



FRONTIER CAPITAL GROUP LIMITED

ACN 145 105 148

APPENDIX 4E
ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2016
(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2015)

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by Frontier Capital Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CORPORATE DIRECTORY**Frontier Capital Group Limited**

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ABN 88 145 105 148

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ASX Code – FCG

Frontier Capital Group Limited shares are listed on the Australian Securities Exchange.
This financial report covers the Consolidated Entity consisting of Frontier Capital Group Limited and its controlled entities.
Frontier Capital Group Limited is a company limited by shares, incorporated and domiciled in Australia.

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 DECEMBER 2015)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from continuing operations	Up	967%	to	23,082
Profit/(Loss) after income tax from continuing operations	Up	2,486%	to	(41,376)
Net profit/(loss) for the period attributable to members	Up	2,486%	to	(41,376)

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	\$Nil	N/A
Interim dividend	\$Nil	N/A

Explanation of revenue and Profit/(Loss) from ordinary activities after tax

The increase in loss \$41.3 million (2015: loss \$1.60 million) was mainly due to impairment of acquisition goodwill of CK Graphic \$7.96 million and acquisition goodwill of Stotsenberg Resort \$31.1 million.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Year Ended 31 December 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Revenue	2	23,082	2,163
Other Income and expenses	2, 6	(41,704)	(1)
Cost of providing services and administration expenses	3	(22,284)	(3,599)
Finance costs	3	(220)	(163)
Loss/(profit) before income tax		(41,126)	(1,600)
Income Tax expense		(250)	-
Loss/(profit) after tax for the year		(41,376)	(1,600)
Other Comprehensive Income			
Other Comprehensive Income		-	-
Other comprehensive income for the year net of tax		-	-
Total Comprehensive Income/(loss) attributable to members of the consolidated entity		(41,376)	(1,600)
		Cents	Cents
Basic earnings/(loss) per share (cents)	8	(14.98)	(2.23)
Diluted earnings(loss) per share (cents)	8	(12.41)	(1.26)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	2,161	1,493
Trade and other receivables		9,974	1,823
Other current assets		612	39
Total current assets		<u>12,747</u>	<u>3,355</u>
Non-current assets			
Trade and other receivables		342	-
Financial assets		-	2,825
Equipment		12,096	246
Non-current intangible assets	6	-	7,965
Total non-current assets		<u>12,438</u>	<u>11,036</u>
Total Assets		<u>25,185</u>	<u>14,391</u>
LIABILITIES			
Current liabilities			
Trade and other payables		6,585	1,373
Financial liabilities		16	85
Provision		77	-
Total current liabilities		<u>6,678</u>	<u>1,458</u>
Non-current liabilities			
Trade and other payable		3,926	-
Financial Liabilities		14	-
Employee benefits provision		413	-
Total non-current liabilities		<u>4,353</u>	<u>-</u>
Total Liabilities		<u>11,031</u>	<u>1,458</u>
Net Assets		<u>14,154</u>	<u>12,933</u>
EQUITY			
Issued capital		59,870	16,494
Reserves		1,606	2,385
Accumulated losses		(47,322)	(5,946)
Total Equity		<u>14,154</u>	<u>12,933</u>

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2016

Consolidated	Issued Capital	Option	Reserves	Accumulated	Total Equity
	\$'000	Reserves	Reserves	Losses	
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	16,494	2,425	(40)	(5,946)	12,933
Share issued	36,618	-	-	-	36,618
Share issued	6,760	-	-	-	6,760
Share issued – in lieu of services	1,426	-	-	-	1,426
Share issuing cost	(1,428)	-	-	-	(1,428)
Profit/(loss) for the year	-	-	-	(41,376)	(41,376)
Movement for the year	-	-	(779)	-	(779)
At 31 December 2016	59,870	2,425	(819)	(47,322)	14,154
At 1 January 2015	3,966	180	-	(4,346)	(200)
Share issued	11,500	-	-	-	11,500
Share issued – in lieu of services	90	-	-	-	90
Debt conversion	1,100	-	-	-	1,100
Share issuing cost	(162)	-	-	-	(162)
Issued option	-	2,245	-	-	2,245
Profit/(loss) for the year	-	-	-	(1,600)	(1,600)
Movement for the year	-	-	(40)	-	(40)
At 31 December 2015	16,494	2,425	(40)	(5,946)	12,933

The above statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOW
for the Year Ended 31 December 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers		23,798	2,144
Payments to suppliers and employees		(22,717)	(2,524)
Interest paid		(56)	(11)
Interest received		33	18
Net cash provided by/(used in) operating activities		1,058	(373)
Cash flows from investing activities			
Payments for investments		-	(2,825)
Payment for equipment		-	(532)
Proceed disposal investment		345	-
Advance from other party		117	-
Net cash provided by/(used in) investing activities		462	(3,357)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,090
Share issuing cost		(2)	(162)
Proceed from issue of option		-	26
Proceed/(Repayment) from borrowing		(850)	1,100
Net cash provided by (used in)/provided by financing activities		(852)	5,054
Net increase/ (decrease)in cash held		668	1,324
Cash and cash equivalents at the beginning of the year		1,493	169
Cash and cash equivalents at the end of the year	5	2,161	1,493

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2016

1 ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASIS

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half year report.

Rounding

The amounts contained in the half year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

2 REVENUE FROM CONTINUING OPERATIONS

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Revenue			
Residence income		1,741	-
Gaming revenue/fee income		18,820	-
Sales		2,488	2,144
Interest income		33	19
		<u>23,082</u>	<u>2,163</u>
Other Income and expenses			
Acquisition goodwill impairment	6	(39,094)	-
Bad and doubtful debt		(2,814)	-
Gain on disposal of investment		55	(9)
Others		149	8
		<u>(41,704)</u>	<u>(1)</u>

3 EXPENSES**Specific Items**

Profit before income tax expense includes the following revenues and expenses to which disclosure is relevant in explaining the performance of the entity.

	Consolidated	
	2016 \$'000	2015 \$'000
Consultancy and professional fees	(1,566)	(457)
Director and employee expenses	(974)	(842)
Exploration expenditures not capitalised	-	(889)
Finance costs		
Bank charges/facilities fee	(1)	(37)
Interest	(56)	(35)
Depreciation	(163)	(91)
	<u>(220)</u>	<u>(163)</u>

4 DIVIDENDS

The Directors do not recommend a dividend relating to the year ended 31 December 2016 (2015: \$nil) to be paid.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 CASH AND CASH EQUIVALENTS

	Consolidated	
	2016 \$'000	2015 \$'000
Cash at bank and on hand	2,161	633
Deposits held in trust	-	860
	<u>2,161</u>	<u>1,493</u>

6. INTANGIBLE ASSETS

	Consolidated	
	2016 \$'000	2015 \$'000
Goodwill on acquisition	39,094	7,965
Provision for impairment	(7,965)	-
Provision for impairment	<u>(31,129)</u>	<u>-</u>
	<u>-</u>	<u>7,965</u>

Acquisition of Controlled Entities

On February 2016, the Company acquired 100% interest in Stotsenberg Leisure Park and Hotel Corporation resulting in FCG obtaining control of Stotsenberg Leisure Park and Hotel Corporation

	Fair Value \$'000
Purchase consideration:	
154,050,000 shares issued @ 0.2377	36,618
28,440,000 shares issued @ 0.2377	<u>6,760</u>
	<u>43,378</u>
Less:	
Cash and cash equivalents	735
Trade and other receivables	9,932
Stock	234
Plant, Equipment, Vehicle and fixtures – net of depreciation	12,626
Trade and other payables	(10,830)
Provisions	<u>(448)</u>
Identifiable assets acquired and liabilities assumed	<u>12,249</u>
Acquisition Goodwill	31,129
Provision for impairment	<u>(31,129)</u>
	<u>-</u>

Acquisition of Controlled Entities

On 11 March 2015, the Company acquired 100% interest in CK Graphic SDN BHD. The acquisition resulted in FCG obtaining control of CK Graphic SDN BHD.

	Fair Value \$'000
Purchase consideration:	9,719
Shares issued and option issued	
Identifiable assets acquired and liabilities assumed	<u>(1,754)</u>
Acquisition Goodwill	7,965
Provision for impairment	<u>(7,965)</u>
	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2016	2015
	\$'000	\$'000
Profit/(Loss) for the year	(41,376)	(1,600)
Share base payment	-	90
Capitalisation of exploration expenditures	-	889
Impairment of acquisition goodwill	39,094	-
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	2,442	(79)
(Increase)/Decrease in other current assets	15	(28)
Increase/(Decrease) in trade and other creditors and provisions	815	355
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities	68	-
Net cash used in operating activities	1,058	(373)

8 EARNINGS PER SHARE

	Consolidated	
	2016	2015
	Cents	Cents
Basic earnings/(loss) per share	(14.98)	(2.23)
Fully diluted earnings/(loss) per share	(12.41)	(1.26)
	2016	2015
	\$'000	\$'000
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	(41,376)	(1,600)
	2016	2015
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share:	276,290,000	71,800,000
Adjustments for calculation of diluted earnings per share:		
Options	57,050,000	55,500,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	333,340,000	127,300,000

Notes to the Financial Statements continued**9 CONTINGENT LIABILITIES AND COMMITMENT****Commitments**

There are no material commitments as at the date of the report on minimum exploration expenditure commitments and lease payments on the Company's exploration tenements.

10 EVENTS OCCURRING AFTER REPORTING DATE

On 15 February 2016, the Company was suspended from Official Quotation, pending the release of announcement. The suspension was extended on 22 February 2016.

On 1 March 2017, the Company advised that negotiations to secure funds to meet the escrow requirements of the Philippine Amusement and Gaming Corporation (PAGCOR) with respect to the Casablanca Casino were continuing. PAGCOR suspended the casino operations pending the settling of an escrow account in the amount of PHP225 million (A\$6.5 million).

Release of the Company's statutory accounts was delayed due to the complexity and inherent uncertainty of completion of a transaction to meet PAGCORs requirements.

The Company continues to seek the necessary funds.

At the date of this report there are no matters or circumstances, other than noted above, which have arisen since 31 December 2016 that has significantly affect or may significantly affect:

- The operations, in the financial year subsequent to 31 December 2016 of the Group;
- The results of those operations;
- The state of affairs, in the financial year subsequent to 31 December 2016 of the Group.

NOTES TO THE FINANCIAL STATEMENTS continued

11 SEGMENT NOTE

The consolidated entity operates predominately in one business and one geographical segment being providing technical services in Malaysia.

SEGMENT INFORMATION

Business segments

The consolidated entity is organised into the following divisions by product and service type:

- **Gaming and hospitality operation**
Operating 3 storey 239 room hotel and casino in Philippines.
- **Visual communication operation**
Visual communication segment operating with Malaysia.

	Gaming and hospitality	Visual communication	Unallocated/ eliminated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Primary reporting business segments 2016				
Total segment revenue	21,884	1,166	33	23,082
Segment result Profit/(loss) from operations before income tax expense	473	109	(41,958)	(41,376)
Primary reporting business segments 2015				
Total segment revenue	-	2,144	19	2,163
Segment result Profit/(loss) from operations before income tax expense	-	592	(2,192)	(1,600)

SUPPLEMENTARY APPENDIX 4E INFORMATION**NTA Backing**

	31/12/2016	31/12/2015
Net tangible asset backing per ordinary share	5.12 cents	5.69 cents

Controlled entities acquired during the period

One wholly controlled entity, Stotsenberg Leisure Park and Hotel Corporation, have been acquired during the reporting period.

Loss of control of entities during the period

No entities was disposed during the reporting period.

Subsequent Events

There have been no other events subsequent to reporting date which affects the results contained in this report or the continuing operations of the Group. Please refer note 10 for details.

Accounting Standards

Australian Accounting Standards have been used in the preparation of this report.

Commentary on results

The consolidated entity has a long term strategic investment in business operation in Malaysia and Philippines. The increase in revenue is consistent with the new investments in both countries.

Other Significant Information

All significant information in relation to the financial performances and position of the Company has been disclosed in the attached report.

Returns to shareholders

No distributions/dividend this year. The Company has no dividend reinvestment plan.

Results of segments

The consolidated entity operates predominately in one business and one geographical segment being investment in commercial properties, mining and resources within Australia.

Audit Report

This report is based upon financial statements which are in the process of being audited, and therefore no audit report has been attached.