

Condensed Interim Report

31 December 2022



Westlawn
FINANCE LIMITED

and its controlled entities
ABN 19 096 725 218

Westlawn Finance Limited
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31 December 2022

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Westlawn Finance Limited Directors' report 31 December 2022

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 2022.

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:

	Consolidated Group Half-year ended 31 December 2022	Half-year ended 31 December 2021
	\$	\$
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 2022 of 27.0163 cents per ordinary share franked at the rate of 30%	4,000,000	-
	<u>4,000,000</u>	<u>1,500,000</u>

Review of operations

The profit for the consolidated group after providing for income tax and non-controlling interest amounted to \$3,452,900 (31 December 2021: \$2,518,645).

Finance

The finance business contributed a profit before tax of \$5,275,107 for the half-year (31 December 2021: profit of \$3,096,719).

Insurance

The insurance broking business continues to make a positive contribution to the group, reporting a net profit before tax of \$1,206,895 for the half-year (31 December 2021: profit of \$822,862).

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.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2022 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.

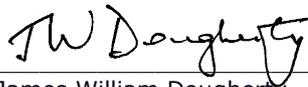
Auditor's independence declaration

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.

Westlawn Finance Limited
Directors' report
31 December 2022

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

A handwritten signature in black ink, appearing to read 'JW Dougherty', written over a horizontal line.

James William Dougherty
Chairman

15 February 2023
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 2022, 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 15th day of February 2023.

**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 2022

	Note	Consolidated Group Half-year ended 31 December 2022 \$	Half-year ended 31 December 2021 \$
Revenue			
Interest income		8,852,252	6,535,685
Interest expense		<u>(2,646,665)</u>	<u>(2,144,349)</u>
Net interest income		<u>6,205,587</u>	<u>4,391,336</u>
Non-interest revenue			
	3	14,493,219	7,723,260
Other income	4	-	79,345
Total revenue after interest expense		<u>20,698,806</u>	<u>12,193,941</u>
Expenses			
Bad debts written off		(221,180)	(2,616,162)
Reversal of impairment of loans and advances		311,342	2,210,432
Computer & IT expenses		(407,390)	(315,424)
Depreciation and amortisation expense	5	(1,785,620)	(528,696)
Employee benefits expense		(5,447,267)	(3,924,144)
Fees and commission paid		(3,808,568)	(1,616,153)
Impairment of investments		-	(186,880)
Legal and credit expenses		(1,105,535)	(232,277)
Loss on disposal of assets		(3,455)	-
Other expenses	5	<u>(1,749,131)</u>	<u>(1,065,057)</u>
Total expenses		<u>(14,216,804)</u>	<u>(8,274,361)</u>
Profit before income tax expense		6,482,002	3,919,580
Income tax expense		<u>(2,488,655)</u>	<u>(1,356,808)</u>
Profit after income tax expense for the half-year		3,993,347	2,562,772
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>3,993,347</u>	<u>2,562,772</u>
Profit for the half-year is attributable to:			
Non-controlling interest		540,447	44,127
Owners of Westlawn Finance Limited		<u>3,452,900</u>	<u>2,518,645</u>
		<u>3,993,347</u>	<u>2,562,772</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		540,447	44,127
Owners of Westlawn Finance Limited		<u>3,452,900</u>	<u>2,518,645</u>
		<u>3,993,347</u>	<u>2,562,772</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 2022

		Consolidated Group	
		As at 31	As at 30
	Note	December	June 2022
		2022	2022
		\$	\$
Assets			
Cash and cash equivalents	6	27,347,124	36,339,369
Trade and other receivables	7	1,056,730	1,311,290
Other assets	8	406,519	641,507
Loans & advances	9	219,472,611	206,487,000
Financial assets at fair value through other comprehensive income	10	169,512	170,864
Other financial assets	11	3,201,158	5,464,445
Property, plant and equipment	12	5,570,978	5,393,776
Right-of-use assets	13	608,408	729,362
Intangibles	14	45,593,022	41,077,957
Deferred tax assets	15	257,503	553,203
		<u>303,683,565</u>	<u>298,168,773</u>
Total assets			
Liabilities			
Trade and other payables	16	9,794,892	14,471,162
Interest bearing liabilities	17	231,244,486	228,461,289
Lease liabilities	18	640,562	752,288
Income tax	19	433,112	287,456
Provisions	20	2,545,023	2,444,731
Financial liabilities	21	6,565,000	-
Other	22	-	97,922
Deferred tax liabilities	23	6,193,158	6,581,011
		<u>257,416,233</u>	<u>253,095,859</u>
Total liabilities			
Net assets		<u>46,267,332</u>	<u>45,072,914</u>
Equity			
Issued capital	24	24,094,643	24,094,643
Reserves	25	(4,639,094)	1,925,906
Retained profits		<u>14,536,827</u>	<u>13,690,145</u>
Equity attributable to the owners of Westlawn Finance Limited		33,992,376	39,710,694
Non-controlling interest		<u>12,274,956</u>	<u>5,362,220</u>
Total equity		<u>46,267,332</u>	<u>45,072,914</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 2022

Consolidated Group	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
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	-	-	2,518,645	44,127	2,562,772
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	2,518,645	44,127	2,562,772
Transfer from reserves on disposal of property	-	(7,000)	7,000	-	-
Transfer from reserves on disposal of investments	-	(130,056)	130,056	-	-
<i>Transactions with owners in their capacity as owners:</i>					
Disposal of part interest in subsidiary	-	-	733,959	245,612	979,571
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>10,419,635</u>	<u>512,485</u>	<u>36,513,632</u>
Consolidated Group	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	24,094,643	1,925,906	13,690,145	5,362,220	45,072,914
Profit after income tax expense for the half-year	-	-	3,452,900	540,447	3,993,347
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	3,452,900	540,447	3,993,347
<i>Transactions with owners in their capacity as owners:</i>					
Option to acquire further interest in subsidiary	-	(6,565,000)	-	-	(6,565,000)
Disposal of part interest in subsidiary	-	-	1,393,782	365,363	1,759,145
Adjustment to reflect change in accounting policy of Business Combinations (Note 2)	-	-	-	6,006,926	6,006,926
Dividends paid (note 26)	-	-	(4,000,000)	-	(4,000,000)
Balance at 31 December 2022	<u>24,094,643</u>	<u>(4,639,094)</u>	<u>14,536,827</u>	<u>12,274,956</u>	<u>46,267,332</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 2022

	Note	Consolidated Group Half-year ended 31 December 2022 \$	Half-year ended 31 December 2021 \$
Cash flows from operating activities			
Interest & rent received from external investments		8,922,225	6,629,468
Other receipts		14,833,256	7,745,436
Payments to suppliers and employees		<u>(15,011,141)</u>	<u>(7,799,156)</u>
		8,744,340	6,575,748
Interest and other finance costs paid		<u>(2,631,219)</u>	<u>(2,146,433)</u>
Income taxes paid		<u>(2,435,153)</u>	<u>(1,745,636)</u>
Net cash from operating activities		<u>3,677,968</u>	<u>2,683,679</u>
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		(1,118,299)	(4,051,695)
Payments for investments		(2,492,460)	-
Payments for plant and equipment		(316,046)	(175,329)
Payments for intangibles		(18,001)	-
Proceeds from disposal of investments		6,716,245	5,749,615
Proceeds from disposal of property, plant and equipment		-	185,732
Dividends & distributions received		2,743	96,644
Net loans (advanced) repaid		<u>(13,896,450)</u>	<u>2,708,630</u>
Net cash from/(used in) investing activities		<u>(11,122,268)</u>	<u>4,513,597</u>
Cash flows from financing activities			
Net (decrease) increase in unsecured notes		2,783,196	5,437,988
Repayment of lease liabilities		(131,141)	(123,322)
Dividends paid	26	(4,000,000)	(1,500,000)
Dividends paid (non-controlling interest)		<u>(200,000)</u>	<u>-</u>
Net cash from/(used in) financing activities		<u>(1,547,945)</u>	<u>3,814,666</u>
Net increase/(decrease) in cash and cash equivalents		(8,992,245)	11,011,942
Cash and cash equivalents at the beginning of the financial half-year		<u>36,339,369</u>	<u>59,931,251</u>
Cash and cash equivalents at the end of the financial half-year		<u>27,347,124</u>	<u>70,943,193</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 2022

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 15 February 2023. 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 2022 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 2022 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, except for the policies stated below.

Change in accounting policy - Business Combinations

The Company previously measured its non-controlling interests (NCI) at the NCI's proportionate interest in recognised net assets. In order to align the Company's accounting policy with that of its parent entity, the Company has now elected to measure NCI at fair value. The financial impact of this change was to increase Intangible assets (Goodwill - at cost) by \$6,006,926 with a corresponding increase of NCI in Equity.

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.

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 3. Non-interest revenue

	Consolidated Group	
	Half-year ended 31 December 2022	Half-year ended 31 December 2021
	\$	\$
Fee revenue	6,990,950	869,381
Administration fees	581,917	564,918
Commission	5,486,086	4,883,712
Dividends	2,634	99,214
Rent	46,400	38,906
Trust distributions	109	(2,570)
Bad debts recovered	8,426	147,577
Other revenue	<u>1,376,697</u>	<u>1,122,122</u>
Non-interest revenue	<u>14,493,219</u>	<u>7,723,260</u>

Note 4. Other income

	Consolidated Group	
	Half-year ended 31 December 2022	Half-year ended 31 December 2021
	\$	\$
Net gain on disposal of property	-	71,541
Net gain on disposal of financial assets	<u>-</u>	<u>7,804</u>
Other income	<u>-</u>	<u>79,345</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 5. Expenses

	Consolidated Group	
	Half-year ended 31 December 2022	Half-year ended 31 December 2021
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	33,397	37,959
Plant and equipment	88,867	111,150
Buildings right-of-use assets	140,370	93,403
Total depreciation	<u>262,634</u>	<u>242,512</u>
<i>Amortisation</i>		
Patents and trademarks	56,070	54,114
Customer lists	1,389,315	165,476
Software	64,477	44,462
Leasehold improvements	13,124	16,093
Corporate bonds	-	6,039
Total amortisation	<u>1,522,986</u>	<u>286,184</u>
Total depreciation and amortisation	<u>1,785,620</u>	<u>528,696</u>
<i>Other expenses</i>		
Advertising & marketing	202,335	90,547
Auditors' remuneration	85,760	79,704
Insurance	362,992	138,417
Management fees	135,138	126,163
Office administration	57,097	54,091
Other operating expenses	188,276	137,757
Payroll tax	333,699	224,547
Rent & occupancy costs	153,529	92,912
Staff travel, training & welfare	139,825	83,082
Trustee fees	90,480	37,837
Total other expenses	<u>1,749,131</u>	<u>1,065,057</u>

Note 6. Cash and cash equivalents

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Cash on hand	20,692	21,143
Cash at bank	23,762,056	32,738,494
Cash on deposit	3,564,376	3,579,732
	<u>27,347,124</u>	<u>36,339,369</u>
Amount expected to be recovered within 12 months	<u>27,347,124</u>	<u>36,339,369</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 7. Trade and other receivables

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Trade receivables	1,026,089	1,212,273
Less: Allowance for expected credit losses	<u>(65,258)</u>	<u>(65,258)</u>
	960,831	1,147,015
Accrued interest & other receivables	<u>95,899</u>	<u>164,275</u>
	1,056,730	1,311,290
Amount expected to be recovered within 12 months	<u>1,056,730</u>	<u>1,311,290</u>

Note 8. Other assets

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Prepayments	<u>406,519</u>	<u>641,507</u>
Amount expected to be recovered within 12 months	<u>406,519</u>	<u>641,507</u>

Note 9. Loans & advances

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Loans and advances	220,849,246	208,174,977
Less: Provision for impairment	<u>(1,376,635)</u>	<u>(1,687,977)</u>
	219,472,611	206,487,000
Amount expected to be recovered within 12 months	75,236,292	76,185,126
Amount expected to be recovered after more than 12 months	<u>144,236,319</u>	<u>130,301,874</u>
	<u>219,472,611</u>	<u>206,487,000</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 10. Financial assets at fair value through other comprehensive income

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Shares in listed companies	169,495	169,495
Units in unlisted unit trusts	17	1,369
	<u>169,512</u>	<u>170,864</u>
Amount expected to be recovered after more than 12 months	<u>169,512</u>	<u>170,864</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	170,864	4,036,619
Disposals	(1,352)	(3,886,689)
Revaluation increments	-	20,934
Closing fair value	<u>169,512</u>	<u>170,864</u>

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

Note 11. Other financial assets

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Corporate bonds - at amortised cost	1,145,828	1,214,075
Less: Provision for impairment	(1,096,880)	(1,096,880)
Other investments - at amortised cost	<u>3,152,210</u>	<u>5,347,250</u>
	<u>3,201,158</u>	<u>5,464,445</u>
Amount expected to be recovered after more than 12 months	<u>3,201,158</u>	<u>5,464,445</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 12. Property, plant and equipment

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Land - at independent valuation	1,540,000	1,540,000
Buildings - at independent valuation	3,150,000	3,150,000
Less: Accumulated depreciation	(39,699)	-
	<u>3,110,301</u>	<u>3,150,000</u>
Leasehold improvements - at cost	288,737	288,737
Less: Accumulated depreciation	(166,326)	(153,202)
	<u>122,411</u>	<u>135,535</u>
Plant and equipment - at cost	1,751,772	1,630,205
Less: Accumulated depreciation	(953,506)	(1,061,964)
	<u>798,266</u>	<u>568,241</u>
	<u>5,570,978</u>	<u>5,393,776</u>
Amount expected to be recovered after more than 12 months	<u>5,570,978</u>	<u>5,393,776</u>

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

Note 13. Right-of-use assets

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Land and buildings - right-of-use	1,041,502	1,200,898
Less: Accumulated depreciation	(433,094)	(471,536)
	<u>608,408</u>	<u>729,362</u>
Amount expected to be recovered after more than 12 months	<u>608,408</u>	<u>729,362</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 14. Intangibles

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Goodwill - at cost	28,237,298	22,230,372
Less: Impairment	<u>(1,762,294)</u>	<u>(1,762,294)</u>
	<u>26,475,004</u>	<u>20,468,078</u>
Patents and trademarks - at cost	2,172,000	2,172,000
Less: Accumulated amortisation	<u>(168,210)</u>	<u>(112,140)</u>
	<u>2,003,790</u>	<u>2,059,860</u>
Customer lists - at cost	20,408,377	20,408,377
Less: Accumulated amortisation	<u>(3,667,878)</u>	<u>(2,284,816)</u>
	<u>16,740,499</u>	<u>18,123,561</u>
Software - at cost	1,350,157	1,332,156
Less: Accumulated amortisation	<u>(976,428)</u>	<u>(905,698)</u>
	<u>373,729</u>	<u>426,458</u>
	<u>45,593,022</u>	<u>41,077,957</u>
Amount expected to be recovered after more than 12 months	<u>45,593,022</u>	<u>41,077,957</u>

Change in accounting policy - Business Combinations

The Company previously measured its non-controlling interests (NCI) at the NCI's proportionate interest in recognised net assets. In order to align the Company's accounting policy with that of its parent entity, the Company has now elected to measure NCI at fair value. The financial impact of this change was to increase Intangible assets (Goodwill - at cost) by \$6,006,926 with a corresponding increase of NCI in Equity.

Note 15. Deferred tax assets

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Deferred tax asset	<u>257,503</u>	<u>553,203</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 16. Trade and other payables

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Trade payables	1,740,804	2,832,602
Insurance broking trust account	3,561,675	5,044,259
GST payable on leases	3,501,559	4,421,578
Interest payable	83,268	69,656
BAS payable	470,302	604,505
Other payables	437,284	1,498,562
	<u>9,794,892</u>	<u>14,471,162</u>
Amount expected to be settled within 12 months	8,020,219	12,387,567
Amount expected to be settled after more than 12 months	<u>1,774,673</u>	<u>2,083,595</u>
	<u>9,794,892</u>	<u>14,471,162</u>

Note 17. Interest bearing liabilities

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Unsecured Notes - at call	27,156,297	21,234,988
Unsecured Notes - term	<u>204,088,189</u>	<u>207,226,301</u>
	<u>231,244,486</u>	<u>228,461,289</u>
Amount expected to be settled within 12 months	208,421,271	195,863,024
Amount expected to be settled after more than 12 months	<u>22,823,215</u>	<u>32,598,265</u>
	<u>231,244,486</u>	<u>228,461,289</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 2022

Note 18. Lease liabilities

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Lease liability	640,562	752,288
Amount expected to be settled within 12 months	238,767	264,971
Amount expected to be settled after more than 12 months	401,795	487,317
	<u>640,562</u>	<u>752,288</u>

Note 19. Income tax

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Current tax liability	433,112	287,456
Amount expected to be settled within 12 months	433,112	287,456

Note 20. Provisions

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Annual leave	1,100,539	1,009,889
Long service leave	1,444,484	1,434,842
	<u>2,545,023</u>	<u>2,444,731</u>
Amount expected to be settled within 12 months	2,320,632	2,207,195
Amount expected to be settled after more than 12 months	224,391	237,536
	<u>2,545,023</u>	<u>2,444,731</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 21. Financial liabilities

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Put option liability	6,565,000	-
Amount expected to be settled after more than 12 months	<u>6,565,000</u>	<u>-</u>

As part of the acquisition of 70% of Equity-One Mortgage Fund Limited (EQ1), the Company entered into a Shareholders Deed with the non-controlling shareholder of EQ1. The Deed contains a number of put and call options that provide the Company an option to acquire, or the non-controlling shareholder to sell, the remaining 30% interest in EQ1 in three tranches of 10% each from 2024 to 2027. The financial liability of the put options have been calculated in accordance with the requirements of AASB 132 Financial Instruments: Presentation and based on an estimate of future earnings of EQ1 in order to calculate the potential purchase price, which has then been discounted to present value.

Note 22. Other

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Revenue received in advance	-	97,922
Amount expected to be settled within 12 months	<u>-</u>	<u>97,922</u>

Note 23. Deferred tax liabilities

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Deferred tax liability	6,193,158	6,581,011

Note 24. Issued capital

	Consolidated Group			
	As at 31 December 2022	As at 30 June 2022	As at 31 December 2022	As at 30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>14,805,871</u>	<u>14,805,871</u>	<u>24,094,643</u>	<u>24,094,643</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 25. Reserves

	Consolidated Group	
	As at 31 December 2022	As at 30 June 2022
	\$	\$
Revaluation surplus reserve	1,846,287	1,846,287
Financial assets at fair value through other comprehensive income reserve	79,619	79,619
Options reserve	(6,565,000)	-
	<u>(4,639,094)</u>	<u>1,925,906</u>

Note 26. Dividends

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

	Consolidated Group	
	Half-year ended 31 December 2022	Half-year ended 31 December 2021
	\$	\$
Final dividend for the year ended 30 June 2022 of 27.0163 cents per ordinary share franked at the rate of 30%	4,000,000	-
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
	<u>4,000,000</u>	<u>1,500,000</u>

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

Consolidated Group - As at 31 December 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Financial assets at fair value through OCI - Shares in listed companies	169,495	-	-	169,495
Shares in unlisted companies	-	-	17	17
Land and buildings	-	4,650,301	-	4,650,301
Total assets	<u>169,495</u>	<u>4,650,301</u>	<u>17</u>	<u>4,819,813</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2022

Note 27. Fair value measurement (continued)

Consolidated Group - As at 30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through OCI - Shares in listed companies	169,495	-	-	169,495
Financial assets at fair value through OCI - Units in unlisted unit trusts	-	-	1,369	1,369
Land and buildings	-	4,690,000	-	4,690,000
Total assets	169,495	4,690,000	1,369	4,860,864

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 2022 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.

Level 3 assets and liabilities

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

Consolidated Group	Financial assets at fair value through OCI \$	Total \$
Balance at 1 July 2022	1,369	1,369
Disposals	(1,352)	(1,352)
Balance at 31 December 2022	<u>17</u>	<u>17</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.

Note 29. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 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 2022

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 2022 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

15 February 2023
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 2022, the interim condensed statement of profit or loss and other comprehensive income, the interim condensed statement of changes in equity and the interim condensed 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 2022 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 2022 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 black ink that reads 'R. A. Watkinson'.

.....
R A WATKINSON (Partner)

Dated at Robina this 15th day of February 2023