



**APPENDIX 4E**  
**ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2017**  
(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2016)

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The preliminary unaudited 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 2016 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

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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 2017**  
**(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 DECEMBER 2016)**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				<b>\$'000</b>
<b>Revenue</b> from continuing operations	<b>Down</b>	<b>75.7%</b>	to	<b>5,593</b>
<b>Profit/(Loss)</b> after income tax from continuing operations	<b>Down</b>	<b>99.1%</b>	to	<b>(450)</b>
<b>Net profit/(loss)</b> for the period attributable to members	<b>Down</b>	<b>99.1%</b>	to	<b>(450)</b>

<b>Dividends/distributions</b>	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 decrease in loss \$0.45 million (2016: loss \$51.2 million) was mainly due to full write off of goodwill in two acquisitions in 2016.

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the Year Ended 31 December 2017

	Note	Consolidated	
		2017	2016
		\$'000	\$'000
<b>Revenue</b>	2	<b>5,593</b>	23,082
Other Income and Expenses	2	<b>981</b>	(51,613)
Cost of providing services and administrative expenses		<b>(6,010)</b>	(22,284)
Finance costs	3	<b>(994)</b>	(220)
<b>(Loss)/Profit before income tax</b>		<b>(430)</b>	(51,035)
Income tax expense		<b>(20)</b>	(250)
<b>(Loss)/Profit after income tax</b>		<b>(450)</b>	(51,285)
<b>Other Comprehensive Income</b>			
Other comprehensive income		-	-
Other comprehensive income for the year net of tax		-	-
<b>Total comprehensive (loss)/income attributable to members of the consolidated entity</b>		<b>(450)</b>	(51,285)
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share (cents)	8	<b>(0.16)</b>	(18.56)
Diluted earnings/(loss) per share (cents)	8	<b>(0.13)</b>	(15.39)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2017

	Notes	Consolidated	
		2017	2016
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	601	2,161
Trade and other receivables		1,367	65
Other current assets		489	612
Total current assets		<u>2,457</u>	<u>2,838</u>
<b>Non-current assets</b>			
Trade and other receivables		90	342
Financial assets		-	-
Building, furniture and equipment		11,024	12,096
Intangible Assets	6	-	-
Total non-current assets		<u>11,114</u>	<u>12,438</u>
<b>Total Assets</b>		<u>13,571</u>	<u>15,276</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		5,952	6,585
Financial Liabilities		13	16
Provision		59	77
Total current liabilities		<u>6,024</u>	<u>6,678</u>
<b>Non-current liabilities</b>			
Trade and other payables		3,989	3,926
Financial Liabilities		2	14
Employee benefits provision		403	413
Total non-current liabilities		<u>4,394</u>	<u>4,353</u>
<b>Total Liabilities</b>		<u>10,418</u>	<u>11,031</u>
<b>Net Assets</b>		<u>3,153</u>	<u>4,245</u>
<b>EQUITY</b>			
Issued capital		59,870	59,870
Reserves		964	1,606
Accumulated losses		(57,681)	(57,231)
<b>Total Equity</b>		<u>3,153</u>	<u>4,245</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 2017

Consolidated	Issued Capital \$'000	Option Reserves \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
<b>At 1 January 2017</b>	<b>59,870</b>	<b>2,425</b>	<b>(819)</b>	<b>(57,231)</b>	<b>4,245</b>
Share issued	-	-	-	-	-
Share issuing cost	-	-	-	-	-
Profit/(loss) for the year	-	-	-	(450)	(450)
Movement for the year	-	-	(642)	-	(642)
<b>At 31 December 2017</b>	<b>59,870</b>	<b>2,425</b>	<b>(1,461)</b>	<b>(57,681)</b>	<b>3,153</b>
<b>At 1 January 2016</b>	16,494	2,425	(40)	(5,946)	12,933
Share issued	36,618	-	-	-	36,618
Share issued – in lieu of services	6,760	-	-	-	6,760
Debt conversion	1,426	-	-	-	1,426
Share issuing cost	(1,428)	-	-	-	(1,428)
Issued option	-	-	-	(51,285)	(51,285)
Profit/(loss) for the year	-	-	(779)	-	(779)
Movement for the year	-	-	-	-	-
<b>Balance at 31 Dec 2016</b>	<b>59,870</b>	<b>2,425</b>	<b>(819)</b>	<b>(57,231)</b>	<b>4,245</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**for the Year Ended 31 December 2017**

	Notes	Consolidated 2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		5,274	23,798
Payments to suppliers and employees		(6,315)	(22,717)
Interest paid		(4)	(56)
Interest received		-	33
<b>Net cash provided by/(used in) operating activities</b>	7	<b>(1,045)</b>	1,058
<b>Cash flows from investing activities</b>			
Payment for equipment		(515)	-
Proceed disposal investment		-	345
Advance from other party		-	117
<b>Net cash (used in)/ provided by investing activities</b>		<b>(515)</b>	462
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	-
Share issuing cost		-	(2)
Proceed/(Repayment) from borrowing		-	(850)
<b>Net cash (used in)/provided by financing activities</b>		<b>-</b>	(852)
<b>Net decrease/(increase) in cash held</b>		<b>(1,560)</b>	668
Cash and cash equivalents at the beginning of the year		2,161	1,493
<b>Cash and cash equivalents at the end of the year</b>	5	<b>601</b>	2,161

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

**NOTES TO THE FINANCIAL STATEMENTS****for the Year Ended 31 December 2017****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	<b>Consolidated</b>	
		<b>2017</b>	2016
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Residence income		<b>1,121</b>	1,741
Gaming revenue/fee income		<b>1,872</b>	18,820
Sales		<b>2,600</b>	2,488
Interest income		-	33
		<b>5,593</b>	23,082
<b>Other Income and expenses</b>			
Acquisition goodwill impairment	6	-	(39,094)
Bad and doubtful debt write back/(provided)		<b>981</b>	(12,723)
Gain on disposal of investment		-	55
Others		-	149
		<b>981</b>	(51,613)

**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.

	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	<b>\$'000</b>
Consultancy and professional fees	<b>(89)</b>	(1,566)
Director and employee expenses	<b>(1,110)</b>	(974)
<b>Finance costs</b>		
Bank charges/facilities fee	<b>(1)</b>	(1)
Interest	<b>(5)</b>	(56)
Depreciation	<b>(988)</b>	(163)
	<b>(994)</b>	(220)

**4 DIVIDENDS**

The Directors do not recommend a dividend relating to the year ended 31 December 2017 (2016: \$nil) to be paid.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 5 CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	\$'000	\$'000
Cash at bank and on hand	601	2,161
Deposits held in trust	-	-
	<b>601</b>	<b>2,161</b>

## 6. INTANGIBLE ASSETS

	Consolidated	
	2017	2016
	\$'000	\$'000
Goodwill on acquisition	-	39,094
Provision for impairment	-	(7,965)
Provision for impairment	-	(31,129)
	<b>-</b>	<b>-</b>

**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	6,760
	<b>43,378</b>
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	(448)
Identifiable assets acquired and liabilities assumed	<b>12,249</b>
Acquisition Goodwill	31,129
Provision for impairment	(31,129)
	<b>-</b>

**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:	
Shares issued and option issued	9,719
Identifiable assets acquired and liabilities assumed	(1,754)
Acquisition Goodwill	7,965
Provision for impairment	(7,965)
	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	Consolidated	
	2017	2016
	\$'000	\$'000
<b>Profit/(Loss) for the year</b>	<b>(450)</b>	<b>(51,285)</b>
Impairment of acquisition goodwill	-	39,094
Provision for doubtful debt	<b>(1,336)</b>	12,723
<b>Change in operating assets and liabilities:</b>		
(Increase)/Decrease in trade and other receivables	<b>1,052</b>	(372)
(Increase)/Decrease in other current assets	-	15
Increase/(Decrease) in trade and other creditors and provisions	<b>(315)</b>	815
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities	<b>4</b>	68
<b>Net cash used in operating activities</b>	<b>(1,045)</b>	1,058

## 8 EARNINGS PER SHARE

	Consolidated	
	2017	2016
	Cents	Cents
Basic earnings/(loss) per share	<b>(0.16)</b>	(18.56)
Fully diluted earnings/(loss) per share	<b>(0.13)</b>	(15.39)
	2017	2016
	\$'000	\$'000
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	<b>(450)</b>	(51,285)
	2017	2016
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share:	<b>276,290,000</b>	276,290,000
Adjustments for calculation of diluted earnings per share:		
Options	<b>57,050,000</b>	57,050,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<b>333,340,000</b>	333,340,000

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED****9 CONTINGENT LIABILITIES AND COMMITMENT****Commitments**

There are no material commitments as at the date of the report.

**10 EVENTS OCCURRING AFTER REPORTING DATE**

On 11 March 2019, the Company received A\$1,336,310, representing the return of the balance of the deposit paid for the acquisition of the Mongolian National Lottery.

The Agreement to acquire the Mongolian National Lottery is now terminated.

During and subsequent to the reporting period, the Company has actively worked towards securing the reopening of the Casablanca Casino owned by its subsidiary, Stotsenberg Leisure Park and Hotel Corporation, in Clark, Philippines. On 5 October 2018, the Philippines Amusement and Gaming Corporation (PAGCOR) approved the recommencement of operations for Casablanca Casino, subject to general conditions and the deposit for the PAGCOR Escrow Account.

On 1 November 2018 the Company has secured a US\$10,000,000 (American Dollars Ten Million) unsecured loan, with no fixed term and a coupon rate of 15% per annum, - to meet the requirements of PAGCOR for the Escrow Account, Performance Assurance and Surety Bonds to enable recommencement of the casino operations. The loan is not from a party, associated or related to the Company.

The Company is now in full compliance and is preparing the Casablanca Casino for reopening. The Stotsenberg Leisure Park Hotel has been operating throughout the period.

At the date of this report there are no matters or circumstances, which have arisen since 31 December 2017 that has significantly affect or may significantly affect:

- The operations, in the financial year subsequent to 31 December 2017 of the Group;
- The results of those operations;
- The state of affairs, in the financial year subsequent to 31 December 2017 of the Group.

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED****11 SEGMENT NOTE**

The Group operates the gaming and hospitality business in Philippines and property development support 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.
- **3D Multimedia Operations**  
3D Visual communication and multimedia support for property developers operating in Malaysia.

	<b>Gaming and hospitality</b>	<b>3D Multimedia Operations</b>	<b>Unallocated/ eliminated</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Primary reporting business segments 2017</b>				
Total segment revenue	<b>4,455</b>	<b>1,138</b>	-	<b>5,593</b>
Segment result				
Profit/(loss) from operations before income tax expense	<b>(1,520)</b>	<b>(29)</b>	<b>1,099</b>	<b>(450)</b>
<b>Primary reporting business segments 2016</b>				
Total segment revenue	<b>21,884</b>	<b>1,166</b>	<b>33</b>	<b>23,082</b>
Segment result				
Profit/(loss) from operations before income tax expense	<b>473</b>	<b>109</b>	<b>(51,867)</b>	<b>(51,285)</b>

**SUPPLEMENTARY APPENDIX 4E INFORMATION****NTA Backing**

	<b>31/12/2017</b>	31/12/2016
Net tangible asset backing per ordinary share	<b>1.14 cents</b>	1.54 cents

**Controlled entities acquired during the period**

No entity has 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.