HOMELOANS LIMITED ACN 095 034 003

SIX MONTHS PROFIT PROJECTION

The Directors of listed mortgage originator, Homeloans Limited announced today that the profit for the first six months of the 2003 financial year will be significantly lower than that achieved during the corresponding period. Cash flow however is positive and substantially above the cash flow for the corresponding period. The profit has been effected by significant investment in future growth, which Directors are confident will deliver increased profitability in the medium term. In the five months to the end of November 2002 we have taken significant market share from our competitors and increased gross originations to $681Million, up from $544 Million in the corresponding period. Whilst the increased revenue from these originations has been invested in the cost of our infrastructure and the marketing campaign associated with our brand name change in the short term, the effect on earnings is negatively effected from the expenses of non cash items including depreciation and amortisation. At this stage the Board sees a significant improvement in profitability in the second half of the year as a result of our investment in the business.

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