



ASX Announcement

Tuesday, July 22, 2008

RHG Unaudited Profit Results and General Update

Unaudited Profit

RHG Limited (previously known as RAMS Home Loans Group Limited) has today announced an unaudited consolidated profit after tax for the year ended 30 June 2008 of \$124 million including:

- profit after tax of \$103 million from the sale of RAMS Brand and origination business to Westpac;
- change in accounting estimates leading to an additional amortisation charge after tax in relation to deferred transaction costs of \$38 million. This charge is a result of a change in estimated average loan life due to continuing uncertainty in credit markets which will likely result in the Group selling additional mortgages at par, being principal plus accrued interest, in repayment of facilities; and
- write off after tax of \$6 million in relation to unamortised transaction costs associated with \$1.00 billion of mortgages sold in February 2008 as part of refinance of extendible commercial paper program.

Please note that this is an unaudited profit and may be subject to change. Audited results should be available for release to the market in the latter half of August 2008.

Mortgage Book

As at 30th June 2008, RHG had a mortgage book of \$11.54 billion. This is funded via term RMBS (\$3.18 billion) and warehouse facilities (\$8.36 billion).

RHG remains in discussion with its various warehouse providers in regards to future maturity dates, however a high level of uncertainty still remains in the current market which will likely result in the group selling further mortgages at par in repayment of facilities.

Each warehouse facility has been structured so that if it is not renewed or otherwise defaults there is only limited recourse to the group. If a warehouse facility is not renewed or otherwise defaults and the related assets are liquidated, the primary impact for the group would be the potential loss of future income streams from excess spread, being the difference between our mortgage rate and the cost of funds, fee income and write-off of deferred transaction costs.

Unaudited Corporate Balance Sheet

	30-Jun-08 \$m
Assets	
Cash and cash equivalents	26.5
Due from mortgage funding SPEs	36.0
Deferred transaction costs	68.3
Other assets	7.9
Sub Debt/Warehouses provided to SPEs	60.7
Plant and equipment	0.2
Total Assets	199.6
Liabilities	
Other provisions	1.5
Provision for impaired loans	3.2
Financial liability for broker trail commission	35.9
Other liabilities	5.5
Provision for income tax	28.9
Deferred tax liability	6.6
Total Liabilities	81.6
Net Corporate Assets	118.0
Net Assets Excluding Deferred Transaction Costs (Net of Tax)	70.25
Net Assets Excluding Deferred Transaction Costs (Net of Tax) Per share	19.85 cents

Please note this balance sheet is unaudited and may be subject to change.

Corporate includes all Group entities other than mortgage funding Special Purpose Entities (SPEs). Mortgage funding SPEs are bankruptcy remote securitisation vehicles through which all mortgage receivables are funded. Whilst the Group may be a beneficiary of these SPEs and receive distributions, the Group does not own the assets of these entities.

It is important to note that:

- the corporate balance sheet includes a total of \$68.3 million of deferred mortgage and securitisation transaction costs in relation to origination of mortgages and establishment of funding on behalf of the Group's SPE's
- the balance sheet excludes the value of future income the Corporate entities may receive from the Group's SPEs. Given the current uncertainty in credit markets it is not possible to accurately value future income.

Other

- During June 2008 the Group settled its GST dispute with the Australian Taxation Office. The cost of settlement net of associated credits received by SPEs and claim under indemnity is reflected in results for the year.

- During June 2008 the balance of proceeds from sale of brand and distribution to Westpac of \$20.0 million was released from escrow. All proceeds from sale have now been received.
- The financial statements have been prepared in accordance with current Income Tax legislation. In a press release on 13 May 2008 the Treasurer announced that the Government will proceed with a number of modifications to the tax consolidation regime. In an attachment to the release the Treasurer stated that the government will proceed with modifications which will “treat rights to future income as retained cost base assets with a tax cost setting amount equal to the terminating value for the rights at the joining time”. If legislation is passed which is wholly consistent with this statement it may result in a significant reduction in tax payable by the group in relation to the 2008 year.

Further media enquiries

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