



ASX Announcement

Wednesday 25 August, 2010

RHG Audited Profit Result and General Update

Audited Profit for the year ended 30 June 2010

RHG Limited has today announced a consolidated full year net profit for the year ended 30 June 2010, after provision for tax, of \$94.0 million.

Mortgage Book

As at 30 June 2010, RHG had a mortgage book of \$5.084 billion. This is funded via term RMBS (\$1.601 billion)¹ and warehouse facilities (\$3.483 billion)².

Funding

During the year RHG was able to roll warehouse facilities, typically with more onerous conditions. These conditions have included the need to provide further credit enhancement, such as subordinated debt and cash collateral and the purchase of some loans in arrears. The market for RMBS continues to remain closed to RHG Limited.

The Group 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 could result in the Group selling further mortgages at par in repayment of warehouse facility balances.

Unaudited Consolidated Balance Sheet of RHG Group

The consolidated balance sheet of RHG Limited per the Company's statutory accounts is a consolidation of the RHG Group entities and the mortgage funding Special Purpose Entities (SPEs). The 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.

The unaudited balance sheet of the RHG Group excluding the SPE's as at 30 June 2010 is as follows:

Unaudited Corporate Balance Sheet

	30-Jun-10 \$m
Assets	
Cash and cash equivalents	218.5
Cash Collateral lodged with warehouse providers	58.1
Subordinated debt	12.0
RHG impaired asset trust	30.0
Due from SPEs	10.0
Deferred transaction costs	15.2
Other assets	26.2
Deferred tax assets	4.1
Plant and equipment	0.1
Total Assets	374.2
Liabilities	
Other provisions	1.4
Provision for impaired loans	7.0
Financial liability for broker trail commission	16.0
Other liabilities	2.8
Provision for income tax	35.8
Total Liabilities	63.0
Net Corporate Assets	311.2

This balance sheet is unaudited and may be subject to change.

The corporate balance sheet includes a total of \$15.2 million of deferred mortgage and securitisation transaction costs in relation to origination of mortgages and establishment of funding on behalf of the Group's SPEs. The balance sheet excludes the value of future income that the corporate entities may receive from the Group's SPEs.

Net Tangible Assets per Share

The net assets per share per the Company's accounts	101.85 cents
The net assets per share net of deferred transaction costs, subordinated debt, cash collateral & impaired asset trust (after tax)	75.44 cents

Dividend

Given the continued uncertainty of warehouse funding and markets in general and the further potential need to support some warehouses with credit enhancement in the form of cash collateral the directors do not recommend the payment of a dividend in respect of this financial year (2009: \$nil). As advised at the Annual General Meeting held on 12 November 2009 the directors policy is to maximize cash reserves to be able to take advantage of an investment opportunity should it arise. If by 2011 the Company has not identified what it believes to be a superior investment opportunity then your directors intend to distribute the Company's available funds to shareholders in an optimal manner.

Further media enquiries

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¹ Each RMBS may be repaid at the Group's option at call date. Each RMBS transaction has been structured so that there is only limited recourse to the Group in a default. If a RMBS transaction 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 and fee income. However the Group does provide limited support in respect of the RMBS facilities by way of representations and warranties, the provision of limited credit support and undertaking a range of services. To the extent that the Group breaches any of these representations or undertakings, the Group may be exposed to further losses.

² Uncertainty continues to remain in the current market. Each warehouse facility has been structured so that there is only limited recourse to the Group in a default. 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 and fee income and write off of deferred transaction costs. However the Group does provide support in respect of the warehouse facilities by way of representations and warranties, the provision of credit support and undertaking a range of services. To the extent that the Group breaches any of these representations or undertakings, the Group may be exposed to further losses, including the loss of credit enhancements.