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ATTN: news editor, *West Australian*

Homeloans LTD announces 30% profit increase and resumption of dividends

Sydney, 7 September, 2005: Perth-headquartered lender Homeloans LTD has registered a 30.3% increase in net profit after tax and amortisation of goodwill to \$1.4 million for year end 30 June 2005. A company restructure, continued emphasis on cost reduction, focus on third party distribution and the consolidation of its product portfolio have all contributed to improving the company's performance.

Consistent with its improved results, Homeloans LTD has announced the resumption of dividends, issuing an unfranked dividend of 1.5 cents per share on all ordinary shares.

The dividend represents a 54% payout ratio on earnings per share – excluding the dividend on reset preference shares – and will be paid to all shareholders as of record date 7 October 2005.

The company's earnings before interest, tax, depreciation and amortisation (EBITDA) was \$4.9 million. Total net operating cash flow for 2005 increased to \$4.2 million, up 109% from the 2004 financial year.

"Our results were strengthened by the appointments of Director Brian Jones; General Manager of Sales Troy Philips; and Head of Underwriting Les McDonald," says Homeloans LTD Chairman Tim Holmes.

"Their strategic direction, including the major restructure of our third-party sales force and successful re-launch of our priority funding line, has driven Homeloans LTD's profit surge – particularly over the last six months."

Homeloans LTD's commitment to expanding third-party distribution on the East Coast, and maintaining a strong retail presence in Western Australia will continue to encourage improved performance for the 2006 financial year.

"Our broker-friendly model, complemented by a solid product and service proposition, and improved loan processing times and is attracting – and retaining – good quality broker business," says Brian Jones.

"Through the expansion of our sales team, consolidation of our product portfolio as well as prioritising cost control, we will take full advantage of the changing third-party lending landscape and increase market share," he adds.

Note to editors

Homeloans LTD is Australia's only publicly listed non-bank lender (ASX: HOM). Founded in Western Australia, maintaining a retail presence in Western Australia, the

company relocated many key business functions from Perth to Sydney in 2004, consistent with its strategy to increase third party sales on the East Coast and a strong retail and third party presence in Western Australia. Homeloans LTD has operations in all mainland states and a lending book currently worth \$4 billion.
www.homeloans.com.au

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