) |
| Tax liabilities | - | - | - | - | - | - | (5,921) | (2,022) |
| | (6,525,033) | (5,189,885) | (247,594) | (189,817) | (15,016) | (5,616) | (6,793,564) | (5,387,340) |
| NET ASSETS | 137,930 | 77,366 | 8,607 | 6,842 | 592 | 150 | 141,208 | 82,336 |

1. Income

| | FY17 \$'000 | FY16 \$'000 |
|--|------------------------------|------------------------------|
| Interest | | |
| Loans and advances | 276,578 | 247,328 |
| Bank deposits | 2,194 | 3,094 |
| Interest received – other persons/corporations | 5,615 | - |
| Discount unwind on net present value of trail commission | 3,121 | - |
| Interest expense - other | (8,678) | (9,264) |
| | 278,830 | 241,158 |
| Fee and commission | | |
| Mortgage origination | 11,718 | 488 |
| Loan management | 11,778 | 494 |
| Salary packaging | 2,858 | 2,897 |
| Vehicle financing commission | 2,425 | 2,229 |
| Net loan fees | 3,305 | 3,168 |
| | 32,084 | 9,276 |
| Other | 4,365 | 1,530 |
| Share of profit from joint ventures | - | 742 |
| | 315,279 | 252,706 |

2. Expenses

| | FY17 \$'000 | FY16 \$'000 |
|---|------------------------------|------------------------------|
| Interest | | |
| Debt securities on issue | 183,426 | 164,123 |
| Payable to warehouse provider | 3,169 | - |
| Discount on unwind on net present value of trail commission | 1,838 | - |
| Fair value movement on interest rate swaps | 1,077 | 1,273 |
| Amortisation – bond issue costs | 4,122 | 3,814 |
| Payable to bondholders | 187 | - |
| Other | 2,469 | 2,561 |
| | 196,288 | 171,771 |
| Fee and commission | | |
| Mortgage origination | 9,843 | - |
| Loan management | 17,481 | 10,574 |
| Other financing costs | 3,772 | 3,273 |
| | 31,096 | 13,847 |
| Employee benefits | | |
| Remuneration, bonuses and on-costs | 33,931 | 26,175 |
| Superannuation | 2,746 | 2,118 |
| | 36,677 | 28,293 |
| Other | | |
| Marketing, consultancy and IT | 14,888 | 11,560 |
| Occupancy-related | 3,463 | 2,112 |
| Depreciation | 1,046 | 1,179 |
| Other | 7,465 | 5,288 |
| | 26,862 | 20,139 |
| Loan impairment | 1,334 | 2,153 |
| | 292,257 | 236,203 |

3. Cash and cash equivalents

| | FY17 \$'000 | FY16 \$'000 |
|---------------------------------------|------------------------|------------------------|
| Cash at bank and on hand | 18,542 | 12,311 |
| Cash collections account ¹ | 166,210 | 149,183 |
| Restricted cash ² | 2,357 | - |
| | 187,109 | 161,494 |

¹ Cash collections account includes monies in the RMT Special Purpose Vehicles, RESIMAC securitisation trusts and Paywise on behalf of members in those Trusts and various clearing accounts. These funds are not available to Homeloans Limited for operational use.

² Cash held in trust as collateral for the borrowing facilities with Westpac Institutional Bank for the Homeloans business. RESIMAC does not hold cash in trust.

4. Loans and advances

| | | |
|--------------------------------|------------------|-----------|
| Gross loans and advances | 6,648,518 | 5,253,426 |
| Less: allowance for impairment | (5,530) | (8,109) |
| | 6,642,988 | 5,245,317 |

5. Interest-bearing liabilities

| | | |
|----------------------------|------------------|-----------|
| Debt securities on issue | 6,594,908 | 5,274,093 |
| Corporate debt facility | 20,000 | 19,000 |
| Issuance facilities | 83,442 | 44,085 |
| Loans from related parties | 9,795 | 11,950 |
| Lease liability | 610 | 65 |
| | 6,708,755 | 5,349,193 |

6. Earnings per share

| | FY17 | FY16 |
|---|---------|---------|
| Profit attributable to ordinary equity holders of the parent (\$'000) | 15,780 | 13,048 |
| WANOS ¹ used in the calculation of basic EPS (shares, thousands) | 359,285 | 285,439 |
| WANOS ¹ used in the calculation of diluted EPS (shares, thousands) | 359,285 | 285,439 |
| Earnings per share | | |
| Basic (cents per share) | 4.39 | 4.57 |
| Diluted (cents per share) | 4.39 | 4.57 |

In accordance with specific guidance provided in AASB 3 *Business Combinations*, the weighted average number of shares (WANOS ¹) outstanding has been calculated as follows:

Twelve months to 30 June 2017

The number of ordinary shares issued by:

- **Homeloans to RESIMAC shareholders from 1 July 2016 to 24 October 2016 (90,715,012)**

The number of RESIMAC shares on issue of 22,230,489 multiplied by the exchange ratio established in the acquisition agreement of 12.84 multiplied by ratio of days outstanding (116/365); plus

- **RESIMAC from 25 October 2016 to 30 June 2017 (268,570,090)**

The number of Homeloans shares on issue (393,687,080) multiplied by the ratio of days outstanding (249/365).

Twelve months to 30 June 2016 (285,439,479)

The number of RESIMAC ordinary shares on issue by RESIMAC of 22,230,489 multiplied by the exchange ratio of 12.84.

7. Acquisition of subsidiary

7.1 Merger of Homeloans Limited and RESIMAC Limited

7.1.1 Impact of the merger on the financial report

On 13 October 2016, Homeloans, a listed company completed a merger with RESIMAC, an unlisted company. In accordance with accounting standards, this merger has been accounted for as a reverse acquisition with RESIMAC being deemed the parent entity for accounting purposes.

On 25 October 2016, Homeloans completed the legal acquisition of RESIMAC and its controlled subsidiaries by acquiring 100% of the share capital of RESIMAC in exchange for shares in Homeloans. Following the issue of new shares to RESIMAC, Homeloans now has 393,687,081 shares on issue and RESIMAC pre-acquisition shareholders have voting rights of 72.5%. The acquisition is expected to deliver significant benefits including revenue and cost synergies.

The impact of this is:

- the results for the financial year ended 30 June 2017 reflect RESIMAC only for the period 1 July 2016 to 12 October 2016 and the newly formed combined Homeloans Group results of RESIMAC, as well as Homeloans for the period 13 October 2016 to 30 June 2017; and
- the comparative results for the financial year ended 30 June 2016 reflect RESIMAC only for that period.

Accordingly, under the terms of the merger:

- Homeloans became the legal parent of RESIMAC; and
- RESIMAC became the legal subsidiary of Homeloans.

7.1.2 Reverse acquisition reserve

As a result of reverse acquisition accounting, a new equity account was created as a component of equity called 'Reverse acquisition reserve'. This account is similar in nature to share capital and is not available for distribution. This equity account represents a net adjustment for the replacement of the legal parent's equity with that of the deemed acquirer.

7.2 Summary of acquisition

A summary of the acquisition is as follows:

| | \$'000 |
|---|---------------|
| Equity consideration | 49,253 |
| Fair value of identifiable net assets acquired | |
| Reported at HY17 | 28,271 |
| Subsequent measurement of provision | (350) |
| Reported at 30 June 2017 | 27,921 |
| Goodwill arising on acquisition | 21,332 |

7.3 Contribution of Homeloans to revenue and net profit before tax

From the date of acquisition, Homeloans has contributed to \$34,126,031 of revenue and \$1,441,727 to the net profit before tax of the Group.

7. Acquisition of subsidiary (cont.)

7.4 Goodwill impairment testing

Subsequent to the acquisition accounting, goodwill has been subject to an impairment test for the period ended 30 June 2017. This will be undertaken at least annually, or if and when there are indicators that goodwill may be impaired.

7.5 12 month measurement period

The accounting standards provide a measurement period for the acquisition accounting of up to 12 months following the acquisition date. This acknowledges the time required to gain access to and consolidate information for both entities and to make certain valuations as at the acquisition date.

7.5.1 Subsequent measurement of contingent liability

The initial accounting for the provision of a contingent liability as part of the reverse acquisition was incomplete at 31 December 2016 half-year and thus was determined provisionally. Due to better information being obtained during this measurement period, management have increased this contingent liability by \$500,000 pre-tax (\$350,000 after tax).

Final values are reported in this financial report.