RAMS Home Loans Group Limited
ASX Release Fact Sheet
28th August 2007

RAMS meets its FY07 prospectus forecast and continues to monitor FY08 position

"As expected RAMS met its FY07 prospectus forecast. Pro-forma net profit after tax was up 49% on FY06 to $43.5 million. In a competitive mortgage market, RAMS settlements grew 46% on FY06 - resulting in a total loan book of $13.7 billion at 30 June 2007. RAMS continues, in the mean time, to monitor the likely impact of events in debt capital markets on FY08 performance".
Greg Kolivos
CEO

Performance Summary

All figures quoted are based on pro-forma results, unless otherwise stated

- Pro Forma net profit after tax of $43.5 million.
- Statutory net profit after tax of $15.1 million after accounting revisions
- Total revenue $133.9 million, up 19% on previous period.
- RAMS generated $6 billion in housing loan settlements during FY07 – an increase of 46% on FY06.
- Loan book at 30 June 07 stands at $13.7 billion, up 37% on FY06.
- Run off rate on loan book decreased from 20% to 19%.
- RAMS new settlements average loan size up 11% to $255k.
- Broker channel, settlements up 57% on FY06.
- Franchise channel settlements up 26% on FY06.
- At year end there were 53 franchisees nationally – up from 46 at the end of the previous year.
- Retail presence grew by 22 – to 82 home loan centres.

Outlook

As announced to the ASX on 16th August 2007 – RAMS was unable to effect rollovers on two XCP programs totalling $A6.17billion and as a result these programs have been extended. The effect of this extension is that RAMS has a 180 day period in which to refinance these programs. During this refinancing period the interest rate payable by RAMS will be fixed at LIBOR +25bps. The Directors anticipate that this increase in the cost of funding will have a material negative impact on the company's published FY08 forecast. The full extent of this effect will only be known when the refinancing has been completed, the result of which will depend on market conditions at the time.

The Directors will continue to monitor the impact on RAMS funding programs and will keep the market informed of any developments.

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Overview

RAMS Home Loan Group Limited (ASX Code - RHG) today announced a net profit after tax pro-forma result of $43.5 million for the year ended 30 June 2007.
CEO of RAMS Home Loans said: “This result is in line with the forecast made in our prospectus”.

“The above system growth in new settlements on loan book growth is very pleasing and is a result of the continued rollout of our franchise channel, and increased broker penetration.” he said.

“As well he said there has been ongoing product enhancement and leverage of the RAMS brand. The RAMS brand is one of the most recognised in the industry, a result of years of continuous investment”

Mr Kolivos said that the RAMS loan book at 30 June 07 now stands at $13.7 billion – up 37% on FY06. “The growth of the RAMS loan book in FY 07 reflects the new business volumes, an increase in average settled loan size and maintenance of loan life during that period.”

Franchisee Channel Performance

The RAMS franchisee channel was launched in early FY04. Compounded average quarterly growth since inception has been 11.7%. Quarter four saw a record settlement result – contributing to the settled volumes of $1,913M. At the end of FY07 there were 53 franchisees nationally operating from 82 home loan centres. There are 74 franchisee territories nationally. There are RAMS franchisees operating in all states and territories other than South Australia and Tasmania. RAMS franchise model requires that franchisees be prepared to invest in multiple retail outlets.

Local area marketing by franchisees is increasing quarter on quarter.

A key driver of channel performance, being loan writers, increased by 28% however it remains a challenge for us and the entire industry to recruit quality loan writers and retain them.

Broker Channel

In 2003 RAMS entered the Broker channel, directly under the RAMS brand. Since launch the primary focus for RAMS has been increasing the penetration of this market.

Quarter four of FY07 saw a record settlement volume, contributing to the total settled volume of $4,047M. This was in part the result of increasing penetration – driven by an increased sales account management team – up from 18 to 24 at FY07 year-end. Interest Saver, launched in September 2006, was 40% of the FY07 settlements. This launch contributed strongly to incremental volume as well as a significant change in overall product mix.

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Loan Book at 30 June 07 & FY07 Settlements

- As at 30 June 2007 the total loan book stood at $13.7 billion, up 37% on FY06. 100% of the loans in the loan book are mortgage insured.
- 58 % of the loan book was for purchase, 48% for refinance; the average loan size on the book at $199k; the majority of the loan book (96%) is variable rate loans.
- RAMS full doc arrears – ran close to the S&P index for most of FY07, increasingly marginally above the S&P index for the later part of FY07, albeit with a decreasing tail at the end of FY07. For all of FY07 RAMS low doc arrears ran significantly below the S&P index.

About RAMS Home Loans

RAMS Home Loans Group Limited is a specialist provider of residential home loans throughout Australia. The core activities undertaken by RAMS are the development of prime residential mortgages, and the distribution and funding of those mortgages. RAMS operate a dual channel strategy, via a branded proprietary franchise channel and third party mortgage brokers.

Appendix 4E

Preliminary Final Report

For the year ended 30 June 2007

RAMS HOME LOANS GROUP LIMITED
ABN 22 055 136 564

1. Reporting Period

Reporting Period: Year ended 30 June 2007

Previous Corresponding Period: Year ended 30 June 2006

2. Results for announcement to the market

				$'M
Revenues from ordinary activities	Down	7.6%	to	94.5
Profit from ordinary activities after tax attributable to members	Down	49.6%	to	15.1
Net profit for the period attributable to members	Down	49.6%	to	15.1

The consolidated profit from ordinary activities after income tax attributable to members, for the financial year ended 30 June 2007 was $15.1 million (2006: $30.0 million) after charging accounting estimate revision of $26.9 million (see Prospectus Table 13 on page 61) and non-recurring expenses of $1.4 million (see Prospectus Table 13 on page 61). The Proforma results for the year are in line with Prospectus forecast – net profit of $43.4million (Prospectus Table 1, page 17).

Pro forma FY07 Results compared to Prospectus forecast

	Prospectus $'M	Actual $'M
Pro forma Revenue	132.0	133.9
Pro forma Net Profit	43.4	43.5

Dividends

A final dividend with respect to the year ended 30 June 2007 was declared on 26 July 2007 on shares held prior to any share transfers under the Group's prospectus, for an amount of 3.5609 cents per ordinary share, franked to 2.9957 cents per ordinary share.

Audited Accounts

This preliminary final report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the audited accounts.

The audited accounts have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001

3. Commentary on the results for the period

The 2007 financial year was a year in which the business prepared itself for listing on the Australian Stock Exchange whilst considerably growing a number of the key performance measures across the business, including new business settlement volumes, average loan book size and revenue.

The average Loan Book for the 12 months to 30 June 2007 was $11.8 billion, 32% higher than the 12 months to 30 June 2006. This growth was primarily driven by a 46% increase in new business settlements, totalling $6.0 billion for the 12 months to June 2007. In addition loan book runoff remained fairly constant at 19% to the previous 12 month period of 20%

Total new business settlement growth for the 12 months to June 2007 of 46% was as a result of growth in broker channel settlements of 57% versus the prior year and growth of 26% from the Franchise channel.

The Broker channel growth achieved was due to the continued penetration of the broker market, both in terms of the absolute number of mortgage brokers selling RAMS product offerings coupled with an increased frequency of usage. The RAMS Broker Sales Account Management team was expanded through the year to facilitate an increase in direct contact with brokers via visitation programmes, to improve broker's awareness and knowledge of RAMS product offerings.

The Franchise channel growth achieved was principally due to the maturing of franchise businesses already in operation, as they penetrate their respective territories through the opening of RAMS retail stores. The number of retail stores opened during the 12 months to June 2007 was 22, bringing the total number of retail stores to 82. In addition a number of new franchisees joined the business during the year bringing the total number of operating franchisees to 53.

Through a combination of ongoing market competition and the launch of a high volume / lower margin product, offset by funding margin improvements, the average Net Interest Margin, before change in accounting estimate, declined by 7 basis points to 88 basis points during the year, in line with expectations.

4. Income Statement

	Notes	**Consolidated 2007 $'000**	Consolidated 2006 $'000
Revenue from continuing operations			
Interest income		***849,059**	646,885
Interest expense		**(783,741)**	(562,054)
Net interest income		**65,318**	84,831
Fee and commission income		**29,202**	17,414
Total income from ordinary activities net of interest expense		**94,520**	102,245
Total expenses from ordinary activities excluding interest		**(73,872)**	(60,368)
Profit before income tax		**20,648**	41,877
Income tax expense		**(5,542)**	(11,904)
Profit for the year		**15,106**	29,973
Profit attributable to equity holders of RAMS Home Loans Group Limited		**15,106**	29,973
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		**Cents**	Cents
Basic and diluted earnings per share	15(a)	**53.9**	122.8

*As disclosed in Note 14 there has been a change in estimate for the calculation of effective interest rates, resulting in a decrease in interest income and net interest income of $38,491, and a decreased tax expense by $11,547 and decreased profit after tax by $26,944.

5. Balance Sheet

	Consolidated 2007 $'000	Consolidated 2006 $'000
Assets		
Cash and cash equivalents	**339,735**	312,648
Loan assets held at amortised cost	**13,865,184**	10,090,153
Derivative financial assets	**5,296**	45,967
Other assets	**37,453**	21,967
Intangible assets	**3,838**	3,490
Plant and equipment	**1,699**	1,835
Deferred tax asset	**-**	265
Total assets	**14,253,205**	10,476,325
Liabilities		
Debt issued at amortised cost	**13,856,791**	10,311,746
Derivative financial liabilities	**229,562**	80,919
Financial liabilities at amortised cost	**92,472**	56,617
Other liabilities	**65,590**	35,823
Provisions	**6,671**	5,361
Deferred tax liabilities	**1,164**	-
Total liabilities	**14,252,250**	10,490,466
Net assets	**955**	(14,141)
Equity		
Contributed equity	**22,488**	22,488
Retained profits/(accumulated losses)	**(21,523)**	(36,629)
Foreign Currency Translation Reserve	**(10)**	-
Total Equity	**955**	(14,141)

6. Statement of Cash Flows

	Consolidated 2007 $'000	Consolidated 2006 $'000
Cash flows from operating activities		
Interest received	**894,677**	658,648
Interest paid and other costs of finance	**(758,417)**	(553,760)
Receipts from customers	**27,875**	26,173
Payments to suppliers	**(76,711)**	(76,192)
Tax paid	**(5,038)**	(147)
Net cash inflow/(outflow) from operating activities	**82,386**	54,722
Cash flows from investing activities		
Payments for plant and equipment and intangibles	**(1,628)**	(3,992)
Purchase of subsidiaries/investment in subsidiaries	**(311)**	-
Cash received through acquisition of subsidiaries	**264**	-
Net increase in mortgages and receivables	**(3,785,531)**	(2,180,325)
Net cash inflow/(outflow) from investing activities	**(3,787,206)**	(2,184,317)
Cash flows from financing activities		
Repayments of borrowings	**(42,000)**	(21,569)
Net proceeds from issue of bonds/secured liquidity notes and borrowings	**3,773,915**	2,129,121
Net cash inflow/(outflow) from financing activities	**3,731,915**	2,107,552
Net increase/(decrease) in cash held	**27,095**	(22,043)
Effects of exchange rate changes on cash and cash equivalents	**(8)**	-
Cash and cash equivalents at the beginning of the financial year	**312,648**	334,691
Cash and cash equivalents at the end of the financial year	**339,735**	312,648

7. Dividends

(a) Ordinary shares

No dividends were paid during the year ended 30 June 2007 (2006 – nil).

(b) Dividends not recognised at year end

On 26 July 2007, the Directors declared a final dividend of 3.5609 cents per ordinary share (2006 – nil) on shares held prior to any transfers under the Group's prospectus, This dividend comprises $10,600,000, which is fully franked based on tax paid at 30%, and $2,000,000, which is unfranked. The aggregate amount of the dividend declared on 26 July out of retained earnings, but not recognised as a liability at year end is;

	Parent	
	2007	2006
	$'000	$'000
Dividend declared	**12,600**	-

8. Dividend Reinvestment Plans

Not applicable.

9. Statement of retained earnings

	Consolidated	
	2007	2006
	$'000	$'000
Movements in retained profits/ (accumulated losses) were as follows:		
Balance 1 July	**(36,629)**	(66,747)
Adjustment on adoption of AASB 132 and AASB 139, net of tax	**-**	145
Net profit/(loss) for the year	**15,106**	29,973
Balance at 30 June	**(21,523)**	(36,629)

10. Net tangible assets per security

	Consolidated	
	2007	2006
	Cents	Cents
Net tangible assets per security	**(0.8)**	(72.2)

11. Entities over which control has been gained or lost during the period

(a) Summary of acquisition

On 1 May 2007, the parent entity acquired 100% of the issued capital of Conduit Management Corporation. The acquired business contributed revenues of $117,000 and net profit of $60,000 to the Group for the period 1 May 2007 to 30 June 2007.

12. Accounting standards for foreign entities

The accounts for foreign entities have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS),

13. Associates and joint ventures

Not applicable.

14. Other significant information

Change in accounting estimate

The Group has reviewed the implementation of its Effective Interest policy during the year. Based on the review, a new calculation methodology has been implemented (see prospectus section 7.12 on page 61).

The impact of this change in accounting estimate (in $000) is as follows:

- Decrease profit before tax by $38,491, decrease tax expense by $11,547 and decrease profit after tax by $26,944,
- Decrease loan assets held at amortised cost by $38,491 and
- Decrease in deferred tax liability by $11,547.

15. Results Commentary

(a) Earnings per share

	Consolidated	
	2007	2006
	$'000	$'000
(i) Reconciliation of earnings used in calculating earnings per share		
Net profit after tax per income statement	**15,106**	29,973
Profit from continuing operations attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**15,106**	29,973
(ii) Weighted average number of shares		
Weighted average number of ordinary shares used in the denominator in calculating the basic and diluted earnings per share	**28,025,201**	24,415,001

(iii) There are no instruments that could potentially dilute basic earnings per share in the future.

(b) Segment information

The Group operates in a single business segment of origination, servicing and provision of securitised funding of residential mortgages in a single geographic segment of Australia.

(c) Events occurring after balance sheet date

Subsequent to the year end there has been significant tightening and volatility in the global credit markets after loans defaults in the US sub-prime mortgage market affected investor confidence. In early August 2007 this significantly impacted liquidity and pricing, including the Extendible Commercial Paper (XCP) market in the US.

The Group has no sub-prime lending exposure and all loans are mortgage insured.

The Group has three primary sources of funding:

- Warehouses

Funding is provided at a margin above 30 day BBSW and is based on rolling agreements at varying dates throughout the year.

- Residential Mortgage Backed Securities (RMBS):

The global market has historically been deep and liquid (currently in excess of US$8 trillion) and the Group has a proven track record as an issuer of AAA securities.

- Extendible Commercial Paper (XCP):

Since Balance Date S&P have affirmed the A1+ rating on Groups, two programs issued into the US markets, Moodys have affirmed the P1 rating on the Groups two programs.

The tightening and volatility in global credit markets has affected the pricing of the Australian 30 day BBSW from which the funding of the Group's Warehouse and Term Bonds are priced.

RAMS XCP programs were due to roll maturing notes on 15 August 2007. Due to a lack of market liquidity, RAMS was unable to affect these rollovers and, as a result, the two programs totalling $A6.17 billion were extended. The Group has 180 days from 15 August 2007 within which to refinance these programs. During this refinancing period, the interest rate payable on the extended tranches will be fixed at LIBOR +25 bps. This interest rate will apply to additional tranches of the XCP programs as they reach their expected maturity dates and are extended.

The Group is taking active steps to refinance the XCP programs. The Directors have reasonable expectations that refinancing will be possible in the 180 day period assuming credit markets remain accessible to Australian high quality RMBS securities. The Directors anticipate that the refinancing will result in an increase in the cost funding which will have a material negative impact on the Group's published forecast, the full extent of which will only be known when the refinancing has been completed and will depend on market conditions at the time of refinancing.

The Group has received temporary and permanent increases in its warehouse facilities totalling $1 billion from two of its providers.

In addition there has been negative publicity surrounding the Company which may have a negative impact, at least in the short term, on loan book growth.