Goldfields Money Limited – Half Year Report (Appendix 4D) for the half year ended 31 December 2018

The Directors of Goldfields Money Limited (the "Company") are pleased to announce the results of the Company for the half year ended 31 December 2018 as follows:

Results for announcement to the market

Extracted from the Financial Statements for the half year ended	Change	$'000s 31 December 2018	$'000's 31 December 2017
Revenue from operations	1,588%	85,270	5,051
Profit/(loss) after tax attributable to members	980%	670	62

Entities acquired during the half-year ended 31 December 2018 comprise Finsure Holding Pty Ltd (Finsure) and its controlled entities listed below:

Australian Asset Aggregation Pty Ltd	Beagle Finance Pty Ltd
FinTek Pty Ltd	Iden Holdings Pty Ltd
1300 Home Loan Holdings Pty Ltd	Future Financial 1 Pty Ltd
Pioneer Mortgage Holdings Pty Ltd	Better Choice Home Loans Pty Ltd
Finsure Finance & Insurance Pty Ltd	Finsure Domain Names Pty Ltd
Finsure Wealth Pty Ltd	Australian Capital Home Loans Pty Ltd
Smart Finance & Wealth Pty Ltd	Romavale Pty Ltd

Finsure was acquired on 17 September 2018 and contributed $2,125,000 net profit to the Group's result for the half-year ended 31 December 2018. Finsure's comparative profit for the half-year ended 31 December 2017 was $2,041,000.

No dividend was paid or declared by the Company in the period and up to the date of this report. No dividends were paid or declared by the Company in respect of the previous year.

	$ 31 December 2018	$ 31 December 2017
Net Tangible Assets per share	0.67	0.85

The remainder of the information requiring disclosure to comply with Listing Rule 4.2.A3 is contained in the attached copy of the Financial Statements and comments on performance of the Company included in the Investor Presentation dated 28 February 2019.

Further information regarding Goldfields Money Limited and its business activities can be obtained by visiting the Company's website at www.goldfieldsmoney.com.au.

Yours faithfully

Malcolm Cowell
Company Secretary
Phone (08) 9438 8888

Goldfields Money Limited
ACN 087 651 849

Interim Financial Report
For the six months ended 31 December 2018

Corporate Information

ACN: 087 651 849

Directors

Mr. Peter Wallace	(Chairman and Non-executive Director)
Mr. Derek La Ferla	(Deputy Chairman and Non-executive Director)
Mr. Peter Hall	(Non-executive Director)
Mr. Simon Lyons	(Managing Director)
Mr. John Kolenda	(Executive Director)

Company Secretary
Mr. Malcolm Cowell

The registered office and principal place of business of the Company is:
120 Egan Street
KALGOORLIE WA 6430
Phone: +(61) 8 9021 6444

Other Locations:

Perth Office
Level 14, 191 St George's Terrace
Perth WA 6000

Sydney Office
Level 24, 52 Martin Place
Sydney NSW 2000

Share Registry:
Advanced Share Registry
110 Stirling Hwy
Nedlands WA 6009
Tel: +(61) 8 9389 8033
Fax: +(61) 8 9262 3723

Exchange Listing
Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000
ASX Code: GMY

Auditors:
KPMG
235 St George's Terrace
Perth WA 6000

Website Address:
www.goldfieldsmoney.com.au

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity comprising Goldfields Money Limited ("Goldfields Money" or the "Company") and the entities it controlled ("the Group") as at or during the half-year ended 31 December 2018.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Mr. Peter Wallace	Chairman and Non-executive Director
Mr. Derek La Ferla	Deputy Chairman and Non-executive Director
Mr. Peter Hall	Non-executive Director
Mr. Simon Lyons	Managing Director
Mr. John Kolenda	Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group were the provision of retail banking, wholesale mortgage management services and mortgage aggregation.

REVIEW AND RESULTS OF OPERATIONS

The Group has recorded a statutory net profit after tax of $0.7 million for the half-year ended 31 December 2018, an increase of $0.6 million on the comparative period. This represents the result of the Company for the full half and the consolidation of Finsure Holding Pty Ltd (and its subsidiaries) ("Finsure") from 17 September 2018.

Underlying net profit after tax for the period (after adding back non-recurring transaction costs) is $1.3 million ($0.4 million for the comparative period).

The integration of Goldfields Money and Finsure is progressing in accordance with the Group's plans.

Revenue grew from $5.1 million in the comparative period to $85.27 million evidencing the diversification in revenue the acquisition of Finsure is delivering. Net growth in loans and advances from 30 June 2018 was 3%.

The Wholesale and Finsure aggregation businesses continued to grow during the half, and are positioned to continue positive performance throughout the financial year.

No dividend has been declared for the half-year ended 31 December 2018.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At a meeting of shareholders held on 7 September 2018, shareholders voted in favour of the acquisition of Finsure Holding Pty Ltd and its controlled entities ("Finsure").

On 17 September 2018, the Company raised $20,000,500 through the issuance of 15,385,000 fully paid ordinary shares to institutional and professional investors at a subscription value of $1.30 per share.

On 17 September 2018, the Company completed the acquisition of Finsure through the issuance of 40,750,000 ordinary shares to the vendors of Finsure.

EVENTS SUBSEQUENT TO BALANCE DATE

On 4 February 2019, the final report in relation to The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was tabled in the Australian Parliament and released to the public. The report contains a number of recommendations that may have an impact to the Group if implemented in the future, particularly in relation to the manner in which mortgage brokers are remunerated. The final report states that any changes should be prospective and there are no changes expected to the existing trail book loan arrangements.

DIRECTORS' REPORT (cont'd)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

ROUNDING

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Peter Wallace

Chairman and Non-executive Director

Dated this 28th day of February 2019

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Goldfields Money Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Goldfields Money Limited for the half-year ended 31 December 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Nicholas Buchanan
Partner

Sydney
28 February 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

CONTINUING OPERATIONS	Note		
In thousands of AUD		31 Dec 2018	31 Dec 2017
		$	$
Interest revenue from banking activities	7	4,236	4,114
Interest expense on banking activities		(2,599)	(2,510)
Net interest income		1,637	1,604
Commission income	6	77,768	-
Commission expense	6	(71,219)	(133)
Net commission income/(expense)		6,549	(133)
Other income	8	3,266	1,061
Total net revenue		**11,452**	**2,532**
Impairment reversal/(expense) on loans and advances	14	-	22
Operating expenses	9	(9,592)	(2,018)
Transaction expenses	4	(860)	(444)
Profit/(Loss) before income tax from continuing operations		**1,000**	**92**
Income tax (expense)/benefit	10	(330)	(30)
Profit/(Loss) for the period		**670**	**62**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss		-	-
Total comprehensive income for the period		**670**	**62**
Basic earnings per share (cents)	19	1.14	0.28
Diluted earnings per share (cents)	19	1.12	0.27

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

In thousands of AUD	Note	31 Dec 2018 $	30 Jun 2018 $
ASSETS			
Cash and cash equivalents	11	22,979	14,529
Trade and other receivables	12	243,695	308
Due from other financial institutions		20,312	24,507
Loans and advances	14	175,806	170,510
Other financial assets	13	23,880	7,459
Other assets		2,767	406
Property, plant and equipment		1,177	787
Goodwill and other intangible assets	4	41,914	1,948
Deferred tax assets		-	666
TOTAL ASSETS		532,530	221,120
LIABILITIES			
Deposits		216,997	195,223
Trade and other payables	15	210,648	1,042
Current tax liability		64	7
Provisions		1,159	283
Deferred tax liabilities		6,152	-
TOTAL LIABILITIES		435,020	196,555
NET ASSETS		97,510	24,565
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS			
Contributed equity			
Issued capital	16	94,776	22,450
Other contributed equity		1,830	1,830
Total contributed equity		96,606	24,280
Property, plant and equipment revaluation reserve		97	97
Financial assets reserve		205	205
Share-based payments reserve		306	357
General reserve for credit losses		342	342
Retained earnings		(46)	(716)
		97,510	24,565

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

In thousands of AUD Attributable to equity holders	Issued Capital $	Other Contributed Equity $	Equity Raising Costs $	Property, Plant and Equipment Revaluation Reserve $	Financial Assets Revaluation Reserve $	General Reserve for Credit Losses $	Share-based Payments Reserve $	Retained Earnings $	Total Equity $
Balance at 1 July 2017	**19,349**	**1,830**	**(1,394)**	**97**	**205**	**342**	**86**	**(309)**	**20,207**
Profit for the period	-	-	-	-	-	-	-	62	62
Other comprehensive income	-	-	-	-		-	-	-	-
Total comprehensive income	-	-	-	-	-	-	**-**	**62**	**62**
Transactions with owners of the Company									
Cost of share-based payments	-	-	-	-	-	-	108	-	108
Balance at 31 December 2017	**19,349**	**1,830**	**(1,394)**	**97**	**205**	**342**	**194**	**(246)**	**20,378**
Balance at 1 July 2018	**24,080**	**1,830**	**(1,630)**	**97**	**205**	**342**	**357**	**(716)**	**24,565**
Profit for the period	-	-	-	-	-	-	-	670	670
Other comprehensive income	-	-	-	-		-	-	-	-
Total comprehensive income	-	-	-	-	-	-	**-**	**670**	**670**
Transactions with owners of the Company									
Cost of share-based payments	-	-	-	-	-	-	290	-	290
Issue of share capital	73,316	-	-	-	-	-	(341)	-	72,975
Equity raising costs, net of tax	-	-	(990)	-	-	-	-	-	(990)
Balance at 31 December 2018	**97,396**	**1,830**	**(2,620)**	**97**	**205**	**342**	**306**	**(46)**	**97,510**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

In thousands of AUD	Note	31 Dec 2018 $	31 Dec 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		4,313	3,997
Commissions and fees received		52,788	1,541
Interest and other finance costs paid		(2,600)	(1,826)
Payments to suppliers and employees		(57,182)	(1,963)
Dividends received		-	11
Other income		1	105
Net increase/(decrease) in loans, advances and other receivables		(5,231)	(8,611)
Net increase in deposits and other borrowings		21,773	10,674
Net (payments)/receipts for investments		(11,932)	(4,576)
Net cash from/(used in) operating activities		1,930	(646)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired in a business combination	4	294	-
Payments for property, plant and equipment		(106)	(128)
Payments for intangible assets		(1,389)	(704)
Net cash used in investing activities		(1,201)	(833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of capital	16	20,000	-
Payments for equity raising costs		(1,277)	-
Repayment of borrowings		(11,003)	-
Net cash from financing activities		7,720	-
Net increase/(decrease) in cash held		8,449	(1,479)
Cash and cash equivalents at beginning of the period		14,529	16,223
Cash and cash equivalents at the end of the period		22,978	14,744

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Goldfields Money Limited ("the Company") is a company incorporated and domiciled in Australia. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "the Group"). The principal activities of the company are the provision of banking products and services, mortgage management and mortgage aggregation services.

2. BASIS OF PREPARATION

The interim financial statements for the six months ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 30 June 2018. This is the first set of Group's financial statements (following the acquisition of Finsure Holding Pty Ltd ("Finsure") and its controlled entities on 17 September 2018) presented on a consolidated basis, and where AASB 9 and AASB 15 have been applied. The acquisition of Finsure is described in Note 4 and changes to significant accounting policies are described in Note 20. The accounting policies relevant to AASB 9 and AASB 15 and the impact of adopting those standards are also set out in Note 20. For consistency with current period presentation, where required, comparative information has been reclassified.

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The Group is of a kind referred to in ASIC Corporations *(Rounding in Financial/Directors' Reports)* Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The preparation of the financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. In preparing this half-year financial report, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 30 June 2018, except for new significant judgements in relation to and following the acquisition of Finsure and key sources of estimation uncertainty arising from the application of AASB 9 and AASB 15 which are described in Note 20.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes the estimates used in preparing the financial report are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from our assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITION OF FINSURE HOLDING PTY LTD

On 17 September 2018, the Company acquired 100% of the shares and voting interests in Finsure Holdings Pty Ltd, and its controlled entities ("Finsure"). Finsure is one of Australia's largest mortgage aggregators and mortgage managers. John Kolenda, a director of the Company was the major shareholder and chairman of Finsure.

Our aim is to become a bank of scale, underpinned by a sustainable broker and customer friendly business model. The acquisition of Finsure will enable the Company to broaden its distribution capabilities and diversify its revenue streams. The acquisition is expected to assist the Company increase its product offerings to the Australian market, leveraging Finsure's strong penetration into the broker market and benefit from its proprietary processes and systems, with the objective of increasing lending and deposit growth from a largely branchless distribution strategy.

For the period 17 September 2018 to 31 December 2018, Finsure contributed revenue of $80,433,000 and profit of $2,125,000. If the acquisition had occurred on 1 July 2018, the Company estimates that consolidated revenue would have been $111,523,000 and consolidated profit would have been $110,000.

A. Consideration transferred

The acquisition of Finsure was effected through the Company issuing 40,750,000 ordinary shares to the shareholders of Finsure in exchange for 100% of the fully paid ordinary shares on issue. The fair value of the shares issued was $1.30 per share which was equal to the value of the shares issued in a placement (raising approximately $20,000,500) as described in Note 16.

B. Acquisition related costs

The Company incurred acquisition related costs of $860,000 (31 December 2017: $444,000) relating to external advisor and legal costs. These costs have been expensed and separately disclosed on the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition on a provisional basis.

In thousands of AUD

Cash and cash equivalents	294
Trade and other receivables	217,540
Property, plant and equipment	362
Goodwill and other intangibles	5,517
Trade and other payables	(185,476)
Provisions	(825)
Borrowings	(11,003)
Deferred tax liabilities	(6,953)
Total identifiable net assets acquired	19,457

AASB 3 requires the acquirer to recognise the assets acquired and liabilities assumed at fair value. The above-mentioned assets and liabilities have been determined on a provisional basis.

- The assessment of fair values of identified assets and liabilities acquired has not been finalised;
- The fair value of any unrecognised intangible assets is subject to a valuation process that is not yet complete;
- The entry of the Finsure group into the Goldfields Money tax consolidated group requires the tax bases of acquired assets to be reset, a process which is not yet complete.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITION OF FINSURE HOLDING PTY LTD (CONT'D)

D. Goodwill

Goodwill arising from the acquisition has been provisionally recognised as follows:

In thousands of AUD	
Total consideration transferred	52,975
Fair value of identifiable net assets recognised on a provisional basis	(19,457)
Goodwill	33,517

5. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal information provided to the chief decision maker, the Board of Directors, in relation to the business activities of the Group. In previous periods, the Company had a single segment. Following the acquisition of Finsure in September 2018, the Group has determined it has three segments for which information is provided regularly to the Board of Directors. The following describes the operations of each of the Group's reportable segments:

Banking

The Group's banking business refers to the provision of banking products and services such as loans and deposits under the Goldfields Money brand. Loans are distributed through the Company's existing branch network, via online applications, accredited brokers and through the Group's Wholesale division. The segment earns net interest income and service fees from providing a range of services to its retail and small business customers.

Wholesale mortgage management

The Wholesale mortgage management segment offers prime and commercial loans under the Better Choice Home Loans brand, funded by a range of third party wholesale funding providers (white label products). During the half-year ended 31 December 2018, Goldfields Money was added as a funder to the wholesale mortgage management business and competes with the existing range of funders. The segment earns fees for services, largely in the form of upfront and trail commissions.

Aggregation

The Aggregation segment provides contracted administrative and infrastructure support to in excess of 1,550 mortgage brokers, connecting them with a panel of approximately 60 lenders. The segment is branded as Finsure and derives revenue in the form of fees for service and sponsorship income. Fees include upfront commissions which are earned upon each loan settlement, and ongoing trail commissions. The Company collects the upfront and trail commission and pays a substantial portion through to its accredited brokers.

Segment results that are reported to the Board of Directors include items directly attributable to the activities of each segment, and those that can be allocated on a reasonable basis. Other/unallocated items are comprised mainly of other operating activities from which the Group earns revenues and/or incurs expenses that are not managed separately and include taxation expense, assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (CONT'D)

Half-year ended 31 December 2018

In thousands of AUD	Banking	Wholesale	Aggregation	Eliminations	Total
Continuing operations					
Revenue					
External customers	4,839	3,742	76,689	-	85,270
Inter-segment	80	1	-	(81)	-
Total segment revenue	**4,919**	**3,743**	**76,689**	**(81)**	**85,270**
Results					
Segment profit/(loss) before income tax	(2,039)	(1,566)	4,607	-	1,000
Income tax (expense)/benefit	586	470	(1,382)	-	(330)
Net profit/(loss) after tax	**(1,453)**	**(1,096)**	**3,225**	**-**	**670**
Assets and Liabilities					
Total segment assets	311,966	37,955	215,284	(32,895)	532,310
Total segment liabilities	216,579	27,098	195,094	(4,266)	435,200

In the comparative period, the Company was a single segment.

IN THOUSANDS OF AUD	31 Dec 2018 $	31 Dec 2017 $
6. COMMISSION INCOME AND EXPENSE		
Upfront commission income	29,276	-
Trail commission income	21,476	-
Net present value of future trail commission receivable	27,016	-
Total commission income	77,768	-
Upfront commission expense	27,646	-
Trail commission expense	18,141	133
Net present value of future trail commission payable	25,432	-
Total commission expense	71,219	133

Refer to note 20A for the accounting policy adopted in relation to the recognition of revenue for commission income and expenditure.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

IN THOUSANDS OF AUD

7. INTEREST INCOME

	31 Dec 2018 $	31 Dec 2017 $
Interest income		
Loans and advances	3,713	3,603
Deposits with other institutions	523	511
Total interest income	4,236	4,114

8. OTHER INCOME

	31 Dec 2018 $	31 Dec 2017 $
Service fees and residual income	312	102
Software license fee income	590	-
Flat fee income	633	-
Compliance fee income	334	-
Lending fees	182	13
Transaction fees	42	101
Sponsorship income	727	-
Cash convenience fee income	445	721
Dividends received	-	11
Other	1	104
	3,266	1,061

9. OPERATING EXPENSES

	31 Dec 2018 $	31 Dec 2017 $
Depreciation and amortisation	356	48
Information technology	642	246
Banking services delivery	175	133
Employee benefits	5,645	1,063
Professional services	515	152
Marketing	698	57
Occupancy	473	85
Other administration expenses	1,088	234
Total other expenses	9,592	2,018

10. INCOME TAX

The major components of income tax benefit recognised are:

	31 Dec 2018 $	31 Dec 2017 $
Current income tax expense	-	-
Deferred income tax (expense)/benefit	(330)	(30)
Income tax (expense)/benefit	(330)	(30)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

IN THOUSANDS OF AUD

	31 Dec 2018	30 Jun 2018
11. CASH AND CASH EQUIVALENTS		
Reconciliation of cash:	$	$
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on hand	22,979	14,529
	22,979	14,529
12. TRADE AND OTHER RECEIVABLES		
Net present value of future trail commissions receivables	227,849	-
Trade and other receivables	1,641	308
Accrued commission income	14,205	-
	243,695	308

Refer to note 20A for the accounting policy adopted in relation to the estimation of the net present value of future trail commissions receivable.

13. OTHER FINANCIAL ASSETS

	31 Dec 2018	30 Jun 2018
Investments in debt securities (measured at amortised cost)	23,163	7,034
Shares in listed corporations (measured at fair value)	293	-
Shares in unlisted corporations (measured at fair value)	424	424
	23,880	7,459

14. LOANS AND ADVANCES

(a) Classification

	31 Dec 2018	30 Jun 2018
Residential loans	154,977	146,358
Personal loans	1,327	2,291
Overdrafts	501	443
Term loans	18,892	21,373
Total gross loans and advances	175,697	170,465
Add: Unamortised broker commissions	349	285
Gross loans and receivables	176,046	170,750
Provision for impairment	(240)	(240)
	175,806	170,510

(b) Provision for impairment

Expected credit loss provision

Opening balance at 1 July 2018	240
Credit losses provided for	-
Bad debts written off during the period	-
Closing balance at 31 December 2018	240

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. LOANS AND ADVANCES (CONT'D)

Refer to note 20B for further information on the changes to classification and measurement of loans and advances and credit loss provisioning as a result of the first time application of AASB 9.

IN THOUSANDS OF AUD	31 Dec 2018	30 Jun 2018
(c) Credit quality – loans and advances	$	$
Past due but not impaired		
30 days & less than 90 days	1,860	1,851
90 days & less than 182 days	1,297	621
182 days or more	275	1,319
	3,432	3,792
Impaired - mortgage loans		
Up to 90 days	-	-
Greater than 90 days	-	-
	-	-
Impaired – personal loans		
Up to 90 days	-	-
Greater than 90 days	-	18
	-	18
Total past due and impaired	3,432	3,792
Neither past due nor impaired	172,265	166,673

15. TRADE AND OTHER PAYABLES

Net present value of future trail commissions payables	193,314	-
Trade and accrued expenses	3,845	1,042
Accrued commission payable	13,489	-
	210,648	1,042

Refer to note 20A for the accounting policy adopted in relation to the estimation of the net present value of future trail commissions payable.

16. SHARE CAPITAL

	Number of shares	31 Dec 2018 $
Beginning of the interim period	25,907,066	24,080
Exercise of performance rights	373,333	341
Issued to participants in a placement	15,385,000	20,000
Finsure acquisition	40,750,000	52,975
	82,415,399	97,396

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

IN THOUSANDS OF AUD	31 Dec 2018 $	30 Jun 2018 $
17. COMMITMENTS AND CONTINGENT LIABILITIES		
At the reporting date, the company had the following loan and overdraft commitments outstanding:		
(i) Outstanding loan commitments		
Loans approved but not advanced	6,637	4,634
Loan funds available for redraw	7,608	6,783
	14,245	11,417
(ii) Outstanding overdraft commitments		
Customer overdraft facilities approved but not disbursed	582	648
(iii) Lease commitments		

The Company has obligations under the terms of the leases of its office premises for terms of up to 6 years. Lease payments are payable in advance by equal monthly instalments due on the 1st day of each month.

Due not later than one year	765	63
Due later than one year and not later than five years	5,553	28
Greater than five years	215	-
	6,532	91

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. FINANCIAL INSTRUMENTS

A. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2018	Carrying Amount				Fair value		
IN THOUSANDS OF AUD	Amortised cost	Fair value OCI – equity instruments	Fair value profit or loss	Fair value OCI	Level 1	Level 2	Level 3
Financial assets:	$	$	$	$			
Due from other financial institutions	20,312	-	-	-	-	-	-
Investment securities	23,612	-	-	-	-	-	-
Equity instruments	-	717	-	-	293	424	-
Net present value of trail commission receivable	227,849	-	-	-	-	-	-
Loans and advances	175,806	-	-	-	-	-	-
Other receivables	15,846	-	-	-	-	-	-
Total	463,425	717	-	-	293	424	-
Financial liabilities:							
Deposits	216,997	-	-	-	-	-	-
Net present value of trail commission payables	193,314	-	-	-	-	-	-
Other payables	17,232	-	-	-	-	-	-
Total	427,543	-	-	-			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. FINANCIAL INSTRUMENTS (CONT'D)

A. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONT'D)

30 June 2018	Carrying Amount				Fair value		
IN THOUSANDS OF AUD	Amortised cost	Fair value OCI – equity instruments	Fair value profit or loss	Fair value OCI	Level 1	Level 2	Level 3
Financial assets:	$	$	$	$			
Due from other financial institutions	24,507	-	-	-	-	-	-
Investment securities	7,035	-	-	-	-	-	-
Equity instruments	-	424	-	-	-	424	-
Loans and advances	170,510	-	-	-	-	-	-
Other receivables	308	-	-	-	-	-	-
Total	202,360	424	-	-	-	424	-
Financial liabilities:							
Deposits	195,223	-	-	-	-	-	-
Other payables	1,042	-	-	-	-	-	-
Total	196,265	-	-	-	-	-	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. FINANCIAL INSTRUMENTS (CONT'D)

B. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Wherever possible, fair values are calculated by the Group using unadjusted quoted market prices in active markets for identical instruments. A quoted price in an active market provides the most reliable evidence of fair value. For all other financial instruments, the fair value is determined by using other valuation techniques.

As part of the fair value measurement, the Group classifies its assets and abilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the hierarchy are described below:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable in an active market
- Level 3 — Valuation techniques for which significant inputs to the fair value measurement are not based on observable market data

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities – listed	Most recent traded price and other available market information	Not applicable	Not applicable
Equity securities – unlisted	Most recent traded price and other available market information	Not applicable	Not applicable

The Group acquired a Level 1 equity instrument through the acquisition of Finsure. There were no reclassifications between Level 1 and Level 2 during the interim period.

19. EARNINGS PER SHARE

The following reflects the net income and share information used in the calculation of basic and diluted earnings per share:	31 Dec 2018 $	31 Dec 2017 $
Profit/(Loss) for the period	670	62
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	58,366,601	22,521,410
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	59,601,164	23,128,077
Basic earnings per share (cents)	1.14	0.28
Diluted earnings per share (cents)	1.12	0.27

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD

A. Accounting policies adopted upon acquisition of Finsure

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Goldfields Money Limited and it's Controlled Entities ('Company' or 'parent entity') as at 31 December 2018 and the results of all subsidiaries for the half-year then ended.

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

Inter-group transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent entity.

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (and at an interim period if an indicator is identified). Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Non-controlling interests are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Non-controlling interests in the results of the subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and statement of financial position respectively.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method (equity accounted investee) and are initially recognised at cost. The cost of the investment includes transaction costs. When the Group loses significant influence of an associate, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the associate. The fair value of any investment retained in the former associate at the date when significant influence is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (CONT'D)

A. Accounting policies adopted upon acquisition of Finsure (Cont'd)

The consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of the investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Revenue recognition

Commissions revenues
The Group provides loan origination services and receives upfront origination commission on the settlement of loans. Additionally the lender normally pays a trailing commission over the life of the loan. Commission revenue is recognised as follows:

Origination commissions
Origination commissions are recognised upon the loans being settled and receipt of commission net of clawbacks.

Trailing commissions
The Group receives trailing commissions from lenders on loans they have settled that were originated by the Group. The trailing commissions are received over the life of the loans based on the individual loan balance outstanding. The Group also makes trailing commission payments to authorised mortgage originators (brokers) based on the individual loan balance outstanding.

On initial recognition, trailing commission revenue and receivables are recognised at fair value as a contract asset under AASB 15, being the expected future trailing commission receivables discounted to their net present value. In addition, an associated payable and expense to the relevant brokers are also recognised, initially measured at fair value being the future trailing commission payable to relevant brokers discounted to their net present value. These calculations require the use of assumptions which are determined by management with the assistance of external actuaries.

Subsequent to initial recognition and measurement both the trailing commission asset and trailing commission payable are measured at amortised cost. The carrying amount of the trailing commission asset and trailing commission payable are adjusted to reflect actual and revised estimated cash flows by recalculating the carrying amount with reference to the present value of estimated future cash flows at the original effective interest rate. The resulting adjustment is recognised as income or expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The key assumptions underlying the fair value calculations of trailing commission receivable and the corresponding payable to brokers at the reporting date is summarised in the following table:

	31 December 2018
Discount rate per annum	Between 5.75% and 6.5%
Percentage paid to brokers	Between 5% and 95%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (CONT'D)

A. Accounting policies adopted upon acquisition of Finsure (Cont'd)

Fees for services
The Group provides additional services to brokers that are recognised as follows:

Broker flat fee income
The Group offers contracts to brokers based upon their settlement volumes. Brokers with high volume transactions receive 100% distribution of all commissions and are charged a monthly fee in arrears for the aggregation service. Revenue from flat fees is recognised at the time the service is provided.

Technology and Compliance fee income
The Group earns Software as a Service income for the usage of its proprietary loan origination platform "LoanKit" and also provides compliance and licensing services to its brokers. The Group charges a fee for both of these services, with revenue recognised at the time the service is provided.

Sponsorship income
Sponsorship income is the income generated from sponsorship arrangements with Lenders, supporting the continuous education of the Group's brokers. The income is brought to account when services relating to the income have been performed over time

Other fee income
Other fee income relates to all fees associated with origination of loans and additional services provided by the Group. Revenue from these fees and services is recognised at the time the service is provided.

Goodwill
Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (CONT'D)

A. Accounting policies adopted upon acquisition of Finsure (Cont'd)

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

B. Significant judgements and accounting estimates upon acquisition of Finsure

The acquisition of Finsure has resulted in the adoption of a number of new areas of judgement and accounting estimate for the Company. These are summarised below.

Net present value of future trail commissions

The Group receives trail commissions from lenders on settled loans over the life of the loan based on the loan book outstanding. The Group also makes trail commission payments to brokers when trail commission is received from lenders. The fair value of trail commission payable from lenders and the corresponding payable to brokers is determined using a discounted cash flow valuation. These calculations require the use of assumptions which are determined by management using a variety of inputs including external actuarial analysis of historical information.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

C. Application of new accounting standards effective during the period

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations.

The Group has adopted AASB 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2017 has not been restated.

There were no material changes to the manner in which revenue is recognised under AASB 15 compared to previous standards, and therefore no transitional adjustments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (CONT'D)

C. Application of new accounting standards effective during the period (cont'd)
AASB 9 Financial Instruments (cont'd)

AASB 9 Financial Instruments

AASB 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. There was no material change to the amounts previously reported at 30 June 2018 under AASB 139 upon adopting AASB 9 with effect from 1 July 2018.

(i) Classification of financial assets and liabilities

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of AASB 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of AASB 9 on the classification and measurement of financial assets is set out below.

Under AASB 9, on initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (FVTPL).

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (CONT'D)

C. Application of new accounting standards effective during the period (cont'd)

AASB 9 Financial Instruments (cont'd)

(i) Classification of financial assets and liabilities (cont'd)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Group's financial assets as at 1 July 2018.

Financial assets (Amounts in thousands of AUD)	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139	New carrying amount under AASB 9
Cash and cash equivalents	Loans and receivables	Amortised cost	14,529	14,529
Due from other financial institutions	Held to maturity	Amortised cost	24,507	24,507
Investment securities	Held to maturity	Amortised cost	7,034	7,034
Equity securities	Available-for-sale	FVOCI – equity instrument	424	424
Loans and advances	Loans and receivables	Amortised cost	170,510	170,510
Other debtors and prepayments	Loans and receivables	Amortised cost	712	712

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (CONT'D)

C. Application of new accounting standards effective during the period (cont'd)

AASB 9 Financial Instruments (cont'd)
(i) Classification of financial assets and liabilities (cont'd)

Amounts due from other financial intuitions and investment securities are held as part of the Group's liquidity portfolio and were classified as held to maturity under AASB 139, but may be sold to meet liquidity requirements arising in the normal course of business. The Group considers that these securities are held within a business model whose objective is achieved by collecting contractual cash flows through to their maturity and are therefore classified as amortised cost under AASB 9.

These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by AASB 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike AASB 139, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

Loans and advances are classified at amortised cost on the basis the Group's business model objective is to originate loans and advances on its balance sheet to hold and collect repayments of principal and interest.

(ii). Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

The financial assets at amortised cost consist of cash and cash equivalents, amounts due from other financial institutions, investment securities and loans and advances.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. SIGNIFICANT ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (CONT'D)

C. Application of new accounting standards effective during the period (cont'd)

AASB 9 Financial Instruments (cont'd)

(ii) Impairment of financial assets (cont'd)

At each reporting date, the Group assesses whether financial assets carried at amortised cost and are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost and at FVOCI are deducted from the gross carrying amount of the assets.

For assets in the scope of the AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of AASB 9's impairment requirements at 1 July 2018 has not resulted in any additional impairment allowance. Amounts classified previously as a collective provision and specific provision are now presented as a singular ECL provision.

21. STANDARDS APPLICABLE IN FUTURE PERIODS

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial statements. Standards and amendments that have a material outcome to the Group are set out below.

AASB 16 Leases

AASB 16 replaces existing guidance for leases, including AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is applicable to the Group from 1 July 2019.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 July 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

The most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of offices in Perth, Esperance, Sydney, Melbourne and the Gold Coast. As at 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to $6,532,000, on an undiscounted basis.

In addition, the nature of expenses related to those leases will now change because AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. EVENTS SUBSEQUENT TO BALANCE DATE

On 4 February 2019, the final report in relation to The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was tabled in the Australian Parliament and released to the public. The report contains a number of recommendations that may have an impact to the Group if implemented in the future, particularly in relation to the manner in which mortgage brokers are remunerated. The final report states that any changes should be prospective and there are no changes expected to the existing trail book loan arrangements.

DIRECTORS' DECLARATION

In accordance with a resolution of directors of Goldfields Money Limited, I state that:

In the opinion of the directors

(a) The consolidated financial statements and notes of Goldfields Money Limited for the half-year ended 31 December 2018 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

  (ii) complying with Accounting Standards Australian Accounting Standard AASB 134 'Interim Financial Reporting' the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Peter Wallace
Chairman and Non-executive Director
Dated this 28th day of February 2019
Perth

Independent Auditor's Review Report

To the shareholders of Goldfields Money Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Goldfields Money Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Goldfields Money Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2018
- Consolidated statement of profit or 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
- Notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Goldfields Money Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the Half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Goldfields Money Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Nicholas Buchanan
Partner

Sydney
28 February 2019