ASX Release

SPRING FG LIMITED (ASX: SFL)

ABN 87 169 037 058

1 March 2017

Appendix 4D

Preliminary financial statements for the half-year ended 31 December 2016 as required by ASX listing rule 4.2A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended 31 December 2015)	$000's	up/down	Movement %
Revenue from ordinary activities	6,121	up	14%
Profit after tax from ordinary activities attributable to members	810	down	13%
Net profit attributable to members	810	down	13%

NET TANGIBLE ASSETS	31 Dec 2016	31 Dec 2015
Net tangible asset per ordinary security	$0.062	$0.062

FY2016 FINAL DIVIDEND INFORMATION	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
FY2016 final dividend per share (paid on 28 November 2016)	1.0	1.0	30%
The Company's Dividend Reinvestment Plan (DRP) operated in full with respect to the FY2016 final dividend			

FY2017 INTERIM DIVIDEND INFORMATION	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
FY2017 interim dividend per share	0.5	0.5	30%
Record date	23 March 2017		
DRP election date	30 March 2017		
Payment date	6 April 2017		
The Company's Dividend Reinvestment Plan (DRP) will operate in full with respect to the FY2017 interim dividend			

ADDITONAL 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 2016 and Directors' Report and consolidated financial statements contained therein.

EVENTS OCCURING AFTER THE REPORTING DATE – ACQUISTION

On 27 February 2017 the Company reached agreement to acquire specialist superannuation and retirement planner, Financial Choice Pty Ltd subject to completion of satisfactory due diligence and the finalisation of suitable funding arrangements. Should the transaction be completed as anticipated the Director's expect it will contribute $1.8M pa of recurring revenue to the Group on an annualised basis. Settlement is expected to take place in April 2017. Further details are provided in the Interim Report and a separate announcement of the same date as this Appendix 4D.

AUDIT REVIEW

This report is based on the consolidated financial statements for the half-year ended 31 December 2016 which have been reviewed by BDO.

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INTERIM REPORT – 31 DECEMBER 2016

spring FG LIMITED

ABN 87 169 037 058

Corporate Directory

Board

Guy Hedley – Chairman
Non-executive Director

Keith Cullen
Founder & Managing Director

Chris Kelesis
Executive Director

Jeff Zulman
Non-executive Director

Company Secretary

Ian Morgan

Registered Office

Level 11, 95 Pitt St
Sydney NSW 2000

Ph: 02 9248 0422
springFG.com

ASX Listing Code

"SFL"

Share Registry

Boardroom Pty Limited
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Sydney NSW 2000

Ph: (02) 9290 9600

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Auditor

BDO East Coast Partnership
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CONTENTS

The directors present their report, together with the consolidated financial statements of Spring FG Limited (Spring FG or the Company) and its controlled entities (the Group) for the half-year ended 31 December 2016 and the auditor's report thereon.

The Company is listed on the Australian Securities Exchange (ASX code: SFL) and the Company's Corporate Governance Statement is located at www.springfg.com.

DIRECTORS AND OFFICE HOLDERS

The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report.

Guy Hedley	Non–executive Director & Chairman
Keith Cullen	Managing Director & CEO
Chris Kelesis	Executive Director
Jeff Zulman	Non-executive Director
Ian Morgan	Company Secretary

PRINCIPAL ACTIVITIES

The Group's principal activities during the period were the provision of *financial planning and investment advice and related product sales*; and the provision of *accounting & taxation services* (predominately to the Group's wealth management clients). The Group's advice and product offerings are broad and include a specialisation in self-managed superannuation funds (SMSFs); and residential real estate investment.

The Group also operates a range of "fintech" services including its spring247 personal financial management and mysuper247 SMSF platforms and offers financial education and market information services through regular seminar programs, the publication of its Wealthadviser library of more than 90 eBooks, and the operation of content-rich websites, including sharecafé.com.au and wealthadviser.com.au.

The Group's products and services are delivered to clients through the Company's wholly-owned subsidiaries (and divisions) that operate under the banner of Spring Financial Group from offices in Sydney, Melbourne, Brisbane, Canberra and satellite offices in Newcastle and Wollongong. The Group is preparing for a rollout of a franchised branch office network.

The key companies within the Group are Spring FG Wealth Pty Ltd (AFSL 391655); Spring FG Realty Pty Ltd; Spring FG Accounting Pty Ltd; Spring FG Finance Pty Ltd; and Spring FG Digital Pty Ltd.

REVIEW OF OPERATIONS

A review of the operations of the Group during the financial half-year to 31 December 2016 and the results of those operations show that the Group's continued expansion of its operations have seen an increase in revenue of 14% to \$6.08M (2015: \$5.32M).

The consolidated profit of the Group for the half-year, after providing for income tax for the period, amounted to \$702k (2015: \$810k).

Key matters contributing to the results

The key matters contributing to the results are as follows:

- The increase in revenue was mainly due to continued expansion of the Group's operations, capitalising on previous acquisitions and ongoing investment in marketing campaigns.
- Operating costs increased a significant 24.5% to $5.0M compared to $4.02M for the PCP due to expansion of operations and increased staff numbers however increased only 4.7% compared to the second half of FY2016 (six months to 30 June 2016: $4.78M).
- Depreciation & amortisation increased 12% to $173,118 (2015 $154,501) due to depreciation of acquired fixed assets and amortisation of acquired intangible assets.
- The above cost increases contributed to the decline in after tax profit.

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 4 of the financial statements.

REVIEW OF FINANCIAL CONDITION

Financial position

Key matters related to and contributing to the financial position of the Group as at 31 December 2016 are summarised as follows:

- Cash receipts from customers were up 17.9% to $5.64M (2015: $4.79M) and payments to suppliers up 12.8% to $5.08M (2015: $4.5M).
- Cash and current cash receivables increased 12.8% to $6.78M compared to $6.01M at 30 June 2016.
- During the period the Company's cash flow and capital management enabled it to make cash dividend payments of $931k (balance paid through DRP); pay $294k in taxes; and invest a further $527k of cash in acquiring and developing new and existing assets.
- The Company's final FY2016 fully-franked dividend of $1.25M was paid on 28 November 2016.
- Total assets of the Group increased 1.7% to $19.67M compared to $19.35M and total liabilities increased 2.0% to $3.41M compared to $3.34M at 30 June 2016.
- Issued capital of the Company was $16.19M compared to $15.38M at 30 June 2016 following repayment of loan share accounts (related to shares already on issue) and the issuance of shares under the company's dividend reinvestment plan.
- The Group has no bank or other financing or debt facilities (either undrawn or drawn) in place as at 31 December 2016.

The above changes resulted in:

- Net assets increasing by 1.6% to $16.26M compared to $16.0M at 30 June 2016.
- Net tangible assets (NTA) increasing by 0.5% to $7.92M compared to $7.88M at 30 June 2016.
- Retained earnings of the Group for the half-year, after payment of $1.25M in fully franked dividends reduced to $46k compared to $598k at 30 June 2016.

Capital management

As at 31 December 2016 the Company had a total of 127,035,887 ordinary shares on issue, compared to 125,420,811 at 30 June 2016; an increase of 1,615,076 shares due the issue of shares under through the Company's Dividend Reinvestment Plan, as set out in the table below:

Date	Shares	Consideration	Description
28 Nov 2016	1,615,076	$323,015	Dividend Reinvestment Plan (DRP)
Total	**1,615,076**	**$323,015**	

DIVIDENDS

During the half-year, a final fully-franked dividend for 2016 of 1.0 cent per ordinary share was declared and subsequently paid on 28 November 2016 with the total dividend being $1,254,208 (2015: $3,031,632).

The Group's Dividend Reinvestment Plan (DRP) operated in full with respect to the dividend.

Further details of dividends paid or declared by the Company are set out in detail Note 15 b) of the financial statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2016 the following significant changes in the state of affairs of the Group occurred.

- The Group entered into a new lease over premises for its Melbourne office operations, at 99 King Street Melbourne, Victoria. The lease commenced on 1 December 2016 and is for a period of 72 months, with further options periods. The lease represents a total base rental commitment of $714k over the lease term.
- The Group entered into joint-venture arrangements with Tessa Residential Pty Ltd (Tessa) to provide property management services to the Group's clients. Under the arrangements the Group will earn revenue from referral fees and contractual equity in property management contracts.

  As part of the arrangements the Group has assigned its acquisition of the management rights at “Mode Apartments” in Brisbane's inner-city suburb of Newstead to Tessa. The 157 apartment development is expected to settle in March 2017.

  The arrangements resulted in total revenue during the period of $372,000.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in Sydney on 28 February 2017 in accordance with a resolution of the Board of Directors of Spring FG Limited and pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Guy Hedley	Keith Cullen
Chairman	**Managing Director**

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Australia

DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF SPRING FG LIMITED

As lead auditor for the review of Spring FG Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Spring FG Limited and the entities it controlled during the period.

Grant Saxon
Partner

BDO East Coast Partnership

Sydney, 28 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2016

	Note	31 Dec 16 $	31 Dec 15 $
Revenue	2	**6,083,632**	5,325,341
Other income	2	**37,229**	87,955
		6,120,861	5,413,296
Less:			
Direct costs to generate revenue	3	**(707,805)**	(282,869)
Employee & other related costs	3	**(2,701,190)**	(2,232,444)
Advertising & marketing expenses	3	**(248,133)**	(261,247)
Professional fees	3	**(140,064)**	(126,195)
Occupancy expenses	3	**(651,795)**	(468,952)
Other operating expenses	3	**(553,709)**	(646,451)
		(5,002,696)	(4,018,158)
Net operating profit		**1,118,165**	1,395,138
Finance costs	3	**(25,482)**	(5,513)
Depreciation & amortisation expense	3	**(173,118)**	(154,501)
Write-off of fixed assets on disposal		**-**	(102,508)
Profit before income tax		**919,565**	1,132,616
Income tax expense		**(217,507)**	(322,280)
Profit after income tax expense for the year		**702,058**	810,336

Earnings per share for profit from continuing operations attributable to the owners of Spring FG Limited	**Cents**	Cents
Basic earnings per share	**0.56**	0.69
Diluted earnings per share	**0.56**	0.69

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Note	31 Dec 16 $	30 Jun 16 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**914,528**	1,377,865
Trade and other receivables	6	**5,865,655**	4,630,500
Other assets	7	**516,396**	288,041
Total current assets		**7,296,579**	6,296,406
Non-current assets			
Trade and other receivables	6	**2,852,168**	3,839,865
Plant and equipment	8	**873,324**	702,335
Deferred tax assets		**314,981**	390,828
Intangible assets	9	**8,337,419**	8,117,100
Total non-current Assets		**12,377,892**	13,050,128
TOTAL ASSETS		**19,674,471**	19,346,534
LIABILITIES			
Current liabilities			
Trade and other payables	10	**1,482,849**	1,717,401
Current tax liabilities		**735,595**	567,370
Provisions	12	**248,920**	249,656
Other liabilities	11	**51,000**	354,180
Total current liabilities		**2,518,364**	2,888,607
Non-current liabilities			
Deferred tax liabilities		**435,123**	456,102
Provisions	12	**49,379**	-
Other liabilities	10	**409,836**	-
Total non-current liabilities		**894,338**	456,102
TOTAL LIABILITIES		**3,412,702**	3,344,709
NET ASSETS		**16,261,769**	16,001,825
EQUITY			
Issued capital	14	**16,188,778**	15,376,684
Reserves		**26,659**	26,659
Retained earnings	15	**46,332**	598,482
TOTAL EQUITY		**16,261,769**	16,001,825

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2016

31 December 2016	Note	Ordinary Shares $	Retained Earnings $	Option Reserve $	Total $
Balance at 1 July 2016		15,376,684	598,482	26,659	16,001,825
Profit attributable to members of the parent entity	15 a)	-	702,058	-	702,058
Dividends provided for or paid	15 b)		(1,254,208)	-	(1,254,208)
Shares issued and loan share repayments	14 a)	812,094	-	-	812,094
Balance at 31 December 2016		**16,188,778**	**46,332**	**26,659**	**16,261,769**

31 December 2015	Ordinary Shares $	Retained Earnings $	Option Reserve $	Total $
Balance at 1 July 2015	12,784,962	2,025,437	1,849	14,812,248
Profit attributable to members of the parent entity	-	810,336	-	810,336
Dividends provided for or paid	-	(3,031,632)	-	(3,031,632)
Share based payment transactions	-	-	24,810	24,810
Shares issued during the year	2,642,141	-	-	2,642,141
Transaction costs	(50,419)	-	-	(50,419)
Balance at 31 December 2015	15,376,684	(195,859)	26,659	15,207,484

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2016

	31 Dec 16 $	31 Dec 15 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**5,643,714**	4,788,887
Payments to suppliers & employees	**(5,077,499)**	(4,500,361)
Income tax paid	**(294,414)**	(422,128)
Net interest (paid)/received	**(25,481)**	37,249
Total operating cash flows	**256,320**	(96,353)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	**(223,153)**	(95,597)
Payments for intangible assets	**(303,786)**	(139,552)
Repayment of executive loans	**249,397**	125,875
Total investing cash flows	**(277,542)**	(109,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**489,078**	781,749
Share Issue Costs	**-**	(37,463)
Dividends paid	**(931,193)**	(1,165,339)
Payment for subsidiary net of cash acquired	**-**	-
Total financing cash flows	**(442,115)**	(421,053)
Net movement in cash & equivalents	**(463,337)**	(626,680)
MOVEMENT IN CASH FLOW		
Net decrease in cash and cash equivalents held	**(463,337)**	(626,680)
Cash & equivalents at beginning of reporting period	**1,377,865**	1,625,606
Cash & cash equivalents at end of reporting period	**914,528**	998,926

NOTE 1. Summary of Significant Accounting Policies

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, unless otherwise stated.

The Group adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Except for the early adoption of AASB 15 '*Revenue from Contracts with Customers*', no other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been adopted early.

Note 1. a) Basis of Preparation

These general purpose consolidated financial statements for the half-year ended 31 December 2016 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated financial statements do not include all of the information and disclosure normally required in the annual financial report and should be read in conjunction with the Group's annual report for the year ended 30 June 2016 and considered together with any public announcements made by the Company during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

Note 1. b) Revenue recognition

Revenue of the Group is primarily from financial advice and planning fees, investment advice and execution fees; referral and/or commission fees associated with finance, financial product and real property investments; and accounting and tax services.

Revenue is measured at the fair value of the consideration received or receivable, after taking into account any discounts and rebates allowed. Revenue is stated net of goods and services tax (GST).

In early-adopting AASB15 the Group recognises revenue from contracts that establish each parties' rights related to the services to be provided; the timing for delivery of same (if applicable); and the contract price and payment terms.

In acting as principal in providing professional services directly to clients, contracts are generally based on a formal authority to proceed; an engagement letter; or in some cases written or verbal instructions. When the Group is acting as agent (for example for a financial product provider, or for the vendor of a property or other investment asset) it will generally do so under a formal written contract.

Where the Group acts as agent its contracts generally comprise a single distinct performance obligation such as introducing a buyer to the seller of a product, asset or service (for example).

Where the Group acts as principal its contracts may contain multiple performance obligations such as when it is engaged to provide financial advice and under the same engagement provide ongoing accounting, tax or other services (for example).

Certain contracts bundle a group of services together for an agreed price. In such cases a portion of the contract price is allocated to each separately identifiable performance obligation or group of obligations within the bundle and revenue then recognised as those obligations are satisfied.

Performance obligations may be satisfied either at a specific point in time (such as the introduction of a buyer under an agency agreement, or execution of an equities trade on behalf of a client); or over time (such as in the case of providing ongoing advice services or monthly accounting or administration services).

The Group generally recognises revenue in arrears and receives payment in arrears. 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 2016 the Group had $51,000 in unearned revenue (contract liabilities) related to bundled SMSF administration services. The Group expects all performance obligations that were not satisfied as at 31 December 2016 to be satisfied within 12 months.

The Group generally receives prompt payment when it satisfies performance obligations generally resulting in cash flow from a contract/s closely matching revenue from a contract/s during any given reporting period. The exception to this is real property investment referral fees and commissions associated with residential property projects that the Group's clients have invested in that are yet to be completed. The timing of cash receipts associated with these receivables is generally split into an initial component (upfront) with a second component of (up to) 50% linked to the completion date of such projects (backend).

Note 1. c) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 1. d) Dividends

Dividends payable to shareholders are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 1. e) Dividend Reinvestment Plan (DRP)

The Company operates a Dividend Re-Investment Plan (DRP) that offers shareholders the opportunity to purchase additional shares in the Company by reinvesting part or all of their periodic dividends.

Under the terms of the DRP the Directors have the ability to limit the amount of dividend which may be invested in subscription for shares under the DRP; determine the issue price for each issue of shares under the DRP and (for so long as the Company is listed on the ASX) determine the discount to the weighted average market price that will be used to calculate the issue price for each issue of shares under the DRP; and suspend, amend or terminate the DRP.

The impact of the DRP relative to dividends paid during the period is set out in Note 15 c), below.

NOTE 2. Revenue & Other Income

The following has been included in the revenue and other income line in the statement of profit or loss and other comprehensive income for the reporting periods.

	31 Dec 16 $	31 Dec 15 $
Sales revenue - provision of services	**5,711,632**	5,325,341
Gains on contracts (property management agreements)	**372,000**	-
Total operating income	**6,083,632**	5,325,341
Other Income		
Interest received	**-**	80,224
Rental income	**35,000**	7,731
Other income	**2,229**	-
Total other income	**37,229**	87,955
Total Revenue	**6,120,861**	5,413,296

Finance income

Finance income includes all interest-related income, other than that arising from financial assets at fair value through profit or loss.

Rental income

Rental income relates to a sub-lease arrangement at the Group's Sydney offices.

NOTE 3. Expenses

Profit before tax includes the following specific expenses.

	31 Dec 16 $	31 Dec 15 $
Direct costs to generate revenue	**707,805**	282,869
Employee & other related costs		
- Wages & salaries	**2,444,337**	2,048,290
- Consultants, contractors, directors' fees	**69,217**	52,094
- Other employment expenses	**187,636**	132,060
	2,701,190	2,232,444
Advertising & marketing expenses	**248,133**	261,247
Professional Fees		
- Audit & taxation fees	**103,122**	60,357
- Legal fees	**7,782**	30,490
- Other professional fees	**29,160**	35,348
	140,064	126,195
Occupancy expenses	**651,795**	468,952
Other operating expenses		
- IT & communications	**124,950**	151,880
- Insurance	**82,845**	98,044
- Bad & doubtful debts	**10,536**	74,688
- Equipment leases	**76,297**	77,565
- License & registration fees	**40,426**	76,803
- Memberships & subscriptions	**34,181**	87,761
- Office & other expenses	**184,474**	79,710
	553,709	646,451
Finance costs	**25,482**	5,513
Depreciation & amortisation		
- Depreciation of plant, equipment, furniture & fittings	**89,651**	52,959
- Amortisation of intangible assets	**83,467**	101,542
	173,118	154,501

NOTE 4. Segment Reporting

The consolidated entity is organised into two separate operating segments:

- Financial planning, investment advice and product sales; and
- Accounting and taxation services

These operating segments are based on the internal reports that are reviewed and used by the Managing Director and Board. The Managing Director has been identified as the Chief Decision Maker (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.

The information reported to the CODM is on at least a monthly basis.

The principal products and services for each of the operating segments are as follows:

- *Financial planning and investment advice and product sales*

  The provision of a diverse range of financial services encompassing financial planning in self-managed superannuation funds (SMSFs) and direct and SMSF residential real estate investment.

- *Accounting and taxation services*

  The provision of a comprehensive range of accounting and taxation advice and solutions for investors and small to medium businesses. The Group's services include real-time accounting & administration services for SMSFs, tax planning and structuring, management and cash flow reporting, tax returns and ASIC compliance.

Intersegment transactions were made at market rates.

Intersegment receivables and payables are eliminated on consolidation.

NOTE 4. Segment Reporting (cont.)

31 December 2016	Financial planning, investment advice & products	Accounting & tax services	Unallocated	Total
	$	$	$	$
Sales to external customers	5,352,709	535,294	195,629	6,083,632
Other revenue	91	-	37,138	37,229
Total revenue	**5,352,800**	**535,294**	**232,767**	**6,120,861**
EBITDA	3,256,086	43,202	(2,181,123)	1,118,165
Depreciation & amortisation	(162,747)	(8,859)	(1,512)	(173,118)
Interest expense	(9)	-	(25,473)	(25,482)
Net profit before tax	**3,093,330**	**34,343**	**(2,208,108)**	**919,565**
31 December 2016				
Total assets	12,709,906	2,832,199	4,132,366	19,674,471
Total liabilities	852,866	1,938,151	621,685	3,412,702

31 December 2015	Financial planning, investment advice & products	Accounting & tax services	Unallocated	Total
	$	$	$	$
Sales to external customers	4,709,881	502,751	112,709	5,325,341
Other revenue	-	-	7,731	7,731
Interest received	65	2	80,157	80,224
Total revenue	4,709,946	502,753	200,597	5,413,296
EBITDA	3,103,992	82,440	(1,893,802)	1,292,630
Depreciation & amortisation	(133,909)	(4,481)	(16,111)	(154,501)
Interest expense	-	-	(5,513)	(5,513)
Net profit before tax	2,970,083	77,959	(1,915,426)	1,132,616
30 Jun 2016				
Total assets	11,415,208	1,850,804	4,517,402	19,346,534
Total liabilities	1,563,120	207,888	1,573,701	3,344,709

NOTE 5. Cash and cash equivalents

Details of the Company's cash at bank and cash equivalents are set out below.

	31 Dec 16	30 Jun 16
	$	$
Cash at bank and in hand	**557,444**	1,020,781
Short-term deposit	**357,084**	357,084
	914,528	1,377,865

NOTE 6. Trade & other receivables

The table below details the breakdown of Trade and Other Receivables at the end of each of the reporting periods.

	31 Dec 16 $	30 Jun 16 $
CURRENT		
Trade receivables	**5,330,467**	4,203,587
Provision for impairment	**(20,000)**	(45,000)
	5,310,467	4,158,587
Advances to executives	**186,241**	435,638
Other receivables	**368,947**	36,275
Total current trade and other receivables	**5,865,655**	4,630,500
NON-CURRENT		
Trade receivables	**2,852,168**	3,839,865
Total non-current trade & other receivables	**2,852,168**	3,839,865
Total trade & other receivables	**8,717,823**	8,470,365

Note 6. a) Age analysis

	31 Dec 16 $	30 Jun 16 $
0 – 3 months	**1,636,747**	1,921,228
Over 3 months	**7,081,075**	6,549,137
	8,717,823	8,470,365

Note 6. b) Current & non-current trade receivables

Trade receivables are classified as current or non-current, depending on the expected timing of cash receipts. Trade receivables include real property investment referral fees and commissions associated with residential property projects that the Group's clients have invested in that are yet to be completed. The timing of cash receipts associated with these receivables is generally split into an initial component (upfront) with a second component of up to 50% linked to the completion date of such projects (backend).

Trade receivables that relate to projects that the Group anticipates will not be completed within 12 months are categorised as non-current. All upfront components and back-end components relative to projects that the Group anticipates will be completed within 12 months are categorised as current.

Note 6. c) Impairment of receivables

Movements in the provision for impairment of receivables are as follows:

		31 Dec 16 $	30 Jun 16 $
Opening balance		**45,000**	82,245
Additional provisions recognised	(b)	**(25,000)**	(37,245)
Closing balance		**20,000**	45,000

Details of impaired trade and other receivables are set out in the table and notes below.

	Gross amount $	Past due & impaired $	Within initial trade terms $
As at 31 December 2016			
Trade & term receivables	**8,032,635**	**(20,000)**	**8,012,635**
Other receivables	**705,188**	**-**	**705,188**
	8,737,823	**(20,000)**	**8,717,823**
As at 30 June 2016			
Trade & term receivables	8,043,452	(45,000)	7,998,452
Other receivables	471,913	-	471,913
	8,515,365	(45,000)	8,470,365

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired, and does not hold any collateral over any receivables balances.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The other classes of receivables do not contain impaired assets.

Note 6. d) Advances to executives

Movements in advances to executives are shown in the table below.

	31 Dec 16 $	30 Jun 16 $
Balance at the beginning of the reporting period	**435,638**	277,290
Advances	**300,054**	593,677
Repayments	**(549,450)**	(435,329)
Balance at the end of the reporting period	**186,242**	435,638

NOTE 7. Other non-financial assets

A breakdown of other non-financial assets is set out in the table below.

	31 Dec 16 $	30 Jun 16 $
Prepayments	**308,912**	139,797
Accrued income	**182,484**	123,244
Other assets & receivables	**25,000**	25,000
	516,396	288,041

NOTE 8. Plant & Equipment

A summary of plant and equipment is shown in the table below.

	31 Dec 16 $	30 Jun 16 $
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	**520,541**	473,970
Accumulated depreciation	**(229,120)**	(189,525)
Total furniture, fixtures and fittings	**291,421**	284,445
Office equipment		
At cost	**93,915**	81,527
Accumulated depreciation	**(24,799)**	(16,033)
Total office equipment	**69,116**	65,494
Leasehold improvements		
At cost	**570,910**	377,837
Accumulated depreciation	**(58,123)**	(25,441)
Total improvements	**512,787**	352,396
Total property, plant & equipment	**873,324**	702,335

NOTE 9. Goodwill & Intangibles

	31 Dec 16 $	30 Jun 16 $
Goodwill		
Financial advice business - at cost	**4,278,334**	4,278,334
Accounting & tax business - at cost	**1,480,000**	1,480,000
Digital services - at cost	**458,396**	458,396
Total Goodwill	**6,216,730**	6,216,730
Website development		
Cost	**557,156**	429,423
Accumulated amortisation	**(43,425)**	(30,509)
Net carrying value	**513,731**	398,914
eBook library		
Cost	**146,787**	104,897
Accumulated amortisation	**(22,693)**	(16,998)
Net carrying value	**124,094**	87,899
Lead Database		
Cost	**84,773**	53,700
Accumulated amortisation	**(12,028)**	(9,343)
Net carrying value	**72,745**	44,357
Finance income book		
Cost	**198,000**	198,000
Accumulated amortisation	**(63,267)**	(50,067)
Net carrying value	**134,733**	147,933
Insurance / Finance income book		
Cost	**1,173,125**	1,173,125
Accumulated amortisation	**(187,035)**	(147,931)
Net carrying value	**986,090**	1,025,194
Other intangibles		
Cost	**317,448**	214,960
Accumulated amortisation	**(28,152)**	(18,887)
Net carrying value	**289,296**	196,073
Net Intangible Assets	**2,120,689**	1,900,370
Total Goodwill & Intangible Assets	**8,337,419**	8,117,100

Note 9. b) Measurement of goodwill and other intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. Gains or losses recognised in the Group's profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period:

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Insurance & Finance revenue books

Insurance and finance revenue books acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit. The expected benefit of an insurance revenue book is 15 years. The expected benefit of a finance revenue book acquired is 7.5 years.

Marketing Databases

Lead databases acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, considered to be 10 years.

eBook library

The eBook library acquired in a business combination is amortised on a straight-line basis over the period of their expected benefit, considered to be 10 years.

Any costs associated with adding to the eBook library or significantly updating existing eBooks are capitalised and considered to be a 'new' eBook which is them amortised over its useful life. The useful life of an eBook is considered to be 10 years.

Website development

In the current period website development costs have been taken up as an intangible asset. Any significant amounts relating to website development are capitalised and amortised on a straight-line basis over the period of their expected benefit, considered to be 5 years.

Note 9. c) Intangible asset amortisation

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of profit or loss and other comprehensive income. Goodwill has an indefinite life and is not amortised (refer Note 9. d) below).

Note 9. d) Impairment disclosures

For the purpose of impairment testing, goodwill is allocated to cash-generating units which are based on the Group's operating divisions. The aggregate carrying amount of goodwill allocated to each CGU is:

Goodwill	31 Dec 16 $	30 Jun 16 $
Financial planning, investment advice & product sales	**4,278,334**	4,278,334
Accounting & taxation services	**1,480,000**	1,480,000
Digital services	**458,396**	458,396
	6,216,730	6,216,730

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond three years cashflow forecast extrapolated using an estimated growth rate which does not exceed the long-term growth rate for the industry. The cash flows are discounted using the yield of 5-year government bonds at the beginning of the budget period adjusted for the specific risks relating to the asset.

Note 10. Trade & other payables

The table below details the breakdown of Trade Payables and Other Payables.

	31 Dec 16 $	30 Jun 16 $
CURRENT		
Unsecured liabilities		
Trade payables	**360,968**	295,690
GST payable	**151,376**	490,591
Payroll liabilities	**353,672**	304,249
Accrued professional services	**44,700**	69,963
Accrued occupancy costs	**37,488**	144,300
Other accruals	**534,645**	412,608
	1,482,849	1,717,401

The above amounts in current trade and other payables are short term and therefore classified as current liabilities. Carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

NON-CURRENT		
Hire purchase	**33,420**	-
Accrued occupancy costs	**291,128**	-
Other liabilities	**85,288**	-
	409,836	0

NOTE 11. Other liabilities

Details of other liabilities are set out below.

	31 Dec 16 $	30 Jun 16 $
Unearned income	**51,000**	354,180
	51,000	354,180

NOTE 12. Provisions

Details of provisions are set out below.

	31 Dec 16 $	30 Jun 16 $
CURRENT		
Leave entitlements due to employees	**248,920**	249,656
	248,920	249,656
NON-CURRENT		
Leave entitlements due to employees	**49,379**	-
	49,379	-

NOTE 13. Leasing commitments

The total operating lease commitments of the Group includes a total of $2,605,700 relating to the Group's Sydney office premises and $714,000 related to its Melbourne premises which at the reporting date had lease expiry date of 30 November 2021 and 30 November 2022 respectively.

A total of $114,632 associated with IT and office equipment and operating systems with component items having expiry dates of between 12 months and two years from the reporting date.

	31 Dec 16 $	31 Dec 15 $
Committed at the reporting date and recognised liabilities payable not later than one year		
- Within 1 year	**665,000**	510,500
- 2 to 5 years	**2,848,700**	2,724,800
- Greater than 5 years	**153,700**	
	3,667,900	3,235,300

NOTE 14. Issued Capital

Note 14. a) Share capital

A breakdown of shares issues and related costs during the reporting period are shown below.

31 December 2016	**Shares No.**	**Consideration $**
Balance at 1 July 2016	**125,420,811**	**15,376,684**
Loan shares payments (shares already on issue)	**-**	**489,079**
Dividend reinvestment plan – 28 November 2016	**1,615,076**	**323,015**
Balance at 31 December 2016	**127,035,887**	**16,188,778**

30 June 2016	**Shares No.**	**Consideration $**
Balance at 1 July 2015	116,374,325	12,784,962
Shares issued – 20 November 2015	8,411,567	2,642,141
Shares issued (staff loans) – 20 November 2015	634,919	-
Transaction costs	-	(50,419)
Balance at 30 June 2016	125,420,811	15,376,684

Note 14. b) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Group does not have authorised capital or par value in respect of its shares.

Note 14. c) Capital management

Capital of the Group is managed in order to maintain a good debt to equity ratio, provide shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital comprises of share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements, except base level financial requirements prescribed in the Australian Financial Services Licence held by the Company's subsidiary Spring Financial Group Pty Ltd.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the statement of financial position plus net debt.

NOTE 15. Equity

Note 15. a) Retained profits

A breakdown of retained profits at the end of the period is shown in the table below.

	31 Dec 16 $	30 Jun 16 $
Retained profits at the beginning of the financial year	**598,482**	2,025,437
Profit after income tax expense for the year	**702,058**	1,604,677
Dividends paid (Note 15 b), below)	**(1,254,208)**	(3,031,632)
Retained profits at the end of the financial year	**46,332**	598,482

Note 15. b) Dividends

A fully franked final dividend of 1.0 cents per share was declared for FY2016 and paid on 28 November 2016.

	31 Dec 16 $	31 Dec 15 $
Final franked ordinary dividend	**1,254,208**	**3,031,632**
Total dividends	**1,254,208**	**3,031,632**

Note 15. c) Dividend Re-Investment Plan (DRP)

The Company's DRP operated in full with respect to the dividend. A total of 1,615,076 shares at an issue price of $0.020 were issued under the representing a total of $323,015.

NOTE 16. Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2016 (30 June 2016: None).

NOTE 17. Events Occurring After the Reporting Date

On 27 February 2017 the Company reached agreement to acquire specialist superannuation and retirement planner, Financial Choice Pty Ltd subject to completion of satisfactory due diligence and the finalisation of suitable funding arrangements. Should the transaction be completed as anticipated the Director's expect it will contribute $1.8M pa of recurring revenue to the Group on an annualised basis. Settlement is expected to take place in April 2017.

The Company has agreed to pay $2.5M by way of cash and vendor shares at settlement with a deferred payment of $1.3M in October 2017. Subject to various performance criteria further performance-based payments of up to a maximum of $1M may be payable in late 2018. The Director's expect to use a combination of cash, debt and equity to fund the settlement.

Except for the above, there are no other matters that have arisen since 31 December 2016 that have significantly affected, or may significantly affect the entity's operations, the results of those operations, or the consolidated entity's state of affairs in the future financial years.

DIRECTORS' DECLARATION

The financial report was authorised for issue on 28 February 2017 by the board of directors.

In the directors' opinion:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   a) Giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and

   b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Guy Hedley
Chairman

Keith Cullen
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

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To the members of Spring FG Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Spring FG Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the 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 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 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 half-year 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 2016 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 Spring FG 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.

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 Spring FG 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 Spring FG 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 2016 and of its performance for the half-year ended on that date; and

(b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

BDO East Coast Partnership

Grant Saxon
Partner

Sydney, 28 February 2017

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