

Income statement

	Dec-16	Homesafe Specific Items	Pro-Forma Dec-16	Jun-16	Homesafe Specific Items	Pro-Forma Jun-16	Dec-15	Homesafe Specific Items	Pro-Forma Dec-15	Jun-15	Homesafe Specific Items	Pro-Forma Jun-15
	\$m	adjustment	\$m	\$m	adjustment	\$m	\$m	adjustment	\$m	\$m	adjustment	\$m
Income												
Interest income	1,320.4	-	1,320.4	1,334.2	-	1,334.2	1,364.8	-	1,364.8	1,426.7	-	1,426.7
Interest expense	(723.0)	7.3	(715.7)	(749.3)	7.7	(741.6)	(777.4)	7.9	(769.5)	(846.7)	7.4	(839.3)
Net interest income	597.4	7.3	604.7	584.9	7.7	592.6	587.4	7.9	595.3	580.0	7.4	587.4
Total other income	206.2	(33.0)	173.2	179.9	(15.6)	164.3	196.5	(47.6)	148.9	187.4	(26.5)	160.9
Share of net profit accounted for using the equity method	0.5	-	0.5	0.3	-	0.3	(0.4)	-	(0.4)	-	-	-
Total income	804.1	(25.7)	778.4	765.1	(7.9)	757.2	783.5	(39.7)	743.8	767.4	(19.1)	748.3
Expense												
Bad and doubtful debts	(39.8)	-	(39.8)	(23.5)	-	(23.5)	(20.6)	-	(20.6)	(38.2)	-	(38.2)
Operating expenses	(445.7)	-	(445.7)	(440.1)	-	(440.1)	(445.9)	-	(445.9)	(431.5)	-	(431.5)
Profit before income tax expense and specific items	318.6	(25.7)	292.9	301.5	(7.9)	293.6	317.0	(39.7)	277.3	297.7	(19.1)	278.6
Specific interest expense items before tax	(1.5)	(7.3)	(8.8)	(2.1)	(7.7)	(9.8)	(2.5)	(7.9)	(10.4)	(3.0)	(7.4)	(10.4)
Specific income items before tax	(7.3)	33.0	25.7	7.3	15.6	22.9	0.6	47.6	48.2	(2.6)	26.5	23.9
Specific expense items before tax	(5.1)	-	(5.1)	(7.6)	-	(7.6)	(7.3)	-	(7.3)	(7.3)	-	(7.3)
Total specific items before tax	(13.9)	25.7	11.8	(2.4)	7.9	5.5	(9.2)	39.7	30.5	(12.9)	19.1	6.2
Profit before income tax expense	304.7	-	304.7	299.1	-	299.1	307.8	-	307.8	284.8	-	284.8
Income tax expense	(95.7)	-	(95.7)	(92.2)	-	(92.2)	(99.1)	-	(99.1)	(88.2)	-	(88.2)
Profit after income tax expense	209.0	-	209.0	206.9	-	206.9	208.7	-	208.7	196.6	-	196.6
Adjusted for:												
Specific items after tax	9.3	(18.0)	(8.7)	2.1	(5.5)	(3.4)	7.9	(27.8)	(19.9)	12.0	(13.4)	(1.4)
Other specific Items after tax	-	(3.2)	(3.2)	-	(2.9)	(2.9)	-	(1.7)	(1.7)	-	(2.0)	(2.0)
Distributions accrued and/or paid on preference shares	-	-	-	-	-	-	-	-	-	(1.3)	-	(1.3)
Amortisation of acquired intangibles after tax	6.4	-	6.4	6.6	-	6.6	7.1	-	7.1	7.2	-	7.2
Cash earnings	224.7	(21.2)	203.5	215.6	(8.4)	207.2	223.7	(29.5)	194.2	214.5	(15.4)	199.1
Earnings per ordinary share (cents per share)	cents		cents	cents		cents	cents		cents	cents		cents
Cash	48.0		43.5	46.7		44.9	48.9		42.4	47.1		43.7

Specific items summary

Specific Items included in current year Income Statement:

	Dec-16		Pro- Forma Dec-16		Jun-16		Pro- Forma Jun-16		Dec-15		Pro- Forma Dec-15		Jun-15		Pro- Forma Jun-15	
	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Items included in interest income																
Fair value adjustments - interest expense	(1.5)	(1.1)	(1.5)	(1.1)	(2.1)	(1.4)	(2.1)	(1.4)	(2.5)	(1.8)	(2.5)	(1.8)	(3.0)	(2.1)	(3.0)	(2.1)
Homesafe funding costs - interest expense	-	-	(7.3)	(5.1)	-	-	(7.7)	(5.4)	-	-	(7.9)	(5.5)	-	-	(7.4)	(5.1)
Total specific net interest income items	(1.5)	(1.1)	(8.8)	(6.2)	(2.1)	(1.4)	(9.8)	(6.8)	(2.5)	(1.8)	(10.4)	(7.3)	(3.0)	(2.1)	(10.4)	(7.2)
Items included in other income																
Hedge ineffectiveness	(7.3)	(5.1)	(7.3)	(5.1)	7.3	5.1	7.3	5.1	0.6	0.4	0.6	0.4	(2.6)	(1.9)	(2.6)	(1.9)
Profit on sale of investment in joint venture													-	-	-	-
Homesafe unrealised income	-	-	33.0	23.1	-	-	15.6	10.9	-	-	47.6	33.3			26.5	18.6
Total specific other income items	(7.3)	(5.1)	25.7	18.0	7.3	5.1	22.9	16.0	0.6	0.4	48.2	33.7	(2.6)	(1.9)	23.9	16.6
Items included in operating expenses																
Integration costs	(6.0)	(4.1)	(6.0)	(4.1)	(3.8)	(2.7)	(3.8)	(2.7)	(7.3)	(5.1)	(7.3)	(5.1)	(7.0)	(5.0)	(7.0)	(5.0)
Litigation costs	-	-	-	-	(1.5)	(1.0)	(1.5)	(1.0)	-	-	-	-	-	-	-	-
Impairment reversal/(charge)	0.9	1.0	0.9	1.0	(2.3)	(2.1)	(2.3)	(2.1)	-	-	-	-	(0.3)	(0.2)	(0.3)	(0.2)
Total specific operating expense items	(5.1)	(3.1)	(5.1)	(3.1)	(7.6)	(5.8)	(7.6)	(5.8)	(7.3)	(5.1)	(7.3)	(5.1)	(7.3)	(5.2)	(7.3)	(5.2)
Items included in income tax expense																
Income tax benefit relating to mergers and acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax impacts relating to prior year impairment losses	-	-	-	-	-	-	-	-	-	(1.4)	-	(1.4)	-	(2.8)	-	(2.8)
Total specific income tax benefit	-	-	-	-	-	-	-	-	-	(1.4)	-	(1.4)	-	(2.8)	-	(2.8)
Total specific items attributable to the Group	(13.9)	(9.3)	11.8	8.7	(2.4)	(2.1)	5.5	3.4	(9.2)	(7.9)	30.5	19.9	(12.9)	(12.0)	6.2	1.4
<i>Other Cash Earnings Adjustments:</i>																
Homesafe realised funding costs - Accumulated interest expense	-	-	(4.6)	(3.2)	-	-	(4.1)	(2.9)	-	-	(2.4)	(1.7)	-	-	(2.9)	(2.0)
Total other specific Items attributable to the Group	-	-	(4.6)	(3.2)	-	-	(4.1)	(2.9)	-	-	(2.4)	(1.7)	-	-	(2.9)	(2.0)

Specific interest income items

Fair value adjustments - the Rural Finance acquisition resulted in the recognition of fair value adjustments on the loans acquired.

These fair value adjustments are amortised over the life of the underlying transactions.

Homesafe funding costs - interest expense incurred on existing contracts for the current year.

Specific other income items

Hedge ineffectiveness - ineffectiveness resulting from hedge accounting.

Profit on sale of investment in joint venture - Investment in Strategic Payment Services sold reresulting in a profit above carrying value.

Homesafe Unrealised Income - represents the valuation movements of the investment property held.

Specific operating expense items

Integration costs - costs associated with the integration of the business activities of Rural Finance, Alliance Partners and Delphi Bank.

Litigation costs - costs incurred in relation to Great Southern legal case, not recovered from insurance claims.

Impairment - impairments have been recorded on the investment the Group has in the Regional Development Fund and the intangible asset recorded in relation to the acquired Wheeler Financial Services customer list.

An impairment previoulsy recorded has been reversed relating to Vic West Community Enterprise Pty Ltd, due to the sale of the investment.

Other Cash Earnings Adjustments

Homesafe realised funding costs -addback of accumulated interest expense on completed contracts since contract initiation. These costs have previously been excluded from cash earnings for the financial year incurred. This adjustments aligns the realised income and funding costs within the same period.