

WT FINANCIAL GROUP LIMITED (ASX: WTL)

ABN 87 169 037 058

Appendix 4D

28 February 2020

*Preliminary financial statements for the half-year ended 31 December 2019 as required by ASX listing rule 4.2A***RESULTS FOR ANNOUNCEMENT TO THE MARKET**

(All comparisons to half-year ended 31 December 2018)

| | \$000's | up/down | Movement % |
|--|---------|---------|------------|
| Revenue and other income | 6,220 | up | 25.4% |
| Operating profit (before depreciation, amortisation, interest and tax) | 466 | up | 156.8% |
| Net profit | 61 | up | 107.1% |

NET TANGIBLE ASSETS

31 Dec 2019

31 Dec 2018

| | | |
|--|-----------|-----------|
| Net tangible asset per ordinary security | 1.4 cents | 1.1 cents |
|--|-----------|-----------|

DIVIDENDS

No dividend is proposed to be paid (PCP: Nil)

ADDITIONAL INFORMATION

Additional information supporting the Appendix 4D disclosure requirements can be found in the Company's Interim Report for the half-year ended 31 December 2019 and Directors' Report and consolidated financial statements contained therein.

AUDIT REVIEW

This report is based on the consolidated financial statements for the half-year ended 31 December 2019 which have been reviewed by Rothsay Audit & Assurance Pty Ltd.

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INTERIM REPORT – 31 DECEMBER 2019

WT Financial Group Limited

(formerly Spring FG Limited)

ABN 87 169 037 058

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DIRECTORS' REPORT

31 December 2019

The directors present their report, together with the consolidated financial statements of WT Financial Group Limited (formerly Spring FG Limited) (WTL or the Company) and its controlled entities (the Group) for the half-year ended 31 December 2019 (H1FY2020) and the auditor's review report thereon.

The Company is listed on the Australian Securities Exchange (ASX code: WTL).

The Company's Corporate Governance Statement is located at www.wtfglimited.com.

Directors

The following persons were directors or company secretary of the Company during the whole of the 6 months period and to the date of this report.

| | |
|---------------|-----------------------------------|
| Guy Hedley | Non-executive Director & Chairman |
| Keith Cullen | Managing director & CEO |
| Chris Kelesis | Executive Director |
| Ian Morgan | Company Secretary |

Principal activities

WT Financial Group is a diversified financial services group. Its advice and product offerings are delivered primarily through a group of independent financial advisers operating as authorised representatives under its Wealth Today Pty Ltd subsidiary. The Group's B2C division delivers a range of services directly to wholesale and retail clients through the Spring Financial Group brand, encompassing financial planning, accounting & tax services, mortgage finance services, and investment and asset management. The B2C division also operates the *mymoney247* personal financial management "fintech" platform.

The Group offers market-leading financial education and market information services for advisers and consumers through the operation of its sharecafe.com.au website, regular seminar programs, and the publication of its Wealthadviser library of more than 100 financial literacy eBooks on a broad range of financial and investment market topics.

Operating results and Review

A. Operating results for the year

The consolidated profit of the Group after providing for income tax for H1FY2020 amounted to \$61,431 (H1FY2019: loss \$855,471). The key matters contributing to the results are as follows:

- Total revenue and other income increased 25.4% to \$6.22M (H1FY2019: \$4.96M) with revenue from ordinary activities increasing 23% to \$6.03M (H1FY2019: \$4.92M)
- Operating expenses were down 21% to \$2.56M (H1FY2019: \$3.23M) as the Group continued its restructuring efforts, with the most significant improvement in employment expenses which were down 31% to \$1.32M. Rental expenses were steady (down 2%) to \$446k, reflecting current contractual lease commitments (further below).
- Cost of goods sold increased 25% to \$3.19M (H1FY2019: \$2.55M) in-line with revenue growth and primarily reflecting revenue share paid to non-salaried advisers in the Group's Wealth Today operations.
- The above resulted in an EBITDA profit of \$466K, as compared to an EBITDA loss for the PCP (H1FY2019 loss \$821K).
- Finance costs were down 11% on the PCP to \$119k, and depreciation & amortisation was up 7% on the PCP to \$241k.
- Resulting in a NPBT of \$107k, a significant turnaround as compared to a NPBT result of a loss of \$1.18M for the PCP.
- Income tax expenses were \$45K (H1FY2019: benefit \$324K)

More detailed information relating to the performance of the Group's two key segments, which are "financial planning, investment advice and product sales revenue"; and "accounting & taxation services", is included at Note 3 of the financial statements.

Matters impacting the Results

Over the past two years the Group has undergone a transformational restructure to reduce its focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focused enterprise targeting predominately recurring revenue lines.

DIRECTORS' REPORT

31 December 2019

Central to its strategic transformation has been the acquisition of the Group's Wealth Today Pty Ltd (Wealth Today) subsidiary which provides a comprehensive range of "dealer group" services to financial advisers who are independent business operators acting as authorised representatives. Wealth Today adviser numbers have nearly tripled over the past 18 months and now exceed 120 advisers.

The Company's strategic transformation is enabling it to capitalise on the industry disruption created by the unravelling of institutional advice models which is seeing literally thousands of advisers search for a new dealer group, and providing a substantial expansion opportunity for the Company as was more fully detailed in a market update provided by the Company on 26 August 2019.

The Directors consider that advisers are choosing to join Wealth Today because of its commitment to adviser and consumer education and training, its significant range of client engagement and client recruitment tools, and its collaborative approach to supporting their practices.

Concurrently the Group has rationalised its B2C financial advice and wealth management operations conducted under the Spring Financial Group banner, which has helped deliver the significant cost reductions noted above.

The Directors consider that there remains further room for cost reductions with significant reductions in rental expenses over time as the Group exits existing surplus office accommodation, which it has appointed Sydney and Melbourne agents to actively market. Once exited (over the next 12-18 months) the Directors expect total rental expense to reduce by around 50% to circa \$30k per month.

B. Review of financial condition

Financial position

The financial position of the Group as 31 December 2019 are summarised as follows:

Net assets were \$9.05M (30 June 2019 \$8.59M).

Net tangible assets (NTA) were \$2.12M (30 June 2019 \$1.56M).

NTA backing per ordinary share 1.41 cents (30 June 2019 1.10 cents).

The Group had drawn receivables financing facilities of \$775K (30 June 2019 \$915K).

Cash from operations

Key matters related to and contributing to cash from operations of the Group during the period are summarised as:

Cash flows from operating activities were \$39K (H1FY2019 being cash flow of \$516K).

The Group paid down its debt facilities by \$140K (HY1FY2019: \$1.02M).

Overall cash and cash equivalents decreased \$23K during the 6 months to \$1.022M compared to \$1.045M at 30 June 2019.

Capital management

As at 31 December 2019 the Company had a total of 150,542,868 ordinary shares on issue (142,590,868 at 30 June 2019); with 7,952,000 new shares issued under a share purchase plan which operated during the period.

Dividends

No dividends were paid during the period.

Audit services

Rothsay Audit & Assurance Pty Ltd (Rothsays) was the auditor of the Company and all Group entities and is the Group's lead auditor.

Lead Auditor's Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2019 has been received and forms part of the Directors' Report. It can be found on page 6 of the financial report.

Rounding of Amounts

Some amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars in accordance with ASIC Legislative Instrument 2017/191.

DIRECTORS' REPORT

31 December 2019

Signed in Sydney this 28th of February 2020 in accordance with a resolution of the Board of Directors of WT Financial Group Limited.



Guy Hedley
Chairman



Keith Cullen
Managing Director & CEO

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ROTHSAY

Audit & Assurance Pty Ltd

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the directors of WT Financial Group Limited

As lead auditor for the review of WT Financial Group Limited and Controlled Entities for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in relation to WT Financial Group Limited and the entities it controlled during the half-year.

Rothsay Audit & Assurance Pty Ltd



Frank Vrachas
Director

Sydney, 28 February 2020

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CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2019

| | Note | 31-Dec-19 \$ | 31-Dec-18 \$ |
|---|------|---------------------------|---------------------------|
| Revenue | 2 | 6,031,487 | 4,917,337 |
| Other income | 2 | 188,290 | 42,225 |
| Total revenue and other income | | 6,219,777 | 4,959,562 |
| Less: | | | |
| Direct cost of sales expenses | | (3,196,109) | (2,549,951) |
| Employee benefits expense | | (1,317,168) | (1,900,006) |
| Advertising & marketing expenses | | (171,136) | (184,100) |
| Consulting & professional fee expenses | | (185,563) | (161,504) |
| Rental expenses | | (386,610) | (457,592) |
| Other operating expenses | | (497,082) | (526,946) |
| EBITDA | | 466,109 | (820,537) |
| Less: | | | |
| Finance costs | | (118,731) | (132,789) |
| Depreciation & amortisation expense | | (240,600) | (224,224) |
| Loss on disposal of furniture & equipment | | - | (2,007) |
| Profit/(Loss) before income tax | | 106,778 | (1,179,557) |
| Income tax benefit/(expense) | | (45,347) | 324,086 |
| Profit/(Loss) after income tax expenses for the half-year | | 61,431 | (855,471) |
| Other comprehensive income | | - | - |
| Total comprehensive income for the half-year | | 61,431 | (855,471) |
| Earnings/(loss) per share for the half-year attributable to the owners of WT Financial Group Limited | Note | 31-Dec-19 cents | 31-Dec-18 cents |
| Basic earnings per share (cents) | 16 | 0.042 | (0.600) |
| Diluted earnings per share (cents) | 16 | 0.042 | (0.600) |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the half-year ended 31 December 2019

| | Note | 31-Dec-19 \$ | 30-Jun-19 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 1,022,528 | 1,045,182 |
| Trade and other receivables | 5 | 1,814,554 | 1,557,429 |
| Other assets | 7 | 220,581 | 612,805 |
| TOTAL CURRENT ASSETS | | 3,057,663 | 3,215,416 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 5 | 627,553 | 466,501 |
| Plant and equipment | 8 | 338,557 | 486,787 |
| Assets under lease | | 1,096,161 | - |
| Deferred tax assets | | 3,251,089 | 3,326,481 |
| Investments | 6 | 333,010 | 324,609 |
| Intangible assets | 9 | 6,931,082 | 7,027,140 |
| TOTAL NON-CURRENT ASSETS | | 12,577,452 | 11,631,518 |
| TOTAL ASSETS | | 15,635,115 | 14,846,934 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 1,520,243 | 2,012,951 |
| Employee entitlements | 13 | 119,104 | 155,549 |
| Assets under lease liability | 14 | 544,845 | - |
| Borrowings | 11 | 220,000 | 290,000 |
| Current tax liabilities | | 291,756 | 291,756 |
| Other liabilities | 12 | 165,000 | 135,000 |
| TOTAL CURRENT LIABILITIES | | 2,860,948 | 2,885,256 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 3,953 | 223,749 |
| Employee entitlements | 13 | 136,904 | 127,629 |
| Assets under lease liability | 14 | 664,024 | - |
| Borrowings unsecured | 11 | 513,592 | 513,595 |
| Borrowings secured | 11 | 555,000 | 625,000 |
| Deferred tax liabilities | | 1,852,620 | 1,882,662 |
| TOTAL NON-CURRENT LIABILITIES | | 3,726,093 | 3,372,635 |
| TOTAL LIABILITIES | | 6,587,041 | 6,257,891 |
| NET ASSETS | | 9,048,074 | 8,589,043 |
| EQUITY | | | |
| Issued capital | 15 | 19,292,712 | 18,895,112 |
| Reserves | | 26,659 | 26,659 |
| Accumulated dividends | | (6,827,069) | (6,827,069) |
| Accumulated losses | | (3,444,228) | (3,505,659) |
| Retained earnings | | (10,271,297) | (10,332,728) |
| TOTAL EQUITY | | 9,048,074 | 8,589,043 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2019

| | Issued Capital \$ | Retained Earnings \$ | Option Reserve \$ | Total \$ |
|---|----------------------|----------------------------|-------------------------|------------------|
| 31 December 2019 | | | | |
| Balance at 1 July 2019 | 18,895,112 | (10,332,728) | 26,659 | 8,589,043 |
| Loss attributable to members of the parent entity | - | 61,431 | - | 61,431 |
| <i>Transactions with owners in their capacity as owners</i> | | | | |
| Shares issued during the period | 397,600 | - | - | 397,600 |
| Balance 31 December 2019 | 19,292,712 | (10,271,297) | 26,659 | 9,048,074 |

| | Issued Capital \$ | Retained Earnings \$ | Option Reserve \$ | Restated Total \$ |
|---|----------------------|----------------------------|-------------------------|-------------------------|
| 31 December 2018 | | | | |
| Balance at 1 July 2018 | 18,895,112 | (9,403,813) | 26,659 | 9,517,958 |
| Loss attributable to members of the parent entity | - | (855,471) | - | (855,471) |
| <i>Transactions with owners in their capacity as owners</i> | - | - | - | - |
| Balance 31 December 2018 | 18,895,112 | (10,259,284) | 26,659 | 8,662,487 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2019

| | 31-Dec-19 | 31-Dec-18 |
|---|--------------------|------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | 6,196,812 | 5,589,046 |
| Payments to suppliers and employees | (6,052,569) | (6,395,602) |
| Net interest received / (paid) | (105,890) | (59,145) |
| Income taxes paid | - | 1,382,177 |
| Net cash provided by / (used in) operating activities | <u>38,353</u> | <u>516,476</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of furniture, equipment & intangible assets | - | (15,040) |
| Loans (to) / from related parties - payments made | (113,442) | (115,989) |
| Net cash provided by / (used in) investing activities | <u>(113,442)</u> | <u>(131,029)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Issue of shares | 397,600 | - |
| Repayment of borrowings | (140,000) | (420,000) |
| Repayment of lease liabilities | (205,165) | - |
| Net cash provided by / (used in) financing activities | <u>52,435</u> | <u>(420,000)</u> |
| Net increase/(decrease) in cash and cash equivalents held | (22,654) | (34,553) |
| Cash and cash equivalents at beginning of year | 1,045,182 | 1,243,072 |
| Cash and cash equivalents at end of financial year | 4 <u>1,022,528</u> | <u>1,208,519</u> |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The financial report of WT Financial Group Limited (formerly: Spring FG Limited) for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 28 February 2020. The principal accounting policies adopted in the preparation of the financial statements are set out in this Note 1, below. These policies have been consistently applied to all the years presented.

(a) Basis of Preparation

Significant accounting policies Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2019 annual financial report for the financial year ended 30 June 2019. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Adoption of New and Revised Accounting Standards

The Group has adopted AASB 16 Leases for the first time in the current year with a date of initial adoption of 1 July 2019.

This Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases typically.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The main changes to resulting from the introduction of the new Standard are:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets) in the Group's Consolidated Statement of Financial Position; and
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in Consolidated Statement of Profit or Loss and Other Comprehensive Income and unwinding of the liability in principal and interest.

New Accounting Standards and Interpretations issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards but does not expect the adoption of these standards to have any impact on the reported position or performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

2. Revenue and other income

| | 31-Dec-19 | 31-Dec-18 |
|-------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Revenue | | |
| - provision of services | 6,025,798 | 4,854,369 |
| - interest received | 5,689 | 62,968 |
| | <u>6,031,487</u> | <u>4,917,337</u> |
| Other Income | | |
| - sale of business | 161,052 | - |
| - other income | 27,238 | 42,225 |
| | <u>188,290</u> | <u>42,225</u> |
| | <u><u>6,219,777</u></u> | <u><u>4,959,562</u></u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

3. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The consolidated entity is organised into two separate operating segments:

- *Financial planning, investment advice and product sales*, includes the provision of a diverse range of financial services delivered to consumers primarily through a group of independent financial advisers operating as authorised representatives under our Wealth Today Pty Ltd subsidiary. It also delivers a range of services directly to clients through its Spring Financial Group brand, encompassing financial planning in self-managed superannuation funds (SMSFs) and direct and SMSF residential real estate investment; and
- *Accounting and taxation services*, includes the provision of a comprehensive range of accounting and taxation advice and solutions for investors and small to medium businesses such as tax planning and structuring, management and cash flow reporting, tax returns and ASIC compliance.

All other transactions are recorded as *All Other Segments*. Other income within *Financial Planning, Investment Advice & Sales* segment is the gain on the sale of some of Group's internal financial planning clients. Included in EBITDA of *All Other Segments* are corporate overhead expenses.

These operating segments are based on the internal reports on at least a monthly basis that are reviewed and used by the Managing Director and Board. The Managing Director has been identified as the CODM is assessing performance and determining allocation of resources. There is no aggregation of operating segments.

The CODM reviews segment profits (Segment EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements of the consolidated entity.

All sales were made in Australia and all assets are within in Australia. No single customer represents more than 10% of Group revenue.

The table below sets out the performance of each operating segment.

(a) Segment Performance

| 31-December-2019 | Financial planning investment advice & product sales | Accounting & tax services | All other segments | Total |
|---|--|------------------------------|-----------------------|-----------|
| | \$ | \$ | \$ | \$ |
| REVENUE | | | | |
| Sales to external customers | 5,528,975 | 497,003 | - | 6,025,798 |
| Other income | 161,052 | - | 27,238 | 188,290 |
| Interest revenue | - | - | 5,689 | 5,689 |
| Total segment revenue | 5,689,847 | 497,003 | 32,927 | 6,219,777 |
| EBITDA | 1,541,965 | 254,592 | (1,330,448) | 466,109 |
| Interest expenses | (114,574) | - | (4,157) | (118,731) |
| Loss on disposal of furniture & equipment | - | - | - | - |
| Depreciation, amortisation & impairment | (21,175) | - | (219,425) | (240,600) |
| Net profit before tax | 1,406,216 | 254,592 | (1,554,030) | 106,778 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

Operation Segments performance continued

| 31-December-2018 | Financial planning investment advice & product sales | Accounting & tax services | All other segments | Total |
|---|---|---------------------------------|-----------------------|-------------|
| | \$ | \$ | \$ | \$ |
| REVENUE | | | | |
| Sales to external customers | 4,302,559 | 551,810 | - | 4,854,369 |
| Other income | - | 26,474 | 15,751 | 42,225 |
| | 65 | 2 | 62,901 | 62,968 |
| Total segment revenue | 4,302,624 | 578,286 | 78,652 | 4,959,562 |
| EBITDA | 736,505 | 55,629 | (1,612,671) | (820,537) |
| Interest expenses | (124,725) | - | (8,064) | (132,789) |
| Loss on disposal of furniture & equipment | (2,007) | - | - | (2,007) |
| Depreciation & amortisation | (21,749) | - | (202,475) | (224,224) |
| Net profit before tax | 588,024 | 55,629 | (1,823,210) | (1,179,557) |

(b) Segment assets

| 31-December-2019 | Financial planning investment advice & product sales | Accounting & tax services | All other segments | Total |
|---------------------|--|---------------------------------|-----------------------|-------------|
| | \$ | \$ | \$ | \$ |
| Segment assets | 6,827,149 | 1,654,166 | 7,153,800 | 15,635,115 |
| Segment liabilities | (1,403,260) | (605,868) | (4,577,912) | (6,587,040) |
| Net assets | 5,423,889 | 1,048,298 | 2,575,888 | 9,048,075 |

| 30-June-2019 | Financial planning investment advice & product sales | Accounting & tax services | All other segments | Total |
|---------------------|--|---------------------------------|-----------------------|-------------|
| | \$ | \$ | \$ | \$ |
| Segment assets | 6,587,327 | 1,725,826 | 6,533,782 | 14,846,935 |
| Segment liabilities | (1,985,488) | (480,867) | (3,791,537) | (6,257,892) |
| Net assets | 4,601,839 | 1,244,959 | 2,742,245 | 8,589,043 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

4. Cash & cash equivalents

| | 31-Dec-19 | 30-Jun-19 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash at hand and in bank | 565,168 | 587,822 |
| Short-term deposits | 457,360 | 457,360 |
| Balance as per statement of cash flows | 1,022,528 | 1,045,182 |

5. Trade and other receivables

| | 31-Dec-19 | 30-Jun-19 |
|--|------------------|------------------|
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | 515,375 | 468,952 |
| Allowance for impairment | (38,040) | (75,540) |
| | 477,335 | 393,412 |
| Loan to related parties | 743,047 | 629,605 |
| Other receivables | 594,172 | 534,412 |
| | 1,337,219 | 1,164,017 |
| Total current trade and other receivables | 1,814,554 | 1,557,429 |
| NON-CURRENT | | |
| Trade and other receivables | 627,553 | 466,501 |
| Total non-current trade and other receivables | 627,553 | 466,501 |
| Total trade and other receivables | 2,442,107 | 2,023,930 |

(a) Advances to executives

Movements in advances to executives are shown in table below:

| | 31-Dec-19 | 30-Jun-19 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Balance at beginning of the period | 629,605 | 457,873 |
| Advances | 113,442 | 171,732 |
| Repayments | - | - |
| Balance at end of the period | 743,047 | 629,605 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

6. Investments

| | 31-Dec-19 | 30-Jun-19 |
|--|----------------|----------------|
| | \$ | \$ |
| Movements during the period, in equity accounted investment in Joint venture | | |
| Balance at beginning of period | 324,609 | 350,000 |
| Add: Share of JV company's profit/ (loss) after income tax | 8,401 | (25,391) |
| Balance at end of period | <u>333,010</u> | <u>324,609</u> |

7. Other Assets

| | 31-Dec-19 | 30-Jun-19 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| CURRENT | | |
| Prepaid expenses & deposits | 162,624 | 224,507 |
| Accrued income | 32,957 | 363,298 |
| Other assets & receivables | 25,000 | 25,000 |
| | <u>220,581</u> | <u>612,805</u> |

8. Plant & equipment

| | 31-Dec-19 | 30-Jun-19 |
|---|----------------|----------------|
| | \$ | \$ |
| PLANT AND EQUIPMENT | | |
| Furniture, fixtures and fittings | | |
| At cost | 478,710 | 478,711 |
| Accumulated depreciation | (398,267) | (360,949) |
| | <u>80,443</u> | <u>117,762</u> |
| Office equipment | | |
| At cost | 89,435 | 89,325 |
| Accumulated depreciation | (66,652) | (58,811) |
| | <u>22,783</u> | <u>30,514</u> |
| Leasehold improvements | | |
| At cost | 522,447 | 666,747 |
| Accumulated depreciation | (287,116) | (328,236) |
| | <u>235,331</u> | <u>338,511</u> |
| Total plant and equipment | <u>338,557</u> | <u>486,787</u> |
| Summary | | |
| At cost | 1,090,592 | 1,234,783 |
| Accumulated depreciation | (752,035) | (747,996) |
| | <u>338,557</u> | <u>486,787</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

9. Intangible assets

Goodwill impairment disclosure

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to cash-generating units which form part of or are based on the Group's operating divisions.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

The aggregate carrying amount of goodwill allocated to each CGU is:

| Description of the cash-generating unit (CGU) | 31-Dec-19 \$ | 30-Jun-19 \$ |
|---|------------------|------------------|
| Financial planning, investment advice & product sales | 4,666,284 | 4,666,284 |
| Accounting & taxation services | 1,480,000 | 1,480,000 |
| Total | 6,146,284 | 6,146,284 |

The recoverable amount of each cash-generating unit above is determined based on fair value less cost of disposal. There is sufficient information available in the market to determine fair value of each CGU.

Intangible Assets

| | 31-Dec-19 \$ | 30-Jun-19 \$ |
|-------------------------------------|------------------|------------------|
| Goodwill | | |
| Financial advice business - at cost | 4,666,284 | 4,666,284 |
| Accounting & tax business - at cost | 1,480,000 | 1,480,000 |
| Total Goodwill | 6,146,284 | 6,146,284 |
| Website development | | |
| Cost | 474,163 | 474,162 |
| Accumulated amortisation | (248,340) | (212,567) |
| Net carrying value | 225,823 | 261,595 |
| Finance Income book | | |
| Cost | 198,000 | 198,000 |
| Accumulated amortisation | (142,287) | (129,087) |
| Net carrying value | 55,713 | 68,913 |
| eBook library | | |
| Cost | 298,626 | 298,626 |
| Accumulated amortisation | (104,386) | (89,505) |
| Net carrying value | 194,240 | 209,121 |
| Lead Database | | |
| Cost | 84,773 | 84,773 |
| Accumulated amortisation | (38,186) | (33,948) |
| Net carrying value | 46,587 | 50,825 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

Intangible Assets continued

| | 31-Dec-19 | 30-Jun-19 |
|---|------------------|------------------|
| | \$ | \$ |
| Insurance income book | | |
| Cost | 117,314 | 117,314 |
| Accumulated amortisation | (38,259) | (34,345) |
| Net carrying value | 79,055 | 82,969 |
| Other intangible assets | | |
| Cost | 294,168 | 297,687 |
| Accumulated amortisation | (110,788) | (90,254) |
| Net carrying value | 183,380 | 207,433 |
| Total Intangibles net carrying value | 6,931,082 | 7,027,140 |
| Summary | | |
| Cost | 7,613,328 | 7,616,846 |
| Accumulated amortisation | (682,246) | (589,706) |
| Net carrying value | 6,931,082 | 7,027,140 |

10. Trade and other payables

| | 31-Dec-19 | 30-Jun-19 |
|-------------------------------------|------------------|------------------|
| | \$ | \$ |
| CURRENT | | |
| <i>Unsecured liabilities</i> | | |
| Trade payables | 656,605 | 943,990 |
| GST payable | 293,193 | 190,375 |
| Superannuation payable | 65,617 | 81,300 |
| Payroll tax payable | 56,969 | 23,203 |
| Accrued wages and sales commissions | 140,502 | 632,583 |
| Accrued professional services | 200,924 | 67,408 |
| Accrued occupancy costs | 31,240 | 31,240 |
| Interest accrued | 36,922 | 29,852 |
| Other accruals | 38,271 | 13,000 |
| | 1,520,243 | 2,012,951 |
| NON-CURRENT | | |
| <i>Unsecured liabilities</i> | | |
| Trade payables | 3,953 | 3,953 |
| Accrued occupancy costs | - | 219,796 |
| | 3,953 | 223,749 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

11. Borrowings

| | 31-Dec-19 \$ | 30-Jun-19 \$ |
|-----------------------------------|-----------------|-----------------|
| CURRENT | | |
| <i>Secured liabilities</i> | | |
| Borrowings – Receivables facility | 220,000 | 290,000 |
| NON-CURRENT | | |
| <i>Unsecured liabilities</i> | | |
| Convertible note | 513,592 | 513,595 |
| <i>Secured liabilities</i> | | |
| Borrowings – Receivables facility | 555,000 | 625,000 |

12. Other Liabilities

| | 31-Dec-19 \$ | 30-Jun-19 \$ |
|-----------------|-----------------|-----------------|
| CURRENT | | |
| Unearned income | 165,000 | 135,000 |
| | 165,000 | 135,000 |

In circumstances where the Group invoices, and/or receives payment, in advance of satisfying performance obligations, it recognises unearned revenue until such time as each of the performance obligations in the contract is satisfied.

As at 31 December 2019 the Group has \$165,000 (30 June 2019: \$135,000) in unearned income (contract liabilities) related to year-end compliance and tax-service obligations associated with bundled SMSF administration, compliance, real-time accounting and advice services.

The Group expects all performance obligations that were not satisfied as at 31 December 2019 to be satisfied within 12 months and to recognise 100% of the unearned revenue in FY2020.

13. Employee entitlements

| | 31 Dec 19 \$ | 30 June 19 \$ |
|-----------------------|-----------------|------------------|
| CURRENT | | |
| Employee entitlements | 119,104 | 155,549 |
| | 119,104 | 155,549 |
| NON-CURRENT | | |
| Employee entitlements | 136,904 | 127,629 |
| | 136,904 | 127,629 |

Employee entitlements are recognised when the Group has a present (legal or constructive) obligation as a result of past events, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, the liability is discounted using a current pre-tax rate specific to the liability. The increase in the liability resulting from the passage of time is recognised as a finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

14. Leasing commitment

The Group has adopted AASB 16 Leases for the first time in the current year with a date of initial adoption of 1 July 2019.

The main changes to resulting from the introduction of the new Standard are:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets) in the Group's Consolidated Statement of Financial Position; and
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in Consolidated Statement of Profit or Loss and Other Comprehensive Income and unwinding of the liability in principal and interest.

The Group has recognised right-to use liability in respect of all 3 premises for Sydney, Melbourne and Perth. The lease liabilities are as follows:

| | 31-Dec-19 | 30-Jun-19 |
|-------------|------------------|-----------|
| | \$ | \$ |
| Current | 544,845 | - |
| Non-Current | 664,024 | - |
| | <u>1,208,869</u> | <u>-</u> |

The Group has also recognised following depreciation and interest on right-to-use assets:

| | 31-Dec-19 | 30-Jun-19 |
|--------------|----------------|-----------|
| | \$ | \$ |
| Depreciation | 273,534 | - |
| Interest | 79,919 | - |
| | <u>353,453</u> | <u>-</u> |

These expenses are disclosed in rental expenses in Consolidated Statement of Profit & Loss and Other Comprehensive Income.

15. Issued Capital

Movements in issued capital

| | 31-Dec-19 | 30-Jun-19 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Balance at beginning of reporting period | 18,895,112 | 18,895,112 |
| Issued 4 November 2019 | 397,600 | - |
| Total | <u>19,292,712</u> | <u>18,895,112</u> |

(a) Ordinary shares

| | 31-Dec-19 | 30-Jun-19 |
|--|--------------------|--------------------|
| | No. | No. |
| At the beginning of the reporting period | 142,590,868 | 142,590,868 |
| Issued 4 November 2019 | 7,952,000 | - |
| At the end of the reporting period | <u>150,542,868</u> | <u>142,590,868</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

16. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the basic earnings per share to take into account the after-income tax effect of financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

| | 31-Dec-19 | 30-Dec-18 |
|---|-------------|-------------|
| | \$ | \$ |
| Profit/ (Loss) after income tax | 61,431 | (855,471) |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 145,124,138 | 142,590,868 |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 145,124,138 | 142,590,868 |
| Earnings per share for profit/ (loss) from continuing operations attributable to the owners of WT Financial Group Limited (formerly: Spring FG Limited) | 31-Dec-19 | 31-Dec-18 |
| Basic earnings per share (cents) | 0.042 | (0.600) |
| Diluted earnings per share (cents) | 0.042 | (0.600) |

17. Events Occurring After the Reporting Date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. The financial report was authorised for issue on 28 February 2020 by the board of directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

This financial report was authorised for issue on 28 February 2020 by the board of directors.

In the opinion of the Directors:

1. The financial statements, notes of the Group are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of their performance for the year ended on that date; and
 - b) complying with Accounting Standards AASB 134 Interim financial Reporting and the Corporations Regulations 2001
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the board of directors.

Signed in accordance with a resolution of the Directors.



Guy Hedley
Chairman



Keith Cullen
Managing Director & CEO

WT FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of WT Financial Group Limited.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WT Financial Group Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration. The consolidated entity comprises WT Financial Group Limited ("the Company") and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of WT Financial Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



WT FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of WT Financial Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WT Financial Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*.

Rothsay Audit & Assurance Pty Ltd

Frank Vrachas
Director

Sydney, 28 February 2020

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