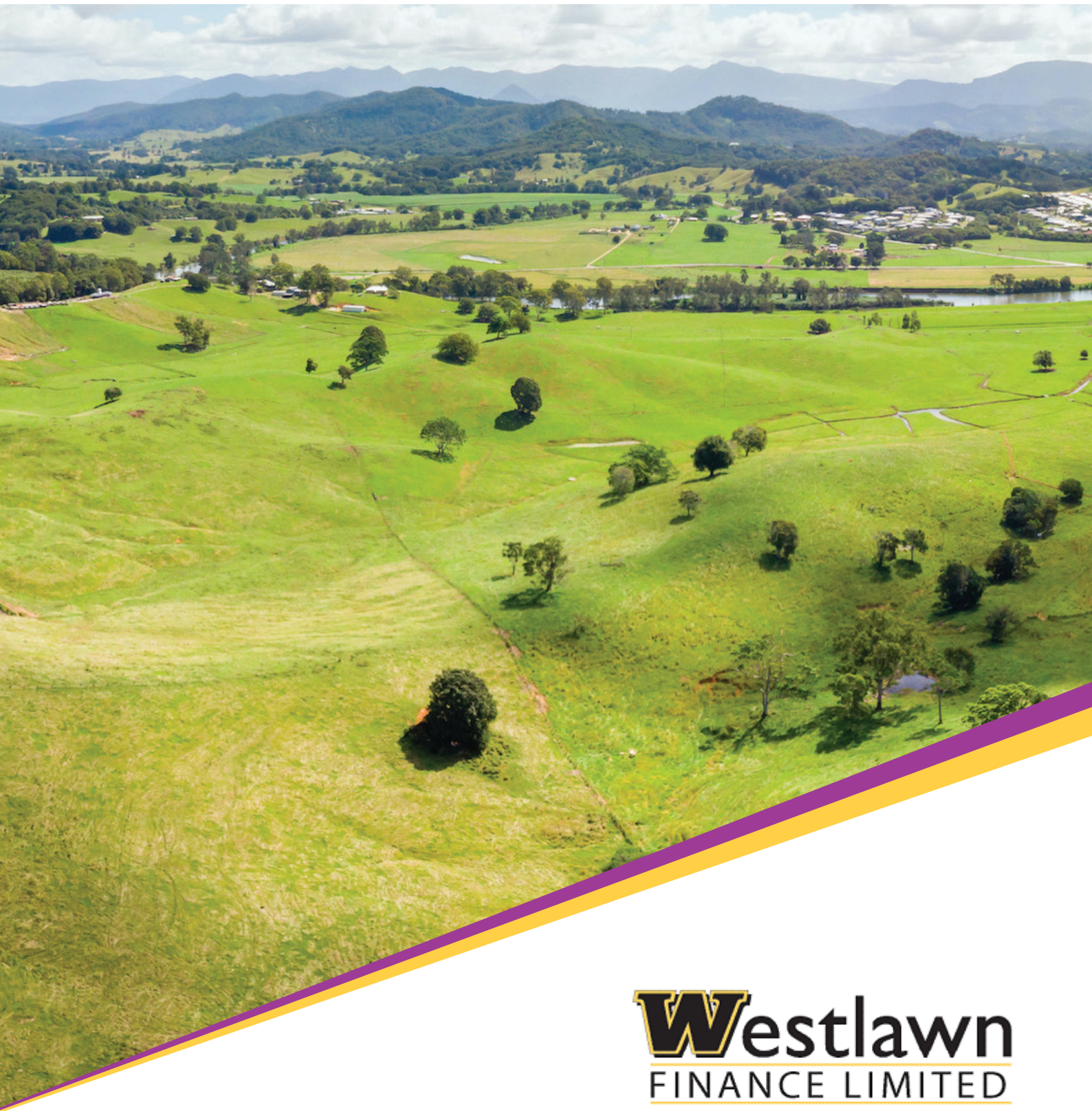


# Condensed Interim Report

## 31 December 2021



**Westlawn**  
FINANCE LIMITED

and its controlled entities

ABN 19 096 725 218

# **Westlawn Finance Limited**

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**31 December 2021**

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**Westlawn Finance Limited**  
**Directors' report**  
**31 December 2021**

The directors present their report, together with the interim condensed financial statements, on the consolidated entity (referred to hereafter as the 'consolidated group' or 'group') consisting of Westlawn Finance Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

**Directors**

The following persons were directors of Westlawn Finance Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

James William Dougherty  
Mark Charles Dougherty  
Geoffrey Dean Scofield  
Andrew Harry Hayes  
Andrew Michael Dougherty  
Cameron Scott McCullagh  
Andrew Douglas Bennett

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated group consisted of:

- Financier
- Insurance Broker

**Dividends**

Dividends paid during the financial half-year were as follows:

	<b>Consolidated Group Half-year ended 31 December 2021 \$</b>	<b>Half-year ended 31 December 2020 \$</b>
Final dividend for the year ended 30 June 2021 of 10.1311 cents per ordinary share franked at the rate of 30%	1,500,000	-
Final dividend for the year ended 30 June 2020 of 13.5081 cents per ordinary share franked at the rate of 30%	-	2,000,000
	<u>1,500,000</u>	<u>2,000,000</u>

**Review of operations**

The profit for the consolidated group after providing for income tax and non-controlling interest amounted to \$2,518,646 (31 December 2020: \$2,433,579).

**Finance**

The finance business contributed a profit before tax of \$3,096,719 for the half-year (31 December 2020: profit of \$2,735,257).

**Insurance**

The insurance broking business continues to make a positive contribution to the group, reporting a net profit before tax of \$822,862 for the half-year (31 December 2020: profit of \$803,876).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated group during the financial half-year.

**Westlawn Finance Limited**  
**Directors' report**  
**31 December 2021**

**Matters subsequent to the end of the financial half-year**

On 18 February 2022 the Company entered into a Share Sale Deed ('SSD') to acquire a 70% interest in Equity-One Mortgage Fund Limited ('EMF') for total consideration of \$23,671,900. Payment of the total consideration is expected to occur on the later of, three business days after all conditions precedent of the SSD are satisfied or waived, or 1 March 2022.

The purchase price is subject to a rise and fall adjustment based on full year normalised earnings in respect of the year ended 30 June 2022. The Company has also entered into a shareholders agreement with the non-controlling shareholder which contains put and call options that provide the Company an option to acquire (or the non-controlling shareholder to sell) the remaining 30% interest in EMF in three tranches of 10% each from 2024 to 2027.

As at the date of this report the Company has not paid the consideration and has not yet obtained control of EMF.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated group's operations, the results of those operations, or the consolidated group's state of affairs in future financial years.

**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.

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

On behalf of the directors



James William Dougherty  
Chairman

23 February 2022  
Grafton

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the condensed consolidated financial report of Westlawn Finance Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Westlawn Finance Limited and the entities it controlled during the period.

Dated at Robina this 23rd day of February 2022.

**THOMAS NOBLE & RUSSELL**  
**CHARTERED ACCOUNTANTS**

Per:



.....  
R A WATKINSON (Partner)  
Registered Company Auditor

**Westlawn Finance Limited**  
**Interim condensed statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2021**

		<b>Consolidated Group</b>	
		<b>Half-year</b>	<b>Half-year</b>
		<b>ended 31</b>	<b>ended 31</b>
	<b>Note</b>	<b>December</b>	<b>December</b>
		<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
Interest income		6,535,685	6,922,724
Interest expense		<u>(2,144,349)</u>	<u>(2,560,207)</u>
Total net interest income		4,391,336	4,362,517
<b>Non-interest revenue</b>	3	7,723,260	3,520,259
Other income	4	<u>79,345</u>	<u>346,996</u>
Total revenue after interest expense		<u>12,193,941</u>	<u>8,229,772</u>
<b>Expenses</b>			
Bad debts written off		(2,616,162)	(521,942)
Reversal of impairment of loans and advances		2,210,432	635,686
Employee benefits expense		(3,924,144)	(3,088,829)
Depreciation and amortisation expense	5	(528,696)	(293,974)
Impairment of investments		(186,880)	(100,000)
Loss on disposal of assets		-	(5,577)
Other expenses	5	<u>(3,228,910)</u>	<u>(1,316,003)</u>
Total expenses		<u>(8,274,360)</u>	<u>(4,690,639)</u>
<b>Profit before income tax expense</b>		3,919,581	3,539,133
Income tax expense		<u>(1,356,808)</u>	<u>(1,075,353)</u>
<b>Profit after income tax expense for the half-year</b>		2,562,773	2,463,780
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		<u>-</u>	<u>967,191</u>
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>967,191</u>
<b>Total comprehensive income for the half-year</b>		<u>2,562,773</u>	<u>3,430,971</u>
Profit for the half-year is attributable to:			
Non-controlling interest		44,127	30,201
Owners of Westlawn Finance Limited		<u>2,518,646</u>	<u>2,433,579</u>
		<u>2,562,773</u>	<u>2,463,780</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		44,127	33,179
Owners of Westlawn Finance Limited		<u>2,518,646</u>	<u>3,397,792</u>
		<u>2,562,773</u>	<u>3,430,971</u>

*The above interim condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Westlawn Finance Limited**  
**Interim condensed statement of financial position**  
**As at 31 December 2021**

		<b>Consolidated Group</b>	
		<b>As at 31</b>	<b>As at 30</b>
	<b>Note</b>	<b>December</b>	<b>June 2021</b>
		<b>2021</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Cash and cash equivalents	6	70,943,193	59,931,251
Trade and other receivables	7	871,253	401,464
Other assets	8	340,130	462,909
Non-current assets classified as held for sale	9	-	110,000
Loans & advances	10	176,770,616	183,464,154
Financial assets at fair value through other comprehensive income	11	3,285,380	4,036,619
Other financial assets	12	4,159,120	8,363,039
Property, plant and equipment	13	4,848,497	4,779,556
Right-of-use assets	14	856,823	632,760
Intangibles	15	9,094,124	2,870,553
Deferred tax assets	16	1,089,347	464,944
<b>Total assets</b>		<u>272,258,483</u>	<u>265,517,249</u>
<b>Liabilities</b>			
Trade and other payables	17	12,381,592	14,456,133
Interest bearing liabilities	18	217,463,908	212,025,920
Lease liabilities	19	875,942	636,916
Income tax	20	2,182,267	2,361,234
Provisions	21	1,937,063	1,565,757
Other	22	67,112	-
Deferred tax liabilities	23	836,966	-
<b>Total liabilities</b>		<u>235,744,850</u>	<u>231,045,960</u>
<b>Net assets</b>		<u>36,513,633</u>	<u>34,471,289</u>
<b>Equity</b>			
Issued capital	24	24,094,643	24,094,643
Reserves	25	1,486,869	1,623,925
Retained profits		<u>10,419,636</u>	<u>8,529,975</u>
Equity attributable to the owners of Westlawn Finance Limited		36,001,148	34,248,543
Non-controlling interest		<u>512,485</u>	<u>222,746</u>
<b>Total equity</b>		<u>36,513,633</u>	<u>34,471,289</u>

*The above interim condensed statement of financial position should be read in conjunction with the accompanying notes*

**Westlawn Finance Limited**  
**Interim condensed statement of changes in equity**  
**For the half-year ended 31 December 2021**

<b>Consolidated Group</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	24,094,643	(627,538)	10,193,723	187,668	33,848,496
Profit after income tax expense for the half-year	-	-	2,433,579	30,201	2,463,780
Other comprehensive income for the half-year, net of tax	-	964,213	-	2,978	967,191
Total comprehensive income for the half-year	-	964,213	2,433,579	33,179	3,430,971
Transfer from reserves on disposal of property	-	(82,835)	82,835	-	-
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 26)	-	-	(2,000,000)	-	(2,000,000)
Balance at 31 December 2020	<u>24,094,643</u>	<u>253,840</u>	<u>10,710,137</u>	<u>220,847</u>	<u>35,279,467</u>
<b>Consolidated Group</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	24,094,643	1,623,925	8,529,975	222,746	34,471,289
Profit after income tax expense for the half-year	-	-	2,518,646	44,127	2,562,773
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	2,518,646	44,127	2,562,773
Transfer from reserves on disposal of property	-	(7,000)	7,000	-	-
Transfer from reserves on disposal of investments	-	(130,056)	130,056	-	-
Adjustment to reflect disposal of part interest in subsidiary	-	-	733,959	245,612	979,571
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 26)	-	-	(1,500,000)	-	(1,500,000)
Balance at 31 December 2021	<u>24,094,643</u>	<u>1,486,869</u>	<u>10,419,636</u>	<u>512,485</u>	<u>36,513,633</u>

*The above interim condensed statement of changes in equity should be read in conjunction with the accompanying notes*

**Westlawn Finance Limited**  
**Interim condensed statement of cash flows**  
**For the half-year ended 31 December 2021**

		<b>Consolidated Group</b>	<b>Consolidated Group</b>
		<b>Half-year</b>	<b>Half-year</b>
		<b>ended 31</b>	<b>ended 31</b>
	<b>Note</b>	<b>December</b>	<b>December</b>
		<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Interest & rent received from external investments		6,629,468	7,065,550
Other receipts		7,745,436	3,460,722
Payments to suppliers and employees		(7,799,156)	(5,861,432)
		<u>6,575,748</u>	<u>4,664,840</u>
Interest and other finance costs paid		(2,146,433)	(2,568,472)
Income taxes paid		(1,745,636)	(98,542)
		<u>(1,745,636)</u>	<u>(98,542)</u>
Net cash from operating activities		<u>2,683,679</u>	<u>1,997,826</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of subsidiary, net of cash acquired	29	(4,051,695)	-
Payments for investments		-	(3,000,000)
Payments for plant and equipment		(175,329)	(191,642)
Payments for freehold improvements		-	(126,958)
Proceeds from disposal of investments		5,749,615	516,492
Proceeds from disposal of property, plant and equipment		185,732	2,533,283
Dividends & distributions received		96,644	65,039
Net loans (advanced) repaid		2,708,630	7,790,534
		<u>2,708,630</u>	<u>7,790,534</u>
Net cash from investing activities		<u>4,513,597</u>	<u>7,586,748</u>
<b>Cash flows from financing activities</b>			
Net (decrease) increase in unsecured notes		5,437,988	9,427,370
Dividends paid	26	(1,500,000)	(2,000,000)
Repayment of lease liabilities		(123,322)	-
		<u>(123,322)</u>	<u>-</u>
Net cash from financing activities		<u>3,814,666</u>	<u>7,427,370</u>
Net increase in cash and cash equivalents		11,011,942	17,011,944
Cash and cash equivalents at the beginning of the financial half-year		59,931,251	43,402,496
		<u>59,931,251</u>	<u>43,402,496</u>
Cash and cash equivalents at the end of the financial half-year		<u>70,943,193</u>	<u>60,414,440</u>

*The above interim condensed statement of cash flows should be read in conjunction with the accompanying notes*

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 1. General information**

The interim condensed financial statements cover Westlawn Finance Limited as a consolidated group consisting of Westlawn Finance Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Westlawn Finance Limited's functional and presentation currency.

Westlawn Finance Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Westlawn Building  
 22 Queen Street  
 GRAFTON NSW 2460

A description of the nature of the consolidated group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2022. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 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'.

These interim condensed general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 3. Non-interest revenue**

	<b>Consolidated Group</b>	
	<b>Half-year</b>	<b>Half-year</b>
	<b>ended 31</b>	<b>ended 31</b>
	<b>December</b>	<b>December</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Administration fees	564,918	533,026
Commission	4,883,712	2,233,778
Other fees	869,381	368,917
Dividends	99,214	63,633
Rent	38,906	105,038
Trust distributions	(2,570)	1,406
Bad debts recovered	147,577	31,034
Net gain on disposal of plant & equipment	-	4,119
Other revenue	1,122,122	179,308
Non-interest revenue	<u>7,723,260</u>	<u>3,520,259</u>

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 4. Other income**

	<b>Consolidated Group</b>	<b>Consolidated Group</b>
	<b>Half-year</b>	<b>Half-year</b>
	<b>ended 31</b>	<b>ended 31</b>
	<b>December</b>	<b>December</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Net gain on disposal of property	71,541	346,996
Net gain on disposal of financial assets	7,804	-
	<hr/>	<hr/>
Other income	79,345	346,996
	<hr/>	<hr/>

**Note 5. Expenses**

	<b>Consolidated Group</b>	<b>Consolidated Group</b>
	<b>Half-year</b>	<b>Half-year</b>
	<b>ended 31</b>	<b>ended 31</b>
	<b>December</b>	<b>December</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	37,959	40,036
Plant and equipment	111,150	69,472
Buildings right-of-use assets	93,403	76,115
	<hr/>	<hr/>
Total depreciation	242,512	185,623
	<hr/>	<hr/>
<i>Amortisation</i>		
Customer lists	219,590	20,638
Software	44,462	40,637
Leasehold improvements	16,093	11,157
Corporate bonds	6,039	35,919
	<hr/>	<hr/>
Total amortisation	286,184	108,351
	<hr/>	<hr/>
Total depreciation and amortisation	528,696	293,974
	<hr/>	<hr/>
<i>Other expenses</i>		
Auditors' remuneration	79,704	63,174
Fees and commission paid	1,616,153	151,184
Management fees	126,163	126,000
IT and telephony	315,424	197,729
Payroll tax	224,547	157,020
Other operating expenses	866,919	620,896
	<hr/>	<hr/>
Total other expenses	3,228,910	1,316,003
	<hr/>	<hr/>

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 6. Cash and cash equivalents**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	14,594	14,543
Cash at bank	48,006,171	37,089,498
Cash on deposit	22,922,428	22,827,210
	<u>70,943,193</u>	<u>59,931,251</u>
Amount expected to be recovered within 12 months	<u>70,943,193</u>	<u>59,931,251</u>

**Note 7. Trade and other receivables**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	821,873	375,921
Accrued interest & other receivables	49,380	25,543
	<u>871,253</u>	<u>401,464</u>
Amount expected to be recovered within 12 months	<u>871,253</u>	<u>401,464</u>

**Note 8. Other assets**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Prepayments	340,130	462,909
Amount expected to be recovered within 12 months	<u>340,130</u>	<u>462,909</u>

**Note 9. Non-current assets classified as held for sale**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Investment properties	-	110,000
Amount expected to be recovered within 12 months	<u>-</u>	<u>110,000</u>

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 10. Loans & advances**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Loans and advances	178,802,007	187,705,977
Less: Provision for impairment	(2,031,391)	(4,241,823)
	<u>176,770,616</u>	<u>183,464,154</u>
Amount expected to be recovered within 12 months	81,563,234	91,107,493
Amount expected to be recovered after more than 12 months	95,207,382	92,356,661
	<u>176,770,616</u>	<u>183,464,154</u>

**Note 11. Financial assets at fair value through other comprehensive income**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Shares in listed companies	3,277,591	4,007,498
Units in unlisted unit trusts	7,789	29,121
	<u>3,285,380</u>	<u>4,036,619</u>
Amount expected to be recovered after more than 12 months	<u>3,285,380</u>	<u>4,036,619</u>

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:

Opening fair value	4,036,619	3,136,714
Additions	-	3,129,029
Disposals	(751,239)	(4,488,098)
Revaluation increments	-	2,258,974
Closing fair value	<u>3,285,380</u>	<u>4,036,619</u>

Refer to note 27 for further information on fair value measurement.

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 12. Other financial assets**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Corporate bonds - at amortised cost	1,756,000	1,773,039
Less: Provision for impairment	(1,096,880)	(910,000)
Other investments - at amortised cost	3,500,000	7,500,000
	<u>4,159,120</u>	<u>8,363,039</u>
Amount expected to be recovered after more than 12 months	<u>4,159,120</u>	<u>8,363,039</u>

**Note 13. Property, plant and equipment**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Land - at independent valuation	1,240,000	1,240,000
Buildings - at independent valuation	2,885,000	2,885,000
Less: Accumulated depreciation	(180,807)	(144,448)
	<u>2,704,193</u>	<u>2,740,552</u>
Freehold improvements - at cost	126,958	126,958
Less: Accumulated depreciation	(4,522)	(2,922)
	<u>122,436</u>	<u>124,036</u>
Leasehold improvements - at cost	338,852	205,253
Less: Accumulated depreciation	(161,135)	(66,142)
	<u>177,717</u>	<u>139,111</u>
Plant and equipment - at cost	1,558,309	1,223,215
Less: Accumulated depreciation	(954,158)	(687,358)
	<u>604,151</u>	<u>535,857</u>
	<u>4,848,497</u>	<u>4,779,556</u>
Amount expected to be recovered after more than 12 months	<u>4,848,497</u>	<u>4,779,556</u>

Refer to note 27 for further information on fair value measurement.

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 14. Right-of-use assets**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Land and buildings - right-of-use	1,089,982	796,982
Less: Accumulated depreciation	(233,159)	(164,222)
	<u>856,823</u>	<u>632,760</u>
Amount expected to be recovered after more than 12 months	<u>856,823</u>	<u>632,760</u>

**Note 15. Intangibles**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	8,930,617	4,142,571
Less: Impairment	(1,762,294)	(1,762,294)
	<u>7,168,323</u>	<u>2,380,277</u>
Patents and trademarks - at cost	775,663	-
Less: Accumulated amortisation	(54,114)	-
	<u>721,549</u>	<u>-</u>
Customer lists - at cost	2,243,277	1,319,363
Less: Accumulated amortisation	(1,317,882)	(1,152,406)
	<u>925,395</u>	<u>166,957</u>
Software - at cost	1,136,550	1,136,550
Less: Accumulated amortisation	(857,693)	(813,231)
	<u>278,857</u>	<u>323,319</u>
	<u>9,094,124</u>	<u>2,870,553</u>
Amount expected to be recovered after more than 12 months	<u>9,094,124</u>	<u>2,870,553</u>

**Note 16. Deferred tax assets**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Deferred tax asset	<u>1,089,347</u>	<u>464,944</u>

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 17. Trade and other payables**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,052,697	1,190,688
Insurance broking trust account	3,428,688	3,717,730
GST payable on leases	6,159,225	8,594,132
Interest payable	81,808	87,902
BAS payable	470,715	545,176
Other payables	1,188,459	320,505
	<u>12,381,592</u>	<u>14,456,133</u>
Amount expected to be settled within 12 months	9,405,072	10,140,256
Amount expected to be settled after more than 12 months	<u>2,976,520</u>	<u>4,315,877</u>
	<u>12,381,592</u>	<u>14,456,133</u>

**Note 18. Interest bearing liabilities**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Unsecured Notes - at call	19,614,370	15,691,770
Unsecured Notes - term	197,849,538	196,334,150
	<u>217,463,908</u>	<u>212,025,920</u>
Amount expected to be settled within 12 months	184,865,643	179,981,556
Amount expected to be settled after more than 12 months	<u>32,598,265</u>	<u>32,044,364</u>
	<u>217,463,908</u>	<u>212,025,920</u>

The Trust Deed dated 1 June 2001 between the Company and the Trustee, governs the terms and conditions on which the Unsecured Notes are created and issued. The Unsecured Notes rank for payment in the event of the winding up of the Company equally with all other unsecured creditors of the Company. Any debenture notes issued by the Company will have priority given by the registration of a charge. The Unsecured Notes are issued subject to the conditions in Schedule 1 of the Trust Deed.

**Liquidity risk**

Liquidity risk is the risk that Westlawn is unable to meet its financial obligations as they fall due, due to the maturity mismatch in its cash flows. Principally the need to meet the right of noteholders to redeem their funds as required.

Westlawn maintains a liquidity risk management policy that establishes sound practices to manage this mismatch under a range of market conditions. This policy requires Westlawn to, where practicable, maintain a minimum holding of 9% of its total liabilities in liquid assets. Liquidity management is the responsibility of Westlawn's board and executive.

The Company prepares three monthly and twelve monthly cash flow projections as part of its overall liquidity strategy. The Company has at all times on hand cash or cash equivalents sufficient to meet its projected cash needs over the next three months.

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 19. Lease liabilities**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Lease liability	875,942	636,916
Amount expected to be settled within 12 months	226,683	130,915
Amount expected to be settled after more than 12 months	649,259	506,001
	875,942	636,916

**Note 20. Income tax**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Current tax liability	2,182,267	2,361,234
Amount expected to be settled within 12 months	2,182,267	2,361,234

**Note 21. Provisions**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Annual leave	784,157	651,672
Long service leave	1,152,906	914,085
	1,937,063	1,565,757
Amount expected to be settled within 12 months	1,741,675	1,468,881
Amount expected to be settled after more than 12 months	195,388	96,876
	1,937,063	1,565,757

**Note 22. Other**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Revenue received in advance	67,112	-
Amount expected to be settled within 12 months	67,112	-

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 23. Deferred tax liabilities**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Deferred tax liability	836,966	-

**Note 24. Issued capital**

	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>	<b>Consolidated Group</b>	
	<b>Shares</b>	<b>Shares</b>	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
			<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	14,805,871	14,805,871	24,094,643	24,094,643

**Note 25. Reserves**

	<b>Consolidated Group</b>	
	<b>As at 31 December 2021</b>	<b>As at 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Revaluation surplus reserve	1,418,973	1,425,973
Financial assets at fair value through other comprehensive income reserve	67,896	197,952
	1,486,869	1,623,925

**Note 26. Dividends**

Dividends paid during the financial half-year were as follows:

	<b>Consolidated Group</b>	
	<b>Half-year ended 31 December 2021</b>	<b>Half-year ended 31 December 2020</b>
	<b>\$</b>	<b>\$</b>
Final dividend for the year ended 30 June 2021 of 10.1311 cents per ordinary share franked at the rate of 30%	1,500,000	-
Final dividend for the year ended 30 June 2020 of 13.5081 cents per ordinary share franked at the rate of 30%	-	2,000,000
	1,500,000	2,000,000

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 27. Fair value measurement**

*Fair value hierarchy*

The following tables detail the consolidated group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated Group - As at 31 December 2021</b>				
<i>Assets</i>				
Financial assets at fair value through OCI - Shares in listed companies	3,277,591	-	-	3,277,591
Financial assets at fair value through OCI - Units in unlisted unit trusts	-	-	7,789	7,789
Land and buildings	-	3,944,193	-	3,944,193
Total assets	3,277,591	3,944,193	7,789	7,229,573
<b>Consolidated Group - As at 30 June 2021</b>				
<i>Assets</i>				
Financial assets at fair value through OCI - Shares in listed companies	4,007,498	-	-	4,007,498
Financial assets at fair value through OCI - Units in unlisted unit trusts	-	-	29,121	29,121
Non-current assets classified as held for sale	-	110,000	-	110,000
Land and buildings	-	3,980,552	-	3,980,552
Total assets	4,007,498	4,090,552	29,121	8,127,171

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

*Valuation techniques for fair value measurements categorised within level 2 and level 3*

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued in June 2019 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount.

The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition.

Units in unlisted unit trusts have been valued based on the underlying assets within the trust, which in turn maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 27. Fair value measurement (continued)**

*Level 3 assets and liabilities*

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

<b>Consolidated Group</b>	Financial assets at fair value through OCI \$	Total \$
Balance at 1 July 2021	29,121	29,121
Disposals	<u>(21,332)</u>	<u>(21,332)</u>
Balance at 31 December 2021	<u>7,789</u>	<u>7,789</u>

Changing one or more inputs would not significantly change the fair value of level 3 financial instruments.

**Note 28. Contingent liabilities**

The Company has provided guarantees for the performance of various works contracts. These guarantees were predominantly granted to Local Councils to ensure the satisfactory performance of capital works on subdivision projects.

There has been no significant change in contingent liabilities since the last annual reporting date.

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 29. Business combinations**

Effective from 1 July 2021 the Company acquired 100% of the ordinary shares of Centrepont Finance Pty Ltd ("CPF") and its subsidiary Finance 2 Business Pty Ltd ("F2B") for the total consideration transferred of \$6,225,000. These are finance broking businesses that operate in the finance division of the consolidated group.

The acquired businesses contributed revenues of \$2,409,529 and profit after tax of \$163,234 to the consolidated group for the period from 1 July 2021 to 31 December 2021.

The values identified in relation to the acquisition of CPF and F2B are only provisional at this time, and the acquisition is subject to a rise and fall clause which may result in an adjustment to the purchase price. This contingent consideration has been deemed to have no value at acquisition date based on the expected performance of the acquired businesses.

Details of the acquisition are as follows:

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	2,173,305
Other current assets	214,687
Plant and equipment	23,320
Right-of-use assets	143,049
Patents and trademarks	542,964
Customer relationships	646,740
Deferred tax asset	157,713
Trade and other payables	(727,771)
Employee benefits	(428,112)
Other provisions	(162,765)
Lease liability	(148,247)
Intercompany loans	(997,929)
Net assets acquired	1,436,954
Goodwill	4,788,046
Acquisition-date fair value of the total consideration transferred	<u>6,225,000</u>
Representing:	
Cash paid or payable to vendor	<u>6,225,000</u>
Acquisition costs expensed to profit or loss	<u>3,521</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	6,225,000
Less: cash and cash equivalents	<u>(2,173,305)</u>
Net cash used	<u>4,051,695</u>

**Westlawn Finance Limited**  
**Notes to the interim condensed financial statements**  
**31 December 2021**

**Note 30. Events after the reporting period**

On 18 February 2022 the Company entered into a Share Sale Deed ('SSD') to acquire a 70% interest in Equity-One Mortgage Fund Limited ('EMF') for total consideration of \$23,671,900. Payment of the total consideration is expected to occur on the later of, three business days after all conditions precedent of the SSD are satisfied or waived, or 1 March 2022.

The purchase price is subject to a rise and fall adjustment based on full year normalised earnings in respect of the year ended 30 June 2022. The Company has also entered into a shareholders agreement with the non-controlling shareholder which contains put and call options that provide the Company an option to acquire (or the non-controlling shareholder to sell) the remaining 30% interest in EMF in three tranches of 10% each from 2024 to 2027.

As at the date of this report the Company has not paid the consideration and has not yet obtained control of EMF.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated group's operations, the results of those operations, or the consolidated group's state of affairs in future financial years.

**Westlawn Finance Limited**  
**Directors' declaration**  
**31 December 2021**

In the directors' opinion:

- the attached interim condensed financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached interim condensed financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

  
James William Dougherty  
Chairman

23 February 2022  
Grafton

## Independent Auditor's Review Report to the members of Westlawn Finance Limited and its controlled entities

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Westlawn Finance Limited and its controlled entities ("the company") which comprises the interim condensed statement of financial position as at 31 December 2021, the interim condensed statement of profit or loss and other comprehensive income, the interim condensed statement of changes in equity and the interim condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Westlawn Finance Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) 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 Company 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.

### Responsibility of the Directors for the 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year 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 2021 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*.

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.

### **THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS**

Per:

A handwritten signature in dark ink, appearing to read 'R. A. Watkinson', written over a dotted line.

R A WATKINSON (Partner)

Dated at Robina this 23rd day of February 2022