

Appendix 4E

Preliminary Final Report FY2019

1. Company Details

Name of entity: Spring FG Limited (ABN 87 169 037 058)

Reporting period: For the year ended 30 June 2019

Previous period: For the year ended 30 June 2018

2. Results of announcement to the market

\$'000

Revenue from ordinary activities	up 42%	to	10,457
Loss after tax from ordinary activities attributable to the owners of Spring FG Limited	down 79%	to	(929)

Commentary

Over the past 24 months Spring FG Limited (the Company) and its related subsidiaries and trading entities (collectively the Group) have undergone a transformational restructure to reduce its focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focused enterprise targeting predominately recurring revenue lines.

Central to this transformation has been the acquisition of the Group's Wealth Today Pty Ltd (Wealth Today) subsidiary which provides a comprehensive range of "dealer group" services to financial advisers including licensing, compliance, education, training and technical support, and practice management and development services. This strategy has enabled the Group to achieve significant revenue increases and positioned it to capitalise on industry disruption created by the unravelling of institutional advice models.

Concurrently the Group has rationalised its B2C financial advice and wealth management operations conducted under the Spring Financial Group banner (that employ salaried personnel) and achieved significant reductions in fixed overheads as summarised below.

FY2019 Preliminary Results (unaudited)

The Company's total revenue from ordinary activities up by 42% on the prior year to 10.12M (FY2018 \$7.38M), with improvement ongoing throughout the year.

Cost of sales increased around 60% year-on-year to \$5.13M (FY2018 \$3.27M) reflecting the significant increase in Revenue from Ordinary activities and the Group's increased B2B focus (and success). For FY2019 total operational expenses (excluding depreciation, amortisation, interest expense and tax) were down by 28% to \$6.03M (FY2018 \$8.52M).

Total employment expenses were down by 46% to \$3.48M (FY2018 \$5.1M). Advertising and marketing expenses were down 54% to \$360K (FY2018 \$795K). Occupancy costs were down 10% on the prior year to \$927K (FY2018 \$1.03M).

In terms of cashflow, receipts from customers were up 43% to \$12.18M (FY2018 \$8.52M) with net cash provided by operating activities \$1.01M (FY2018 negative \$2.29M). Borrowings were reduced by \$1.03M with a net decrease in cash or cash equivalents of \$198k to \$1.05M.

Continued improvements in revenue (and reduction in expenses) throughout the year resulted in and operating profit (before depreciation, amortisation, interest and tax) of \$0.295M for H2 (H1 loss of \$0.820M) and therefore a full year operating loss of \$0.525M (FY2018 loss of \$2.434M).

The Company expects this positive trend to continue across FY2020 and beyond as its B2B activities increase further, signalling a return to sustainable profitability.

The Company's board is finalising a review of carrying values of all intangible assets, including acquired goodwill and other intangible assets associated with its B2C operations, to ensure that its balance sheet appropriately reflects its restructured revenue composition. The Company notes that the outcome of this review may impact the audited financial statements which are expected to be lodged by late September 2019.

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3. Consolidated Statement of Profit & Loss and Other Comprehensive Income

Year ended 30 June	2019	2018
	\$'000	\$'000
Revenue from ordinary activities	10,457	7,381
Other income	183	1,974
Total revenue & other income	10,640	9,355
Direct costs to generate revenue	(5,127)	(3,274)
Employment expenses	(3,481)	(5,095)
Advertising & marketing expenses	(352)	(758)
Professional & consulting fees	(283)	(295)
Rental expenses	(927)	(1,034)
Other operating expenses	(995)	(1,334)
Total expenses	(11,164)	(11,789)
EBITDA	(525)	(2,434)
Finance Costs	(250)	(265)
Depreciation & amortisation	(417)	(743)
Disposal of intangible assets	-	(852)
Impairment of goodwill	-	(1,250)
Loss on disposal of fixed assets	(2)	(10)
Profit before income tax	(1,194)	(5,555)
Income tax expense	265	1,225
Profit after income tax expense for the year	(929)	(4,330)

4. Consolidation Statement of Financial Position

As at 30 June	2019	2018
	\$'000	\$'000
CURRENT ASSETS		
Cash & cash equivalents	1,045	1,243
Trade & other receivables	1,557	1,585
Other assets	613	482
TOTAL CURRENT ASSETS	3,215	3,311
NON-CURRENT ASSETS		
Trade & other receivables	467	911
Plant & equipment	487	678
Deferred tax assets	1,679	1,411
Investments	325	350
Goodwill & intangible assets	7,027	7,248
TOTAL NON-CURRENT ASSETS	9,985	10,597
TOTAL ASSETS	13,200	13,908
CURRENT LIABILITIES		
Trade & other payables	2,013	2,174
Provisions	156	182
Borrowings	290	960
Other liabilities	135	143
Current tax liabilities	28	(1,354)
TOTAL CURRENT LIABILITIES	2,622	2,106
NON-CURRENT LIABILITIES		
Trade and other payables	224	270
Provisions	128	66
Unsecured Borrowings	625	514
Secured Borrowings	514	980
Deferred tax liabilities	499	484
TOTAL NON - CURRENT LIABILITIES	1,990	2,313
TOTAL LIABILITIES	4,612	4,419
NET ASSETS	8,588	9,489
EQUITY		
Issued capital	18,895	18,895
Reserves	27	27
Accumulated profit/loss	(3,505)	(2,606)
Accumulated dividends	(6,827)	(6,827)
TOTAL EQUITY	8,588	9,489

5. Consolidated Statement of Cash Flows

	2019	2018
Year ended 30 June	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	12,185	8,519
Payment to supplies and employees	(12,378)	(10,752)
Net interest (paid) / received	(177)	8
Income taxes paid	1,382	(72)
Net cash provided by operating activities	1,012	(2,297)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant, equipment & intangibles	(8)	1,078
Payments received – related parties	(172)	(136)
Net cash (used) / provided by investing activities	(179)	942
CASH FLOW FROM FINANCING ACTIVITIES	-	
Repayment of borrowings	(1,025)	-
Dividends paid (withheld payments from prior years)	(6)	-
Net cash (used) / provided by financing activities	(1,031)	-
Net increase / (decrease) in cash and cash equivalents held	(198)	(1,355)
Cash and cash equivalents at the beginning of the year	1,243	2,598
Cash and cash equivalents at the end of the year	1,045	1,243

6. Consolidated Statement of Retained Earning and Changes in Equity

	Ordinary Shares	Retained Earnings	Option Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	18,895	(9,404)	27	9,518
Profit attributed to members of parent entity	-	(929)	-	(929)
Balance at 30 June 2019	18,895	(10,333)	27	8,589

	Reporting period (cents)	Previous period (cents)
Earnings per share		
Basic Earnings per share *	(0.666)	(3.106)
Diluted earnings per share *	(0.666)	(3.106)

	Reporting period (number)	Previous period (number)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	142,590,870	142,590,870

7. Dividends

No dividends were declared or paid for FY2019.

The Company retains its policy to pay fully-franked dividends subject to available profit and cashflow.

8. Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan (DRP).

9. Net Tangible Assets

	Reporting period (\$)	Previous period (\$)
Net tangible assets per ordinary share	\$0.011	\$0.016

10. Change in control over entities

Name of entity	Date Control gained
SFG Private Wealth Pty Ltd	26 October 2018 <i>by formation</i>

11. Control over entities

Name of entities	2019 % owned	2018 % owned
Wealth Today Pty Ltd	100	100
Spring FG Wealth Pty Ltd	100	100
Spring FG Realty Pty Ltd	100	100
Spring FG Finance Pty Ltd	100	100
Spring FG Accounting Pty Ltd	100	100
Spring FG Services Pty Ltd	100	100
Spring FG Funds Management Pty Ltd <i>formerly</i> Spring FG IP Pty Ltd	100	100
SRPT Holdings Pty Ltd <i>formerly</i> Spring FG Branch Network Pty Ltd	100	100
MySuper247 Pty Ltd	100	100
MyTax247 Pty Ltd	100	100
SFG Private Wealth Pty Ltd	100	-
Spring FG Digital Pty Ltd	50	50

12. Segment Reporting

Year ended 30 June 2019	Financial planning, investment advice & product sales \$'000	Accounting & Tax Services \$'000	Others \$'000	Total \$'000
Segment revenue	8,994	1,310	336	10,640
EDITDA	1,884	676	(3,085)	(525)
Depreciation & amortisation	(45)	-	(374)	(419)
Interest expense	(223)	-	(27)	(250)
Profit before income tax	1,616	676	(3,485)	(1,194)

Year ended 30 June 2018	Financial planning, investment advice & product sales \$'000	Accounting & Tax Services \$'000	Others \$'000	Total \$'000
Segment revenue	8,152	1,240	(37)	9,355
EDITDA	(1,282)	(198)	(954)	(2,433)
Depreciation & amortisation	(2,821)	(34)	-	(2,855)
Interest expense	(257)	(1)	(8)	(266)
Profit before income tax	(4,360)	(232)	(962)	(5,555)

Spring FG Limited (ASX: SFL)

30 August 2019

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13. Accounting policies

The general-purpose financial statements for the reporting period ended 30 June 2019 have been prepared in accordance with Australian Standards and the Corporations Act 2001, as appropriate for all profit-oriented entities

14. Audit status

The financial report is in the process of being audited. The Company expects to lodge its audited financial statements by 30 September 2019.



Keith R Cullen
Managing Director