



# Spring FG Limited (ASX: SFL)

## Appendix 4E

### Preliminary Final Report FY2018

#### 1. Company Details

Name of entity:	Spring FG Limited
ABN:	87 169 037 058
Reporting period:	For the year ended 30 June 2018
Previous period:	For the year ended 30 June 2017

#### 2. Results of announcement to the market

			\$'000
Revenue from ordinary activities	down 26%	to	9,260
Profit after tax from ordinary activities attributable to the owners of Spring FG Limited	down 550%	to	(4,359)

#### Commentary

The accompanying market release provides a commentary on the results. This report should be read in conjunction with any public announcements made in the period by Spring FG Limited in accordance with ASX Listing Rules.

#### Note Regarding Early Adoption of AASB 15 and prior period error in adoption

As previously noted the Company elected to early-adopt Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* (AASB 15), with effect from 1 July 2015. All figures relative to FY2017 presented previously have reflected that early-adoption with all comparative figures for any prior corresponding period (PCP) restated and reflected as if AASB 15 had been applied in that year. However, the Company has identified an error in its implementation of AASB 15 and its retrospective restatements.

The error relates to recognition of settlement commissions (backend commissions) on property transactions for which Group subsidiary Spring FG Realty Pty Ltd acted as sales agent. Settlement commission on not-yet-completed properties was recognised as revenue in FY 2017 (and prior periods and restatements) based on the assumption that once a contract was unconditional the obligations on the part of Group were discharged.

However, the Group has determined that approach does not meet its revenue recognition criteria under AASB 15, and that the more conservative application of AASB 15 is to not recognise such revenue until settlement of the underlying transactions occurs.

Accordingly, it has restated opening balances for FY2017 comparative figures. The restatement impacts the FY2017 opening (and closing) balances for trade debtors, retained earnings and income tax liability.

The restatements result in FY2017 revenue increasing by \$383k, income tax expense increasing by \$115k and NPAT increasing by \$268k. The restatement has no impact on cashflow for either FY2017 or the current period.

Derecognised historical backend commissions (and future backend commissions arising) are now recorded off balance sheet as *future settlement revenue book* with the Group's future entitlement to the amounts prevailing pending settlement of the underlying transactions. They will be recognised as revenue as and when settlement of the underlying transactions occurs.

The FY2018 closing balance of the Group's *future settlement revenue book* was \$2.7M which, in accordance with the above, is not reflected on the 30 June 2018 balance sheet.



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

Year ended 30 June	2018 \$'000	Restated 2017 \$'000
Revenue & other income	9,260	12,537
Direct costs to generate revenue	(3,220)	(1,183)
Employment expenses	(5,095)	(5,569)
Advertising & marketing expenses	(796)	(891)
Professional & consulting fees	(295)	(265)
Rental expenses	(1,034)	(1,265)
Other operating expenses	(1,296)	(1,267)
Total expenses	(11,735)	(10,440)
EBITDA	(2,475)	2,097
Finance Costs	(265)	(155)
Depreciation & amortisation	(743)	(364)
Disposal of intangible assets	(852)	-
Impairment of goodwill	(1,250)	-
Loss on disposal of fixed assets	(10)	-
Profit before income tax	(5,595)	1,578
Income tax expense	1,236	(610)
Profit after income tax expense for the year	(4,359)	969

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#### 4. Consolidation Statement of Financial Position

As at 30 June	2018 \$'000	Restated 2017 \$'000
<b>CURRENT ASSETS</b>		
Cash & cash equivalents	1,243	2,598
Trade & other receivables	1,585	3,427
Other assets	482	457
<b>TOTAL CURRENT ASSETS</b>	<b>3,311</b>	<b>6,482</b>
<b>NON-CURRENT ASSETS</b>		
Trade & other receivables	911	279
Plant & equipment	678	878
Deferred tax assets	1,411	349
Investments	350	-
Goodwill & intangible assets	7,248	8,548
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,597</b>	<b>10,053</b>
<b>TOTAL ASSETS</b>	<b>13,908</b>	<b>16,535</b>
<b>CURRENT LIABILITIES</b>		
Trade & other payables	2,174	1,538
Provisions	182	326
Borrowings	960	800
Other liabilities	143	105
Current tax liabilities	(1,354)	(1,125)
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,106</b>	<b>1,644</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	270	318
Provisions	66	31
Unsecured Borrowings	514	-
Secured Borrowings	980	1,150
Deferred tax liabilities	484	500
<b>TOTAL NON - LIABILITIES</b>	<b>2,313</b>	<b>1,999</b>
<b>TOTAL LIABILITIES</b>	<b>4,419</b>	<b>3,643</b>
<b>NET ASSETS</b>	<b>9,489</b>	<b>12,892</b>
<b>EQUITY</b>		
Issued capital	18,895	17,939
Reserves	27	27
Accumulated profit/loss	(2,606)	1,753
Accumulated dividends	(6,827)	(6,827)
<b>TOTAL EQUITY</b>	<b>9,489</b>	<b>12,892</b>

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#### 5. Consolidated Statement of Cash Flows

Year ended 30 June	2018 \$'000	Restated 2017 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	8,519	11,088
Payment to supplies and employees	(10,752)	(11,423)
Net interest (paid) / received	8	(43)
Income taxes paid	(72)	(179)
Net cash provided by operating activities	(2,297)	(557)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant, equipment & intangibles	1,078	(969)
Payments received – related parties	(136)	113
Net cash (used) / provided by investing activities	942	(855)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	-	2,225
Proceeds from borrowings	-	1,950
Capital raising costs	-	(89)
Dividends paid	-	(1,454)
Net cash (used) / provided by financing activities	-	2,633
Net increase / (decrease) in cash and cash equivalents held	(1,355)	1,220
Cash and cash equivalents at the beginning of the year	2,598	1,378
Cash and cash equivalents at the end of the year	1,243	2,598

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#### 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 2017	17,939	(5,074)	27	12,892
Profit attributed to members of parent entity	–	(4,359)	–	(4,359)
Dividends paid	–	–	–	–
Shares issued during the year	956	–	–	956
Transaction costs	–	–	–	–
Balance at 30 June 2018	18,895	(9,433)	27	9,489

#### 7. Dividends

A fully franked final dividend of 0.5 cents per share was declared and paid for FY 2017. No dividends were declared or paid for FY 2018.

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

#### Earnings per share

	Reporting period	Previous period
	(cents)	(cents)
Basic Earnings per share *	(3.127)	0.765
Diluted earnings per share *	(3.127)	0.765

	Reporting period	Previous period
	(number)	(number)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	142,590,870	136,218,237

#### 8. Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan (DRP). The DRP was fully applicable to the FY2017 final paid during the period.

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#### 9. Net Tangible Assets

	Reporting period (\$)	Previous period (\$)
Net tangible assets per ordinary share	\$0.018	\$0.034

#### 10. Change in control over entities

Name of entity	Wealth Today Pty Ltd
Date Control gained	By acquisition on 2 January 2018
Name of entity	Spring FG Digital Pty Ltd
Date of disposal (of 50%)	By sale of 50% of shares on issue on 31 January 2018

#### 11. Control over entities

Name of entities	2018 % owned	2017 % owned
Spring 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 Digital Pty Ltd	50	100
Spring FG Funds Management Pty Ltd (formerly Spring FG IP Pty Ltd)	100	100
SRPT Holdings Pty Ltd (formerly Spring FG Branch Network Pty Ltd)	100	100
MySuper247 Pty Ltd	100	100
MyTax247 Pty Ltd	100	100
Wealth Today Pty Ltd	100	–

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#### 12. Segment Reporting

Year ended 30 June 2018	Financial planning, investment advice & product sales \$'000	Accounting & Tax Services \$'000	Unallocated \$'000	Total \$'000
Segment revenue	6,047	1,240	1,981	9,260
EDITDA	(3,435)	(198)	(954)	(4,587)
Depreciation & amortisation	(709)	(33)	-	(743)
Interest expense	(257)	-	(8)	(265)
Profit before income tax	(4,401)	(231)	(962)	(5,595)

Year ended 30 June 2017 - Restated	Financial planning, investment advice & product sales \$'000	Accounting & Tax Services \$'000	Unallocated \$'000	Total \$'000
Segment revenue	9,652	1,189	1,696	12,537
EDITDA	1,049	98	950	2,097
Depreciation & amortisation	(319)	(20)	(25)	(364)
Interest expense	(2)	-	(152)	(155)
Profit before income tax	728	78	773	1,578

#### 13. Accounting policies

The general-purpose financial statements for the reporting period ended 30 June 2018 have been prepared in accordance with Australian Standards and the Corporations Act 2001, as appropriate for all profit-oriented entities.



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## 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 2018.



Keith R Cullen

Managing Director  
31 August 2018