

WT FINANCIAL GROUP LIMITED (ASX: WTL)

ABN 87 169 037 058

Appendix 4D**11 March 2021***Preliminary financial statements for the half-year ended 31 December 2020 as required by ASX listing rule 4.2A***RESULTS FOR ANNOUNCEMENT TO THE MARKET**

(All comparisons to half-year ended 31 December 2019)	\$000's	up/down	%
Revenue and other income	7,135	up	14.7%
Operating profit (before depreciation, amortisation, interest and tax)	169	down	63.8%
Net profit	(333)	down	641.4%

NET TANGIBLE ASSETS	31 Dec 2020	31 Dec 2019
Net tangible asset per ordinary security	1.07 cents	1.15 cents

DIVIDENDS

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

ADDITIONAL INFORMATION

Additional information supporting the Appendix 4D disclosure requirements can be found in the Company's Interim Report for the half-year ended 31 December 2020 and Directors' Report and consolidated financial statements contained therein.

AUDIT REVIEW

This report is based on the consolidated financial statements for the half-year ended 31 December 2020 which have been reviewed by Rothsay Audit & Assurance Pty Ltd.

INTERIM REPORT – 31 DECEMBER 2020

WT Financial Group Limited

ABN 87 169 037 058

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DIRECTORS' REPORT

31 December 2020

The directors present their report, together with the consolidated financial statements of WT Financial Group Limited (WTL or the Company) and its controlled entities (the Group) for the half-year ended 31 December 2020 (H1FY2021).

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

Directors

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

Guy Hedley	Non-executive chairman
Keith Cullen	Managing director & CEO
Chris Kelesis	Executive director
Ian Morgan	Company secretary

Principal activities

WT Financial Group Limited is a diversified financial services company that contains two distinct channels, being its primary business-to-business (B2B) operations under its Wealth Today Pty Ltd (Wealth Today) subsidiary and brand; and its complementary direct to consumer (or B2C) operations under its Spring Financial Group brand.

The Group's Wealth Today operations contribute around 70% of Revenue from Ordinary Activities and are the engine-room for growth as the disruption occurring in the financial services industry presents unprecedented growth opportunities.

Wealth Today provides independent financial advisers operating as authorised representatives with a comprehensive range of licensing, compliance, education & training, and technical support; and practice management and development services, including extensive consumer marketing and education tools.

Importantly, Wealth Today is a B2B brand, (rather than a consumer facing brand) with its authorised representatives operating under their own company, business and brand names enabling them to build personal connection to their clients and the communities in which they operate.

Through the various entities that make up the Spring Financial Group B2C operations the Group provides wealth management, retirement, investment and financial advice; mortgage and finance advice; real estate advice and buyers agency services. It is also the investment and asset manager of a disability housing fund; and provides accounting & tax advice and compliance services.

These operations underwrite critical intellectual property, and skilled human resources experienced in the practical application of financial advice and services, regulatory and legislative compliance, and training and education, which enable the Group to provide meaningful "real world" support and insights to the growing number of advisers in its Wealth Today dealer group - this provides a competitive advantage in attracting new advisers.

The Group's B2C operations also serve as a "research and development lab" for both consumer and practice management strategies; setting Wealth Today apart from dealer groups that have no exposure to the practical application of the marketing and delivery of advice to consumers on a day-to-day basis.

The Group also offers market-leading financial education and market information services for advisers and consumers through regular training and seminar programs, and the publication of its Wealthadviser library of more than 100 financial literacy handbooks and manuals on a broad range of financial and investment market topics.

Operating results and Review

A. Operating results for the year

The consolidated loss of the Group after providing for income tax for H1FY2021 amounted to \$332,614 (H1FY2020: profit \$61,431). The key matters contributing to the results are as follows:

Total revenue and other income increased 15% to \$7.13M (H1FY2020: \$6.22M), while operating expenses were relatively steady, down 3% to \$2.48M (H1FY2020: \$2.55M).

Cost of goods sold increased 39% to \$4.48M (H1FY2020 \$3.19M), reflective of an increased revenue contribution from non-salaried advisers in the Group's Wealth Today network, which resulted in an EBITDA profit of \$169K (H1FY2020 \$466K).

DIRECTORS' REPORT

31 December 2020

Impacted by costs associated with restructuring credit facilities and the inclusion of \$45K of financing charges associated with premises leases (in line with the mandatory adoption of AASB16 – Leases), finance costs were up 108% on the PCP to \$248K.

Depreciation & amortisation was up 56% on the PCP to \$376K (H1FY2020 \$240K) and included \$240k associated with surplus office accommodation leases (again in line with the mandatory adoption of AASB16 – Leases).

Income tax benefit was \$122K (H1FY2020: expense \$45K) resulting in a consolidated loss of \$332K (H1FY2020: NPAT \$61,431).

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

Matters impacting the Results

Over the past three years the Group has embarked on 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. Recurring and repeat revenue now accounts for around 72% of all revenue and other income.

Central to its strategic transformation has been the acquisition of the Group's Wealth Today Pty Ltd (Wealth Today) subsidiary which provides a comprehensive range of "dealer group" services to financial advisers who are independent business operators acting as authorised representatives.

Concurrently the Group has rationalised its B2C financial advice and wealth management operations conducted under the Spring Financial Group banner, which has helped deliver the significant cost reductions. This rationalisation has also resulted in the surplus office accommodation.

This surplus office accommodation had a total (negative) net impact of \$398K on the half year profit before tax.

The Company expects continued revenue growth to continue, and to achieve reductions in occupancy costs totalling around \$800K pa (above and below the EBITDA line) as it exits the contractual commitments of its surplus office accommodation, which the directors expect will deliver sustainable profitability.

The conclusion of its Sydney premises lease in November 2021 will result in around \$600K pa of reductions. Surplus Melbourne accommodation remains under contract until November 2022, however whilst the COVID19 lockdowns in Melbourne hampered sublease/lease assignment efforts across 2020, the Company is confident that it will be able to exit ahead of lease expiry delivering a further cost reduction of \$200K pa if and when it does.

B. Review of financial condition

Financial position

The financial position of the Group as 31 December 2020 is summarised as follows:

Net assets were \$8.56M (30 June 2020 \$8.58M).

Net tangible assets (NTA) were \$1.74M (30 June 2020 \$1.73M).

NTA backing per ordinary share 1.04 cents (30 June 2020 1.15 cents).

The Group had financing facilities of \$1.42M (30 June 2020 \$705K).

Cash from operations

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

Cash outflows from operating activities were \$1.59M (H1FY2020 being cash flow of \$39K) and included \$702K of cash payments associated with prior period adjustments and costs and \$196K of interest expense.

The Group paid down its debt facilities by \$570K and received new facilities of 1.42M.

Overall cash and cash equivalents decreased \$307K during the 6 months to \$1.11M.

Capital management

As at 31 December 2020 the Company had a total of 166,671,900 ordinary shares on issue (150,542,868 at 30 June 2020); with 16,129,032 new shares issued to an institutional investor during the period.

DIRECTORS' REPORT

31 December 2020

Dividends

No dividends were paid during the period.

Audit services

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

Financial statements and audit review

These financial statements are subject to audit review. The Company is relying on the Amended ASIC Relief to extend the lodgement date for its audit reviewed half year accounts and the other documents required to be lodged with ASIC under section 320 of the Corporations Act.

The Company does not anticipate any variance between these unreviewed accounts and its reviewed accounts; however, it will immediately make an announcement to the market if it becomes aware that there will be a material difference.

Rounding of Amounts

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

Signed in Sydney this 09 March 2021 in accordance with a resolution of the Board of Directors of WT Financial Group Limited.



Guy Hedley
Chairman



Keith Cullen
Managing Director

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

To the directors of WT Financial Group Limited

As lead auditor for the review of WT Financial Group Limited and Controlled Entities for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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

Rothsay Audit & Assurance Pty Ltd



Frank Vrachas
Director

Sydney, 9 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2020

	Note	31-Dec-20	31-Dec-19
		\$	\$
Revenue	2	6,592,753	6,031,487
Other income	2	542,162	188,290
Total revenue and other income		7,134,915	6,219,777
Less:			
Direct cost of sales expenses		(4,487,288)	(3,196,109)
Employee benefits expense		(1,339,444)	(1,317,168)
Advertising & marketing expenses		(36,189)	(171,136)
Consulting & professional fee expenses		(218,338)	(185,563)
Rental expenses		(224,182)	(316,124)
Other operating expenses		(660,571)	(497,082)
EBITDA		168,903	536,595
Less:			
Depreciation plant & equipment		(57,010)	(240,600)
Depreciation of right-of-use assets		(239,532)	-
Finance costs on lease liabilities		(45,243)	(70,486)
Other finance costs		(202,258)	(118,731)
Amortisation of intangible assets		(79,397)	-
Profit/(Loss) before income tax		(454,537)	106,778
Income tax benefit/(expense)		121,923	(45,347)
Profit/(Loss) after income tax expenses for the half-year		(332,614)	61,431
Other comprehensive income		-	-
Total comprehensive income for the half-year		(332,614)	61,431
Earnings/(loss) per share for the half-year attributable to the owners of WT Financial Group Limited	Note	31-Dec-20	31-Dec-19
		cents	Cents
Basic earnings per share (cents)	16	(0.206)	0.042
Diluted earnings per share (cents)	16	(0.206)	0.042

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the half-year ended 31 December 2020

	Note	31-Dec-20 \$	30-Jun-20 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,106,822	1,413,559
Trade and other receivables	5	2,137,937	1,769,873
Other assets	7	319,417	486,230
TOTAL CURRENT ASSETS		3,564,176	3,669,662
NON-CURRENT ASSETS			
Plant and equipment	8	670,191	880,492
Deferred tax assets		3,202,375	3,690,061
Investments	6	-	125,000
Intangible assets	9	6,822,249	6,851,539
TOTAL NON-CURRENT ASSETS		10,694,815	11,547,092
TOTAL ASSETS		14,258,991	15,216,754
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,040,980	2,294,734
Provisions	13	173,384	172,663
Borrowings unsecured	11	-	58,996
Borrowings secured	11	433,912	360,000
Other liabilities	12	-	146,250
Lease liabilities	14	614,987	382,876
TOTAL CURRENT LIABILITIES		2,263,263	3,415,519
NON-CURRENT LIABILITIES			
Trade and other payables	10	2,179	3,953
Provisions	13	155,787	153,998
Borrowings unsecured	11	513,595	454,599
Borrowings secured	11	1,124,456	345,000
Deferred tax liabilities		1,599,133	1,917,373
Lease liabilities	14	40,068	340,579
TOTAL NON-CURRENT LIABILITIES		3,435,218	3,215,502
TOTAL LIABILITIES		5,698,481	6,631,021
NET ASSETS		8,560,510	8,585,733
EQUITY			
Issued capital	15	19,792,712	19,292,712
Reserves		26,659	26,659
Dividends paid		(6,827,069)	(6,827,069)
Accumulated losses		(4,431,792)	(3,906,569)
Retained earnings		(11,258,861)	(10,733,638)
TOTAL EQUITY		8,560,510	8,585,733

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 2020

	Issued Capital	Retained Earnings (net of dividends)	Option Reserve	Total
	\$	\$	\$	\$
31 December 2020				
Balance at 1 July 2020	19,292,712	(10,733,638)	26,659	8,585,733
Prior period adjustment	-	(192,609)	-	(192,609)
Loss attributable to members of the parent entity	-	(332,614)	-	(332,614)
<i>Transactions with owners in their capacity as owners</i>				
Shares issued during the period	500,000	-	-	500,000
Balance 31 December 2020	19,792,712	(11,258,861)	26,659	8,560,510

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

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 2020

	Note	31-Dec-20 \$	31-Dec-19 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		7,545,598	6,196,812
Payments to suppliers and employees		(8,235,112)	(6,052,569)
Payments for prior period adjustments and expenses	4	(702,455)	-
Net interest received / (paid)		(195,542)	(105,890)
Net cash provided by / (used in) operating activities		(1,587,511)	38,353
CASH FLOWS FROM INVESTING ACTIVITIES:			
Sale of JV investment		125,000	-
Purchase of investments		(50,000)	-
Loans (to) / from related parties - payments made		(92,950)	(113,442)
Net cash provided by / (used in) investing activities		(17,950)	(113,442)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of shares		500,000	397,600
Net movement in borrowings		912,367	(140,000)
Repayment of lease liabilities		(113,643)	(205,165)
Net cash provided by / (used in) financing activities		1,298,724	52,435
Net increase/(decrease) in cash and cash equivalents held		(306,737)	(22,654)
Cash and cash equivalents at beginning of year		1,413,559	1,045,182
Cash and cash equivalents at end of financial year	4	1,106,822	1,022,528

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The financial report of WT Financial Group Limited for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 09 March 2021. The principal accounting policies adopted in the preparation of the financial statements are set out in this Note 1, below. These policies have been consistently applied to all the years presented.

(a) Basis of Preparation

Significant accounting policies Statement of compliance

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

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2020 annual financial report for the financial year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Adoption of New and Revised Accounting Standards

New Accounting Standards and Interpretations issued but not yet effective

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2020

2. Revenue and other income

	31-Dec-20	31-Dec-19
	\$	\$
Revenue		
- provision of services	6,586,036	6,025,798
- interest received	6,717	5,689
	6,592,753	6,031,487
Other Income		
- sale of business	-	161,052
- other income	542,162	27,238
	542,162	188,290
	7,134,915	6,219,777

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

3. Operating Segments

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

The consolidated entity is organised into two separate operating segments:

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

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

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

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

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

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

(a) Segment Performance

31-December-2020	Financial planning investment advice & product sales	Accounting & tax services	All other segments	Total
	\$	\$	\$	\$
REVENUE				
Sales to external customers	5,768,764	635,612	181,660	6,586,036
Other income	213,002	39,992	289,168	542,162
Interest revenue	4,036	2	2,679	6,717
Total segment revenue	5,985,802	675,606	473,507	7,134,915
EBITDA	679,883	357,473	(868,453)	168,903
Interest expenses	(149,287)	(14,804)	(83,410)	(247,501)
Depreciation, amortisation & impairment	(13,836)	-	(362,103)	(375,939)
Net profit before tax	516,760	342,669	(1,313,966)	(454,537)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

3. Operation Segments performance continued

31-December-2019	Financial planning investment advice & product sales	Accounting & tax services	All other segments	Total
	\$	\$	\$	\$
REVENUE				
Sales to external customers	5,528,795	497,003	-	6,025,798
Other income	161,052	-	27,238	188,290
	-	-	5,689	5,689
Total segment revenue	5,689,847	497,003	32,927	6,219,777
EBITDA	1,541,965	254,592	(1,330,448)	466,109
Interest expenses	(114,574)	-	(4,157)	(118,731)
Loss on disposal of furniture & equipment	-	-	-	-
Depreciation & amortisation	(21,175)	-	(219,425)	(240,600)
Net profit before tax	1,406,216	254,592	(1,554,030)	106,778

(b) Segment assets

31-December-2020	Financial planning investment advice & product sales	Accounting & tax services	All other segments	Total
	\$	\$	\$	\$
Segment assets	4,809,028	1,741,876	7,708,087	14,258,991
Segment liabilities	(1,498,494)	(620,805)	(3,579,182)	(5,698,481)
Net assets	3,310,534	1,121,071	4,128,905	8,560,510

30-June-2020	Financial planning investment advice & product sales	Accounting & tax services	All other segments	Total
	\$	\$	\$	\$
Segment assets	4,966,798	1,763,466	8,486,490	15,216,754
Segment liabilities	(1,461,716)	(648,617)	(4,520,688)	(6,631,021)
Net assets	3,505,082	1,114,849	3,965,802	8,585,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

4. Cash & cash equivalents

	31-Dec-20 \$	30-Jun-20 \$
Cash at hand and in bank	649,462	956,199
Short-term deposits	457,360	457,360
Balance as per statement of cash flows	1,106,822	1,413,559

	31-Dec-20 \$	30-Jun-20 \$
Prior period payments		
Prior period SMSF administration expense	509,846	-
Prior period error payments	192,609	-
Total	702,455	-

5. Trade and other receivables

	31-Dec-20 \$	30-Jun-20 \$
CURRENT		
Trade receivables	754,729	479,802
Allowance for impairment	(74,040)	(82,040)
	680,689	397,762
Loan to related parties	962,481	869,531
Other receivables	494,767	502,580
	1,457,248	1,372,111
Total trade and other receivables	2,137,937	1,769,873

(a) Advances to executives or their related parties

For the period from FY2013 through until the end of H1 FY2021 the Group's founding executive directors agreed to forgo salary payments totaling \$2.56M and forgo potential bonus payments of up to a further \$1.07M. This included agreeing to be paid zero of contracted salary in certain years. During the same period, the Company agreed to provide shareholder entities associated with executive directors revolving advances against future dividends. Movements in the advance balances have been subject to ongoing disclosure through the Company's financial statements. Since inception these advances have totaled \$3.41M; of which \$2.45M has subsequently been repaid by dividends, leaving a current balance of \$962K, as set out below.

Movements in advances to executives or their related parties are shown in table below:

	31-Dec-20 \$	30-Jun-20 \$
Balance at beginning of the period	869,531	629,605
Advances	92,950	239,926
Balance at end of the period	962,481	869,531

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

6. Investments

	31-Dec-20	30-Jun-20
	\$	\$
Movements during the period, in equity accounted investment in joint venture		
Balance at beginning of period	125,000	324,609
Add: Share of JV company's profit/ (loss) after income tax	-	8,401
Less: Sale of interest	(125,000)	(208,010)
Balance at end of period	-	125,000

7. Other Assets

	31-Dec-20	30-Jun-20
	\$	\$
CURRENT		
Prepaid expenses & deposits	285,448	456,287
Accrued income	1,588	1,588
Other assets & receivables	32,381	28,355
	319,417	486,230

8. Plant & equipment

	31-Dec-20	30-Jun-20
	\$	\$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	478,711	478,711
Accumulated depreciation	(442,551)	(430,039)
	36,160	48,672
Office equipment		
At cost	92,884	91,650
Accumulated depreciation	(83,276)	(76,457)
	9,608	15,193
Leasehold improvements		
At cost	525,052	522,447
Accumulated depreciation	(373,047)	(330,081)
	152,005	192,366
Assets under lease		
At cost	1,188,113	1,134,855
Accumulated depreciation	(715,695)	(510,594)
	472,418	624,261
Total plant and equipment	670,191	880,492
Summary		
At cost	2,284,760	2,227,663
Accumulated depreciation	(1,614,569)	(1,347,171)
	670,191	880,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

9. Intangible assets

Goodwill impairment disclosure

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

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

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

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

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

	31-Dec-20	30-Jun-20
Description of the cash-generating unit (CGU)	\$	\$
Financial planning, investment advice & product sales	4,716,283	4,666,284
Accounting & taxation services	1,480,000	1,480,000
Total	6,196,283	6,146,284

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

Intangible Assets

	31-Dec-20	30-Jun-20
	\$	\$
Goodwill		
Financial advice business - at cost	4,716,283	4,666,284
Accounting & tax business - at cost	1,480,000	1,480,000
Total Goodwill	6,196,283	6,146,284
Website development		
Cost	474,163	474,163
Accumulated amortisation	(298,756)	(271,719)
Net carrying value	175,407	202,944
Finance Income book		
Cost	198,000	198,000
Accumulated amortisation	(164,287)	(155,487)
Net carrying value	33,713	42,513
eBook library		
Cost	298,626	298,626
Accumulated amortisation	(134,149)	(119,268)
Net carrying value	164,477	179,358
Lead Database		
Cost	84,773	84,773
Accumulated amortisation	(46,663)	(42,425)
Net carrying value	38,110	42,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

Intangible Assets continued

	31-Dec-20	30-Jun-20
	\$	\$
Insurance income book		
Cost	117,314	117,313
Accumulated amortisation	(46,076)	(42,166)
Net carrying value	71,238	75,147
Other intangible assets		
Cost	289,578	290,648
Accumulated amortisation	(146,557)	(127,203)
Net carrying value	143,021	163,445
Total Intangibles net carrying value	6,822,249	6,851,539
Summary		
Cost	7,658,737	7,609,807
Accumulated amortisation	(836,488)	(758,268)
Net carrying value	6,822,249	6,851,539

10. Trade and other payables

	31-Dec-20	30-Jun-20
	\$	\$
CURRENT		
<i>Unsecured liabilities</i>		
Trade payables	476,403	1,013,327
GST payable	326,953	340,963
Superannuation payable	10,897	70,669
Payroll tax payable	87,652	63,236
Accrued wages and sales commissions	94,665	89,361
Accrued professional services	7,000	296,195
Interest accrued	-	11,877
Other accruals	37,410	409,106
	1,040,980	2,294,734
NON-CURRENT		
<i>Unsecured liabilities</i>		
Trade payables	2,179	3,953
	2,179	3,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

11. Borrowings

	31-Dec-20 \$	30-Jun-20 \$
CURRENT		
Unsecured liabilities	-	58,996
Secured liabilities	433,912	360,000
NON-CURRENT		
Unsecured liabilities	513,595	454,599
Secured liabilities	1,124,456	345,000

12. Other Liabilities

	31-Dec-20 \$	30-Jun-20 \$
CURRENT		
Unearned income	-	146,250
	-	146,250

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.

13. Employee entitlements

	31-Dec-20 \$	30-June-20 \$
CURRENT		
Employee entitlements	173,384	172,663
	173,384	172,663
NON-CURRENT		
Employee entitlements	155,787	153,998
	155,787	153,998

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

14. Leasing commitment

In accordance with AASB 16 Leases, the Group has recognised right-to use liability in respect of all three premises for Sydney, Melbourne and Perth (Perth lease concluded 31 August 2020). The lease liabilities are as follows:

	31-Dec-20	30-Jun-20
	\$	\$
Current	614,987	382,876
Non-Current	40,068	340,579
	655,055	723,455

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

	31-Dec-20	30-Jun-20
	\$	\$
Depreciation	239,532	510,593
Interest	45,243	112,069
	284,775	622,662

15. Issued Capital**Movements in issued capital**

	31-Dec-20	30-Jun-20
	\$	\$
Balance at beginning of reporting period	19,292,712	18,895,112
Issued 4 November 2019	-	397,600
Issued 31 August 2020	500,000	-
Total	19,792,712	19,292,712

(a) Ordinary shares

	31-Dec-20	30-Jun-20
	No.	No.
At the beginning of the reporting period	150,542,868	142,590,868
Issued 4 November 2019		7,952,000
Issued 31 August 2020	16,129,032	-
At the end of the reporting period	166,671,900	150,542,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

16. Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

	31-Dec-20	30-Dec-19
	\$	\$
Profit/ (Loss) after income tax	(332,614)	61,431
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	161,207,419	145,124,138
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	161,207,419	145,124,138
Earnings per share for profit/ (loss) from continuing operations attributable to the owners of WT Financial Group Limited (formerly: Spring FG Limited)	31-Dec-20	31-Dec-19
Basic earnings per share (cents)	(0.206)	0.042
Diluted earnings per share (cents)	(0.206)	0.042

17. Events Occurring After the Reporting Date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. The financial report was authorised for issue on 09 March 2021 by the board of directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

This financial report was authorised for issue on 09 March 2021 by the board of directors.

In the opinion of the Directors:

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

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

Signed in accordance with a resolution of the Directors.



Guy Hedley
Chairman



Keith Cullen
Managing Director

WT FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of WT Financial Group Limited.

Conclusion

We have reviewed the half-year financial report of WT Financial Group Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.



WT FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of WT Financial Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Rothsay Audit & Assurance Pty Ltd

Frank Vrachas
Director

Sydney, 9 March 2021