

Results for Announcement to the Market

**Homeloans Limited
Appendix 4E
Preliminary Final Report
Year ended 30 June 2015**

Reporting period and previous corresponding period details

Reporting period: 30 June 2015
 Previous corresponding reporting period: 30 June 2014

Results for announcement to the market**Financial Report for the year ended 30 June 2015****\$'000s**

Revenue from ordinary activities	Up 6% from \$53,260 to \$56,382
Profit after tax attributable to members	Down 10% from \$6,205 to \$5,608
Net profit after tax for the year attributable to members	Down 10% from \$6,205 to \$5,608
Dividends	
Interim dividend – fully franked (cents per share)	2.0
Proposed final dividend – fully franked (cents per share)	2.0
Total dividends per share for the year (cents per share)	4.0
Record date for determining entitlements to the final dividend to be paid	15 th September 2015
Payment date for final dividend	5 th October 2015

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan has been suspended.

Refer to Appendix 1 ASX Appendix 4E on page 12 for disclosures required under ASX Listing Rules.

This report 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.

This report is based on the Annual Financial Report which is in the process of being audited. The report covers Homeloans Limited (the Company) and its controlled entities (the Group).

Except where otherwise stated, all figures relate to the full year ended 30 June 2015 and comparatives to the full year ended 30 June 2014.



Robert Scott
 Chairman
 21st August 2015

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

CONSOLIDATED

	Note	2015 \$'000	2014 \$'000
ASSETS			
Cash and cash equivalents	5	12,316	13,798
Receivables		5,227	5,253
Loans and advances to customers		200,438	203,405
Other financial assets		63,829	52,016
Plant and equipment		635	843
Goodwill		13,242	13,220
TOTAL ASSETS		295,687	288,535
LIABILITIES			
Payables		4,803	5,917
Interest-bearing liabilities		209,151	209,546
Other financial liabilities		27,782	22,785
Derivative financial liability		32	39
Lease incentives		100	101
Deferred income tax liabilities		9,693	7,973
Provisions		735	637
TOTAL LIABILITIES		252,296	246,998
NET ASSETS		43,391	41,537
EQUITY			
Issued capital		39,184	39,029
Reserves		1,232	940
Retained earnings		2,975	1,568
TOTAL EQUITY		43,391	41,537

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED			
	Note	2015 \$'000	2014 \$'000
Interest income	2.1	18,274	19,220
Interest expense	2.3	(10,425)	(10,816)
Net interest income		7,849	8,404
Fees and commission income	2.1	37,864	33,664
Fees and commission expense	2.3	(22,528)	(18,782)
Other operating income	2.1	244	376
Employee benefits		(9,994)	(9,407)
General administrative expenses	2.3	(5,896)	(5,773)
Other operating expenses		(69)	(49)
Impairment gain		406	257
Gain on re-measurement of loans and advances recognised at amortised cost	2.2	143	204
Profit before income tax		8,019	8,894
Income tax expense		(2,411)	(2,689)
Total comprehensive income for the year attributable to members of Homeloans Limited		5,608	6,205

Earnings per share for profit attributable to the ordinary equity holders of the parent

Basic earnings per share (cents per share)	3	5.33	5.84
Diluted earnings per share (cents per share)	3	5.29	5.82
Fully franked interim dividend (cents per share)	4	2.0	3.0
Proposed fully franked final dividend (cents per share)	4	2.0	2.0

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Attributable to equity holders of the parent			
	Issued Capital	Retained Earnings /(Accumulated Losses)	Reserves	Total
	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED				
At 1 July 2013	66,131	(24,189)	816	42,758
Profit after tax for the year	-	6,205	-	6,205
Total comprehensive income	-	6,205	-	6,205
Share buyback	(1,449)	-	-	(1,449)
Dividend reinvestment plan	297	-	-	297
Capital reduction ¹	(25,950)	25,950	-	-
Share-based payments	-	-	124	124
Equity dividends	-	(6,398)	-	(6,398)
At 1 July 2014	39,029	1,568	940	41,537
Profit after tax for the year	-	5,608	-	5,608
Total comprehensive income	-	5,608	-	5,608
Shares issued under performance rights	74	-	(74)	-
Dividend reinvestment plan	81	-	-	81
Share-based payments	-	-	366	366
Equity dividends	-	(4,201)	-	(4,201)
At 30 June 2015	39,184	2,975	1,232	43,391

- 1) The Group performed a capital reduction during the 2014 financial year. This was permissible due to the goodwill impairment charges taken by Homeloans (at a parent entity level) during the 2002 and 2003 financial years of \$25.9m in aggregate.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

		CONSOLIDATED	
	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Interest received		18,573	19,725
Interest paid		(11,829)	(10,699)
Loan fees and other income		33,077	30,261
Salaries and other expenses		(35,033)	(31,125)
Proceeds from/(Repayments of) warehouse facility ¹		5,488	(6,719)
Repayments to bondholders ¹		(8,140)	(8,892)
Net loans repaid from borrowers ¹		3,965	16,265
Income taxes paid		(2,812)	(2,796)
Net cash flows from operating activities		3,289	6,020
Cash flows from investing activities			
Purchase of plant and equipment		(172)	(659)
Acquisition of Barnes Home Loans		(2,371)	-
Net cash flows used in investing activities		(2,543)	(659)
Cash flows from financing activities			
Share buyback program		-	(1,449)
Proceeds from borrowings		2,662	149
Repayment of borrowings		(834)	(1,332)
Payment of dividends		(4,056)	(6,106)
Net cash flows used in financing activities		(2,228)	(8,738)
Net decrease in cash and cash equivalents		(1,482)	(3,377)
Add: Opening cash and cash equivalents		13,798	17,175
Closing cash and cash equivalents	5	12,316	13,798

1) – The cash flows of the group include those arising within the RMT special purpose vehicles (SPVs) and have a significant effect on the interpretation of the consolidated entity's operating cash flows. These cash flows are not available for the use of shareholders. The RMT SPV's generated positive operating cash flows of \$1,613,000 (2014: positive operating cash flows of \$1,750,000) during the financial year.

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Notes to Appendix 4E

1. OPERATING SEGMENTS

The following tables present revenue and profit information and certain asset and liability information regarding operating segments for the years ended 30 June 2015 and 30 June 2014.

Year ended 30 June 2015

	Origination and Management	Securitisation of Mortgages	Total
	\$'000	\$'000	\$'000
Revenue			
Interest Income	6,565	11,709	18,274
Fee and commission income	37,563	301	37,864
Other operating income	244	-	244
Total segment revenue from external	44,372	12,010	56,382
Inter-segment revenue	2,410	-	2,410
Total segment revenue	46,782	12,010	58,792
Inter-segment elimination			(2,410)
Total consolidated revenue			56,382
Result			
Segment results before impairment and finance costs	5,851	1,694	7,545
Impairment gain	-	406	406
Gain on re-measurement of loans and advances recognised at amortised cost	-	143	143
Finance costs	(75)	-	(75)
Segment results before income tax	5,776	2,243	8,019
Income tax expense			(2,411)
Net profit for the year			5,608
Assets and liabilities			
Segment assets	85,477	210,210	295,687
Total assets			295,687
Segment liabilities	36,885	206,117	243,002
Unallocated liabilities (tax balances)			9,294
Total liabilities			252,296

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Notes to Appendix 4E

1. OPERATING SEGMENTS (continued)

Year ended 30 June 2014

	Origination and Management	Securitisation of Mortgages	Total
	\$'000	\$'000	\$'000
Revenue			
Interest Income	6,168	13,052	19,220
Fee and commission income	33,361	303	33,664
Other operating income	376	-	376
Total segment revenue from external	39,905	13,355	53,260
Inter-segment revenue	2,510	-	2,510
Total segment revenue	42,415	13,355	55,770
Inter-segment elimination			(2,510)
Total consolidated revenue			53,260
Result			
Segment results before impairment and finance costs	6,238	2,327	8,565
Impairment gain	-	257	257
Gain on re-measurement of loans and advances recognised at amortised cost	-	204	204
Finance costs	(132)	-	(132)
Segment results before income tax	6,106	2,788	8,894
Income tax expense			(2,689)
Net profit for the year			6,205
Assets and liabilities			
Segment assets	74,651	213,884	288,535
Total assets			288,535
Segment liabilities	28,435	209,841	238,276
Unallocated liabilities (tax balances)			8,722
Total liabilities			246,998

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Notes to Appendix 4E

2. REVENUE, INCOME AND EXPENSES

Operating profits before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the Group:

2.1 Revenues

Interest income

Interest received – other person/corporations

Discount unwind on net present value of trail income

Fee and commission income

Mortgage origination income

Loan management fees

Other operating income

Total revenue

2.2 Other income

Gain on re-measurement of loans and advances recognised at amortised cost

2.3 Expenses

Interest expense

Interest on financial liabilities

Discount unwind on net present value of trail expense

Interest expense of securitisation trust

Fee and commission expense

Mortgage origination expense

Loan management fee expense

General administrative expenses

Depreciation

Occupancy costs

Marketing, consultancy and IT

Other expenses

Gain on derivative financial liability classified as held for trading ^a

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
	11,820	13,271
	6,454	5,949
	18,274	19,220
	14,215	12,784
	23,649	20,880
	37,864	33,664
	244	376
	56,382	53,260
	143	204
	110	132
	2,805	2,564
	7,510	8,120
	10,425	10,816
	11,564	9,814
	10,964	8,968
	22,528	18,782
	379	443
	1,330	1,403
	2,030	1,756
	2,157	2,171
	5,896	5,773
	7	27

a) Gain included under 'Interest expense of securitisation trust' line above.

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Notes to Appendix 4E

3. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	CONSOLIDATED	
	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Net profit attributable to ordinary equity holders of the parent	5,608	6,205
Net profit attributable to ordinary equity holders used in the calculation of basic and diluted EPS	5,608	6,205
	No. of shares 30 June 2015	No. of shares 30 June 2014
Weighted average number of ordinary shares for basic earnings per share	105,296,106	106,294,189
Effect of dilution: Share rights	629,171	437,748
Weighted average number of ordinary shares adjusted for the effect of dilution used in calculation of diluted EPS	105,925,277	106,731,937

4. DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Declared and paid during the year:		
Franked dividends:		
Fully franked final dividend on ordinary shares for 2014 – 2.0 cents per share (2013:3.0 cents)	2,102	3,194
Fully franked interim dividend on ordinary shares for 2015 – 2.0 cents per share (2014: 3.0 cents)	2,099	3,204
	4,201	6,398
Proposed and not recognised		
Dividends on ordinary shares:		
Final fully franked dividend for 2015 – 2.0 cents (2014: 2.0 cents)	2,107	2,102

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5. RECONCILIATION OF CASH

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
<i>Cash and cash equivalents comprise the following;</i>		
Cash at bank and in hand	3,824	6,910
RMT Cash Collections Account ¹	5,335	3,895
Restricted Cash ²	3,157	2,993
	<u>12,316</u>	<u>13,798</u>

1) RMT Cash Collections Account includes monies held in the RMT Special Purpose Vehicles on behalf of investors in those Trusts and is not available to Homeloans Limited.

2) Cash held in trust as collateral for the borrowing facilities with Westpac Institutional Bank.

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Appendix 1 – ASX Appendix 4E

Other Disclosures

Dividend reinvestment plan

The Company's dividend reinvestment plan was in operation for the interim dividend and will also apply for the final dividend payment.

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

On 28th February 2015, Homeloans Limited purchased 100% of the shares of Brisbane based Barnes Mortgage Management Pty Ltd which trades as Barnes Home Loans. Established in 1993, Barnes is one of Queensland's longest established Non-Bank Lenders with Funds under Management of \$0.5billion as at 31 December 2014.

Details of associates and joint ventures

N/A

Other significant information

N/A

Post balance date events

On 21st August 2015, the Directors of the Company declared a final dividend in respect of the year ended 30 June 2015 of 2.0 cents per share, fully franked.

Foreign Entities

Not applicable

Net tangible assets per security

Description	30 June 2015 \$	30 June 2014 \$
Net assets	43,390,587	41,537,396
Net tangible assets	30,147,830	28,316,941
Ordinary shares	105,348,046	105,114,424
Net assets per security	0.4119	0.3952
Net tangible assets per security	0.2862	0.2694