



# FCG

FRONTIER CAPITAL GROUP LIMITED

# ANNUAL REPORT 2019

Frontier Capital  
Group Limited

ASX:FCG



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## CORPORATE DIRECTORY

### Frontier Capital Group Limited

ACN 145 105 148  
ABN 88 145 105 148

### Registered and Corporate Office

Level 2  
Hudson House  
131 Macquarie Street  
Sydney NSW 2000  
Telephone: +61 2 9251 7177  
Fax: +61 2 9251 7500  
Website: [www.fcgl.com.au](http://www.fcgl.com.au)

### Auditors

K.S. Black & Co  
Level 1  
251 Elizabeth Street  
Sydney NSW 2000  
Telephone: +61 2 8839 3000

### Lawyers

Piper Alderman  
Level 23, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000  
Telephone: +61 2 9253 9999

### Bankers

Australia & New Zealand Banking Group Limited  
Level 16,  
20 Martin Place  
Sydney NSW 2000  
Telephone: +61 2 9227 1818

### Directors

Henri Ho  
Leung Foo Meng  
Law Hun Seang  
Bernard Say Kuan How  
Matthew Chin

### Company Secretary

Henry Kinstlinger

### Share Registry

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001  
Australia  
Telephone: 1300 850 505

### 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.

## REVIEW OF OPERATIONS

This Review of Operations covers the 12 month period to 31 December 2019.

Frontier Capital Group Limited (FCG or the Company) is the owner and operator of the Hotel Stotsenberg and FortuneGate Casino (formerly the Casablanca Casino) located at Clark Freeport Zone, approximately 80 kilometres northwest of Manilla in the Phillipines listed on the Australian Securities Exchange (ASX). Its ASX code is FCG.

### Corporate

On 15 February 2019 Bernard Say Kuan How and Matthew Chin were appointed as directors of the Company.

Effective 1 March 2019 Dato Helen Li Zhang resigned as a director of the Company.

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 the year, the Company has secured the reopening of the FortuneGate Casino (formerly the Casablanca Casino) owned by its subsidiary, Stotsenberg Leisure Park and Hotel Corporation and is in compliance with the requirements of the Philippines Amusement and Gaming Corporation in relation to an Escrow Account, Performance Assurance and Surety Bonds to enable recommencement of the casino operations.

The Stotsenberg Leisure Park Hotel has been operating throughout the period.

On 16 March 2020, Philippine Amusement and Gaming Corporation (PAGCOR) issued a directive directing the temporary cessation of gaming operations nationwide (Suspension). The Suspension is in effect to midnight of 14 April 2020 or until the Government declares the COVID-19 situation either under control or for extended community quarantine.

The Coronavirus may have an impact on future revenues. The extent of this is currently unknown and is being monitored closely.

## DIRECTORS' REPORT

Your directors present their report together with the financial statements on the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of Frontier Capital Group Limited (the **Company**) and the entities it controlled at the end of or during the year ended 31 December 2019.

**Principal activities** The principal continuing activities of the Group during the course of the financial year were conducting gaming and hospitality business, and a graphic design business.

**Consolidated results** The net consolidated profit of the Group for the year ended 31 December 2019 was \$2.13 million (2018: Loss \$0.82 million). The consolidated profit arises largely from re-activate in gaming and hospitality business in late 2019.

Total Shareholders' Funds as at 31 December 2019 are \$27.21 million (2018: \$2.44 million).

Additional information on the operations of the Group is disclosed in the Review of Operations section of this report.

**Review of operations** Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Review of Operations on page 4 of this annual report.

**Dividends** The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

**Directors** The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Henri Ho	Executive Chairman	
Dato Helen Li Zhang	Non-Executive Director	Resigned 1 March 2019
Leung Foo Meng	Non-Executive Director	
Law Hun Seang	Non-Executive Director	
Bernard Say Kuan How	Managing Director	Appointed 15 February 2019
Matthew Chin	Non-Executive Director	Appointed 15 February 2019

Meetings of Directors	Directors	Directors Meetings		Remuneration Committee *		Audit Committee *	
		Attended	Held whilst in office	Attended	Held whilst in office	Attended	Held whilst in office
	Henri Ho	4	4	-	-	-	-
	Dato Helen Li Zhang***	0	0	-	-	-	-
	Leung Foo Meng	4	4	-	-	-	-
	Law Hun Seang	4	4	-	-	-	-
	Bernard Say Kuan How**	4	4	-	-	-	-
	Matthew Chin**	4	4	-	-	-	-

\* The Remuneration and Audit Committees are composed of the entire Board.

\*\* Bernard Say Kuan How and Matthew Chin appointed on 15 February 2019.

\*\*\* Dato Helen Li Zhang resigned on 1 March 2019.

**INFORMATION ON DIRECTORS AND MANAGEMENT****Henri Ho****Executive Director - Appointed 15 April 2016**

<b>Experience and expertise</b>	Henri Ho possesses more than 17 years of exceptional expertise in the gaming and hospitality industry, brought about by his extensive experience mainly with the Genting Group. He also obtained vast knowledge in setting up and operating casinos and integrated resorts throughout his span in the industry. Mr Ho specialises in and has a deep understanding of the gaming and hospitality industry in the Asian region. He is a Certified Public Accountant who previously received intensive training at KPMG Chartered Accountants in Malaysia.
<b>Other Current Directorships of Listed Companies</b>	None
<b>Former Directorships in the Last Three Years of Listed Companies</b>	None
<b>Special Responsibilities</b>	None
<b>Interests in Shares and Options</b>	Indirect 41,443,500 shares

**Leung Foo Meng****Non-Executive Director - Appointed 3 February 2016**

<b>Experience and expertise</b>	Mr Leung holds a Bachelor of Arts major in marketing degree from University of Abertay Dundee Scotland.  Mr Leung is the Senior Vice President, International Marketing of E!xcite Gaming and Entertainment Inc. He has commercial banking experience from Hong Kong Shanghai Banking Corporation and Hong Leung Bank in Malaysia. Mr Leung commenced in gaming in 2009 in Macau heading the business and player development across the Asia Pacific region. He oversees and supervises the partnerships with travel agencies to drive business growth of player development in the E!xcite partner properties
<b>Other Current Directorships of Listed Companies</b>	None
<b>Former Directorships in the Last Three Years of Listed Companies</b>	None
<b>Special Responsibilities</b>	None
<b>Interests in Shares and Options</b>	None

**Law Hun Seang**  
**Non-Executive Director - Appointed 3 February 2016**

<b>Experience and expertise</b>	<p>Mr Law holds a Bachelor of Science, major in Building Economic and Project Management degree.</p> <p>Mr Law is the Senior Vice President, Construction and Project Management of Excite Gaming and Entertainment Inc. He has over 20 years working experience in the furniture and building materials industries. He has been involved in the overall project management, design and interior finishing of various buildings, structures and establishments in the hospitality and resort industry across Asia Pacific.</p>
<b>Other Current Directorships of Listed Companies</b>	None
<b>Former Directorships in the Last Three Years of Listed Companies</b>	None
<b>Special Responsibilities</b>	None
<b>Interests in Shares and Options</b>	None

**Bernard Say Kuan How**  
**Managing Director - Appointed 15 February 2019**

<b>Experience and expertise</b>	<p>Mr. How is an Information Technology expert in the Gaming Industry with 22 years of experience in various international gaming entities. Before joining FCG, he was the Senior Vice President of Corporate IT in Landing International Development Limited, and Vice President for IT in Landing Jeju Development Corporation. Mr How was prior involved in the setup and management team for City of Dreams Manila, Resorts World Manila, as well as Genting Hong Kong Limited. Mr. How is also an expert in providing a comprehensive design and full roll-out of end-to-end IT solutions across all business functions. He graduated with a degree in Computer Science with First Class Honours from Victoria University in Australia, receiving multiple awards and academic achievements, such as, the Honour Year Scholarships, Terry Leedham Memorial Prize, Australia Computer Society Awards, Jeffrey Cheah Special Award, and Don Frazer Memorial Prize.</p>
<b>Other Current Directorships of Listed Companies</b>	
<b>Former Directorships in the Last Three Years of Listed Companies</b>	None
<b>Special Responsibilities</b>	None
<b>Interests in Shares and Options</b>	None



**Matthew Chin****Non-Executive Director - Appointed 15 February 2019**

<b>Experience and expertise</b>	Mr Chin has been in the leisure, gaming, and hospitality industry for 27 years. Mr Chin has experience in spearheading VIP services, marketing, casino set up, business development, and other allied services. He has developed various successful gaming programs and conducted training and development of his staff. He honed his expertise during his employment in some of the biggest casino operators, such as, Las Vegas Sands and Star World in Macau, Crown Casino and Burswood Casino and Hotel in Australia, and Resorts World Manila, and Thunderbird Resorts.
<b>Other Current Directorships of Listed Companies</b>	None
<b>Former Directorships in the Last Three Years of Listed Companies</b>	None
<b>Special Responsibilities</b>	None

**Officers****Henry Kinstlinger  
Company Secretary**

<b>Experience and Expertise</b>	Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is currently the Company Secretary of Australian Bauxite Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.
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**Likely Developments**

Information on likely developments in the operations of the Group, known at the date of this report has been covered generally within the report.

**Risk Management**

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets

**Significant changes in state of affairs**

Please refer to the Review of Operations section of this report for details.

**Matters subsequent to balance date**

On 16 March 2020, Philippine Amusement and Gaming Corporation (PAGCOR) issued a directive directing the temporary cessation of gaming operations, nationwide (Suspension). The Suspension is in effect to midnight of 14 April 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine.

The Covid-19 Pandemic announced by the world health organisation post 31 January 2020 is having a negative impact on world stock markets, currencies and business activities. The company has initiated strict policies and procedures to address the health and well being of employees, consultants and contractors. The timing and extent of the impact and recovery from Covid-19 is not yet known however these events may have a post balance sheet date impact.

The Coronavirus may have an impact on future revenues. The extent of this is currently unknown and is being monitored closely.

At the date of this report, there are no other matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2019, of the Group;
- the results of those operations; or,
- the state of affairs, in financial years subsequent to 31 December 2019, of the Group.

## REMUNERATION REPORT – AUDITED

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This report outlines the remuneration arrangements in place for Directors and Executives of the Company.

### Remuneration Committee

The Remuneration Committee, which presently consists of the whole Board, will serve to determine the remuneration levels of any Executive Director's remuneration (including base salary, incentive payments, equity awards and service contracts) and remuneration issues for Non-Executive Directors.

When decisions are made concerning the remuneration of a Board member, the Board member will not be present while the remuneration decision is being discussed or voted upon.

It is intended that the Remuneration Committee will meet as often as required but not less than once per year.

Committee members attendance record can be found in the table of Directors Meetings disclosed on page 5.

Options granted to directors and key management personnel do not have performance conditions. As such the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

### Directors' and other Key Management Personnel remuneration

The following persons were Directors of the Company during the financial year in whole or part unless otherwise stated:

• Henri Ho	Executive Chairman	Appointed 15 April 2016
• Bernard Say Kuan How	Managing Director	Appointed 15 February 2019
• Leung Foo Meng	Non-Executive Director	Appointed 3 February 2016
• Law Hun Seang	Non-Executive Director	Appointed 3 February 2016
• Matthew Chin	Non-Executive Director	Appointed 15 February 2019
• Dato Helen Li Zhang	Non-Executive Director	Appointed 14 October 2014 Resigned 1 March 2019

The following persons were other key management personnel of the Company during the financial year:

- Henry Kinstlinger                      Company Secretary

Executive's remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation. Directors are also able to participate in an Employee Share Option Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Remuneration of Non-Executive Directors is determined by the Board based on recommendations from the Remuneration Committee and the maximum amount approved by shareholders from time to time.

**Directors' Fees**

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the Non-Executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The maximum aggregate remuneration of the Non-Executive Directors is fixed at \$200,000 per annum to be apportioned among the Non-Executive Directors in such manner as the Board determines.

Directors at the date of this Annual Report are entitled to \$3,000 remuneration per month (plus superannuation). That remuneration, at the Director's discretion, will be payable in the form of cash or, subject to Shareholder approval, in Shares. The Chairman is entitled to \$6,000 per month (plus superannuation).

The Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at the Board meetings and otherwise in the execution of their duties as Directors.

**Performance conditions**

The elements of remuneration as detailed within the Remuneration Report are dependent on the satisfaction of the individual's performance and the Group's financial performance.

The Board undertakes an annual review of its performance and the performance of the Board Committees.

Details of the nature and amount of each element of the remuneration of each Director of the Company and each specified executive of the Company and the Group receiving the highest remuneration are set out in the following tables. The remuneration amounts are the same for the Company and the Group.

	Short Term Employee Benefits		Post-Employment Benefits	Long Term Benefits	Share Based Payments	Total
	Salary and other Fees	Travelling Allowance	Super-annuation	Long Service Leave		
<b>Consolidated 2019</b>	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Henri Ho	-	-	-	-	-	-
Bernard Say Kuan How	-	-	-	-	-	-
Matthew Chin	21,000	-	-	-	-	21,000
Leung Foo Meng	-	-	-	-	-	-
Law Hun Seang	-	-	-	-	-	-
Dato Helen Li Zhang	-	-	-	-	-	-
<b>Total - Directors</b>	<b>21,000</b>	-	-	-	-	<b>21,000</b>
<b>Key Management Personnel</b>						
Henry Kinstlinger	42,000	-	-	-	-	42,000
<b>Total - KMP</b>	<b>42,000</b>	-	-	-	-	<b>42,000</b>
<b>2018</b>						
<b>Directors</b>						
Henri Ho	-	-	-	-	-	-
Dato Helen Li Zhang	-	-	-	-	-	-
Ram Navaratnam	6,000	-	-	-	-	6,000
William Wilkinson	8,583	-	-	-	-	8,583
Bernard Say Kuan How	-	-	-	-	-	-
Matthew Chin	-	-	-	-	-	-
Leung Foo Meng	-	-	-	-	-	-
Law Hun Seang	-	-	-	-	-	-
<b>Total - Directors</b>	<b>14,583</b>	-	-	-	-	<b>14,583</b>
<b>Key Management Personnel</b>						
Henry Kinstlinger	45,500	-	-	-	-	45,500
<b>Total - KMP</b>	<b>45,500</b>	-	-	-	-	<b>45,500</b>

The amounts reported represent the total remuneration paid by entities in the Frontier Capital Group of companies in relation to managing the affairs of all the entities within Frontier Capital Group.

There are performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

**Executive Employment Agreement**

At the date of this report there are no other Executive Employment Agreements in place.

The constitution of company provides that Directors are entitled to remuneration as the Directors determine, but the remuneration of the Non-Executive Directors must not exceed, in aggregate, a maximum amount fixed by company in general meeting of Shareholders for that purpose. This amount has not as yet been set. Accordingly, to date, no fees have been paid to Non-Executive Directors.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Directorial Services Agreements will terminate when the relevant director ceases to be a director in accordance with the Constitution, such as where the director resigns, is removed from office in a general meeting, is absent (without the consent of the other directors) from all directors' meetings over any 6 month period, becomes mentally incapable or automatically retires as provided under the Constitution.

If a director is terminated for any reason before the first anniversary of their appointment to the Board, the relevant director will be entitled to a payment equivalent to 3 months' worth of salary (plus any applicable superannuation). After the first anniversary of their appointment to the Board, this termination payment will increase to six months' worth of salary (plus any applicable superannuation).

**Corporate Services agreement**

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited (**HAMPL**) pursuant to which HAMPL has agreed to provide:

1. Executive services (including arranging for individuals to fill the roles of managerial positions required by the Company and provide any other executive or managerial services required by the Company);
2. Financial/accounting services (including arranging for accountants, financial controllers and other professionals to carry on work on behalf of the Company);
3. Company secretarial services (including the provision of individuals to fill the role of Company Secretary);
4. Office services and facilities (including the provision of the premises that the Company may occupy and operate as its registered office and principal place of business); and
5. Miscellaneous services (being other services that may be requested by the Company from time to time).

The Company is currently required to pay \$4,000 plus GST per month to HAMPL.

The Corporate Services Agreement commenced on 1 September 2014 and expires 3 months after either party gives notice that the services will no longer be required (unless terminated earlier).

HAMPL may terminate the corporate services agreement if an insolvency event occurs with respect to the Company or the Company defaults in paying any fees and does not rectify that default within 30 days of receiving written notice from HAMPL.

The Company may terminate the corporate services agreement if an insolvency event occurs with respect to HAMPL or HAMPL fails to provide any of the services it is required to provide to the Company under the corporate services agreement and does not rectify that default within 30 days of receiving written notice from the Company.

The terms of the Corporate Service Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

**Share options granted to Directors and Other Key Management Personnel**

No employee share options were granted over unissued shares to directors and other key management personnel during the year. For details please refer to note 21 to the financial statements.

**End of audited remuneration report.**

**Loans to Directors and Key Management Personnel**

There was no loan made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

**Shares under option**

There are no unissued options.

**Shares issued on the exercise of options**

No options have been exercised nor expired during the financial year and in the period up to the date of this report.

**Directors' and Officers' indemnities and insurance**

During the financial year the Company paid on insurance premiums including the insuring of the Company's Directors (as named in this report), Company Secretary, Executive Officers and employees against liabilities not prohibited from insurance by the *Corporations Act 2001*.

A confidentiality clause in each of the above insurance contracts prohibits disclosure of the premium and the nature of insured liabilities.

**Proceedings on behalf of the Company**

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

**Rounding**

The amounts contained in the 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.

**Auditor's independence declaration**

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* has been received and is set out on page 16.

**Non-audit services**

Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (K.S. Black & Co) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Audit services:</b>		
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group		
Audit and review services – Parent entity	<b>40,350</b>	28,990
<b>Taxation and other advisory services:</b>		
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group		
Taxation – Parent entity	<b>3,390</b>	1,595
Advisory Services - Parent entity	-	-
	<b>43,740</b>	<b>30,585</b>

**Auditor**

As at the date of this report K.S. Black & Co continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Directors' Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

**Henri Ho**  
Director

**Bernard How**  
Director

24 March 2020



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251 Elizabeth Street  
SYDNEY NSW 2000

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DRUMMOYNE NSW 2047

# K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street  
NORTH PARRAMATTA NSW 2151

PO Box 2210  
NORTH PARRAMATTA NSW 1750

## ***Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001***

To the Members of Frontier Capital Group Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there has been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of Frontier Capital Group Limited and the entities it controlled during the period.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner

Dated in Sydney on this *24<sup>th</sup>* day of *March* 2020

## CORPORATE GOVERNANCE STATEMENT

The Company has adopted this Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("Principles and Recommendations").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the board and the implementation of additional corporate governance policies and structures will be reviewed.

### a) Board Responsibilities

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- i. maintain and increase Shareholder value;
- ii. ensure a prudential and ethical basis for the Company's conduct and activities;
- iii. ensure compliance with the Company's legal and regulatory objectives consistent with these goals, the Board assumes the following responsibilities:
  - a. developing initiatives for profit and asset growth;
  - b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
  - c. acting on behalf of, and being accountable to, the Shareholders; and,
  - d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis;

### b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- i. the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and,
- ii. the principal criteria for the appointment of new directors is their ability to add value to the Company and its business. All incumbent directors bring an independent judgement to bear in deliberations and the current representation is considered adequate given the stage of the Company's development. The names, qualifications and relevant experience of each Director are set out at in the directors section of this website at <https://www.fcgl.com.au/board-of-directors-2/>

### c) Code of Conduct

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in FCG's integrity, FCG has an established Code of Conduct (the Code) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of FCG personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code.

These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs all FCG commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent FCG. This Code also governs the responsibility and accountability required of FCG personnel for reporting and investigating unethical practices.

The Board, management and all employees of FCG are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including directors, and is available on the FCG website (under "Corporate Governance").

**d) Diversity Policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

**e) Continuous Disclosure**

The board has designated FCG's Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements and accountability at senior executive level for that compliance. A copy of FCG continuous disclosure policy can be found on FCG web site (under "Corporate Governance").

**f) Whistle-blower policy**

FCG is committed to the highest standards of conduct and ethical behaviour in all of our business activities, and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

FCG encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving FCG's businesses, and will ensure that those persons who make a report shall do so without fear of intimidation, disadvantage or reprisal.

**g) Anti-bribery and corruption policy**

FCG has zero tolerance for bribery and corruption and are committed to identifying and preventing bribery and corruption. Any breach will be treated seriously and may result in disciplinary action, dismissal or termination of contract.

**h) Audit Committee and Management of Risk**

The Company has a separate audit and risk committee comprising of two executive directors and one non-executive director.

**i) Remuneration Arrangements**

The Board will decide the remuneration of an executive Director, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$200,000 per annum.

In addition, a Director may be paid fees or other amounts (subject to any necessary Shareholder approval) for example non-cash performance incentives such as Options as determined by the Board where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

**j) Shareholder Communications**

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

- i. annual and half-yearly financial reports and quarterly reports;
- ii. annual and other general meetings convened for Shareholder review and approval of Board proposals;
- iii. continuous disclosure of material changes to ASX for open access to the public; and,
- iv. the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

**k) Trading in FCG Shares**

FCG Share Trading Policy prohibits Directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of information for personal gain or to cause detriment to FCG.

Directors, senior executives and employees are required to advise FCG's Company Secretary of their intentions prior to undertaking any transaction in FCG securities.

If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a security transaction until after the time of public release of that information.

A copy of FCG Share Trading Policy is available on the FCG website (under "Corporate Governance").

**l) Corporate Social Responsibility**

FCG is committed to conducting our operations and activities in harmony with the environment and society, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.

Our aim is to minimize our environmental footprint and safeguard the environment while sharing the benefits of share the benefits of mining with our employees and the community and contribute to economic and social development, minimizing our environmental footprint and safeguarding the environment, now and for future generations.

A copy of FCG Environmental, Health and Social Charter is available on the FCG website (under "Corporate Governance").

**m) Departures from Recommendations**

The Company is required to report any departures from the recommendations in its annual financial report.

## ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

PRINCIPLE	Response
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	
<b>Recommendation 1.1</b>	
The entity should have and disclose a charter, which sets out the the respective roles and responsibilities of the board, the Chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management	<p>Complies.</p> <p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter.</p> <p>The Board Charter can be viewed at the Company's website <a href="http://www.fcgl.com.au">http://www.fcgl.com.au</a></p>
<b>Recommendation 1.2</b>	
<p>The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>The entity should provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Complies.</p> <p>The Company has conducted appropriate checks for all current Directors.</p> <p>The Company will undertake appropriate checks described in Guidance Note 1, paragraph 3.15 issued by the ASX before appointing a person, or putting forward to Shareholders a candidate for election, as a Director.</p>
<b>Recommendation 1.3</b>	
The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>Partially Complies</p> <p>Three directors have written agreements setting out the terms of their employment.</p> <p>The services of the Company Secretary and the Chief Financial Officer are provided under the terms of the services agreement with Hudson Corporate Limited described in Note 18 of the Annual Report.</p> <p>Although all of the Directors do not yet have written agreements setting out the terms of their appointments, the Company will endeavour to bring these agreements shortly.</p>
<b>Recommendation 1.4</b>	
The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<p>Complies.</p> <p>The Company Secretary has been appointed and is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.</p>
<b>Recommendation 1.5</b>	
The entity should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess	<p>Complies.</p> <p>The Board has established a Diversity Policy.</p>

annually both the objectives and the progress in achieving them.	
The entity should disclose in its annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and its progress towards achieving them.	Whilst the Company does have a Diversity policy and does promote gender-diversity within the workplace, the Company has not reported gender or other diversity metrics in the FY19 Annual Report. The Company will consider providing this disclosure in future Annual Reports
The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The Company has gender-diversity at various levels of management. However, the Company has not reported diversity metrics in the FY19 Annual Report. The Company will consider providing this disclosure in future Annual Reports.
<b>Recommendation 1.6</b>	
The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Will comply.  The Company will disclose the process for evaluating the performance of the Board, its committees and individual directors in its future annual reports.  Details of the performance evaluations undertaken will be set out in future annual reports.
<b>Recommendation 1.7</b>	
The entity should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Complies.  Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board.  The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review.  Details of the performance evaluations undertaken will be set out in future annual reports.
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>	
<b>Recommendation 2.1</b>	
The entity's board should have a nomination committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.	Does not comply.  The Company does not have a nomination committee
The entity should disclose the charter of the committee, the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.
If the entity does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.

<b>Recommendation 2.2</b>	
The entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Does not yet comply.  The Company intends to develop a board skill matrix setting out the mix of skills and diversity the Board has and requires. The skill matrix will be available at the Company's website once finalised.
<b>Recommendation 2.3</b>	
The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.	Complies.  The Company's independent directors are Hun Seang Law and Foo Meng Leung
The entity should disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3 <sup>rd</sup> edition) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion	The independence of the directors and length of service of each director are set out in the Company's annual report.  Details of any relevant interest, position, association or relationship impacting upon a director's independence are set out in the Company's annual report.
<b>Recommendation 2.4</b>	
A majority of the board of the entity should be independent directors.	Complies  The Company has five directors. Two of these directors are independent non-executive directors.
<b>Recommendation 2.5</b>	
The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO / Managing Director of the entity.	Does not yet comply
<b>Recommendation 2.6</b>	
The entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Does not yet comply.  Currently the induction of new directors and plan for professional development is managed informally by the full Board.  The Company intends to develop a formal program for inducting new directors and providing appropriate professional development opportunities consistent with the development of the Company.
<b>PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY</b>	
<b>Recommendation 3.1</b>	
The entity should establish articulate and disclose its values	Complies.  The Board has a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Group's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code.  The Code of Conduct is available on the Company's website.

<b>Recommendation 3.2</b>	
<p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and</p> <p>(2) any other material breaches of that code that call into question the culture of the organisation.</p>	<p>Complies.</p> <p>The Company's Corporate Governance Plan includes a Code of Conduct, which discloses the specific responsibility and accountability of FCG directors, senior executives and employees</p> <p>The Code of Conduct can be viewed at the Company's website <a href="http://www.fcgl.com.au">http://www.fcgl.com.au</a></p>
<b>Recommendation 3.3</b>	
<p>A listed entity should have and disclose a whistleblower policy and ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>Complies.</p> <p>The Company's Corporate Governance Plan includes a whistleblower policy, which encourages promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.</p> <p>The whistleblower policy can be viewed at the Company's website <a href="http://www.fcgl.com.au">http://www.fcgl.com.au</a></p>
<b>Recommendation 3.4</b>	
<p>A listed entity should have and disclose an anti-bribery and corruption policy and ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	<p>Complies.</p> <p>The Company's Corporate Governance Plan includes an anti-bribery and corruption policy, which outlines the Company's commitment to comply with the laws and regulations and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.</p> <p>The anti-bribery and corruption policy can be viewed at the Company's website <a href="http://www.fcgl.com.au">http://www.fcgl.com.au</a></p>
<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>	
<b>Recommendation 4.1</b>	
<p>The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair that is not the chair of the board.</p> <p>The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>Partially complies.</p> <p>The board has established an audit and risk committee Charter.</p> <p>Members of the committee comprise the whole board of directors.</p> <p>A summary of the charter and details of the number of times the audit and risk committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company's annual report.</p> <p>The full audit and risk committee charter is available on the Company's website</p>



<b>Recommendation 4.2</b>	
The board should disclose whether it has, before approving the entity's financial statements for the financial period receive assurance from its Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.	<p>Complies.</p> <p>The Board requires the Chief Executive Officer and the Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.</p> <p>The Executive Chairman performs the function of the CEO for this purpose.</p>
<b>Recommendation 4.3</b>	
A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<p>Complies.</p> <p>The Company goes through external auditor approval for its corporate reports. External auditor attends AGMs and is available to answer questions from Security Holders relevant to the audit.</p>
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>	
<b>Recommendation 5.1</b>	
The entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>Complies.</p> <p>The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors.</p> <p>The Company's continuous disclosure policy can be viewed at the Company's website.</p>
<b>Recommendation 5.2</b>	
A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies.
<b>Recommendation 5.3</b>	
A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Complies.
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>	
<b>Recommendation 6.1</b>	
The entity should provide information about itself and its governance to investors via its website.	<p>Complies.</p> <p>The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan.</p> <p>Details can be found at the Company's website.</p>

<b>Recommendation 6.2</b>	
The entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies.  The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company.  Details of the Shareholder's Communication Policy can be found on the Company's website.
<b>Recommendation 6.3</b>	
The entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies.  The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.
<b>Recommendation 6.4</b>	
A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Will comply at the next relevant meeting
<b>Recommendation 6.5</b>	
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies.
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>	
<b>Recommendation 7.1</b>	
The board of a listed entity should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director.  The entity should disclose the charter of the committee, the members of the committee and at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Complies.  The Board has established an audit and risk committee to oversee risk which is comprised of the whole Board.  Details of the number of times the committee met and the individual attendances of the members at those meetings is set out in the Company's annual report.
<b>Recommendation 7.2</b>	
The board or board committee should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risk the entity faces and to ensure that they remain with the risk appetite set by the board.	Complies.
The entity should also disclose in relation to each reporting period, whether such a review has taken place	The Company's Corporate Governance Plan includes a Risk Management Review Procedure and Compliance and Control policy.

	<p>The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board has delegated to the audit and risk committee the responsibility for implementing the risk management system.</p> <p>Details of the number of times the committee conducted a risk management review in relation to each reporting period will be disclosed in its annual reports.</p>
<b>Recommendation 7.3</b>	
<p>The entity should disclose if it has an internal audit function, how the function is structured and what role it performs. If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Does not yet comply.</p> <p>The Board has delegated the internal audit function to the audit and risk committee and intends to establish and implement the structure and role of the internal audit function.</p> <p>The Company will disclose the details of the internal audit function in its future annual reports.</p>
<b>Recommendation 7.4</b>	
<p>The entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Complies.</p> <p>The Company has an Audit and Risk committee appointed to manage economic sustainability and risk. In addition to this the Company also has an Environmental and Social Charter on its website, and manages environmental and social sustainability risks accordingly.</p>
<b>PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY</b>	
<b>Recommendation 8.1</b>	
<p>The board should establish a remuneration committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p>	<p>Does not yet comply.</p>
<p>If the entity does not have a remuneration committee, the entity should disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board has adopted a Remuneration Committee Charter.</p> <p>However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board.</p> <p>The Board intends to engage the services of an independent adviser to review the level and composition of remuneration for Directors and senior executives to ensure that such remuneration is appropriate and not excessive.</p>

<b>Recommendation 8.2</b>	
The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>Complies.</p> <p>The Company distinguishes the structure of Non-executive Directors' remuneration from Executive Directors and senior executives.</p> <p>Details of the policies and practices regarding remuneration are set out in the Company's annual report.</p> <p>The Remuneration Committee Charter is disclosed on the Company's website.</p>
<b>Recommendation 8.3</b>	
If the entity has an equity-based remuneration scheme it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it.	<p>Complies.</p> <p>The Company's Share Trading Policy prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity-based remuneration scheme.</p> <p>The Share Trading Policy can be viewed on the Company's website</p>
<b>PRINCIPLE 9: ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>	
<b>Recommendation 9.1</b>	
A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	We do not have a director in this position and therefore this recommendation is not applicable.
<b>Recommendation 9.2</b>	
A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	We do not have a director in this position and therefore this recommendation is not applicable.
<b>Recommendation 9.3</b>	
A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	We do not have a director in this position and therefore this recommendation is not applicable.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Consolidated 2019 \$'000	2018 \$'000
<b>Revenue</b>	4	<b>28,812</b>	2,512
Other Income and Expenses	4	<b>(1,906)</b>	1,996
Cost of providing services and administrative expenses	5	<b>(19,172)</b>	(4,379)
Finance costs	5	<b>(4,677)</b>	(1,032)
<b>Profit/(Loss) before income tax</b>		<b>3,057</b>	(903)
Income tax	6	<b>(918)</b>	76
<b>Profit/(Loss) after income tax</b>		<b>2,139</b>	(827)
<b>Other Comprehensive Income</b>			
Other comprehensive income		-	-
Income tax		-	-
Other comprehensive income for the year net of tax		-	-
<b>Total comprehensive income/(loss) attributable to members of the consolidated entity</b>		<b>2,139</b>	(827)
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share (cents)	19	<b>0.77</b>	(0.30)
Diluted earnings/(loss) per share (cents)	19	<b>0.77</b>	(0.29)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2019

	Notes	<b>Consolidated</b>	
		<b>2019</b>	2018
		<b>\$'000</b>	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	9,027	14,181
Trade and other receivables	8	10,045	1,640
Financial assets		312	-
Other current assets		51	1,457
<b>Total current assets</b>		<b>19,435</b>	<b>17,278</b>
<b>Non-current assets</b>			
Cash and cash equivalents	7	7,000	-
Building, furniture and equipment	9	47,413	18,724
Other non-current assets		78	98
Intangible Assets		5,592	-
<b>Total non-current assets</b>		<b>60,083</b>	<b>18,822</b>
<b>Total Assets</b>		<b>79,518</b>	<b>36,100</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	23,273	19,258
Financial Liabilities	11	198	3
Other current liabilities		418	-
<b>Total current liabilities</b>		<b>23,889</b>	<b>19,261</b>
<b>Non-current liabilities</b>			
Trade and other payable	10	23,712	14,057
Financial Liabilities	11	4,284	-
Employee benefits provision		362	341
Other non-current liabilities		53	-
<b>Total non-current liabilities</b>		<b>28,411</b>	<b>14,398</b>
<b>Total Liabilities</b>		<b>52,300</b>	<b>33,659</b>
<b>Net Assets</b>		<b>27,218</b>	<b>2,441</b>
<b>EQUITY</b>			
Issued capital	12	59,870	59,870
Reserves		23,717	1,079
Accumulated losses		(56,369)	(58,508)
<b>Total Equity</b>		<b>27,218</b>	<b>2,441</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>Consolidated</b>	<b>Notes</b>	<b>Issued Capital \$'000</b>	<b>Option Reserves \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total Equity \$'000</b>
<b>At 1 January 2019</b>	12	<b>59,870</b>	<b>2,425</b>	<b>(1,346)</b>	<b>(58,508)</b>	<b>2,441</b>
Share issued		-	-	-	-	-
Share issuing cost		-	-	-	-	-
Profit for the year		-	-	-	2,139	2,139
Property Revaluation		-	-	22,075	-	22,075
Movement for the year		-	-	563	-	563
<b>At 31 December 2019</b>	12	<b>59,870</b>	<b>2,425</b>	<b>21,292</b>	<b>(56,369)</b>	<b>27,218</b>
<b>At 1 January 2018</b>		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
<b>Balance at 31 Dec 2018</b>	12	<b>59,870</b>	<b>2,425</b>	<b>(1,346)</b>	<b>(58,508)</b>	<b>2,441</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated	
		2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		19,154	3,909
Payments to suppliers and employees		(9,061)	(5,027)
Interest paid		(212)	-
Interest received		14	-
<b>Net cash provided by/(used in) operating activities</b>	14	<b>9,895</b>	<b>(1,118)</b>
<b>Cash flows from investing activities</b>			
Payment for properties and equipment		(8,775)	(9,229)
Payment for prospects and investment		(5,905)	-
Advance to suppliers		-	(1,378)
Advance from other party		2,151	11,818
<b>Net cash (used in)/provided by investing activities</b>		<b>(12,529)</b>	<b>1,211</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	-
Share issuing cost		-	-
Deposit for future stock subscriptions – controlled entity		-	13,500
Proceed/(Repayment) from borrowing		4,480	(13)
<b>Net cash provided by/ (used in) by financing activities</b>		<b>4,480</b>	<b>13,487</b>
<b>Net increase/ (decrease) in cash held</b>		<b>1,846</b>	<b>13,580</b>
Cash and cash equivalents at the beginning of the year		<b>14,181</b>	<b>601</b>
<b>Cash and cash equivalents at the end of the year</b>	7	<b>16,027</b>	<b>14,181</b>

The above Statement should be read in conjunction with the accompanying notes



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. CORPORATE INFORMATION

The financial report of Frontier Capital Group Limited (the **Company**) for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors and covers Frontier Capital Group Limited as an individual parent entity as well as the consolidated entity consisting of Frontier Capital Group Limited and its subsidiaries (the **Group**) as required by the *Corporations Act 2001*.

The financial report is presented in the Australian currency.

Frontier Capital Group Limited was incorporated as an unlisted public company on 18 July 2010 and is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (**ASX**) since 6 December 2011.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

##### *Statement of Compliance*

Compliance with Australian Accounting Standards Board (**AASB's**) ensures that the financial report of Frontier Capital Group Limited also complies with International Financial Reporting Standards (**IFRS**).

##### *Critical accounting estimates*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *(i) Options valuation*

Estimates and assumptions used to calculate the valuation of options.

##### *Critical judgements*

Management has made the following judgements when applying the Group's accounting policies:

- (i)* Management has determined that the issue of shares and options to the vendors of CK Graphics SDN BHD ("CK Graphics") did not constitute a transaction to be accounted for as a reverse acquisition. The latter Company does not have the power to govern the financial and operating policies of the Company. First, shareholders of CK Graphics do not have a majority shareholding in the Company. Secondly, the major shareholders of the Company are not related parties to CK Graphics. Thirdly, no directors of CK Graphics are directors of the Company.

##### *Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

##### *Going concern*

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### a. Basis of preparation continued

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

#### *ASIC Class Order 98/100*

The Company is of a kind referred to in ASIC Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### b. Principles of consolidation

#### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Frontier Capital Group Limited (the "parent entity") as at report date and the results of all subsidiaries for the year then ended. Frontier Capital Group Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The financial performance of those activities is included only for the period of the year that they were controlled.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### *Joint Ventures*

Interests in joint venture entities are accounted for in the consolidated financial statements using the proportionate consolidation method and are carried at cost by the parent entity. Under the proportionate consolidated method, the share of income and expenses of the jointly controlled entity is combined line by line with similar items in the consolidated Statement of Profit or Loss and Other Comprehensive Income and the share of assets and liabilities are recognised in the consolidated Statement of Financial Position.

#### *Business Combinations*

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is account for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### b. Principles of consolidation continued

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase

#### *Goodwill*

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of

- The consideration transferred;
- Any non-controlling interest; and
- The acquisition date fair value of any previously held equity interests over the acquisition date fair value of net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Good will on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

### c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### *Interest Revenue*

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

#### *Other Income*

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided are receivable. All revenue is stated net of the amount of goods and services tax (GST).

### e. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Frontier Capital Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### f. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis except for the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### g. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### h. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

### i. Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

### j. Financial instruments

#### Recognition and Initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

## 2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES continued

### Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

#### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

#### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

#### (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

### (v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### k. Property, plant and equipment

The Group measures and recognises its building at fair value based on a projected cash flow from casino operations located in the Philippines.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

#### (a) Fair value hierarchy

AASB 13 : Fair Value Measurement requires the disclosure of fair value information by level of fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorized into as follows :

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

## 2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES continued

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

### *Valuation Techniques*

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transaction for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risk. When selecting a valuation technique, the Group gives priority to those techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognized on a recurring basis after initial recognition and their categorization within the fair value hierarchy.

### Recurring fair value measurements

	31 December 2019			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Total non-financial assets recognized at fair value on a recurring basis	-	-	47,413	47,413
Total non-financial assets recognised at fair value	-	-	47,413	47,413

#### (a) Valuation techniques and inputs used to measure Level 3 fair values

Description <i>Non-financial assets</i>	Fair value (\$) at 30 Dec 2019	Valuation technique	Inputs used
		Income approach using net present value.	Based on actual profit and loss to 31 Dec 2019 of Stotsenberg Leisure Park and Hotel Corporation and review of projected budgets and associated manager and owner agreements of the Casino
	47,413		
	<u>47,413</u>		



## 2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES continued

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. A revaluation surplus is credited to the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrease on the same asset previously recognised in the Statement of Profit or Loss and Other Comprehensive Income. A revaluation deficit is recognised in the Statement of Profit or Loss and Other Comprehensive Income unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation reserve. On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings. Independent valuations are performed regularly to ensure the carrying amounts of land and buildings do not differ materially from the fair value at the Statement of Financial Position date.

Land is not depreciated. Depreciation on other assets is calculated using the straight line, over their estimated useful lives, as follows:

- Plant and equipment 5 – 15 years (depreciation rate 6.7% to 20%)
- Buildings 30 years (depreciation rate 3.4%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

### **i. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### **m. Employee benefits**

#### *(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

### **n. Contributed equity**

Ordinary shares are classified as equity.

## 2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES continued

### **o. Foreign currency**

#### *(i) Functional and presentation currency*

Items included in the financial records measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars, which is the presentation currency of the Company.

#### *(ii) Translation of foreign currency transactions*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency using reporting date exchange rates. Resulting exchange differences are recognised in profit or loss.

#### *(iii) Translation of the financial results of foreign operations*

The financial position and performance of foreign operations with a functional currency other than Australian dollars are translated into the presentation currency for inclusion in the consolidated financial statements. The assets and liabilities are translated using reporting date exchange rates while equity items are translated using historical rates. Items from the statement of comprehensive income are translated using weighted average rate for the reporting year. Exchange rate differences arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated using reported date exchange rates.

On the disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the foreign currency translation reserve relating to that foreign operation is recognised in profit or loss.

### **p. Earnings per share (EPS)**

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### **q. New accounting standards for application**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. We have reviewed these standards and interpretations and there are none having any material effect.

### 3. FINANCIAL RISK MANAGEMENT

#### a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function also reviews the risk management policies and processes and reports their findings to the Audit Committee.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below:

#### b. Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

The maximum exposure to credit risk at balance date is as follows:

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Current</b>		
Cash and cash equivalents	<b>16,027</b>	14,181
Trade and other receivables	<b>10,045</b>	1,640
Financial assets	<b>312</b>	-
	<b>26,384</b>	15,821

**3. FINANCIAL RISK MANAGEMENT continued****Maturity Analysis of financial assets**

	<b>Carrying Amount</b>	<b>Contractual Cash flows</b>	<b>&lt; 6 mths</b>	<b>6- 12 mths</b>	<b>1-3 years</b>	<b>&gt; 3 years</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated 2019</b>						
<b>Current</b>						
Cash and cash equivalent	16,027	16,027	9,027	-	7,000	-
Trade and other receivables	10,045	10,045	9,994	51	-	-
Financial assets	312	312	-	312	-	-
<b>Total financial assets</b>	<b>26,384</b>	<b>26,384</b>	<b>19,021</b>	<b>363</b>	<b>7,000</b>	<b>-</b>
<b>2018</b>						
<b>Current</b>						
Cash and cash equivalent	14,181	14,181	681	-	13,500	-
Trade and other receivables	1,640	1,640	1,507	133	-	-
<b>Total financial assets</b>	<b>15,821</b>	<b>15,821</b>	<b>2,188</b>	<b>133</b>	<b>13,500</b>	<b>-</b>

### 3. FINANCIAL RISK MANAGEMENT continued

#### c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. There is no bank borrowing at the balance date. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities and the ability to close-out market positions.

<b>Maturity Analysis of Financial Liabilities</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>&lt; 6 mths</b>	<b>6 - 12 mths</b>	<b>1 - 3 years</b>	<b>&gt; 3 years</b>
<b>Consolidated 2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Liabilities</b>						
<b>Current</b>						
Trade and other payables	23,273	23,273	12,601	10,672	-	-
Financial liabilities	198	198	190	8	-	-
<b>Non-Current</b>						
Trade and other payables	23,712	23,712	-	-	23,712	-
Financial liabilities	4,284	4,284	-	-	83	4,201
<b>Total financial liabilities at amortised cost</b>	<b>51,467</b>	<b>51,467</b>	<b>12,791</b>	<b>10,680</b>	<b>23,795</b>	<b>4,201</b>
<b>Consolidated 2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Liabilities</b>						
<b>Current</b>						
Trade and other payables	19,258	19,258	6,403	12,855	-	-
<b>Non-Current</b>						
Trade and other payables	14,057	14,057	-	-	557	13,500
<b>Total financial liabilities at amortised cost</b>	<b>33,315</b>	<b>33,315</b>	<b>6,403</b>	<b>12,855</b>	<b>557</b>	<b>13,500</b>

### 3. FINANCIAL RISK MANAGEMENT continued

#### d. Interest rate risk

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk. There is no bank borrowing at the balance date, therefore there is no material exposure to interest rate risk.

##### Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on fluctuation on deposit interest rate). There is no impact on the Group's equity.

	Carrying Amount \$'000	+1% Profit/ (Loss) \$'000	-1% Profit/ (Loss) \$'000
<b>Consolidated 2019</b>			
Cash and cash equivalents	16,027	160	(160)
Tax charge of 27.5%		(44)	44
After tax increase/(decrease)	<u>16,027</u>	<u>116</u>	<u>(116)</u>
<b>2018</b>	\$'000	\$'000	\$'000
Cash and cash equivalents	14,181	142	(142)
Tax charge of 27.5%		(39)	39
After tax increase/(decrease)	<u>14,181</u>	<u>103</u>	<u>(103)</u>

The above analysis assumes all other variables remain constant.

#### e. Currency risk

In 2019 the consolidated entity and parent entity were not exposed to significant foreign currency risk (2018: Nil). The wholly owned controlled entities are operating in Philippines and Malaysia and the consolidated entity is subjected to foreign currency translation risk.

#### f. Capital risk management

The Group considers its capital to comprise its ordinary share capital and reserves. In managing its capital, the Group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives, or what is considered capital in the year.

**4. REVENUE**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Revenue</b>		
Residence income	<b>543</b>	865
Gaming revenue and fee income	<b>27,746</b>	106
Sales	<b>509</b>	1,541
Interest income	<b>14</b>	-
	<b>28,812</b>	2,512
<b>Other Income and expenses</b>		
Plant and equipment written off	<b>(929)</b>	-
Bad and doubtful debt write back / (provided)	<b>(1,176)</b>	1,988
Others	<b>199</b>	8
	<b>(1,906)</b>	1,996

**5. EXPENSES****Specific Items**

Profit / (loss) 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>2019</b>	2018
	<b>\$'000</b>	\$'000
Consultancy and professional fees	<b>(359)</b>	(187)
Director and employee expenses	<b>(2,334)</b>	(1,163)
Commission	<b>(7,448)</b>	-
<b>Finance costs</b>		
Others	-	(1)
Interest	<b>(2,710)</b>	(1)
Depreciation	<b>(1,967)</b>	(1,030)
	<b>(4,677)</b>	(1,032)

**6. INCOME TAX****a. Income Tax Expense**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Current tax expense	<b>(918)</b>	76
Deferred tax expense		-
Total income tax expense	<b>(918)</b>	76
Deferred tax expense		
Increase/(decrease) in deferred tax expense	<b>(918)</b>	76

In 2018 \$76,000 is the derecognition of deferred tax liabilities in the wholly owned Malaysian subsidiary, CK Graphic SDN. BHD.

**6. INCOME TAX continued****b. Numerical reconciliation of income tax expense to prima facie tax payable**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
(Profit)/Loss from continuing operations before income tax expense (2018:27.5%)	<u>3,057</u>	(903)
Prima facie income tax expense/(benefit) calculated at 27.5%	<b>840</b>	(248)
Permanent differences	<b>(927)</b>	969
Temporary differences not brought to account	<b>436</b>	(79)
Tax losses not brought to account	<u>569</u>	(718)
Income tax expense	<u><b>918</b></u>	<u>(76)</u>

**c. Unrecognised deferred tax assets and liabilities**

Deferred tax assets and liabilities have not been recognised in the balance sheet for the following items:

Other deductible temporary differences	<u>1,584</u>	287
	<u><b>1,584</b></u>	<u>287</u>
Potential benefit/(expense) at 27.5% (2018: 27.5%)	<u><b>436</b></u>	<u>(79)</u>

**7. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Current</b>		
Cash at bank and on hand	<b>9,027</b>	681
Cash held in trust and escrowed	-	13,500
Cash at bank and on hand	<u>9,027</u>	<u>14,181</u>
<b>Non-current</b>		
Cash held in trust and escrowed	<b>7,000</b>	-
Total cash and cash equivalent	<u><b>16,027</b></u>	<u>14,181</u>
Weight average interest rates	<b>0.00%</b>	0.00%

**a. Reconciliation to cash at the end of the year**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents	<u>16,027</u>	14,181
Balance per Statement of Cash Flows	<u><b>16,027</b></u>	<u>14,181</u>

**b. Interest rate risk exposure**

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 3.



**8. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Current</b>		
Receivables - trade	<b>9,994</b>	352
Provision for doubtful debt	-	(62)
Deposit – Mongolian Lottery	-	1,336
Receivable – Non-trade	<b>26</b>	30
Provision for doubtful debt	-	(30)
Advance to officers and employees	<b>15</b>	13
Provision for doubtful debt	-	(13)
Receivables - advance to other party	<b>105</b>	138
Provision for non-recovery	<b>(97)</b>	(138)
Receivables - other	<b>2</b>	14
	<b>10,045</b>	1,640

**a. Impaired receivables and receivables past due**

None of the current or non-current receivables are impaired or past due but not impaired.

**b. Receivable – trade**

The portion of trade receivables from the Philippine's hotel and casino operations have no collateral or any credit enhancement or is there any legal right to offset against any amounts owed by the Company total counterparty. Trade receivable included receivables from Casino manager amounting to ₱352.7 million arising from the share of the Company from revenue of Casino.

**c. Deposit Mongolian Lottery**

In 2015, the Company paid \$1.5 million as a deposit for the Mongolian Lottery investment as part of the sale agreement. Following the termination of the sale agreement in February 2016, \$1.336 million was recovered in early 2019.

**d. Receivable – non trade**

The Malaysia operations have recorded \$0.026 million (2018: 0.03 million) as non-trade receivables and deposit. Provision \$nil million (2018: \$0.03 million) has been made for this receivable and deposit.

**e. Advance to officers, employees (Philippines) and advance to Director – Malaysian operation**

Advances to officers and employees \$0.015 million (2018: \$0.61 million), pertain to advances made for future disbursement of the intended recipients. Provision for doubtful debt \$nil million (2018: \$0.01 million) was made at reporting date.

**8. TRADE AND OTHER RECEIVABLES continued****f. Receivables – other****Current**

These amounts relate to receivables for GST paid, deposit and sundry receivable.

None were written down during the year.

**g. Interest rate risk**

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 3.

**h. Fair value and credit risk****Current trade and other receivables**

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

## 9. BUILDINGS, FURNITURES, FIXTURES AND EQUIPMENT

	2019 \$'000	2018 \$'000
<b>Furniture, fixtures and equipment</b>		
At cost and fair value	10,316	7,141
Accumulated depreciation	(5,199)	(5,153)
Carrying value	<u>5,117</u>	<u>1,988</u>
<b>Buildings</b>		
At cost and fair value	48,725	25,585
Accumulated depreciation	(10,839)	(8,849)
Carrying value	<u>37,886</u>	<u>16,736</u>
<b>Right of use assets</b>		
At cost and fair value	4,535	-
Accumulated depreciation carrying value	(125)	-
Carrying value	<u>4,410</u>	<u>-</u>
<b>Total carrying value</b>	<u><u>47,413</u></u>	<u><u>18,724</u></u>

### Reconciliations

Reconciliations of the carrying amounts of each class of buildings, furniture, fixtures & equipment at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Furniture, fixtures &amp; equipment</b>	<b>Buildings</b>	<b>Right of use assets</b>	<b>Total</b>
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at 1 January 2019	1,988	16,736	-	18,724
Additions	3,853	79	4,535	8,467
Change in fair value	594	21,481	-	22,075
Written-off	(934)	-	-	(934)
Depreciation	(453)	(1,444)	(125)	(2,022)
Exchange adjustment	69	1,034	-	1,103
Carrying amount at 31 December 2019	<u>5,117</u>	<u>37,886</u>	<u>4,410</u>	<u>47,413</u>
<b>2018</b>				
Carrying amount at 1 January 2018	1,278	9,746	-	11,024
Additions/(disposal)	959	7,403	-	8,362
Depreciation	(351)	(679)	-	(1,030)
Exchange adjustment	102	266	-	368
Carrying amount at 31 December 2018	<u>1,988</u>	<u>16,736</u>	<u>-</u>	<u>18,724</u>

**10. TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Current</b>		
Trade payables	<b>3,034</b>	3,709
Other payables	<b>925</b>	142
Non-trade payable, deposit and accruals - note a	<b>8,642</b>	7,298
Deposit for future stock subscription - note b	-	3,861
Unsecured non-interest bearing payable - note c	<b>10,672</b>	4,248
	<b>23,273</b>	19,258
<b>Non-Current</b>		
Deposit for future stock subscriptions - controlled entity - noted d	<b>15,079</b>	13,500
Deposit for future stock subscription – note b	<b>6,135</b>	-
Other payables	<b>2,498</b>	557
	<b>23,712</b>	14,057

Note a – Payable to third party, Peso 316 million (2018: Peso 184 million) pertains to expenses incurred in the renovation expenses, capital and operating expenses related to casino.

Non-trade includes unpaid balance of Peso nil million (2018: Peso 91 million) for the construction of hotel and casino. This has been paid in 2019.

Note b - Advances Peso 224.5 million (2018: Peso 150 million) represent amounts payable to controlled entity stockholders arising for the refund of deposits for future stock subscription.

The amounts outstanding are unsecured, non-interest bearing, payable on demand and will be settled in cash. No guarantees have been given for these advances.

Note c - The amounts outstanding Peso 390 million (2018: Peso 165 million) pertains to cash advances provided to finance the controlled entity's working capital requirements and renovations of hotel from related party.

The amounts outstanding are unsecured, non-interest bearing, payable on demand and will be settled in cash. No guarantees have been given with respect to these advances.

Note d - The amounts outstanding USD 10 million (2018: USD 10 million) is to fund PAGCOR escrowed deposit.

The amounts outstanding are unsecured, interest bearing, payable on demand and will be settled in cash. No guarantees have been given with respect to these advances.

**11. FINANCIAL LIABILITIES**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Current</b>		
Bank Borrowing	<b>183</b>	-
Hire Purchase/Lease Liabilities	<b>15</b>	3
	<b>198</b>	3
<b>Non-Current</b>		
Hire Purchase/Lease Liabilities	<b>4,284</b>	-

**12. ISSUED CAPITAL**

	Consolidated		Consolidated	
	2019	2018	2019	2018
	No. of shares	No. of shares	\$	\$
<b>Ordinary shares Issued</b>	<b>276,290,000</b>	276,290,000	<b>59,870,455</b>	59,870,455

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

Consolidated Details	2019	2018	2019	2018
	No. of shares	No. of shares	\$	\$
Opening Balance	<b>276,290,000</b>	276,290,000	<b>59,870,455</b>	59,870,455
Share issued	-	-	-	-
Debt conversion	-	-	-	-
Share issuing costs	-	-	-	-
Closing Balance	<b>276,290,000</b>	276,290,000	<b>59,870,455</b>	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

**13. INVESTMENTS IN CONTROLLED ENTITIES**

Name of Entity	Class of Shares	Equity Holding		Country of Incorporation
		2019	2018	
		%	%	
Stotsenberg Leisure Park and Hotel Corporation	Ordinary	<b>100</b>	100	Philippines
CK Graphic SDN BHD	Ordinary	<b>100</b>	100	Malaysia
PMR 1 Pty Ltd*	Ordinary	-	100	Australia
PMR 3 Pty Ltd*	Ordinary	-	100	Australia
PMR 4 Pty Ltd*	Ordinary	-	100	Australia
PMR 5 Pty Ltd*	Ordinary	-	100	Australia
Peel Gold Pty Ltd*	Ordinary	-	100	Australia
Peel Gold North Pty Ltd*	Ordinary	-	100	Australia

\*De-registered inactive entities

**13. INVESTMENTS IN CONTROLLED ENTITIES continued****Acquisition of Controlled Entities**

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

	<b>Fair Value</b>
	<b>\$'000</b>
Purchase consideration:	
154.05M FCG shares @ 0.2377	36,618
28.44M FCG shares @ 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 was recognised in year 2016	31,129
Provision for Impairment was made in year 2016	<u>(31,129)</u>
	<u>-</u>

The company is a holder of Philippines Amusement and Gaming Corporate (PAGCOR) license for its casino operations. In 2017, its license was revoked and operations for casino has ceased.

In a letter dated October 5, 2018, Board of Directors of PAGCOR approved the reactivation of the Provisional license (PL) of the Company. In 2019, casino operation was reopened in late 2019 after PAGCOR issued the Notice to Commence Operations.

The Directors are of the view that the acquisition of Stotsenberg Leisure Park and Corporation and the consideration paid represents fair value to the Company. The Directors further hold the view that the Goodwill treatment of the carrying value is appropriate.

**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.

	<b>Fair Value</b>
	<b>\$'000</b>
Purchase consideration:	
37,500,000 shares issued @ \$0.20	7,500
37,500,000 options issued, exercise price @ \$0.20	2,219
Identifiable assets acquired and liabilities assumed	<u>(1,754)</u>
Acquisition Goodwill was recognised in year 2015	7,965
Provision for impairment was made in year 2016	<u>(7,965)</u>
	<u>-</u>

The Directors are of the view that the acquisition of CK Graphic and the consideration paid represents fair value to the Company. This view is supported by the independent expert report which accompanied the Notice of Meeting 19 January 2015. The Directors further hold the view that the Goodwill treatment of the carrying value is appropriate.

**13. INVESTMENTS IN CONTROLLED ENTITIES continued****PARENT ENTITY FINANCIAL INFORMATION****a. Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	<b>Parent Entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance Sheet</b>		
Current assets	1,156	71
Total assets	67,962	69,312
Current liabilities	30	59
Total liabilities	17,607	14,115
<b>Shareholder's equity</b>		
Issued Capital	59,870	59,870
Reserves	2,425	2,425
Accumulated losses	(11,940)	(7,098)
<b>Profit and Loss</b>		
Loss for the year	(4,842)	(250)
Total comprehensive loss	(4,842)	-

**b. Guarantees entered into by the parent entity**

Frontier Capital Group Limited has not provided guarantees to its subsidiaries within the Group. No liability was recognised by Frontier Capital Group Limited in relation to these guarantees as the likelihood of payment is not probable.

**c. Contingent liabilities of the parent entity**

Refer to note 17.

**d. Contractual commitments by the parent entity for the acquisition of property, plant and equipment.**

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

**14. RECONCILIATION OF (LOSS)/ PROFIT TO NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit/(Loss) for the year</b>	<b>2,139</b>	<b>(827)</b>
Plant and equipment written-off	929	-
Provision for doubtful debt	1,176	(1,988)
<b>Change in operating assets and liabilities:</b>		
Increase/(Decrease) in trade and other receivables	(8,072)	3,052
Increase/(Decrease) in other current assets	1,406	(98)
Increase/(Decrease) in trade and other creditors and provisions	12,264	(1,329)
Increase/(Decrease) in deferred tax assets	-	-
Increase/(Decrease) in deferred tax liabilities	53	72
<b>Net cash provided by / (used in) operating activities</b>	<b>9,895</b>	<b>(1,118)</b>

## 15. OPERATING SEGMENT

The Group operates the gaming and hospitality business in Philippines and property development support services in Malaysia.

### 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 & Hospitality	3D Multimedia Operations	Eliminations/ unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
<b>2019</b>				
Sales to external customers	28,360	437	15	28,812
Intersegment sales	-	-	-	-
Total sales revenue	28,360	437	15	28,812
Other revenue	-	-	-	-
<b>Total segment revenue</b>	<b>28,360</b>	<b>437</b>	<b>15</b>	<b>28,812</b>
<b>Segment result</b>				
Profit/(loss) before income tax	7,639	(936)	(3,646)	3,057
Income tax	(912)	(6)	-	(918)
<b>Net profit/(loss)</b>	<b>6,727</b>	<b>(942)</b>	<b>(3,646)</b>	<b>2,139</b>
Segment assets	72,475	295	6,748	79,518
Segment liabilities	28,498	238	23,564	52,300
Acquisition of non-current assets	8,467	-	-	8,467
Depreciation and amortisation expense	(1,979)	(43)	-	(2,022)
<b>2018</b>				
Sales to external customers	1,812	700	-	2,512
Intersegment sales	-	-	-	-
Total sales revenue	1,812	700	-	2,512
Other revenue	-	-	-	-
<b>Total segment revenue</b>	<b>1,812</b>	<b>700</b>	<b>-</b>	<b>2,512</b>
<b>Segment result</b>				
Profit/(loss) before income tax expense	(2,275)	(1,250)	2,622	(903)
Income tax expense	-	76	-	76
<b>Net profit/(loss)</b>	<b>(2,275)</b>	<b>(1,174)</b>	<b>2,622</b>	<b>(827)</b>
Segment assets	33,426	1,366	1,308	36,100
Segment liabilities	19,342	381	13,936	33,659
Acquisition of non-current assets	8,362	-	-	8,362
Depreciation and amortisation expense	(842)	(188)	-	(1,030)



**16. COMMITMENTS**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Lease commitments</b>		
<b>Non-cancellable operating leases – future</b>		
<b>Minimum lease payments</b>		
Within one year	<b>15</b>	211
Later than one year but no later than 5 years	<b>110</b>	1,147
Later than 5 years	<b>4,174</b>	961
	<b>4,299</b>	2,319

Controlled entity entered into lease agreement including a parcel of land for establishment and operation of hotel and restaurant in Philippines. Lease term shall be automatically renewed for another twenty-five years.

**Corporate Services agreements**

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited (**HAMPL**) pursuant to which HAMPL has agreed to provide:

1. Executive services (including arranging for individuals to fill the roles of managerial positions required by the Company and provide any other executive or managerial services required by the Company);
2. Financial/accounting services (including arranging for accountants, financial controllers and other professionals to carry on work on behalf of the Company);
3. Company secretarial services (including the provision of individuals to fill the role of Company Secretary);
4. Office services and facilities (including the provision of the premises that the Company may occupy and operate as its registered office and principal place of business); and
5. Miscellaneous services (being other services that may be requested by the Company from time to time).

The Company is currently required to pay \$4,000 plus GST per month to HAMPL.

**Services agreements**

The Corporate Services Agreement commenced on 1 September 2014 and expires 3 months after either party gives notice that the services will no longer be required (unless terminated earlier).

HAMPL may terminate the corporate services agreement if an insolvency event occurs with respect to the Company or the Company defaults in paying any fees and does not rectify that default within 30 days of receiving written notice from HAMPL.

The Company may terminate the corporate services agreement if an insolvency event occurs with respect to HAMPL or HAMPL fails to provide any of the services it is required to provide to the Company under the services agreement and does not rectify that default within 30 days of receiving written notice from the Company.

The terms of these corporate services agreement provide that Hudson Asset Management Pty Limited shall act on accordance with the directions of the board.

**17. CONTINGENT LIABILITIES**

There were no cross guarantees by Frontier Capital Group Limited and its wholly owned controlled entities. No deficiency of assets exists in the consolidated entity as a whole.

No material losses are anticipated in respect of any of the contingent liabilities. There are no other material contingent liabilities as at the date of this report.

**18. EVENTS SUBSEQUENT TO BALANCE DATE**

On 16 March 2020, Philippine Amusement and Gaming Corporation (PAGCOR) issued a directive directing the temporary cessation of gaming operations, nationwide (Suspension). The Suspension is in effect to midnight of 14 April 2020 or until the government declares the COVID-19 situation either under control or for extended community quarantine.

The Covid-19 Pandemic announced by the world health organisation post 31 January 2020 is having a negative impact on world stock markets, currencies and business activities. The company has initiated strict policies and procedures to address the health and well being of employees, consultants and contractors. The timing and extent of the impact and recovery from Covid-19 is not yet known however these events may have a post balance sheet date impact.

The Coronavirus may have an impact on future revenues. The extent of this is currently unknown and is being monitored closely.

At the date of this report, there are no other matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2019, of the Group;
- the results of those operations; or,
- the state of affairs, in financial years subsequent to 31 December 2019, of the Group.

**19. EARNINGS PER SHARE**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>Cents</b>	Cents
Basic earnings/(loss) per share	<b>0.77</b>	(0.30)
Fully diluted earnings/(loss) per share	<b>0.77</b>	(0.29)
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	<b>2,139</b>	(827)
	<b>2019</b>	2018
	<b>Number of Shares</b>	Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share:	<b>276,290,000</b>	276,290,000
Adjustments for calculation of diluted earnings per share:		
Options	-	6,550,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<b>276,290,000</b>	282,840,000

**20. KEY MANAGEMENT PERSONNEL DISCLOSURES****a. Directors**

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

• Henri Ho	Executive Chairman	Appointed 15 April 2016
• Leung Foo Meng	Non-Executive Director	Appointed 3 February 2016
• Law Hun Seang	Non-Executive Director	Appointed 3 February 2016
• Bernard Say Kuan How	Managing Director	Appointed 15 February 2019
• Matthew Chin	Non-Executive Director	Appointed 15 February 2019
• Dato Helen Li Zhang	Non-Executive Director	Appointed 14 October 2014, Resigned 1 March 2019

**b. Other Key management personnel**

The following persons were other key management personnel of the Company during the financial year:

- Henry Kinstlinger                      Company Secretary

**c. Compensation of key management personnel**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
<b>Directors</b>	<b>\$</b>	<b>\$</b>
Short term employee benefits	<b>21,000</b>	14,583
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
	<b>21,000</b>	<b>14,583</b>
	<b>42,000</b>	<b>45,500</b>
<b>Other Key Management Personnel</b>		
Short term employee benefits	<b>42,000</b>	45,500
Post-employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
	<b>42,000</b>	<b>45,500</b>

**20. KEY MANAGEMENT PERSONNEL DISCLOSURES continued****Directors and other Key Management Personnel**

	Short Term Employee Benefits		Post-Employment Benefits	Long Term Benefits	Share Based Payments	Total
	Salary and other Fees	Travelling Allowance	Super-annuation	Long Service Leave		
<b>Consolidated 2019</b>	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Henri Ho	-	-	-	-	-	-
Bernard Say Kuan How	-	-	-	-	-	-
Mathew Chin	21,000	-	-	-	-	21,000
Leung Foo Meng	-	-	-	-	-	-
Law Hun Seang	-	-	-	-	-	-
Dato Helen Li Zhang	-	-	-	-	-	-
<b>Total - Directors</b>	<b>21,000</b>	-	-	-	-	<b>21,000</b>
<b>Key Management Personnel</b>						
Henry Kinstlinger	42,000	-	-	-	-	42,000
<b>Total - KMP</b>	<b>42,000</b>	-	-	-	-	<b>42,000</b>
<b>2018</b>						
<b>Directors</b>						
Henri Ho	-	-	-	-	-	-
Dato Helen Li Zhang	-	-	-	-	-	-
Ram Navaratnam	6,000	-	-	-	-	6,000
William Wilkinson	8,583	-	-	-	-	8,583
Bernard Say Kuan How	-	-	-	-	-	-
Mathew Chin	-	-	-	-	-	-
Leung Foo Meng	-	-	-	-	-	-
Law Hun Seang	-	-	-	-	-	-
<b>Total - Directors</b>	<b>14,583</b>	-	-	-	-	<b>14,583</b>
<b>Key Management Personnel</b>						
Henry Kinstlinger	45,500	-	-	-	-	45,500
<b>Total - KMP</b>	<b>45,500</b>	-	-	-	-	<b>45,500</b>

The amounts reported represent the total remuneration paid by entities in the Frontier Capital Group of companies in relation to managing the affairs of all the entities within Frontier Capital Group.

There is performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

**20. KEY MANAGEMENT PERSONNEL DISCLOSURES continued****d. Employee share option plan**

Frontier Capital Group Ltd has adopted an Employee Share Option Plan, (**ESOP**) for its employees. A person is an employee of Frontier Capital Group Ltd if that person is an Executive Director, Non-Executive Director or considered by the Board to be employed by the Company or a related party.

The purpose of the ESOP is to provide an opportunity for all eligible employees of the Company to participate in its growth and development.

The Company expects to apply the proceeds to working capital needs, asset or business acquisitions and general corporate purposes. All options to be issued must be consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other applicable law.

**e. Shareholdings and option holdings of key management personnel**

Particulars of interest in the issued capital of the Company's ordinary share and options at the date of the Report are:

	<b>Shares Direct Holding</b>	<b>Shares Indirect Holding</b>	<b>Options</b>
<b>Directors</b>			
Henri Ho	-	<b>41,443,500</b>	-
Dato Helen Li Zhang	-	-	-
Leung Foo Meng	-	-	-
Law Hun Seang	-	-	-
Bernard Say Kuan How	-	-	-
Matthew Chin	-	-	-
	-	<b>41,443,500</b>	-

**20. KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED****Shares held in Frontier Capital Group Limited – 2019**

	Balance at beginning of year	Changes during the year	Balance at end of year
<b>Directors</b>			
Henri Ho	53,917,500	(12,474,000)	41,443,500
Dato Helen Li Zhang	1,000,000	(1,000,000)	-
Leung Foo Meng	-	-	-
Law Hun Seang	-	-	-
Bernard Say Kuan How	-	-	-
Matthew Chin	-	-	-
	<b>54,917,500</b>	<b>-</b>	<b>41,443,500</b>

**Shares held in Frontier Capital Group Limited – 2018**

	Balance at beginning of year	Changes during the year	Balance at end of year
<b>Directors</b>			
Henri Ho	53,917,500	-	53,917,500
Dato Helen Li Zhang	1,000,000	-	1,000,000
Ram Navaratnam	-	-	-
William Wilkinson	-	-	-
Leung Foo Meng	-	-	-
Law Hun Seang	-	-	-
Bernard Say Kuan How	-	-	-
Matthew Chin	-	-	-
	<b>54,917,500</b>	<b>-</b>	<b>54,917,500</b>

**21. REMUNERATION OF AUDITORS****Consolidated**

<b>2019</b>	2018
\$	\$

**Audit services:**

Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group

Audit and review services – Parent entity	40,350	28,990
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**Taxation and other advisory services:**

Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group

Taxation – Parent entity	3,390	1,595
Advisory Services – Parent entity	-	-
	<b>43,740</b>	<b>30,585</b>

## 22. RELATED PARTY TRANSACTIONS

### a. Parent entities

The parent entity within the Group is Frontier Capital Group Limited.

### b. Subsidiaries

Interests in subsidiaries are disclosed in note 13.

### c. Key management personnel compensation

Key management personnel compensation information is disclosed in note 20.

### d. Transactions with related parties

There were no transactions with related parties during the year ended 31 December 2018.

### e. Outstanding balance

	<b>Consolidated Entities</b>	
	2019	2018
<b>Receivable</b>	\$	\$
<b>Non-current</b>		
Advance to other entities	-	-
Repayment from other entities	-	-
<b>Payable</b>		
<b>Non-current</b>		
Advance to other entities	-	-
Repayment from other entities	-	-

### f. Guarantees

No guarantees were given or received from related parties during the year.

### g. Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms or repayment of loans between the controlled parties and that no interest is charged on outstanding balances.

## DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and;
  - (b) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the Company and the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included on page 12 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2019, comply with section 300A of the *Corporations Act 2001*.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporation Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**Henri Ho**  
Director



**Bernard How**  
Director

24 March 2020



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Frontier Capital Group Limited

### Opinion

We have audited the financial report of Frontier Capital Group Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

### Basis of opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be on the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw your attention to Note 2 'Going Concern' of the financial report, which indicates the Group has prepared the financial statements on a going concern basis and believe that the company is able to discharge their liabilities in their normal course of business.

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We refer you to note 10, Trade and Other Payables, and note that Included in Trade and Other payables, are amounts owed to related parties relating to funds advanced to the Group to assist cash flow and renovations to the hotel.

We also refer you to note 11, Financial Liabilities, and note that the Group has increased external bank borrowings by \$183,000.

The Covid-19 Pandemic announced by the world health organisation post 31 January 2020 is having a negative impact on world stock markets, currencies and business activities. The Group has initiated strict policies and procedures to address the health and well-being of patrons, employees, consultants and contractors. The timing and extent of the impact and recovery from Covid-19 is not yet known however these events may have a post balance date impact.

The Group is reliant upon the cash flow from its business operations to pay its debts as and when they fall due and notwithstanding the cash flow reports provided by the Group in support of their going concern assumption, the current Covid-19 world Pandemic has resulted in businesses world wide contracting.

The Group's ability to pay its operational debts as and when they fall due and meet external borrowing commitments is highly dependent upon the cash flows generated from its businesses.

Should the businesses of the Group be forced to close and/or reduce operations due to the social and/or economic impact of the Covid-19 Pandemic there remains material uncertainty that the Group can pay its debts as and when they fall and continue as a going concern.

We note however, that until the government suspension of operations of all casino operations in the Philippines, the Group principal cash flow operation was performing well above its cash flow projections, creating a three-month budget surplus. Management is confident that there will be a robust return to operations, with strong revenue from Chinese junkets. Noting that Covid-19 occurrences in China are diminishing.

Our opinion is not modified in respect of this matter

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters	How our audit addressed the key audit matters
<p><b>Building, Furniture and Equipment</b> Refer to note 9.</p> <p>At 31 December 2019, the Group has assets totalling \$18.724mil relating to buildings, furniture and computer software associated with the hotel and casino operations.</p> <p>These assets were a key audit matter due the amount being material to the financial statements and the previous dormant period of operations which could have impacted their fair value.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We have obtained confirmations and documentary evidence from the auditors of Hotel Stotsenberg relating to their assessment of fair value and impairment.</li> <li>• This involved auditing a projected cash flow provided by management, and testing key inputs in the model.</li> </ul> <p>Further testing was performed on the accuracy of the calculations, including the discount rates employed.</p> <ul style="list-style-type: none"> <li>• We have obtained documentary evidence relating to additions during the financial year.</li> <li>• We have obtained confirmations from the auditors relating to their assessment of fair value and impairment.</li> <li>• We have ensured that the Group has adequately disclosed in its financial statements its Fair value Measurements.</li> <li>• We have obtained written representations from management relating to their assessment of the Group’s fair value (valuation) and impairment.</li> </ul>

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## Key audit matters

## How our audit addressed the key audit matters

<p><b>Going Concern</b> Refer to note 2 (Going Concern)</p> <p>I refer to note 2 of the financial statements and note that the Group has prepared the financial statements on the basis that it is able to pay its debts as and when they fall due.</p> <p>Given the impact that Covid-19 may have on the cash flow of the Group's businesses going concern of the Group is a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We have reviewed the Group's cash flow forecast.</li> <li>• We have obtained copies of current bank statements and considered expenditure for the next 12 months including the provision to meet interest payments for the \$US10mil loan facility.</li> <li>• We have confirmed the lease tenure of the Group.</li> <li>• We have obtained management representations relating to the accuracy and completeness of the cash flow forecast and the Group's ability to pay its debts as and when they fall due .</li> <li>• We have included in the audit report a section relating to material uncertainty relating to going concern.</li> </ul>
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### Other Matter

The Covid-19 Pandemic announced by the world health organisation post 31 January 2020 is having a negative impact on world stock markets, currencies and business activities. The Group has initiated strict policies and procedures to address the health and well being of employees, consultants and contractors. The timing and extent of the impact and recovery from Covid-19 is not yet known however these events may have a post balance date impact.

We note however, that until the government suspension of operations of all casino operations in the Philippines, the Group principal cash flow operation was performing well above its cash flow projections, creating a three-month budget surplus. Management is confident that there will be a robust return to operations, with strong revenue from Chinese junkets. Noting that Covid-19 occurrences in China are diminishing.

Our opinion is not modified in respect of this matter.

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### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

### Directors' responsibility for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement individually or in the aggregate, that could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

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## Report on the Remuneration Report Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 10 to 13 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report for the year ended 31 December 2019 complies with section 300A of the Corporation Act 2001.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

KS Black & Co  
Chartered Accountants



Scott Bennison

Partner

Dated: 24/3/2020

Sydney

## SHAREHOLDER INFORMATION

As at 28 February 2020

### A. Substantial Holders

Those shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001 are as follows:

Shareholder	No. of Shares	% held
FORTUNEGATE HOLDINGS PHILIPPINES INC	50,836,500	18.40
XENOSMILUS SDN BHD	50,986,500	18.45
STARCAP MANAGEMENT INC	41,443,500	15.00
EIXCITE GAMING AND ENTERTAINMENT INC	39,223,500	14.20
PLATINUM APEX INTERNATIONAL LIMITED	19,500,000	7.06

### B. Distribution of Equity Securities

Range	Total Holders	Units	% of Issued Capital
1 - 1000	6	232	0.00
1,001 - 10,000	233	2,191,942	0.79
10,001 - 100,000	75	2,860,698	1.04
100,001 - 500,000	32	7,156,084	2.59
500,001 - 1,000,000	12	8,223,936	2.98
1,000,001 - and above	18	255,857,108	92.60
<b>Rounding</b>			<b>0.00</b>
<b>Total</b>	<b>374</b>	<b>276,290,000</b>	<b>100.00</b>

### C. Unmarketable Parcels

	Minimum Parcel size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.08 per unit	6,250	25	53,674

### D. Twenty Largest Shareholders

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

Rank	Name	Units	% of Issued Capital
1	FORTUNEGATE HOLDINGS PHILIPPINES INC	50,836,500	18.40
2	XENOSMILUS SDN BHD	50,986,500	18.45
3	STARCAP MANAGEMENT INC	41,443,500	15.00
4	EIXCITE GAMING AND ENTERTAINMENT INC	39,223,500	14.20
5	PLATINUM APEX INTERNATIONAL LIMITED	19,500,000	7.06
6	OOI CHIN KEAT	9,000,000	3.26
7	TAM CHEN KIEN	9,000,000	3.26
8	RAFFLES EQUITIES PTY LTD	8,517,188	3.08
9	MR CHEE TEONG TEH	5,619,247	2.03
10	MAYFAIR CAPITAL LIMITED	4,263,000	1.54
11	MS WEI GIAT NG	3,578,200	1.30
12	MS XU TIAN TIAN	3,399,120	1.23
13	SAKURA CAPITAL LIMITED	2,939,424	1.06
14	MISHTALEM PTY LTD	2,256,827	0.82
15	TA SECURITIES HOLDINGS BERHAD	1,571,053	0.57
16	RSNB PTY LTD <SNRB FAMILY A/C>	1,500,000	0.54
17	MR TAO WANG	1,196,000	0.43
18	MR ZHUOXUAN ZHENG	1,027,049	0.37
19	PROJECT ALLIANCE LTD	1,000,000	0.36
20	RUCHNIUS PTY LTD	1,000,000	0.36
	<b>TOTAL TOP 20</b>	<b>257,857,108</b>	<b>93.33</b>
	<b>OTHERS</b>	<b>20,432,892</b>	<b>6.67</b>

**E. Director Interests**

Directors are not required under the Constitution to hold any Shares.

Directors hold the following Securities directly (or indirectly through their associates):

<b>Director</b>	<b>Direct</b>	<b>Indirect</b>	<b>Options</b>
Henri Ho	Nil	41,443,500	Nil
Bernard Say Kuan How	Nil	Nil	Nil
Matthew Chin	Nil	Nil	Nil
Leung Foo Meng	Nil	Nil	Nil
Law Hun Seang	Nil	Nil	Nil

**F. Listed Option**

There are no listed options.

**G. Unquoted Securities**

There are no unlisted options.

**H. Voting Rights**

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.



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