ASX Release

SPRING FG LIMITED (ASX: SFL)

ABN 87 169 037 058

28 February 2018

Appendix 4D

Preliminary financial statements for the half-year ended 31 December 2017 as required by ASX listing rule 4.2A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended 31 December 2017)	$000's	up/down	Movement %
Revenue and other income	3,735	down	40.0%
Operating loss (before depreciation, amortisation, interest and tax)	(1,677)	down	584.5%
Net loss	(3,494)	down	597.7%

NET TANGIBLE ASSETS	31 Dec 2017	31 Dec 2016
Net tangible asset per ordinary security	$0.050	$0.062

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 2017 and Directors' Report and consolidated financial statements contained therein.

EVENTS OCCURRING AFTER THE REPORTING DATE

Settlement of Wealth Today Pty Ltd Acquisition

On 2 January 2018 the Company completed its acquisition of all of the issued capital of Wealth Today Pty Ltd (Wealth Today) for a total consideration of $1.67M. The consideration has been satisfied by cash of $200,000; the issuance of $956,000 of shares in the Company at an issue price of $0.15 per share for a total of 6.37M shares; and the issuance of a 2-year interest-free convertible note with a conversion price of $0.25 per share. Shares issued to the majority shareholders (representing 4.72M of the shares issued) are escrowed for two years.

Subject to EBITDA targets being exceed over the next 12 months from settlement the major shareholders of Wealth Today may be entitled to up to a total of a further $533,000 of consideration which (if payable) will be added to the convertible note.

Part Sale of Digital Publishing Subsidiary and New Digital Publishing Joint-Venture

On 27 February 2018 the Group completed the sale of a 50% stake in its Sharecafé and Sharescene digital news and information subsidiary, Spring FG Digital Pty Ltd (Spring FG Digital) to digital publisher, the Informed Investor Pty Ltd (Informed Investor).

Under the terms of the sale:

- Informed Investor has acquired 50% of the issued capital of Spring FG Digital for a cash consideration of $225,000
- The Group and Informed Investor have established a joint-venture relationship to develop and expand the content and advertising sales of Sharecafé and Sharescene
- The Group will retain its access to advertising across Sharecafé and Sharescene to promote its own Group-operated products and services for a period of 4-years

AUDIT REVIEW

This report is based on the consolidated financial statements for the half-year ended 31 December 2017 which have been reviewed by Rothsays Audit & Assurance Pty Ltd.

INTERIM FINANCIAL REPORT – 31 DECEMBER 2017

spring FG LIMITED

ABN 87 169 037 058

Contents

DIRECTORS' REPORT

31 December 2017

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 2017 (H1FY2018) and the auditor's review report thereon.

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

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

Directors

The following persons were directors of the Company during the whole of the 6-month period and to the date of this report.

Guy Hedley	Non-executive Director & Chairman
Keith Cullen	Managing Director
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 has offices in Sydney, Melbourne, Brisbane, Canberra, Newcastle and Wollongong. It has also launched a diverse range of dealer group services for the financial advice industry, operated through its recently acquired Wealth Today Pty Ltd subsidiary (acquisition completed 2 January 2018).

The Group also operates a range of leading "fintech" services including its spring247 and mymoney247 personal financial management platforms.

With an online community of more than 160,000 subscribers, the Group's digital operations offer financial education and market information services free-of-charge through regular seminar programs, the publication of its Wealthadviser library of more than 95 eBooks on a broad range of subjects, and the operation of content-rich websites, including industry-leading sharecafé.com.au and wealthadviser.com.au.

The key companies in the group are Spring FG Wealth Pty Ltd (AFSL 391655), Spring FG Realty Pty Ltd, Spring FG Accounting Pty Ltd and Spring FG Finance Pty Ltd.

Operating results and Review

A. Operating results for the year

The Group recorded an EBITDA (earnings before interest, depreciation & amortisation and tax) loss of $1.677M for the half-year to 31 December 2017.

The consolidated loss of the Group for the period, after providing for interest, depreciation & amortisation (inclusive of one-off impairments and write downs on intangible assets) and income tax (benefit) amounted to a loss of $3.494M (H1FY2017: profit of $702K).

The key components contributing to the results are as follows:

- Revenue and other income decreased 38.2% to $3.786M (H1FY2017: $6.121M)
- Total operating expenses increased 9.2% to $5.463M (H1FY2017 $5.002M) resulting in an EBITDA loss of $1.677M (H1FY2017 profit $1.118M)
- Depreciation and amortisation totalled $266K (H1FY2017 $173K)
- One-off impairment charge to the carrying value of goodwill totalled $1.250M (H1FY2017: $0)
- One-off write-down associated with the disposal of intangible assets totalled $852K (H1FY2017: $0)
- One-off write-down of other intangible assets totalled $266K (H1FY2017: $0)
- Income tax benefit totalled $961K (H1FY2017: expense $217.5K)

Matters Impacting the Results

As previously advised the Group faced significant external challenges associated with two of its key areas of specialisation, being self-managed super and residential property investment advice, during the previous financial year (FY2017).

These external factors included changes to superannuation rules, the threat of changes to negative gearing, and APRA policy moves to rein in residential property lending, in particular relating to the SMSF market. These factors restricted the ability of some prospective and existing clients to enter the market, and had considerable operational impact.

Whilst certainty now exists around these factors, and they are not expected to impact the Group's long-term prospects, management had underestimated their operational and revenue impact that ultimately extended into the FY2018 year with a material negative impact on the results for the period.

Review of carrying values of goodwill and other intangible assets

The Board determined it prudent to bring forward its annual impairment testing of goodwill and, additionally, to consider write-downs of the carrying value of certain other intangible assets.

Accordingly, the directors have determined it appropriate to write-down the carrying value of goodwill of its *financial advice* CGU (cash generating unit) from a cost base of $4.278M to a revised carrying value of $3.028M, with an impairment charge of $1.250M being recorded.

The carrying value of the Group's insurance and investment client register has been written down by $852K, following the successful sale of servicing obligations, rights and revenue arising from existing the Group's risk (insurance) clients to Fairbridge Financial Services Pty Ltd in late December 2017 (see further details below).

A full review of other intangible asset carrying values has resulted in further one-off write downs of intangibles of $266K.

Total one-off impairment charges and write-downs for the period were $2.368M.

Management restructure

The Group has undertaken a review of management structure and personnel and reports a number of new appointments and departures.

The Group's head of specialist investments, Mr Jack Standing, has been appointed as national head of client acquisition, to drive new business growth on a national basis. Mr Standing has also been appointed as a responsible manager of Spring FG Wealth Pty Ltd.

Senior client adviser, Mr Michael Pelosi, has been appointed has national head of client strategy management, with primary responsibility for existing clients, and has also been appointed as a responsible manager of Spring FG Wealth Pty Ltd.

The Group's head of workplace education services, Mr Tony Pelosi, has also been appointed as a responsible manager of Spring FG Wealth Pty Ltd.

Each will join an executive committee (along with executive director, Mr Chris Kelesis) now reporting directly to group managing director, Mr Keith Cullen.

The Group has accepted the resignations of its general manager of its core wealth management operations, Mr Mitchell Ansiewicz, and its group CFO, Mr Russell Scott. In accordance with their executive service agreements their employment will conclude in April 2018. The Group accepted the resignation of its former chief operating officer and head of advice, Mr Frank Paul, whose employment formally concluded in early January 2018.

Under the restructured management arrangements, Mr Ansiewicz's and Mr Paul's positions will not be replaced.

Rationalisation of operating costs

The Group has implemented reductions in employment, occupancy and other costs to deliver annualised savings in excess of $1.5M. The Directors consider that the integration of the Group's recent acquisition of Wealth Today Pty Ltd (as more fully discussed below in this Directors' Report) presents further opportunity for operational efficiencies.

Expanded distribution model and fintech initiatives

The Group has moved to significantly expand its distribution channels through its dealer group model (including its recent acquisition of Wealth Today) to reduce future reliance on direct revenue channels.

The Group's dealer services offering (through Wealth Today) enables it to leverage existing infrastructure and augment revenue from its salaried-adviser distribution, upon which it has previously been completely reliant.

The Group has also moved to diversify its range of revenue streams through exposure to "fintech" opportunities, as exemplified by through the December 2017 launch of MyMoney247.com.

MyMoney247.com is a personal financial management platform that provides consumers with digital services to manage their income, investments, bill payment, budgeting and tax requirements, on a paid subscription basis, presenting a significant long-term recurring revenue opportunity for the Group.

The Group is initially targeting the platform at its extensive online community comprising more than 160,000 subscribers to its sharecafé.com.au and wealthadviser.com.au digital content.

The Group continues to explore the addition of online home loan and other financial product sales, presenting further revenue upside for the Group in addition to the long-term recurring subscription revenue potential presented by the platform.

B. Review of financial condition

Financial position

The financial position of the Group as 31 December 2017 are summarised as follows:

Cash and current receivables were $6.964M (30 June 2017 $9.803M).

Net assets decreased 21.26% to $12.943M (30 June 2017 $16.437M).

Net tangible assets (NTA) decreased 13.84% to $6.797M (30 June 2017 $7.889M).

No dividends were paid during the period.

NTA backing per ordinary share ($0.05) (30 June 2017 $0.06).

The Group had drawn receivables financing facilities of $2.33M (30 June 2017 $1.95M).

Cash from operations

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

Cash and cash equivalents were $2.756M ($2.598M at H1FY2017).

Cash flows from operating activities were $(1.861M) (H1FY2017 $0.256M).

Cash flows from investing activities were $1.61M (H1FY2017 $(277)K).

Capital management

As at 31 December 2017 the Company had a total of 136,218,237 ordinary shares on issue (136,218,237 at 30 June 2017); with no new shares issued during the period.

There were no unissued shares or options as at 31 December 2017.

Dividends

No dividends were paid by the Company in the 6 months to 31 December 2017, compared to a fully-franked dividend of $1,254,208 paid on 28 November 2016 (1.0 cents per share).

Significant changes in state of affairs

During the 6 months ended 31 December 2017 the following significant changes in the state of affairs of the Group occurred.

Acquisition of Wealth Today

During the period the Group executed agreements to acquire all of the issued capital of financial services dealer group Wealth Today Pty Ltd (Wealth Today). The acquisition subsequently settled on 2 January 2018.

The acquisition followed the Group's launch of a comprehensive range of dealer group services in October 2017.

Established in 2008, Wealth Today has some 40 authorised representatives with approximately $200M in funds under advice and $9.5M of in-force insurance premiums.

The Directors expect that the acquisition will contribute more than $4M per annum in revenue and that it provides a platform to accelerate its dealer group growth, which will be concentrated under the Wealth Today brand (which will be retained).

The Group has retained what the Directors consider to be an experienced and dedicated team of head-office personnel and authorised representatives, and an established brand to build the Group's dealer group operations under.

With its head-office in Perth and numerous authorised reps in Western Australia and South Australia (as well as Victoria, NSW and Queensland) the acquisition will extend the Group's reach considerably beyond its existing Eastern seaboard concentration.

From a corporate perspective, the Directors believe the acquisition will enable the Group to leverage its existing infrastructure and augment its targeted growth through its existing Spring-branded company offices.

Under the terms of the acquisition agreements the Company is obliged to pay a total consideration of $1.67M to acquire all of the issued capital of Wealth Today.

The consideration has been satisfied by cash of $200,000; the issuance of $956,000 of shares in the Company at an issue price of $0.15 per share for a total of 6.37M shares; and the issuance of a 2-year interest-free convertible note with a conversion price of $0.25 per share. Shares issued to the majority shareholders of Wealth Today (representing 4.72M of the shares issued) are escrowed for two years.

Subject to EBITDA targets being exceed over the 12 months from settlement the major shareholders of Wealth Today may be entitled to up to a total of a further $533,000 of consideration which (if payable) will be added to the convertible note.

Insurance business operations and intangible asset sale

During the period the Group's Spring FG Wealth Pty Ltd subsidiary (Spring FG Wealth) entered into an exclusive business relationship with leading specialist risk advisory practice, Fairbridge Financial Services Pty Ltd (Fairbridge), to expand the resources it is able to offer its direct clients in the area of personal insurance services (risk services).

Under the arrangements entered into between Spring FG Wealth and Fairbridge which were completed on 23 December 2017:

- Fairbridge has assumed exclusive responsibility for the fulfilment and implementation of risk strategies and insurance policies for all Spring FG Wealth clients for an initial term of 5-years, with a first-right-of refusal to renew for a further 3-years.
- Fairbridge has assumed responsibility for all insurance services related overhead in delivering services to Spring FG Wealth salaried-adviser clients.
- Fairbridge will pay Spring FG Wealth a portion of gross advice, insurance commission and renewal fees generated through new clients under the arrangements.
- In consideration of the exclusive appointment; and the sale of servicing obligations and revenue arising from existing Spring FG Wealth risk clients, Fairbridge is required to pay Spring FG Wealth $1.8M, which has been satisfied in part by way of an initial cash payment of $1.44M; and
- A second payment on $360K is payable in January 2019, which is subject only to renewal policy revenue from existing Spring FG Wealth policy holders being maintained at or above $600,000 pa

The arrangements with Fairbridge relate to the Group's direct salaried-adviser operations under its Spring Financial Group brand with no impact on authorised reps under its dealer group operations, or those under its newly acquired Wealth Today Pty Ltd operations (settlement of which was completed on 2 January 2018).

Subsequent Events

Part Sale of Digital Publishing Subsidiary and New Digital Publishing Joint-Venture

On 27 February 2018 the Group completed the sale of a 50% stake in its Sharecafé and Sharescene digital news and information subsidiary, Spring FG Digital Pty Ltd (Spring FG Digital) to digital publisher, the Informed Investor Pty Ltd (Informed Investor).

Under the terms of the sale:

- Informed Investor has acquired 50% of the issued capital of Spring FG Digital for a cash consideration of $225,000
- The Group and Informed Investor have established a joint-venture relationship to develop and expand the content and advertising sales of Sharecafé and Sharescene
- Informed Investor managing director, Tim McGowen has joined the board of Spring FG Digital and assumes responsibility for driving the joint-venture between the Group and Informed Investor
- The Group will retain its access to advertising across Sharecafé and Sharescene to promote its own Group-operated products and services at no-cost for a period of 4-years

Audit services

During the period Rothsay Audit & Assurance Pty Ltd (Rothsay) was appointed auditor of the Company and all Group entities and is the Group's lead auditor; previously the auditor was BDO East Coast Partnership (BDO).

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 2017 has been received and forms part of the Directors' Report. It can be found on page 8 of the financial report.

Rounding of Amounts

Some amounts in the financial statements and directors' report have been rounded in accordance with ASIC Legislative Instrument 2016/191.

Signed in Sydney this 28th of February 2018 in accordance with a resolution of the Board of Directors of Spring FG Limited.

Keith Cullen **Managing Director**	Chris Kelesis **Executive Director**

ROTHSAY
Audit & Assurance Pty Ltd

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

To the directors of Spring FG Limited

As lead auditor for the review of Spring FG Limited for the half-year ended 31 December 2017, 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 controlled during the period.

Frank Vrachas
Director

Rothsay Audit & Assurance Pty Ltd

Sydney, 28 February 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2017

	Note	31 Dec 17 $	31 Dec 16 $
Revenue	2	1,963,626	6,083,632
Other income	2	1,822,108	37,229
		3,785,734	6,120,861
Less:			
Direct cost of sales		(687,588)	(707,805)
Employee benefit expense		(2,978,657)	(2,701,190)
Advertising & marketing expenses		(334,140)	(248,133)
Consulting & professional fee expenses		(184,318)	(140,064)
Rental and occupancy expenses		(537,970)	(651,795)
Other operating expenses		(740,301)	(553,709)
		(5,462,974)	(5,002,696)
		(1,677,240)	1,118,165
Less:			
Finance costs		(132,722)	(25,482)
Depreciation & amortisation expense		(266,744)	(173,118)
Disposal of intangible assets		(852,291)	-
Impairment of goodwill		(1,250,000)	-
Write-down of intangible assets		(265,934)	-
Loss on disposal of furniture & equipment		(10,057)	-
Profit / (loss) before income tax		(4,454,988)	919,565
Income tax (expense) / benefit		960,981	(217,507)
Profit / (loss) after income tax expense for the period		(3,494,007)	702,058

Earnings per share for profit from continuing operations attributable to the owners of Spring FG Limited

	Note	31 Dec 17 cents	31 Dec 16 cents
Basic earnings per share (cents)	15	(2.57)	0.56
Diluted earnings per share (cents)	15	(2.57)	0.56

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

as at 31 December 2017

	Note	31 Dec 17 $	30 June 17 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,756,388	2,597,804
Trade and other receivables	5	4,207,659	7,205,010
Other assets	6	418,752	457,144
TOTAL CURRENT ASSETS		7,382,799	10,259,958
NON-CURRENT ASSETS			
Trade and other receivables	5	2,605,797	1,565,493
Plant and equipment	7	759,242	877,505
Intangible assets	8	6,146,043	8,547,732
Deferred tax assets		1,276,703	348,751
TOTAL NON-CURRENT ASSETS		10,787,785	11,339,481
TOTAL ASSETS		18,170,584	21,599,439
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,279,889	1,537,656
Borrowings	10	1,350,000	800,000
Employee entitlements	12	289,988	325,840
Other liabilities	11	111,900	104,750
Current tax liabilities		408,290	394,826
TOTAL CURRENT LIABILITIES		3,440,067	3,163,072
NON-CURRENT LIABILITIES			
Trade and other payables	9	286,404	318,037
Borrowings	10	980,000	1,149,945
Employee entitlements	12	53,522	30,758
Deferred tax liabilities		467,440	500,469
TOTAL NON-CURRENT LIABILITIES		1,787,366	1,999,209
TOTAL LIABILITIES		5,227,433	5,162,281
NET ASSETS		12,943,151	16,437,158
EQUITY			
Issued capital	14	17,939,217	17,939,217
Reserves		26,659	26,659
		17,965,876	17,965,876
RETAINED EARNINGS			
Accumulated profits		4,773,744	4,073,257
Dividends paid		(6,302,462)	(6,302,462)
Current period profit / (loss)		(3,494,007)	700,487
Retained earnings		(5,022,725)	(1,528,718)
TOTAL EQUITY & RETAINED EARNINGS		12,943,151	16,437,158

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 2017

31 Dec 17	Ordinary Shares $	Retained Earnings $	Option Reserve $	Total $
Balance at 1 July 17	17,939,217	(1,528,718)	26,659	16,437,158
Loss attributable to members of the parent entity	-	(3,494,007)	-	(3,494,007)
Transactions with owners in their capacity as owners	-	-	-	-
Balance 31 Dec 17	17,939,217	(5,022,725)	26,659	12,943,151

31 Dec 16	Ordinary Shares $	Retained Earnings $	Option Reserve $	Restated Total $
Balance at 1 July 16	15,376,684	598,482	26,659	16,001,825
Profit attributable to members of the parent entity	-	702,058	-	702,058
Transactions with owners in their capacity as owners				
Dividends provided for or paid	-	(1,254,208)		(1,254,208)
Shares issued & loan share repayment	812,094	-	-	812,094
Balance 31 Dec 16	16,188,778	46,332	26,659	16,261,769

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 2017

	Note	31 Dec 17 $	31 Dec 16 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		4,369,028	5,643,714
Payments to suppliers and employees		(6,060,827)	(5,067,499)
Net interest received / (paid)		(183,088)	(25,481)
Income taxes paid		13,464	(294,414)
Net cash provided by / (used in) operating activities		(1,861,423)	256,320
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of furniture, equipment & intangible assets		(141,032)	(526,939)
Proceeds from sale of intangible assets		1,784,552	-
Proceeds from sale of furniture & equipment		15,958	-
Loans (to) / from related parties		(18,256)	249,397
Net cash provided by / (used in) investing activities		1,641,222	(277,542)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		(750,000)	-
Proceeds from borrowings		1,130,055	-
Proceeds from issue of shares		-	489,078
Dividends paid by parent entity		(1,270)	(931,193)
Net cash provided by / (used in) financing activities		378,785	(442,115)
Net increase/(decrease) in cash and cash equivalents held		158,584	(463,337)
Cash and cash equivalents at beginning of the period		2,597,804	1,377,865
Cash and cash equivalents at end of the period	4	2,756,388	914,528

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

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The financial report of Spring FG Limited for the half-year ended 31 December 2017 was authorised for issuance in accordance with a resolution of the Directors on 28 February 2018. The principal accounting policies adopted in the preparation of the financial statements are set out in this Note 1, below.

(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 2017 annual financial report for the financial year ended 30 June 2017. 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 all standards which became effective for the first time at 31 December 2017. The adoption of these standards has not caused any material adjustments to the Group's reported financial position, performance or cash flow.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The Group has chosen to early-adopt this standard from 1 July 2015.

Except for the early adoption of AASB 15 Revenue from Contracts with Customers, no other new, revised or amending Accounting Standards that are not yet mandatory have been adopted early.

Accounting Standards and Interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2017 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments - Recognition and Measurement

AASB 9 is a new standard which replaces AASB 139. AASB 9 is effective for annual periods beginning on or after 1 January 2018.

AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and comprise solely principal and interest.

All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI').

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. Application date to Spring FG Limited is for the financial period beginning 1 July 2019. When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117: Leases. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

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 resulting from the introduction of the new Standard will be:

- recognition of 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;
- depreciation of right-to-use assets in line with AASB 116: Property, Plant & Equipment in the Consolidated Statement of Profit or Loss & Other Comprehensive Income and unwinding of the liability in principal and interest; and
- additional disclosure requirements will be required.

Although the Directors anticipate that the adoption of these standards will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

2. Revenue and other income

	31 Dec 17 $	31 Dec 16 $
Revenue		
- provision of services	1,958,985	5,711,632
- interest received	4,641	-
- gain on contracts (property management services)	-	372,000
	1,963,626	6,083,632
Other Income		
- disposal of intangible assets	1,802,000	-
- rental income	18,000	35,000
- other income	2,108	2,229
Total Other Income	1,822,108	37,229
	3,785,734	6,120,861

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 Maker (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*. This segment includes 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.; and
- *Accounting and taxation services*. This segment 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. Included in EBITDA of All other segments are Group 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. The Managing Director, who has been identified as the CODM, assesses performance and determines allocation of resources.

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 2017	Financial planning investment advice & product sales	Accounting & tax services	All other segments	Total
	$	$	$	$
REVENUE				
Sales to external customers	1,232,123	621,129	105,733	1,958,985
Other income	1,802,000	-	20,108	1,822,108
Interest revenue	95	2	4,544	4,641
Total segment revenue	3,034,218	621,131	130,385	3,785,734
EBITDA	(1,012,081)	(152,014)	(513,145)	(1,677,240)
Interest expenses	(127,868)	(1)	(4,853)	(132,722)
Loss on disposal of furniture & equipment	(9,554)	(503)	-	(10,057)
Depreciation, amortisation & impairment	(2,610,949)	(24,020)	-	(2,634,969)
Net loss before tax	(3,760,452)	(176,538)	(517,998)	(4,454,988)

Operation Segments continued

(a) Segment Performance continued

31 December 2016	Financial planning investment advice & product sales $	Accounting & tax services $	All other segments $	Total $
REVENUE				
Sales to external customers	5,352,709	535,294	195,629	6,083,632
Other income	91	-	37,138	37,229
Interest revenue	-	-	-	-
Total segment revenue	5,352,800	535,294	232,767	6,120,861
EBITDA	3,256,086	43,202	(2,181,123)	1,118,165
Interest expenses	(9)	-	(25,473)	(25,482)
Depreciation & amortisation	(162,747)	(8,859)	(1,512)	(173,118)
Net profit before tax	3,093,330	34,343	(2,208,108)	919,565

(b) Segment assets

	Financial planning investment advice & product sales $	Accounting & tax services $	All other segments $	Total $
31 December 2017				
Segment assets	9,553,996	1,750,886	6,865,702	18,170,584
Segment liabilities	(3,314,839)	(331,029)	(1,581,565)	(5,227,433)
Net assets	6,239,157	1,419,857	5,284,137	12,943,151
30 June 2017	$	$	$	$
Segment assets	12,871,700	1,870,546	6,857,193	21,599,439
Segment liabilities	(2,588,655)	(244,826)	(2,328,800)	(5,162,281)
Net assets	10,283,045	1,625,720	4,528,393	16,437,158

4. Cash and cash equivalents

	31 Dec 17 $	30 June 17 $
Cash at hand and in-bank	2,310,823	2,152,239
Short-term deposits	445,565	445,565
Balance as per statement of cash flows	2,756,388	2,597,804

5. Trade and other receivables

	31 Dec 17 $	30 June 17 $
CURRENT		
Trade receivables	3,285,319	6,240,464
Allowance for impairment	(106,140)	(25,581)
	3,179,179	6,214,883
Loans to related parties	340,610	322,355
Other receivables	687,870	667,772
	1,028,480	990,127
Total current trade and other receivables	4,207,659	7,205,010
NON-CURRENT		
Trade receivables	2,605,797	1,565,493
	2,605,797	1,565,493
Total non-current trade and other receivables	6,813,456	8,770,503

(a) Advances to executives

Movements in advances to executives are shown in table below:

	31 Dec 17 $	30 June 17 $
Balance at beginning of the year	322,354	435,638
Advances	101,976	714,339
Repayments	(83,720)	(827,622)
Balance at end of the period	340,610	322,355

6. Other Assets

	31 Dec 17 $	30 June 17 $
CURRENT		
Prepaid expenses & deposits	333,298	246,200
Accrued income	60,454	185,944
Other assets & receivables	25,000	25,000
	418,752	457,144

7. Plant and equipment

	31 Dec 17 $	30 June 17 $
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	472,415	548,244
Accumulated depreciation	(257,528)	(275,158)
Total furniture, fixtures and fittings	214,887	273,086
Office equipment		
At cost	90,668	87,662
Accumulated depreciation	(34,486)	(25,676)
Total office equipment	56,182	61,986
Leasehold improvements		
At cost	653,257	653,077
Accumulated depreciation	(165,084)	(110,644)
Total improvements	488,173	542,433
Total plant and equipment	759,242	877,505
At cost	1,216,340	1,288,983
Accumulated depreciation	(457,098)	(411,478)
Total plant and equipment	759,242	877,505

8. Intangible assets

Goodwill impairment disclosure

Impairment testing of goodwill and indefinite life intangibles is tested annually based on full year results for a financial year, unless events or circumstances indicate impairment. Given the results for the period, the Company determined it prudent to bring forward its annual impairment testing of goodwill.

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to cash-generating units (CGUs) 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 Group has determined it appropriate to record an impairment charge of $1.250M to the carrying value of goodwill of the Group's *financial advice* CGU, revising the carrying value to $3.028M from a cost base of $4.278M, to reflect fair value less the costs of disposal. The Company does not consider the carrying value of goodwill of its accounting & taxation services, or digital services goodwill to be impaired.

The Group intends to revert to annual impairment testing based on full year results for a financial year (unless events or circumstances indicate impairment) in the current financial year.

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

Description of the cash-generating unit (CGU)	31 Dec 17 $	30 June 17 $
Financial planning, investment advice & product sales	3,028,334	4,278,334
Accounting & taxation services	1,480,000	1,480,000
Digital services	465,688	458,396
Total	4,974,022	6,216,730

(a) Intangible Assets

	31 Dec 17 $	30 June 17 $
Goodwill		
Financial advice business - at cost	4,278,334	4,278,334
Impairment	(1,250,000)	-
	3,028,334	4,278,334
Accounting & tax business - at cost	1,480,000	1,480,000
Digital services – at cost	465,688	458,396
Total Goodwill	4,974,022	6,216,730
Website development		
Cost	649,527	627,427
Accumulated amortisation	(115,263)	(74,663)
Write-down in intangible assets	(150,000)	-
Net carrying value	384,264	552,764
Finance Income book		
Cost	198,000	198,000
Accumulated amortisation	(89,667)	(76,467)
Net carrying value	108,333	121,533
eBook library		
Cost	302,142	268,671
Accumulated amortisation	(45,576)	(31,121)
Net carrying value	256,566	237,550
Lead Database		
Cost	84,773	84,773
Accumulated amortisation	(22,783)	(16,993)
Net carrying value	61,990	67,780
Insurance & investment income books		
Cost	1,173,125	1,173,125
Disposal of part of asset	(852,291)	-
Accumulated amortisation	(226,136)	(187,035)
Net carrying value	94,698	986,090
Other intangible assets		
Cost	530,186	411,330
Accumulated amortisation	(148,082)	(46,045)
Write-down in intangible assets	(115,934)	-
Net carrying value	266,170	365,285
Total Intangibles net carrying value	6,146,043	8,547,732

	31 Dec 17 $	30 June 17 $
Summary of goodwill & intangible assets		
Cost	9,161,775	8,980,055
Disposal of intangible assets	(852,291)	-
	8,309,484	8,980,055
Accumulated amortisation	(647,507)	(432,323)
Impairment of goodwill	(1,250,000)	-
Write-down of intangible assets	(265,934)	-
Net carrying value	6,146,043	8,547,732

9. Trade and other payables

	31 Dec 17 $	30 June 17 $
CURRENT		
Unsecured liabilities		
Trade payables	261,854	592,399
GST payable	137,976	137,355
Superannuation payable	132,116	128,801
Payroll tax payable	24,514	25,708
Accrued wages and sales commissions	269,617	253,947
Accrued professional services	230,725	125,308
Accrued occupancy costs	37,488	61,158
Interest accrued	42,493	97,500
Other accruals	143,106	115,480
	1,279,889	1,537,656
NON-CURRENT		
Unsecured liabilities		
Trade payables	25,996	42,008
Accrued occupancy costs	260,408	276,029
	286,404	318,037

10. Borrowings

	31 Dec 17 $	30 June 17 $
CURRENT		
Secured liabilities		
Borrowings – Receivables facility	1,350,000	800,000
	1,350,000	800,000
NON-CURRENT		
Secured liabilities		
Borrowings – Receivables facility	980,000	1,149,945
	980,000	1,149,945

The Group's assets include significant current and non-current trade receivables associated with property transactions that are pending completion and settlement of projects that the Group's clients have invested in.

The Group has loan facilities secured by these property related receivables of its Spring FG Realty subsidiary (and guaranteed by the Company) to enable it to leverage these receivables to access working and expansion capital.

Under the facilities, at 31 December 2017 the amount of borrowings was $2.33M (30 June 2017: $1.95M). Repayments are made in accordance to an agreed schedule to March 2019. The facility agreements have an interest rate of 12.5%. Principal payments are scheduled to correlate with the Group's expected receipt of current and non-current trade receivables.

11. Other Liabilities

	31 Dec 17 $	30 June 17 $
CURRENT		
Unearned income	111,900	104,750
	111,900	104,750

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 2017 the Group has $111,900 (30 June 2017: $104,750) 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 2017 to be satisfied within 12 months.

12. Employee entitlements

	31 Dec 17 $	30 June 17 $
CURRENT		
Employee entitlements	289,988	325,840
	289,988	325,840
NON-CURRENT		
Employee entitlements	53,522	30,758
	53,522	30,758

13. Leasing commitment

	31 Dec 17 $	30 June 17 $
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	838,246	842,487
- between one year and five years	2,620,649	2,432,276
	3,458,895	3,274,763

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

14. Issued Capital

Movements in issued capital

	31 Dec 17 $	30 June 17 $
Balance at beginning of reporting period	17,939,217	15,376,684
Issued 31 October 2016 – repayment of share loan	–	446,685
Issued 29 November 2016 - DRP	–	323,015
Issued 19 December 2016– repayment of share loan	–	42,396
Issued 10 April 2017 – DRP	–	102,982
Issued 26 June 2017 – share placement	–	1,736,000
Share issue costs	–	(88,545)
Total	17,939,217	17,939,217

(a) Ordinary shares

	31 Dec 17 No.	30 June 17 No.
At the beginning of the reporting period	136,218,237	125,420,811
Shares issued during the period		
Issued 29 November 2016 – DRP	–	1,615,076
Issued 10 April 2017 - DRP	–	502,350
Issued 26 June 2017 – share placement	–	8,680,000
At the end of the reporting period	136,218,237	136,218,237

(b) Voting rights

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. There are no options or rights outstanding.

(c) Capital Management

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

The Group's capital comprises 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 FG Wealth 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 consolidated statement of financial position plus net debt.

15. 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 17 $	30 June 17 $
Profit / (loss) after income tax	(3,494,007)	700,487

	31 Dec 17 No.	30 June 17 No.
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	136,218,237	126,603,918
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	136,218,237	126,603,918

Earnings per share for profit from continuing operations attributable to the owners of Spring FG Limited	31 Dec 17	30 June 17
Basic earnings per share (cents)	(2.57)	0.55
Diluted earnings per share (cents)	(2.57)	0.55

16. Events Occurring After the Reporting Date

Wealth Today

On 2 January 2018 the Company completed its acquisition of all of the issued capital of Wealth Today Pty Ltd (Wealth Today) for a total consideration of $1.67M.

The consideration has been satisfied by cash of $200,000; the issuance of $956,000 of shares in the Company at an issue price of $0.15 per share for a total of 6.37M shares; and the issuance of a 2-year interest-free convertible note with a conversion price of $0.25 per share. Shares issued to the majority shareholders (representing 4.72M of the shares issued) are escrowed for two years.

Subject to EBITDA targets being exceed over the next 12 months from settlement the major shareholders of Wealth Today may be entitled to up to a total of a further $533,000 of consideration which (if payable) will be added to the convertible note.

Part Sale of Digital Publishing Subsidiary and New Digital Publishing Joint-Venture

On 27 February 2018 the Group completed the sale of a 50% stake in its Sharecafé and Sharescene digital news and information subsidiary, Spring FG Digital Pty Ltd (Spring FG Digital) to digital publisher, the Informed Investor Pty Ltd (Informed Investor).

Under the terms of the sale:

- Informed Investor has acquired 50% of the issued capital of Spring FG Digital for a cash consideration of $225,000
- The Group and Informed Investor have established a joint-venture relationship to develop and expand the content and advertising sales of Sharecafé and Sharescene
- The Group will retain its access to advertising across Sharecafé and Sharescene to promote its own Group-operated products and services for a period of 4-years

DIRECTORS' DECLARATION

The financial report was authorised for issue on 28 February 2018 by the board of directors.

In the opinion of the Directors:

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

    a) Giving a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the Group; 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 company 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.

Signed in accordance with a resolution of the Directors.

Keith Cullen	Chris Kelesis
Managing Director	**Executive Director**

ROTHSAY
Audit & Assurance Pty Ltd

SPRING FG LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT

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 2017, 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 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 2017 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.

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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 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 2017 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 2018