

Condensed Interim Report 31 December 2023



ABN 19 096 725 218

Westlawn Finance Limited
Contents
31 December 2023

Directors' report	2
Auditor's independence declaration	4
Interim condensed statement of profit or loss and other comprehensive income	5
Interim condensed statement of financial position	6
Interim condensed statement of changes in equity	7
Interim condensed statement of cash flows	8
Notes to the interim condensed financial statements	9
Directors' declaration	20
Independent auditor's review report to the members of Westlawn Finance Limited	21

Westlawn Finance Limited
Directors' report
31 December 2023

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 2023.

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:

Mark Charles Dougherty
 Geoffrey Dean Scofield
 Andrew Harry Hayes
 Andrew Michael Dougherty
 Cameron Scott McCullagh
 Andrew Douglas Bennett
 James William Dougherty (resigned 29/9/2023)

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	Half-year
	ended 31	ended 31
	December	December
	2023	2022
	\$	\$
Interim dividend for the year ended 30 June 2024 of 20.2622 cents per Ordinary Share franked at the rate of 30%	3,000,000	-
Final dividend for the year ended 30 June 2023 of 20.2622 cents per Ordinary Share franked at the rate of 30%	3,000,000	-
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>6,000,000</u>	<u>4,000,000</u>

Review of operations

The profit for the consolidated group after providing for income tax and non-controlling interest amounted to \$2,755,857 (31 December 2022: \$3,452,900).

A further analysis of the performance of the Consolidated Group is provided below.

	Half-year	Half-year		
	ended 31	ended 31		
	December	December		
	2023	2022	Change	Change
	\$	\$	\$	%
Profit before income tax contributed by:				
Finance business	3,962,861	5,275,107	(1,312,246)	(25%)
Insurance broking business	1,565,586	1,206,895	358,691	30%
Profit before income tax expense	<u>5,528,447</u>	<u>6,482,002</u>	<u>(953,555)</u>	
Less: Income tax expense	(1,671,390)	(2,488,655)	817,265	(33%)
Less: Non-controlling interest	(1,101,200)	(540,447)	(560,753)	104%
Profit after income tax expense and non-controlling interest	<u>2,755,857</u>	<u>3,452,900</u>	<u>(697,043)</u>	

Westlawn Finance Limited
Directors' report
31 December 2023

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 2023 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



Mark Charles Dougherty
Chairman

15 February 2024
Grafton



AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the review of the condensed consolidated interim financial report of Westlawn Finance Limited for the half-year ended 31 December 2023, 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 2024.

**THOMAS NOBLE & RUSSELL
 CHARTERED ACCOUNTANTS**

Per:

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

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Westlawn Finance Limited
Interim condensed statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated Group Half-year ended 31 December 2023 \$	Half-year ended 31 December 2022 \$
Revenue			
Interest income		9,406,321	8,852,252
Interest expense		<u>(4,847,965)</u>	<u>(2,646,665)</u>
Net interest income		<u>4,558,356</u>	<u>6,205,587</u>
Non-interest revenue			
	3	17,341,130	14,493,219
Other income	4	<u>227,926</u>	<u>-</u>
Total revenue after interest expense		<u>22,127,412</u>	<u>20,698,806</u>
Expenses			
Bad debts written off		(201,989)	(221,180)
Reversal of impairment of loans and advances		36,294	311,342
Computer & IT expenses		(487,357)	(407,390)
Depreciation and amortisation expense	5	(1,802,219)	(1,785,620)
Employee benefits expense		(5,952,347)	(5,447,267)
Fees and commission paid		(4,623,167)	(3,808,568)
Legal and credit expenses		(1,126,484)	(1,105,535)
Loss on disposal of assets		(56,822)	(3,455)
Other expenses	5	<u>(2,384,874)</u>	<u>(1,749,131)</u>
Total expenses		<u>(16,598,965)</u>	<u>(14,216,804)</u>
Profit before income tax expense		5,528,447	6,482,002
Income tax expense		<u>(1,671,390)</u>	<u>(2,488,655)</u>
Profit after income tax expense for the half-year		3,857,057	3,993,347
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u>3,857,057</u>	<u>3,993,347</u>
Profit for the half-year is attributable to:			
Non-controlling interest		1,101,200	540,447
Owners of Westlawn Finance Limited		<u>2,755,857</u>	<u>3,452,900</u>
		<u>3,857,057</u>	<u>3,993,347</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		1,101,200	540,447
Owners of Westlawn Finance Limited		<u>2,755,857</u>	<u>3,452,900</u>
		<u>3,857,057</u>	<u>3,993,347</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 2023

		Consolidated Group	
	Note	31 December 2023	30 June 2023
		\$	\$
Assets			
Cash and cash equivalents	6	36,989,274	36,484,360
Trade and other receivables	7	1,459,772	1,310,322
Investments		446,694	434,929
Income tax refund due	8	1,562,083	1,263,633
Other assets	9	806,028	641,705
Loans & advances	10	163,464,813	194,434,314
Financial assets at fair value through other comprehensive income	11	202,584	202,584
Other financial assets	12	22,793,970	13,864,195
Property, plant and equipment	13	4,483,492	5,448,426
Right-of-use assets	14	827,252	810,157
Intangibles	15	42,851,399	44,106,893
Deferred tax assets	16	326,600	324,094
Total assets		<u>276,213,961</u>	<u>299,325,612</u>
Liabilities			
Trade and other payables	17	9,897,948	10,361,644
Interest bearing liabilities	18	207,230,971	225,570,096
Lease liabilities	19	874,227	843,525
Provisions	20	2,628,899	2,666,944
Financial liabilities	21	11,697,000	8,596,000
Other	22	-	84,450
Deferred tax liabilities	23	6,814,140	7,328,234
Total liabilities		<u>239,143,185</u>	<u>255,450,893</u>
Net assets		<u>37,070,776</u>	<u>43,874,719</u>
Equity			
Issued capital	24	24,094,643	24,094,643
Reserves	25	(9,928,104)	(6,651,564)
Retained profits		<u>10,504,971</u>	<u>13,573,574</u>
Equity attributable to the owners of Westlawn Finance Limited		24,671,510	31,016,653
Non-controlling interest		<u>12,399,266</u>	<u>12,858,066</u>
Total equity		<u>37,070,776</u>	<u>43,874,719</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 2023

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	-	-	-	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>
Consolidated Group	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2023	24,094,643	(6,651,564)	13,573,574	12,858,066	43,874,719
Profit after income tax expense for the half-year	-	-	2,755,857	1,101,200	3,857,057
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	2,755,857	1,101,200	3,857,057
Transfer from reserves on disposal of property	-	(175,540)	175,540	-	-
<i>Transactions with owners in their capacity as owners:</i>					
Option to acquire further interest in subsidiary	-	(3,101,000)	-	-	(3,101,000)
Dividends paid (note 26)	-	-	(6,000,000)	(1,560,000)	(7,560,000)
Balance at 31 December 2023	<u>24,094,643</u>	<u>(9,928,104)</u>	<u>10,504,971</u>	<u>12,399,266</u>	<u>37,070,776</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 2023

	Consolidated Group	
	Half-year	Half-year
	ended 31	ended 31
Note	December	December
	2023	2022
	\$	\$
Cash flows from operating activities		
Interest & rent received from external investments	9,515,920	8,922,225
Other receipts	18,514,855	14,833,256
Payments to suppliers and employees	<u>(16,399,699)</u>	<u>(15,011,141)</u>
	11,631,076	8,744,340
Interest and other finance costs paid	(4,835,324)	(2,631,219)
Income taxes paid	<u>(2,441,946)</u>	<u>(2,435,153)</u>
Net cash from operating activities	<u>4,353,806</u>	<u>3,677,968</u>
Cash flows from investing activities		
Payment for purchase of subsidiary, net of cash acquired	-	(1,118,299)
Payments for investments	(15,057,118)	(2,492,460)
Payments for plant and equipment	(249,794)	(316,046)
Payments for intangibles	(250,000)	(18,001)
Proceeds from disposal of investments	6,115,576	6,716,245
Proceeds from disposal of property, plant and equipment	1,234,868	-
Dividends & distributions received	137,927	2,743
Net loans (advanced)/repaid	<u>30,244,384</u>	<u>(13,896,450)</u>
Net cash from/(used in) investing activities	<u>22,175,843</u>	<u>(11,122,268)</u>
Cash flows from financing activities		
Net (decrease)/increase in unsecured notes	(18,339,126)	2,783,196
Repayment of lease liabilities	(125,609)	(131,141)
Dividends paid	26 (6,000,000)	(4,000,000)
Dividends paid (non-controlling interest)	<u>(1,560,000)</u>	<u>(200,000)</u>
Net cash used in financing activities	<u>(26,024,735)</u>	<u>(1,547,945)</u>
Net increase/(decrease) in cash and cash equivalents	504,914	(8,992,245)
Cash and cash equivalents at the beginning of the financial half-year	<u>36,484,360</u>	<u>36,339,369</u>
Cash and cash equivalents at the end of the financial half-year	<u>36,989,274</u>	<u>27,347,124</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 2023

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 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 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 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

	Consolidated Group	
	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Fee revenue	9,660,211	6,990,950
Administration fees	747,960	581,917
Commission	5,449,480	5,486,086
Dividends	3,039	2,634
Rent	45,308	46,400
Trust distributions	134,887	109
Bad debts recovered	33,069	8,426
Net gain on disposal of plant & equipment	8,171	-
Other revenue	<u>1,259,005</u>	<u>1,376,697</u>
Non-interest revenue	<u>17,341,130</u>	<u>14,493,219</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

Note 4. Other income

	Consolidated Group	
	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Net gain on disposal of property	219,125	-
Net gain on disposal of other	8,801	-
	<hr/>	<hr/>
Other income	227,926	-
	<hr/>	<hr/>

Note 5. Expenses

	Consolidated Group	
	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	39,397	33,397
Plant and equipment	148,019	88,867
Buildings right-of-use assets	96,180	140,370
	<hr/>	<hr/>
Total depreciation	283,596	262,634
<i>Amortisation</i>		
Patents and trademarks	56,070	56,070
Customer lists	1,382,150	1,389,315
Software	67,274	64,477
Leasehold improvements	13,129	13,124
	<hr/>	<hr/>
Total amortisation	1,518,623	1,522,986
Total depreciation and amortisation	<hr/>	<hr/>
	1,802,219	1,785,620
<i>Other expenses</i>		
Advertising & marketing	316,531	202,335
Auditors' remuneration	90,168	85,760
Insurance	305,126	362,992
Management fees	138,794	135,138
Office administration	56,042	57,097
Other operating expenses	499,668	188,276
Payroll tax	453,489	333,699
Rent & occupancy costs	219,436	153,529
Staff travel, training & welfare	199,780	139,825
Trustee fees	105,840	90,480
	<hr/>	<hr/>
Total other expenses	2,384,874	1,749,131
	<hr/>	<hr/>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

Note 6. Cash and cash equivalents

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Cash on hand	9,007	9,507
Cash at bank	33,731,744	33,301,890
Cash on deposit	3,248,523	3,172,963
	<u>36,989,274</u>	<u>36,484,360</u>
Amount expected to be recovered within 12 months	<u>36,989,274</u>	<u>36,484,360</u>

Note 7. Trade and other receivables

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Trade receivables	1,511,329	1,249,511
Less: Allowance for expected credit losses	(119,874)	(145,406)
	<u>1,391,455</u>	<u>1,104,105</u>
Accrued interest & other receivables	<u>68,317</u>	<u>206,217</u>
	<u>1,459,772</u>	<u>1,310,322</u>
Amount expected to be recovered within 12 months	<u>1,459,772</u>	<u>1,310,322</u>

Note 8. Income tax refund due

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Income tax refund due	<u>1,562,083</u>	<u>1,263,633</u>
Amount expected to be recovered within 12 months	<u>1,562,083</u>	<u>1,263,633</u>

Note 9. Other assets

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Prepayments	761,844	597,521
Security deposits	44,184	44,184
	<u>806,028</u>	<u>641,705</u>
Amount expected to be recovered within 12 months	<u>806,028</u>	<u>641,705</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

Note 10. Loans & advances

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Loans and advances	164,723,489	195,729,284
Less: Provision for impairment	<u>(1,258,676)</u>	<u>(1,294,970)</u>
	<u>163,464,813</u>	<u>194,434,314</u>
Amount expected to be recovered within 12 months	61,152,351	70,219,627
Amount expected to be recovered after more than 12 months	<u>102,312,462</u>	<u>124,214,687</u>
	<u>163,464,813</u>	<u>194,434,314</u>

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

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Shares in listed companies	<u>202,584</u>	<u>202,584</u>
Amount expected to be recovered after more than 12 months	<u>202,584</u>	<u>202,584</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	202,584	170,864
Disposals	-	(1,369)
Revaluation increments	<u>-</u>	<u>33,089</u>
Closing fair value	<u>202,584</u>	<u>202,584</u>

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

Note 12. Other financial assets

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Other investments - at amortised cost	18,388,970	10,139,195
Units in unitised unit trust	<u>4,405,000</u>	<u>3,725,000</u>
	<u>22,793,970</u>	<u>13,864,195</u>
Amount expected to be recovered after more than 12 months	<u>22,793,970</u>	<u>13,864,195</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

Note 13. Property, plant and equipment

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Land - at independent valuation	940,000	1,540,000
Buildings - at independent valuation	2,750,000	3,150,000
Less: Accumulated depreciation	(103,408)	(78,750)
	<u>2,646,592</u>	<u>3,071,250</u>
Leasehold improvements - at cost	383,444	329,097
Less: Accumulated depreciation	(125,656)	(176,137)
	<u>257,788</u>	<u>152,960</u>
Plant and equipment - at cost	1,555,762	1,576,968
Less: Accumulated depreciation	(916,650)	(892,752)
	<u>639,112</u>	<u>684,216</u>
	<u>4,483,492</u>	<u>5,448,426</u>
Amount expected to be recovered after more than 12 months	<u>4,483,492</u>	<u>5,448,426</u>

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

Note 14. Right-of-use assets

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Land and buildings - right-of-use	1,395,072	1,327,048
Less: Accumulated depreciation	(567,820)	(516,891)
	<u>827,252</u>	<u>810,157</u>
Amount expected to be recovered after more than 12 months	<u>827,252</u>	<u>810,157</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

Note 15. Intangibles

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Goodwill - at cost	28,237,298	28,237,298
Less: Impairment	<u>(1,762,294)</u>	<u>(1,762,294)</u>
	<u>26,475,004</u>	<u>26,475,004</u>
Patents and trademarks - at cost	2,172,000	2,172,000
Less: Accumulated amortisation	<u>(280,350)</u>	<u>(224,280)</u>
	<u>1,891,650</u>	<u>1,947,720</u>
Customer lists - at cost	20,658,377	20,408,377
Less: Accumulated amortisation	<u>(6,419,902)</u>	<u>(5,044,005)</u>
	<u>14,238,475</u>	<u>15,364,372</u>
Software - at cost	1,367,557	1,367,557
Less: Accumulated amortisation	<u>(1,121,287)</u>	<u>(1,047,760)</u>
	<u>246,270</u>	<u>319,797</u>
	<u>42,851,399</u>	<u>44,106,893</u>
Amount expected to be recovered after more than 12 months	<u>42,851,399</u>	<u>44,106,893</u>

Note 16. Deferred tax assets

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Deferred tax asset	<u>326,600</u>	<u>324,094</u>

Note 17. Trade and other payables

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Trade payables	2,208,822	2,433,861
Insurance broking trust account	3,964,284	4,120,215
GST payable on leases	2,397,364	2,718,340
Insurance premium funding	42,918	171,673
Interest payable	131,989	104,668
BAS payable	647,198	528,295
Other payables	<u>505,373</u>	<u>284,592</u>
	<u>9,897,948</u>	<u>10,361,644</u>
Amount expected to be settled within 12 months	8,475,646	8,891,750
Amount expected to be settled after more than 12 months	<u>1,422,302</u>	<u>1,469,894</u>
	<u>9,897,948</u>	<u>10,361,644</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

Note 18. Interest bearing liabilities

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Unsecured Notes - at call	17,693,931	24,216,387
Unsecured Notes - term	<u>189,537,040</u>	<u>201,353,709</u>
	<u>207,230,971</u>	<u>225,570,096</u>
Amount expected to be settled within 12 months	182,874,826	198,273,503
Amount expected to be settled after more than 12 months	<u>24,356,145</u>	<u>27,296,593</u>
	<u>207,230,971</u>	<u>225,570,096</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.

Note 19. Lease liabilities

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Lease liability	<u>874,227</u>	<u>843,525</u>
Amount expected to be settled within 12 months	250,270	257,527
Amount expected to be settled after more than 12 months	<u>623,957</u>	<u>585,998</u>
	<u>874,227</u>	<u>843,525</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

Note 20. Provisions

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Annual leave	1,106,882	1,152,396
Long service leave	1,522,017	1,514,548
	<u>2,628,899</u>	<u>2,666,944</u>
Amount expected to be settled within 12 months	2,450,176	2,465,404
Amount expected to be settled after more than 12 months	178,723	201,540
	<u>2,628,899</u>	<u>2,666,944</u>

Note 21. Financial liabilities

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Put option liability	11,697,000	8,596,000
Amount expected to be settled within 12 months	4,618,000	-
Amount expected to be settled after more than 12 months	7,079,000	8,596,000
	<u>11,697,000</u>	<u>8,596,000</u>

Put and call options over non-controlling interests

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.

Revaluation of option liabilities

The Company's call options over non-controlling interests are initially recognised at the present value of the amount expected to be paid at the time of exercise with a corresponding entry to other reserves.

At each reporting period, the option liabilities are reassessed to reflect the present value of the Company's best estimate of the amounts to be paid at the time of exercise. Subsequent to initial recognition, the option liability is measured at fair value with any changes recognised directly in equity.

Note 22. Other

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Revenue received in advance	-	84,450
Amount expected to be settled within 12 months	-	84,450

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

Note 23. Deferred tax liabilities

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Deferred tax liability	6,814,140	7,328,234

Note 24. Issued capital

	Consolidated Group			
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	14,805,871	14,805,871	24,094,643	24,094,643

Note 25. Reserves

	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Revaluation surplus reserve	1,670,747	1,846,287
Financial assets at fair value through other comprehensive income reserve	98,149	98,149
Options reserve	(11,697,000)	(8,596,000)
	<u>(9,928,104)</u>	<u>(6,651,564)</u>

Note 26. Dividends

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

	Consolidated Group	
	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Interim dividend for the year ended 30 June 2024 of 20.2622 cents per Ordinary Share franked at the rate of 30%	3,000,000	-
Final dividend for the year ended 30 June 2023 of 20.2622 cents per Ordinary Share franked at the rate of 30%	3,000,000	-
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>6,000,000</u>	<u>4,000,000</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

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 - 31 December 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through OCI - Shares in listed companies	202,584	-	-	202,584
Land and buildings	-	3,586,592	-	3,586,592
Total assets	202,584	3,586,592	-	3,789,176

Liabilities

Option liability	-	-	(11,796,000)	(11,796,000)
Total liabilities	-	-	(11,796,000)	(11,796,000)

Consolidated Group - 30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through OCI - Shares in listed companies	202,584	-	-	202,584
Land and buildings	-	4,611,250	-	4,611,250
Total assets	202,584	4,611,250	-	4,813,834

Liabilities

Option liability	-	-	(8,596,000)	(8,596,000)
Total liabilities	-	-	(8,596,000)	(8,596,000)

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.

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2023

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:

Consolidated Group	Call options to acquire non- controlling interests \$	Total \$
Balance at 1 July 2023	(8,596,000)	(8,596,000)
Revaluation of call options	<u>(3,101,000)</u>	<u>(3,101,000)</u>
Balance at 31 December 2023	<u>(11,697,000)</u>	<u>(11,697,000)</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.

Contingent liabilities	Consolidated Group	
	31 December 2023	30 June 2023
	\$	\$
Related parties	25,944	25,944
External parties	<u>61,703</u>	<u>61,703</u>
	<u>87,647</u>	<u>87,647</u>

Note 29. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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 2023

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 2023 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



Mark Charles Dougherty
Chairman

15 February 2024
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 consolidated statement of financial position as at 31 December 2023, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements, including material accounting policy information 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 2023 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.

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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 2023 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 blue ink that reads 'R. A. Watkinson'.

.....
R A WATKINSON (Partner)

Dated at Robina this 15th day of February 2024