



RESIMAC GROUP LTD

Appendix 4E (rule 4.3A)

Preliminary final report
for the year ended 30 June 2019

ABN: 55 095 034 003

ASX CODE: RMC

APPENDIX 4E (rule 4.3A)

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to year ended 30 June 2018)	FY19 \$'000	Up/ down	Movement from FY18 %
Revenue from ordinary activities	468,755	Up	21%
Profit from ordinary activities after tax attributable to members	47,185	Up	86%
Net comprehensive income for the period attributable to members	42,954	Up	69%

DIVIDENDS	Amount per share (cents)	Franked amount per security (cents)
Final FY19 dividend declared (27 August 2019)	1.00	1.00
Special FY19 dividend declared (27 August 2019)	0.50	0.50
Interim FY19 dividend paid (25 March 2019)	1.00	1.00
	2.50	2.50
<i>Previous corresponding period:</i>		
Final FY18 dividend paid (12 October 2018)	0.90	0.90
Interim FY18 dividend paid (9 April 2018)	0.90	0.90
	1.80	1.80

Record date for determining entitlements to the dividend

6 September 2019

Date the final dividend is payable

30 September 2019

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 Resimac Group Ltd ordinary shares traded on the ASX over the 5 day trading period commencing on the second business day after the record date. The shares will be issued at a discount of 2.5%. Dividend election notices will be posted out to shareholders on 30 August 2019.

APPENDIX 4E (rule 4.3A)

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

1) Previous corresponding period

The previous corresponding period is the year ended 30 June 2018.

2) Net tangible assets per security

Net tangible assets per security is \$0.43 (FY18: \$0.35).

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 following items:

	FY19 \$'000
Statutory NPAT	47,185
De-recognition of investment in Associate (Finsure)	(5,810)
Gain on disposal of subsidiary (Paywise)	(13,104)
Non-recurring income	(467)
Tax effect of normalised items	3,305
Normalised NPAT	31,109

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

Paywise Pty Limited	24th May 2019
Just Drive Pty Limited	24th May 2019

There were no entities over which control was gained during the year.

5) Details of associates and joint venture entities

Name	Principal activity	FY19	FY18
		% Holding	% Holding
Finsure Holding Pty Limited	Mortgage brokerage	-	16.24

On 17 September 2018, Finsure Holding Pty Limited merged with Goldfields Money Limited (ASX:GMV). The merger resulted in the Company's 16.24% interest in Finsure Holding Pty Limited being converted to 5.05% share in GMV, which is not an associate of the Group.

On 20 March 2019, Goldfields Money Limited (ASX:GMV) changed its company name to BNK Banking Corporation Limited (ASX:BBC), trading under the name of BNK Bank.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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

The foreign entities of the company comply with Australian Accounting Standards.

7) Any other significant information

Following approval of a special resolution by shareholders at the Annual General Meeting of the Company held on 26 November 2018, the Company changed its name from Homeloans Limited to Resimac Group Ltd. The ASX trading code changed from HOM to RMC on 4 December 2018.

8) Audit

This report is based on the financial report audited by Deloitte Touche Tohmatsu.

9) Commentary on results for the year

Commentary on results for the year are contained in the press release accompanying this statement.



Cholmondeley Darvall

Chairman and Non-executive Director

Sydney

27 August 2019

APPENDIX 4E (rule 4.3A)PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2019

	Note	FY19 \$'000	FY18 \$'000
Interest income	1	445,233	358,337
Interest expense	2	(327,380)	(255,825)
Net interest income		117,853	102,512
Fee and commission income (Revenue from customers under AASB 15)	1	18,982	27,580
Fee and commission expense	2	(31,515)	(33,425)
De-recognition of investment in Associate (Finsure)		5,810	-
Gain on disposal of subsidiary	7	13,104	-
Other income	1	4,540	2,140
Employee benefits expense	2	(37,658)	(38,196)
Other expenses	2	(24,208)	(23,056)
Loan impairment expense	2	(2,966)	(1,623)
Profit before tax		63,942	35,932
Income tax expense		(16,757)	(10,600)
PROFIT AFTER TAX		47,185	25,332
Attributable to:			
Owners of the parent		47,185	25,320
Non-controlling interest		-	12
		47,185	25,332

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	FY19 \$'000	FY18 \$'000
PROFIT AFTER TAX		47,185	25,332
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		(39)	(41)
Fair value movement on investment through OCI, net of tax		(2,065)	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of cash flow hedges		(3,995)	1,054
Tax		1,199	(316)
Currency translation differences		669	(593)
Other comprehensive income, net of tax		(4,231)	104
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		42,954	25,436
Attributable to:			
Owners of the parent		42,954	25,424
Non-controlling interest		-	12
		42,954	25,436
		FY19 cents per share	FY18 cents per share
Earnings per share			
Basic	6	11.75	6.37
Diluted	6	11.75	6.35

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	FY19 \$'000	FY18 \$'000
ASSETS			
Cash and cash equivalents	3	224,790	198,905
Trade and other receivables		10,699	7,265
Loans and advances	4	10,341,913	8,633,613
Contract assets		48,648	57,160
Other financial assets		5,120	260
Derivative financial assets		56,575	43,596
Other assets		3,145	3,428
Plant and equipment		2,110	2,625
Goodwill and intangible assets		23,457	22,098
		10,716,457	8,968,950
LIABILITIES			
Trade and other payables		25,294	43,572
Current tax payable		6,690	2,048
Provisions		4,050	4,441
Interest-bearing liabilities	5	10,450,621	8,717,111
Other financial liabilities		22,901	27,848
Derivative financial liabilities		1,565	549
Other liabilities		2,907	2,669
Deferred tax liabilities		6,305	7,887
Lease incentives		-	100
		10,520,333	8,806,225
NET ASSETS			
		196,124	162,725
EQUITY			
Share capital		180,548	177,340
Reverse acquisition reserve		(61,541)	(61,541)
Total issued capital		119,007	115,799
Reserves		(7,197)	(3,011)
Retained earnings		84,314	49,937
Equity attributable to owners of the parent		196,124	162,725
Non-controlling interest		-	-
		196,124	162,725

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Reverse acquisition reserve ¹	Total issued capital	Reserves ²	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	174,762	(61,541)	113,221	(3,158)	31,136	141,199	9	141,208
Profit for the year	-	-	-	-	25,320	25,320	12	25,332
Other comprehensive income, net of tax	-	-	-	104	-	104	-	104
Total comprehensive income for the year	-	-	-	104	25,320	25,424	12	25,436
De-recognition of non-controlling interest	-	-	-	-	21	21	(21)	-
Issue of shares under the Dividend Reinvestment Plan	2,578	-	2,578	-	-	2,578	-	2,578
Equity dividends	-	-	-	-	(6,540)	(6,540)	-	(6,540)
Share-based payments	-	-	-	43	-	43	-	43
Balance at 30 June 2018	177,340	(61,541)	115,799	(3,011)	49,937	162,725	-	162,725
Balance at 1 July 2018	177,340	(61,541)	115,799	(3,011)	49,937	162,725	-	162,725
Adoption of AASB 9, net of income tax	-	-	-	-	(5,213)	(5,213)	-	(5,213)
Adjusted balance as at 1 July 2018	177,340	(61,541)	115,799	(3,011)	44,724	157,512	-	157,512
Profit for the year	-	-	-	-	47,185	47,185	-	47,185
Other comprehensive income, net of tax	-	-	-	(4,231)	-	(4,231)	-	(4,231)
Total comprehensive income for the year	-	-	-	(4,231)	47,185	42,954	-	42,954
Issue of shares under the Dividend Reinvestment Plan	3,208	-	3,208	-	-	3,208	-	3,208
Equity dividends	-	-	-	-	(7,595)	(7,595)	-	(7,595)
Share-based payments	-	-	-	45	-	45	-	45
Balance at 30 June 2019	180,548	(61,541)	119,007	(7,197)	84,314	196,124	-	196,124

¹ As a result of reverse acquisition accounting, an 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.

² Comprises cash flow hedge, foreign currency translation and share-based payments reserve.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	FY19 \$'000	FY18 \$'000
Cash flows from operating activities			
Interest received		452,335	373,471
Interest paid		(318,583)	(242,037)
Receipts from loan fees and other income		51,674	56,803
Payments to suppliers and employees		(150,270)	(134,710)
Payments of net loans to borrowers		(1,713,838)	(1,992,903)
Income tax paid		(9,736)	(5,211)
Net cash used in operating activities		(1,688,418)	(1,944,587)
Cash flows from investing activities			
Payment for plant and equipment		(2,456)	(2,172)
Loans to related parties		(6)	(8,375)
Payments for new investments		(2,000)	-
Proceeds on disposal of Paywise		12,000	-
Cash on disposal of subsidiary		(9,994)	-
Net cash used in investing activities		(2,456)	(10,547)
Cash flows from financing activities			
Proceeds from borrowings		8,748,825	15,739,613
Repayment of borrowings		(7,027,463)	(13,766,779)
Swap payments		(949)	(1,150)
Payment of dividends		(4,387)	(3,961)
Payment of finance lease		(252)	-
Net cash provided by financing activities		1,715,774	1,967,723
Net increase in cash and cash equivalents		24,900	12,589
Cash and cash equivalents at the beginning of the period (1 July)		198,905	187,109
Effects of exchange rate changes on cash balances held in foreign currencies		985	(793)
Cash and cash equivalents at the end of the period	3	224,790	198,905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | SEGMENT INFORMATION
FOR THE YEAR ENDED 30 JUNE 2019

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

	AUSTRALIAN LENDING		NEW ZEALAND LENDING		PAYWISE¹		CONSOLIDATED	
	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	439,646	363,970	22,056	16,018	7,053	8,069	468,755	388,057
Total segment revenue	439,646	363,970	22,056	16,018	7,053	8,069	468,755	388,057
Segment results before tax, depreciation, amortisation, finance costs and impairment	69,498	40,124	2,834	2,186	432	1,109	72,764	43,419
Depreciation and amortisation	(1,090)	(860)	(11)	(24)	(158)	(239)	(1,259)	(1,123)
Loan impairment	(3,041)	(1,644)	75	21	-	-	(2,966)	(1,623)
Finance costs	(4,334)	(4,563)	(263)	(178)	-	-	(4,597)	(4,741)
Segment results before income tax	61,033	33,057	2,635	2,005	274	870	63,942	35,932
Income tax expense ²							(16,757)	(10,600)
PROFIT AFTER TAX							47,185	25,332

1. FY19 includes Paywise segment result for the period from 1 July 2018 to 30 April 2019. FY18 revenue reclassified between Australian lending and Paywise segment to consistently align to how management view and report business in FY19.

2. Income tax expense is grouped on a consolidated basis, not by reportable operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | SEGMENT INFORMATION
FOR THE YEAR ENDED 30 JUNE 2019

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

	AUSTRALIAN LENDING		NEW ZEALAND LENDING		PAYWISE		CONSOLIDATED	
	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	10,210,822	8,556,597	505,635	397,350	-	15,003	10,716,457	8,968,950
	10,210,822	8,556,597	505,635	397,350	-	15,003	10,716,457	8,968,950
Segment liabilities	(10,019,239)	(8,414,912)	(488,099)	(367,271)	-	(14,107)	(10,507,338)	(8,796,290)
Tax liabilities ³	-	-	-	-	-	-	(12,995)	(9,935)
	(10,019,239)	(8,414,912)	(488,099)	(367,271)	-	(14,107)	(10,520,333)	(8,806,225)
NET ASSETS	191,583	141,685	17,536	30,079	-	896	196,124	162,725

3. Tax liabilities are grouped on a consolidated basis instead of by reportable operating segment.

1. Income

	AUSTRALIAN LENDING		NEW ZEALAND LENDING		PAYWISE		CONSOLIDATED	
	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
Australia	13,130	21,025	-	-	5,557	6,370	18,687	27,395
New Zealand	-	-	295	185	-	-	295	185
	13,130	21,025	295	185	5,557	6,370	18,982	27,580
Major service lines								
Mortgage origination	2,532	7,927	-	-	-	-	2,532	7,927
Loan management	7,150	9,555	-	-	-	-	7,150	9,555
Salary packaging	-	-	-	-	2,679	2,704	2,679	2,704
Vehicle financing commission	-	-	-	-	2,878	3,666	2,878	3,666
Net loan fees	3,448	3,543	295	185	-	-	3,743	3,728
	13,130	21,025	295	185	5,557	6,370	18,982	27,580
Timing of revenue recognition								
Service transferred at a point in time	13,130	21,025	295	185	5,557	6,370	18,982	27,580
Revenue from contracts with customers	13,130	21,025	295	185	5,557	6,370	18,982	27,580
Interest income	422,305	342,125	22,756	16,029	172	183	445,233	358,337
Other income	4,211	820	(995)	(196)	1,324	1,516	4,540	2,140
External revenue as reported in segment information	439,646	363,970	22,056	16,018	7,053	8,069	468,755	388,057

2. Expenses

	FY19 \$'000	FY18 \$'000
Interest		
Bond and warehouse facilities	308,167	242,493
Amortisation – bond issue costs	6,987	5,295
Discount unwind on NPV of trail commission	1,525	1,569
Net swap payments	975	1,128
RMBS facility funding ¹	7,690	4,237
Corporate facility ¹	1,670	1,103
Other ¹	366	-
	327,380	255,825
Fee and commission		
Mortgage origination	1,788	6,241
Loan management	19,353	20,519
Borrowing costs	5,777	1,924
Other financing costs	4,597	4,741
	31,515	33,425
Employee benefits		
Remuneration, bonuses, superannuation and on-costs	37,614	38,153
Share-based payments	44	43
	37,658	38,196
Other		
Marketing and IT	9,019	8,745
Audit and other professional fees	3,122	3,303
Rent and occupancy costs	4,011	3,398
Insurance	1,017	861
Depreciation and amortisation	1,259	1,123
Other	5,780	5,626
	24,208	23,056
Loan impairment	2,966	1,623
	423,727	352,125

1. FY18 interest expenses on RMBS facility funding and corporate facility have been separately identified from other interest expense to assist users of financial statements.

3. Cash and cash equivalents

	FY19 \$'000	FY18 \$'000
Cash at bank and on hand	10,566	15,181
Cash collections account ¹	212,723	182,060
Restricted cash ²	1,501	1,664
	224,790	198,905

1. Cash collections account includes monies in the SPV's, securitisation trusts and Paywise (FY18 only) on behalf of members in those Trusts and various clearing accounts. These funds are not available for operational use.
2. Cash held in trust as collateral for the borrowing facilities.

4. Loans and advances

	FY19 \$'000	FY18 \$'000
Gross loans and advances		
Loans and advances	10,337,020	8,619,505
Capitalised incentive costs	35,263	31,393
Capitalised mortgage insurance costs	214	546
Deferred mortgage fee	(14,137)	(11,229)
Loans from related parties	(2)	(8)
	10,358,358	8,640,207
Less: allowance for impairment	(16,445)	(6,594)
	10,341,913	8,633,613

5. Interest-bearing liabilities

	FY19 \$'000	FY18 \$'000
Debt securities on issue	10,232,170	8,517,820
Corporate debt facility	30,000	24,000
Issuance facilities	186,051	172,639
Debt securities on issue - related parties	2,400	2,400
Lease liability	-	252
	10,450,621	8,717,111

6. Earnings per share

	FY19	FY18
Profit attributable to ordinary equity holders of the parent (\$'000)	47,185	25,320
WANOS ¹ used in the calculation of basic EPS (shares, thousands)	401,433	397,467
Dilutive effect of share options	241	1,563
WANOS ¹ used in the calculation of diluted EPS (shares, thousands) ²	401,674	399,030
Earnings per share		
Basic (cents per share)	11.75	6.37
Diluted (cents per share)	11.75	6.35

1. Weighted average number of shares

2. The variance in the WANOS used in the calculation of the basic EPS and the diluted EPS is attributable to in-substance options.

Calculation of WANOS

6.1 Basic earnings per share

Basic earnings per share is calculated as net profit attributable to the ordinary equity holders of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the WANOS adjusted for any bonus element.

6.2 Diluted earnings per share

Diluted earnings per share is calculated by:

- dividing the net profit attributable to ordinary equity holders of the parent; by the
- WANOS outstanding during the year; plus
- the WANOS that would be issued on the conversion of all the dilutive potential ordinary options or rights into ordinary shares.

6.3 Calculation of WANOS

Twelve months to 30 June 2019

The number of Resimac Group shares issued:

- **From 1 July 2018 to 11 October 2018 (112,692,648)**
The number of Resimac ordinary shares on issue of 399,347,732 multiplied by the ratio of days outstanding (103/365); plus
- **From 12 October 2018 to 24 March 2019 (179,788,553)**
 - The number of Resimac shares on issue (399,347,732) at 12 October 2018; plus
 - Shares issued on 12 October 2018 under the DRP (791,425) multiplied by the ratio of days outstanding (164/365).
- **From 25 March 2019 to 30 June 2019 (108,951,877)**
 - The number of Resimac shares on issue (400,139,157) at 25 March 2019; plus
 - Additional shares issued on 25 March 2019 under the DRP (5,650,996) multiplied by the ratio of days outstanding (98/365).

6. Earnings per share (continuation)

Twelve months to 30 June 2018

The number of Resimac shares issued:

- **From 1 July 2017 to 4 October 2017 (103,545,095)**

The number of Resimac ordinary shares on issue of 393,687,080 multiplied by the ratio of days outstanding (96/365); plus

- **From 5 October 2017 to 8 April 2018 (203,111,233)**

- The number of Resimac shares on issue (393,687,080) at 4 October 2017; plus
- Shares issued on 5 October 2017 under the DRP (4,891,415) multiplied by the ratio of days outstanding (186/365).

- **From 9 April 2018 to 30 June 2018 (90,810,580)**

- The number of Resimac shares on issue (398,578,495) at 8 April 2018; plus
- Shares issued on 9 April 2018 under the DRP (769,237) multiplied by the ratio of days outstanding (83/365).

7. Disposal of subsidiary

On 24 May 2019, the Group sold its 100% equity stake in its wholly owned subsidiary Paywise Pty Limited for total cash consideration of \$14 million in a management buyout agreement. The economic effective date of this transaction is 30 April 2019. The income and expenses of Paywise up to 30 April 2019 are included in the FY19 consolidated financial statements.

Details of the sale of Paywise Pty Ltd¹

	\$'000
Consideration received or receivable:	
Cash	12,000
Deferred payment ²	2,000
Total disposal consideration	14,000
Less: carrying amount of net assets sold	(896)
Gain on sale before income tax	13,104
Income tax expense	(2,323)
Gain on sale after income tax	10,781

The carrying assets and liabilities of Paywise business as at the date of sale were:

Cash and cash equivalent	9,994
Trade and other receivables	899
Other assets	1,609
Plant and equipment	164
Intangible assets	132
Deferred tax assets	210
Trade and other payables	(11,252)
Current tax payable	(448)
Provisions	(412)
Net assets	896

¹ On 24 May 2019, the Group sold its 100% equity stake in its wholly owned subsidiary Paywise Pty Limited for total cash consideration of \$14 million in a management buyout agreement to Howjack Holdings Pty Ltd. Mr Michael Jefferies, an Independent Non Executive Director of Resimac Group Ltd, holds a 24% shareholding in Howjack Holdings Pty Ltd. Mr Jefferies was excluded from all board discussions pertaining to the sale of Paywise.

² Two deferred payments of \$1,000,000 will be settled in cash on 30 April 2020 and 30 April 2021 respectively.

8. Subsequent events

Positive Group investment

On 3 July 2019, the Company invested \$3m for a 15% stake in Positive Group which specialises in asset finance solutions for consumers, and small business. Resimac holds an option to acquire a further 10%.

9. Reclassified FY18 comparative information

To align the policies of the consolidated group, the classification of a number of items in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows; as presented in the FY18 comparative period group accounts, has been amended.

These changes include:

8.1 Consolidated statement of profit or loss and other comprehensive income

Borrowing fees (FY18), (\$1,923,675)

Previously disclosed under other expense, has now been included within the following lines.

- Fee and commission expense, (\$1,923,675)

As a result of the implementation of the new general ledger system in the current year there were other certain re-allocation of accounts (apart from the one described above) and the mapping thereof which resulted in FY 18 comparative figures being reclassified. Management deems the re-allocations more appropriate and notes that these changes were immaterial.