



FRONTIER CAPITAL GROUP LIMITED

ACN 145 105 148

APPENDIX 4E
ASX PRELIMINARY UNAUDITED FINAL REPORT – 31 DECEMBER 2018
(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2017)

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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 2017 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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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 2018
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 DECEMBER 2017)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from continuing operations	Down	55%	to	2,512
Profit/(Loss) after income tax from continuing operations	Up	110%	to	(903)
Net profit/(loss) for the period attributable to members	Up	83%	to	(827)

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 \$0.82 million (2017: loss 0.45 million) was mainly due to consolidating hospitality business in Philippines and property development support services in Malaysia.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the Year Ended 31 December 2018

	Note	Consolidated	
		2018 \$'000	2017 \$'000
Revenue	2	2,512	5,593
Other Income and Expenses	2	1,996	981
Cost of providing services and administrative expenses		(4,379)	(6,010)
Finance costs	3	(1,032)	(994)
(Loss)/Profit before income tax		(903)	(430)
Income tax expense		76	(20)
(Loss)/Profit after income tax		(827)	(450)
Other Comprehensive Income			
Other comprehensive income		-	-
Other comprehensive income for the year net of tax		-	-
Total comprehensive (loss)/income attributable to members of the consolidated entity		(827)	(450)
		Cents	Cents
Basic earnings/(loss) per share (cents)	9	(0.30)	(0.16)
Diluted earnings/(loss) per share (cents)	9	(0.29)	(0.13)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Notes	Consolidated	
		2018	2017
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	14,181	601
Trade and other receivables		1,640	1,367
Other current assets		1,457	489
Total current assets		<u>17,278</u>	<u>2,457</u>
Non-current assets			
Trade and other receivables		-	90
Other non-current assets		98	-
Building, furniture and equipment - net		18,724	11,024
Intangible Assets	6	-	-
Total non-current assets		<u>18,822</u>	<u>11,114</u>
Total Assets		<u>36,100</u>	<u>13,571</u>
LIABILITIES			
Current liabilities			
Trade and other payables		19,258	5,952
Financial Liabilities		3	13
Provision		-	59
Total current liabilities		<u>19,261</u>	<u>6,024</u>
Non-current liabilities			
Trade and other payables		14,057	3,989
Financial Liabilities		-	2
Employee benefits provision		341	403
Total non-current liabilities		<u>14,398</u>	<u>4,394</u>
Total Liabilities		<u>33,659</u>	<u>10,418</u>
Net Assets		<u>2,441</u>	<u>3,153</u>
EQUITY			
Issued capital	7	59,870	59,870
Reserves		1,079	964
Accumulated losses		(58,508)	(57,681)
Total Equity		<u>2,441</u>	<u>3,153</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 2018

Consolidated	Notes	Issued Capital \$'000	Option Reserves \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
At 1 January 2018		59,870	2,425	(1,461)	(57,681)	3,153
Share issued		-	-	-	-	-
Share issuing cost		-	-	-	-	-
Profit/(loss) for the year		-	-	-	(827)	(827)
Movement for the year		-	-	115	-	115
At 31 December 2018	7	59,870	2,425	(1,346)	(58,508)	2,441
At 1 January 2017		59,870	2,425	(819)	(57,231)	4,245
Share issued		-	-	-	-	-
Share issuing cost		-	-	-	-	-
Profit/(loss) for the year		-	-	-	(450)	(450)
Movement for the year		-	-	(642)	-	(642)
Balance at 31 Dec 2017	7	59,870	2,425	(1,461)	(57,681)	3,153

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

CONSOLIDATED STATEMENT OF CASH FLOW
for the Year Ended 31 December 2018

	Notes	Consolidated	
		2018	2017
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		3,909	5,274
Payments to suppliers and employees		(5,027)	(6,315)
Interest paid		-	(4)
Interest received		-	-
Net cash provided by/(used in) operating activities	8	<u>(1,118)</u>	<u>(1,045)</u>
Cash flows from investing activities			
Payment for properties and equipment		(9,229)	(515)
Advance to suppliers		(1,378)	-
Advance from other party		11,818	-
Net cash (used in)/ provided by investing activities		<u>1,211</u>	<u>(515)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Share issuing cost		-	-
Deposit for future stock subscriptions		13,500	-
Proceed/(Repayment) from borrowing		(13)	-
Net cash (used in)/provided by financing activities		<u>13,487</u>	<u>-</u>
Net decrease/(increase) in cash held		13,580	(1,560)
Cash and cash equivalents at the beginning of the year		<u>601</u>	<u>2,161</u>
Cash and cash equivalents at the end of the year	5	<u><u>14,181</u></u>	<u><u>601</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2018

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

	Consolidated	
	2018	2017
	\$'000	\$'000
Revenue		
Residence income	865	1,121
Gaming revenue/fee income	106	1,872
Sales	1,541	2,600
Interest income	-	-
	2,512	5,593
Other Income and expenses		
Bad and doubtful debt write back/(provided)	1,988	981
Others	8	-
	1,996	981

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	
	2018	2017
	\$'000	\$'000
Consultancy and professional fees	(187)	(89)
Director and employee expenses	(712)	(1,110)
Finance costs		
Bank charges/facilities fee	(1)	(1)
Interest	(1)	(5)
Depreciation	(1,030)	(988)
	(1,032)	(994)

4. DIVIDENDS

The Directors do not recommend a dividend relating to the year ended 31 December 2018 (2017: \$nil) to be paid.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	2018	2017
	\$'000	\$'000
Cash at bank and on hand	681	601
Deposits held in trust	13,500	-
	<u>14,181</u>	<u>601</u>

6. INTANGIBLE ASSETS

	Consolidated	
	2018	2017
	\$'000	\$'000
Goodwill on acquisition	-	-
Provision for impairment	-	-
	<u>-</u>	<u>-</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	6,760
	<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	(448)
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:	
Shares issued and option issued	9,719
Identifiable assets acquired and liabilities assumed	(1,754)
Acquisition Goodwill	7,965
Provision for impairment	<u>(7,965)</u>
	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EARNINGS PER SHARE ISSUED CAPITAL

	Consolidated		Consolidated	
	2018	2017	2018	2017
	No. of shares	No. of shares	\$	\$
Ordinary shares Issued	276,290,000	276,290,000	59,870,455	59,870,455

(a) Movements in ordinary share capital during the period:

Consolidated Details	2018		2017	
	No. of shares	No. of shares	\$	\$
Opening Balance	276,290,000	276,290,000	59,870,455	59,870,455
Share issued	-	-	-	-
Debt conversion	-	-	-	-
Share issuing costs	-	-	-	-
Closing Balance	276,290,000	276,290,000	59,870,455	59,870,455

(b) Options

No option issued or granted over unissued shares during the reporting period.

(c) Terms and Conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

(d) Performance options

No performance options were granted or exercised during the year.

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

	Consolidated	
	2018	2017
	\$'000	\$'000
Profit/(Loss) for the year	(827)	(450)
Provision for doubtful debt	(1,988)	(1,336)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	3,052	1,052
(Increase)/Decrease in other current assets	(98)	-
Increase/(Decrease) in trade and other creditors	(1,329)	(315)
(Increase) in deferred tax assets	-	-
Increase/(Decrease) in deferred tax liabilities	72	4
Net cash used in operating activities	(1,118)	(1,045)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. EARNINGS PER SHARE

	Consolidated	
	2018	2017
	Cents	Cents
Basic earnings/(loss) per share	(0.30)	(0.16)
Fully diluted earnings/(loss) per share	(0.29)	(0.13)
	2018	2017
	\$'000	\$'000
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	(827)	(450)
	2018	2017
	Number of	Number of
	Shares	Shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share:	276,290,000	276,290,000
Adjustments for calculation of diluted earnings per share:		
Options	6,550,000	57,050,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	282,840,000	333,340,000

10. CONTINGENT LIABILITIES AND COMMITMENT

Commitments

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

11. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**11. EVENTS OCCURRING AFTER REPORTING DATE CONTINUED**

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 2018 that has significantly affect or may significantly affect:

- The operations, in the financial year subsequent to 31 December 2018 of the Group;
- The results of those operations;
- The state of affairs, in the financial year subsequent to 31 December 2018 of the Group.

12. 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.

	Gaming and hospitality	3D Multimedia Operations	Unallocated/ eliminated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Primary reporting business segments 2018				
Segment revenue	1,812	700	-	2,512
Segment result				
Profit/(loss) from operations before income tax expense	(2,275)	(1,174)	2,622	(827)
Primary reporting business segments 2017				
Segment revenue	4,455	1,138	-	5,593
Segment result				
Profit/(loss) from operations before income tax expense	(1,520)	(29)	1,099	(450)

SUPPLEMENTARY APPENDIX 4E INFORMATION**NTA Backing**

	31/12/2018	31/12/2017
Net tangible asset backing per ordinary share	0.88 cents	1.14 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.