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FCG

FRONTIER CAPITAL GROUP LIMITED

ANNUAL REPORT 2018

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

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.

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REVIEW OF OPERATIONS

In February 2016, Frontier Capital Group Limited (“FCG”) or “the Company”) acquired the Stotsenberg Leisure Park and Hotel Corporation the operator of the Hotel Stotsenberg and Casablanca Casino, located at Clark 80 kilometres northwest of Manilla in the Philippines.

Corporate

On 17 January 2018 Ram Navaratnam and William Wilkinson resigned as directors of the Company.

On 15 February 2019 the Company appointed Mr Bernard How as Managing Director & Mr Matthew Chin as an Independent Non-Executive Director.

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

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

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

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

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

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 2018.

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

Consolidated results The net consolidated loss of the Group for the year ended 31 December 2018 was \$0.82 million (2017: Loss \$0.45 million). The consolidated loss arises largely from low activities in gaming and hospitality business.

Total Shareholders' Funds as at 31 December 2018 are \$2.44 million (2017: \$3.15 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 3 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
Ram Navaratnam	Non-Executive Director	Resigned 17 January 2018
William Wilkinson	Non-Executive Director	Resigned 17 January 2018

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	-	-	-	-	-	-
	Dato Helen Li Zhang****	-	-	-	-	-	-
	Leung Foo Meng	-	-	-	-	-	-
	Law Hun Seang	-	-	-	-	-	-
	Ram Navaratnam**	-	-	-	-	-	-
	William Wilkinson**	-	-	-	-	-	-
	Bernard Say Kuan How***	-	-	-	-	-	-
	Matthew Chin***	-	-	-	-	-	-

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

** Ram Navaratnam and William Wilkinson resigned on 17 January 2018.

*** 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**

Experience and expertise	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 Gentling 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.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	Indirect 53,917,500 shares

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

Experience and expertise	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
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	None

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

Experience and expertise	<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 Elxcite 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>
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	None

Bernard Say Kuan How
Managing Director - Appointed 15 February 2019

Experience and expertise	<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>
Other Current Directorships of Listed Companies	
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	None

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

Experience and expertise	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.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None

Dato Helen Li Zhang**Non-Executive Director - Appointed 14 October 2014, resigned 1 March 2019**

Experience and expertise	Dato Helen Li Zhang is a Non-Executive Chairman of Top Creation Limited (Stock Code: TOPC), a public company listed on the London Stock Exchange. She has significant experience in the Malaysian sector and was engaged from 2001 to 2007 as a property investment adviser by Brilliant Valley Sdn Bhd. In that time Dato Helen Li Zhang was involved in a number of significant property projects including Bandar Alam Perdana (Kuala Lumpur), Dataran Pahlawan (Malacca), and Empire Tower (Kuala Lumpur).
Other Current Directorships of Listed Companies	Non-Executive Chairman of Top Creation Limited (Stock Code: TOPC)
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	1 million shares

Ram Navaratnam**Non-Executive Director****Appointed 14 October 2014, resigned 17 January 2018****William Wilkinson****Non-Executive Director****Appointed 30 June 2015, resigned 17 January 2018****Officers****Henry Kinstlinger****Company Secretary**

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

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

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

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

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

At the date of this report, there are no other matters or circumstances which have arisen since 31 December 2018 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2018, of the Group;
- the results of those operations; or,
- the state of affairs, in financial years subsequent to 31 December 2018, 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 4.

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
• 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
• Ram Navaratnam	Non-Executive Director	Appointed 14 October 2014 Resigned 17 January 2018
• William Wilkinson	Non-Executive Director	Appointed 30 June 2015 Resigned 17 January 2018

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.

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	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		
Consolidated 2018	\$	\$	\$	\$	\$	\$
Directors						
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	-	-	-	-	-	-
Total - Directors	14,583	-	-	-	-	14,583
Key Management Personnel						
Henry Kinstlinger	45,500	-	-	-	-	45,500
Total - KMP	45,500	-	-	-	-	45,500
2017						
Directors						
Henri Ho	-	-	-	-	-	-
Dato Helen Li Zhang	-	-	-	-	-	-
Ram Navaratnam	33,000	-	-	-	-	33,000
William Wilkinson	18,000	-	-	-	-	18,000
Bernard Say Kuan How	-	-	-	-	-	-
Matthew Chin	-	-	-	-	-	-
Leung Foo Meng	-	-	-	-	-	-
Law Hun Seang	-	-	-	-	-	-
Total - Directors	51,000	-	-	-	-	51,000
Key Management Personnel						
Henry Kinstlinger	42,000	-	-	-	-	42,000
Benjamin Amzalak	33,000	-	-	-	-	33,000
Total - KMP	75,000	-	-	-	-	75,000

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.

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

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Class	Date options granted	Expiry Date	Exercise Price	No. of Options
Unlisted options	15 March 2016	15 March 2019	\$0.20	3,500,000
Employee Share Options - Unallocated*			\$0.30	3,050,000
				6,550,000

*Unallocated options under the Employee Share Option Plan, expiry date is 3 years from date of issue.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

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 xx.

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:

	Consolidated	
	2018	2017
	\$	\$
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	28,990	28,990
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	1,595	1,595
Advisory Services - Parent entity	-	-
	30,585	30,585

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

Leung Foo Meng
Director

02 July 2019

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AUDITOR'S INDEPENDENCE DECLARATION

Level 1
251 Elizabeth Street
SYDNEY NSW 2000

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
NORTH PARRAMATTA NSW 2151

75 Lyons Road
DRUMMOYNE NSW 2047

PO Box 2210
NORTH PARRAMATTA NSW 1750

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FRONTIER CAPITAL GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there has been:

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

The group is 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 *2nd* day of *July* 2019

Liability limited by a
scheme approved
under Professional
Standards Legislation

Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au



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CORPORATE GOVERNANCE STATEMENT

The Company has adopted a 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 3rd 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.

The Company's main corporate policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in the corporate governance information section of the Company's website (<http://www.fcgl.com.au/Corporate-Governance.htm>).

(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:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities;
- ensure compliance with the Company's legal and regulatory objectives consistent with these goals, and to achieve this the Board assumes the following responsibilities:
 - developing initiatives for profit and asset growth;
 - reviewing the corporate, commercial and financial performance of the Company on a regular basis;
 - acting on behalf of, and being accountable to, the Shareholders; and
 - 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:

- the Board is to comprise persons with appropriate blend of skills, experience and attributes appropriate for the Company and its business; and
- 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 on pages 5-7.

(c) Code of Conduct

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, the Company 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 the Company's 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 of the Company's commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent the Company. This Code also governs the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices.

The Board, management and all employees of the Company 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 Company's website (under "Corporate Governance").

(d) **Diversity Policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, among 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 the Company'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 the Company's continuous disclosure policy can be found on the Company's web site (under "Corporate Governance").

(f) **Audit Committee and Management of Risk**

The Company's directors comprise the audit and risk committees.

(g) **Remuneration Arrangements**

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

The Company's Constitution provides that Directors are entitled to remuneration as the Directors determine, but the remuneration of non-executive directors must not exceed, in aggregate, a maximum amount fixed by the Company in a general meeting of Shareholders for that purpose. This amount has been set at \$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.

(h) **Shareholder Communications**

The Board tries 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:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and,
- 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.

(i) **Trading in the Company's Shares**

The Company's 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 the Company.

Directors, senior executives and employees are required to advise the 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 the Company's Share Trading Policy is available on the Company's website (under "Corporate Governance").

(j) **Corporate Social Responsibility**

The Company 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 the Company's Environmental, Health and Social Charter is available on the Company's website (under "Corporate Governance").

(k) **Departures from recommendations**

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

The Company's compliance and departures from Recommendations as at the date of this Prospectus are set out in the following table:

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

PRINCIPLE	Response
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1	
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 http://www.fcgl.com.au</p>
Recommendation 1.2	
<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 conducts background and reference checks for all Directors.</p> <p>These checks will be expanded to include the required checks described in Guidance Note 1, paragraph 3.15 issued by the ASX before appointing an additional person, or putting forward to Shareholders a candidate for election, as a Director.</p>
Recommendation 1.3	
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>
Recommendation 1.4	
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>A 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>

Recommendation 1.5	
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 annually both the objectives and the progress in achieving them.	Complies. The Board has established a Diversity Policy.
The entity should disclose in its annual report the measurable objectives of 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 FY18 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 FY18 Annual Report. The Company will consider providing this disclosure in future Annual Reports.
Recommendation 1.6	
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.
Recommendation 1.7	
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.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1	
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.
Recommendation 2.2	
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
Recommendation 2.3	
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 rd 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.
Recommendation 2.4	
A majority of the board of a listed entity should be independent directors.	Complies The Company has five directors. Two of these directors are independent non-executive directors.

Recommendation 2.5	
The chair of the board of entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not yet comply.
Recommendation 2.6	
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.
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
The entity should establish a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code.	Complies. The Board has established 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.
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1	
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. 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.	Partially complies. The board has established an audit and risk committee Charter. Members of the committee comprise the whole board of directors. 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. The full audit and risk committee charter is available on the Company's website

Recommendation 4.2	
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>
Recommendation 4.3	
When the entity has an AGM it should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>Complies.</p> <p>The external auditor attends AGMs and is available to answer questions from Security Holders relevant to the audit.</p>
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	
Recommendation 5.1	
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>
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	
Recommendation 6.1	
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>

Recommendation 6.2	
The entity should design and implement an investor relations program to facilitate effective two-way communication with shareholders.	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 at the Company's website.
Recommendation 6.3	
The entity should disclose the policies and processes it has in place to facilitate and encourage participation at general meetings.	Complies. The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.
Recommendation 6.4	
The entity should give security holders the option to receive communications from and send communications to, the entity and its security registry electronically.	Complies. The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.
PRINCIPLE 7: RECOGNISE AND MANAGE RISK	
Recommendation 7.1	
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.

Recommendation 7.2	
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	<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>
Recommendation 7.3	
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>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>
Recommendation 7.4	
The entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<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>

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	
Recommendation 8.1	
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.	Does not yet comply
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>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>
Recommendation 8.2	
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 and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	<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 can be viewed on the Company's website</p>
Recommendation 8.3	
If the entity has an equity-based remuneration scheme 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>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated	
		2018	2017
		\$'000	\$'000
Revenue	4	2,512	5,593
Other Income and Expenses	4	1,996	981
Cost of providing services and administrative expenses	5	(4,379)	(6,010)
Finance costs	5	(1,032)	(994)
(Loss)/Profit before income tax		(903)	(430)
Income tax expense	6	76	(20)
(Loss)/Profit after income tax		(827)	(450)
Other Comprehensive Income			
Other comprehensive income		-	-
Other comprehensive income for the year net of tax		-	-
Total comprehensive (loss)/income attributable to members of the consolidated entity		(827)	(450)
		Cents	Cents
Basic earnings/(loss) per share (cents)	19	(0.30)	(0.16)
Diluted earnings/(loss) per share (cents)	19	(0.29)	(0.13)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	Consolidated	
		2018	2017
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	14,181	601
Trade and other receivables	8	1,640	1,367
Other current assets		1,457	489
Total current assets		17,278	2,457
Non-current assets			
Trade and other receivables	8	-	90
Building, furniture and equipment	9	18,724	11,024
Other non-current assets		98	-
Intangible Assets		-	-
Total non-current assets		18,822	11,114
Total Assets		36,100	13,571
LIABILITIES			
Current liabilities			
Trade and other payables	10	19,258	5,952
Financial Liabilities	11	3	13
Provision		-	59
Total current liabilities		19,261	6,024
Non-current liabilities			
Trade and other payable	10	14,057	3,989
Financial Liabilities	11	-	2
Employee benefits provision		341	403
Total non-current liabilities		14,398	4,394
Total Liabilities		33,659	10,418
Net Assets		2,441	3,153
EQUITY			
Issued capital	12	59,870	59,870
Reserves		1,079	964
Accumulated losses		(58,508)	(57,681)
Total Equity		2,441	3,153

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated	Notes	Issued Capital \$'000	Option Reserves \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
At 1 January 2018	12	59,870	2,425	(1,461)	(57,681)	3,153
Share issued		-	-	-	-	-
Share issuing cost		-	-	-	-	-
Profit/(loss) for the year		-	-	-	(827)	(827)
Movement for the year		-	-	115	-	115
At 31 December 2018	12	59,870	2,425	(1,346)	(58,508)	2,441
At 1 January 2017		59,870	2,425	(819)	(57,231)	4,245
Share issued		-	-	-	-	-
Share issuing cost		-	-	-	-	-
Profit/(loss) for the year		-	-	-	(450)	(450)
Movement for the year		-	-	(642)	-	(642)
Balance at 31 Dec 2017	12	59,870	2,425	(1,461)	(57,681)	3,153

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated	
		2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers		3,909	5,274
Payments to suppliers and employees		(5,027)	(6,315)
Interest paid		-	(4)
Interest received		-	-
Net cash (used in) /provided by operating activities	14	(1,118)	(1,045)
Cash flows from investing activities			
Payment for properties and equipment		(9,229)	(515)
Advance to suppliers		(1,378)	-
Advance from other party		11,818	-
Net cash (used in)/ provided by investing activities		1,211	(515)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Share issuing cost		-	-
Deposit for future stock subscriptions – controlled entity		13,500	-
Proceed/(Repayment) from borrowing		(13)	-
Net cash (used in)/provided by financing activities		13,487	-
Net (decrease)/ increase in cash held		13,580	(1,560)
Cash and cash equivalents at the beginning of the year		601	2,161
Cash and cash equivalents at the end of the year	7	14,181	601

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

The financial report of Frontier Capital Group Limited (the **Company**) for the year ended 31 December 2018 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*

Refer to Note 23 for 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 ACCOUNTING 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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

o. Foreign currency

(i) Functional and presentation currency

Items included in the financial records are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED*(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.

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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 Group's 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:

	Consolidated	
	2018	2017
	\$'000	\$'000
Current		
Cash and cash equivalents	14,181	601
Trade and other receivables	1,640	1,367
Non-current		
Trade and other receivables	-	90
	15,821	2,058

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.

Maturity Analysis of Financial Liabilities	Carrying Amount	Contractual Cash Flows	< 6 mths	6 - 12 mths	1 - 3 years	> 3 years
Consolidated 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities						
Current						
Trade and other payables	19,258	19,258	6,403	12,855	-	-
Non-Current						
Trade and other payables	14,057	14,057	-	-	557	13,500
Total financial liabilities at amortised cost	33,315	33,315	6,403	12,855	557	13,500
Consolidated 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities						
Current						
Trade and other payables	5,952	5,952	5,779	173	-	-
Non-Current						
Other Liabilities	3,989	3,989	-	-	3,989	-
Total financial liabilities at amortised cost	9,941	9,941	5,779	173	3,989	-

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	+1% Profit/ (Loss)	-1% Profit/ (Loss)
Consolidated			
2018	\$'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>
2017	\$'000	\$'000	\$'000
Cash and cash equivalents	601	6	(6)
Tax charge of 27.5%	-	(2)	2
After tax increase/(decrease)	<u>601</u>	<u>4</u>	<u>(4)</u>

The above analysis assumes all other variables remain constant.

e. Currency risk

In 2018 the consolidated entity and parent entity were not exposed to significant foreign currency risk (2017: 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

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

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.

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

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

	Consolidated	
	2018	2017
	\$'000	\$'000
Current tax expense	(76)	(67)
Deferred tax expense	-	67
Total income tax expense	<u>(76)</u>	<u>-</u>
Deferred tax expense		
Increase/(decrease) in deferred tax expense	<u>(76)</u>	<u>-</u>

Above \$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**

	Consolidated	
	2018	2017
	\$'000	\$'000
(Loss)/Profit from continuing operations before income tax expense (2017:27.5%)	(903)	(450)
Prima facie income tax expense/(benefit) calculated at 27.5%	(248)	(124)
Permanent differences	969	59
Temporary differences not brought to account	(79)	(2)
Tax losses not brought to account	(718)	67
Income tax expense	(76)	-

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	287	243
	287	243
Potential benefit/(expense) at 27.5% (2017: 27.5%)	(79)	67

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	2018	2017
	\$'000	\$'000
Cash at bank and on hand	681	601
Cash held in trust and escrowed	13,500	-
Cash at bank and on hand	14,181	601
Weight average interest rates	0.00%	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	14,181	601
Balance per Statement of Cash Flows	14,181	601

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

	Consolidated	
	2018	2017
	\$'000	\$'000
Current		
Receivables - trade	352	2,634
Provision for doubtful debt	(62)	(2,634)
Deposit – Mongolian Lottery	1,336	1,336
Provision for non-recovery – Mongolian Lottery	-	-
Receivable – Non-trade	30	-
Provision for doubtful debt	(30)	-
Advance to officers and employees	13	338
Provision for doubtful debt	(13)	(338)
Receivables - advance to other party	138	138
Provision for non-recovery	(138)	(138)
Receivables - other	14	31
	1,640	1,367
Non - Current		
Receivables – security deposit and advanced rental	-	90
	-	90

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. During the year the hotel and casino operations provided for doubtful debts ₱nil million (2017: ₱293.7 million) as a result of low probability of collection.

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, the Company has attempted to recover the remaining deposit paid. \$1.336 million was recovered in early 2019.

d. Receivable – non trade

The Malaysia operations have recorded \$0.03million (2017: 0.02 million) as non-trade receivables and deposit. Provision \$0.03 million (2017: \$0.02 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 \$0.01 million (2017: \$0.3 million), pertain to advances made for future disbursement of the intended recipients. Provision for doubtful debt \$nil million (2017: \$0.3 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.

Non-current

These amounts related to cash bond, security deposit and advance rental paid for the Philippines operation.

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.

Non-current trade and other receivables

The fair values and carrying values of non-current receivables are as follows:

	2018		2017	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Consolidated				
Receivable - Other	-	-	90	90

The above receivables have no terms of repayment and are non-interest bearing.

9. BUILDINGS, FURNITURES, FIXTURES AND EQUIPMENT

	Consolidated	
	2018	2017
	\$'000	\$'000
Furniture, fixtures and equipment		
At cost	7,141	5,897
Accumulated depreciation	(5,153)	(4,619)
Carrying value	1,988	1,278
Buildings		
At cost	25,585	17,600
Accumulated depreciation	(8,849)	(7,854)
Carrying value	16,736	9,746
Total carrying value	18,724	11,024

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:

Consolidated	Furniture, fixtures & equipment	Buildings	Total
2018	\$'000	\$'000	\$'000
Carrying amount at 1 January 2018	1,278	9,746	11,024
Additions	959	7,403	8,362
Depreciation	(351)	(679)	(1,030)
Exchange adjustment	102	266	368
Carrying amount at 31 December 2018	1,988	16,736	18,724
2017			
Carrying amount at 1 January 2017	1,161	10,935	12,096
Additions/(disposal)	515	-	515
Depreciation	(292)	(710)	(1,002)
Exchange adjustment	(106)	(479)	(585)
Carrying amount at 31 December 2017	1,278	9,746	11,024

10. TRADE AND OTHER PAYABLES

	Consolidated	
	2018	2017
	\$'000	\$'000
Current		
Trade payables	3,709	5,235
Other payables	142	466
Non-trade payable, deposit and accruals - note a	7,298	251
Deposit for future stock subscription - note b	3,861	-
Unsecured non-interest bearing payable - note c	4,248	-
	19,258	5,952
Non-Current		
Deposit for furniture stock subscriptions - controlled entity - noted d	13,500	3,737
Other payables	557	252
	14,057	3,989

Note a – Payable to third party, Peso 184 million pertains to expenses incurred in the renovation expenses, capital and operating expenses related to casino. This will be settled upon commencement date of casino.

Non-trade includes unpaid balance of Peso 91 million for the construction of hotel and casino.

Note b - Advances 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 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 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

	Consolidated 2018 \$'000	2017 \$'000
Current		
Hire purchase creditors	<u>3</u>	<u>13</u>
Non-Current		
Hire purchase creditors	<u>-</u>	<u>2</u>

12. ISSUED CAPITAL

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

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

Consolidated Details	2018 No. of shares	2017 No. of shares	2018 \$	2017 \$
Opening Balance	<u>276,290,000</u>	276,290,000	<u>59,870,455</u>	59,870,455
Share issued	-	-	-	-
Debt conversion	-	-	-	-
Share issuing costs	-	-	-	-
Closing Balance	<u>276,290,000</u>	276,290,000	<u>59,870,455</u>	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
		2018 %	2017 %	
PMR 1 Pty Ltd	Ordinary	100	100	Australia
PMR 3 Pty Ltd	Ordinary	100	100	Australia
PMR 4 Pty Ltd	Ordinary	100	100	Australia
PMR 5 Pty Ltd	Ordinary	100	100	Australia
Peel Gold Pty Ltd	Ordinary	100	100	Australia
Peel Gold North Pty Ltd	Ordinary	100	100	Australia
CK Graphic SDN BHD	Ordinary	100	100	Malaysia
Stotsenberg Leisure Park and Hotel Corporation	Ordinary	100	100	Philippines

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

	Fair Value \$'000
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>-</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. However, Company's operation of the Casino is not yet in place until necessary requirements were completed for PAGCOR to issue 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.

	Fair Value
	\$'000
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	(1,754)
Acquisition Goodwill was recognised in year 2015	7,965
Provision for impairment was made in year 2016	(7,965)
	<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.

PARENT ENTITY FINANCIAL INFORMATION**a. Summary financial information**

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

	Parent Entity	
	2018	2017
	\$'000	\$'000
Balance Sheet		
Current assets	71	37
Total assets	69,312	55,775
Current liabilities	59	76
Total liabilities	14,115	328
Shareholder's equity		
Issued Capital	59,870	59,870
Reserves	2,425	2,425
Accumulated losses	(7,098)	(6,848)
Profit and Loss		
Loss for the year	(250)	(236)
Total comprehensive loss		-

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

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

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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
2018				
Sales to external customers	1,812	700	-	2,512
Intersegment sales	-	-	-	-
Total sales revenue	1,812	700	-	2,512
Other revenue	-	-	-	-
Total segment revenue	1,812	700	-	2,512
Segment result				
Profit/(loss) before income tax expense	(2,275)	(1,250)	2,622	(903)
Income tax	-	76	-	76
Net profit/(loss)	(2,275)	(1,174)	2,622	(827)
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)
2017				
Sales to external customers	4,455	1,138	-	5,593
Intersegment sales	-	-	-	-
Total sales revenue	4,455	1,138	-	5,593
Other revenue	-	-	-	-
Total segment revenue	4,455	1,138	-	5,593
Segment result				
Profit/(loss) before income tax expense	(8,440)	(29)	8,037	(432)
Income tax expense	(18)	-	-	(18)
Net profit/(loss)	(8,458)	(29)	8,037	(450)
Segment assets	12,433	2,737	(1,599)	13,571
Segment liabilities	9,542	714	162	10,418
Acquisition of non-current assets	55	460	-	515
Depreciation and amortisation expense	(813)	(189)	-	(1,002)

16. COMMITMENTS

	Consolidated	
	2018	2017
	\$'000	\$'000
Lease commitments		
Non-cancellable operating leases – future		
Minimum lease payments		
Within one year	211	176
Later than one year but no later than 5 years	1,147	733
Later than 5 years	961	1,121
	2,319	2,030

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.

	Consolidated	
	2018	2017
	\$'000	\$'000
Remuneration expenditure commitments		
Salary and other remuneration commitments under long-term employment contracts existing at reporting date not recognised as liabilities:		
Within one year	-	36
Later than one year but not later than 5 years	-	180
Later than 5 years	-	-
	-	216

Executive employment agreement

In 2018 there were three service agreements in place relevant to current terms of remuneration of Ram Navaratnam, Dato Helen Li Zhang and William Wilkinson.

- The service agreement with Ram Navaratnam commenced on 14 October 2014 and was terminated on 17 January 2018.
- The service agreement with Dato Helen Li Zhang commenced in 14 October 2014 has no expiry term. Madam Zhang may terminate agreement upon notice and the Company must compensate Madam Zhang by payment of 6 months base salary.
- The service agreement with William Wilkinson commenced in 30 June 2015 and agreement was terminated on 17 January 2018.

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

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17. CONTINGENT LIABILITIES

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

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

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

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

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

At the date of this report, there are no other matters or circumstances which have arisen since 31 December 2018 that have significantly affected or may significantly affect:

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

19. EARNINGS PER SHARE

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

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
• Ram Navaratnam	Non-Executive Director	Appointed 14 October 2014, Resigned 17 January 2018
• William Wilkinson	Non-Executive Director	Appointed 30 June 2015, Resigned 17 January 2018

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

	Consolidated	
	2018	2017
	\$	\$
Directors		
Short term employee benefits	14,583	51,000
Post employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
	14,583	51,000
Other Key Management Personnel		
Short term employee benefits	45,500	75,000
Post employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
	45,500	75,000

21. 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		
	\$	\$	\$	\$	\$	\$
Consolidated 2018						
Directors						
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	-	-	-	-	-	-
Total - Directors	14,583	-	-	-	-	14,583
Key Management Personnel						
Henry Kinstlinger	45,500	-	-	-	-	45,500
Total - KMP	45,500	-	-	-	-	45,500
2017						
Directors						
Henri Ho	-	-	-	-	-	-
Dato Helen Li Zhang	-	-	-	-	-	-
Ram Navaratnam	33,000	-	-	-	-	33,000
William Wilkinson	18,000	-	-	-	-	18,000
Leung Foo Meng	-	-	-	-	-	-
Law Hun Seang	-	-	-	-	-	-
Total - Directors	51,000	-	-	-	-	51,000
Key Management Personnel						
Henry Kinstlinger	42,000	-	-	-	-	42,000
Benjamin Amzalak	33,000	-	-	-	-	33,000
Total - KMP	75,000	-	-	-	-	75,000

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:

	Shares Direct Holding	Shares Indirect Holding	Options
Directors			
Henri Ho	-	53,917,500	-
Dato Helen Li Zhang	1,000,000	-	-
Ram Navaratnam	-	-	-
William Wilkinson	-	-	-
Leung Foo Meng	-	-	-
Law Hun Seang	-	-	-
Bernard Say Kuan How	-	-	-
Matthew Chin	-	-	-
	1,000,000	53,917,500	-

20. KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED**Shares held in Frontier Capital Group Limited – 2018**

	Balance at beginning of year	Changes during the year	Balance at end of year
Directors			
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	-	-	-
	<u>54,917,500</u>	<u>-</u>	<u>54,917,500</u>

Shares held in Frontier Capital Group Limited – 2017

	Balance at beginning of year	Changes during the year	Balance at end of year
Directors			
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	-	-	-
	<u>54,917,500</u>	<u>-</u>	<u>54,917,500</u>

21. REMUNERATION OF AUDITORS

	Consolidated	
	2018	2017
	\$	\$
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	28,990	28,990
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	1,595	1,595
Advisory Services – Parent entity	-	-
	<u>30,585</u>	<u>30,585</u>

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

	Consolidated Entities	
	2018	2017
Receivable		
Non-current	\$	\$
Advance to other entities	-	-
Repayment from other entities	-	-
Payable		
Non-current		
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

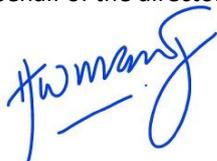
All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms or repayment of loans between the controlled parties and that no interest is charged on outstanding balances.

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 2018 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 9 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2018, 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



Leung Foo Meng
Director

02 July 2019

INDEPENDENT AUDITOR'S REPORT

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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 2018, 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 2018 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.

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INDEPENDENT AUDITOR’S REPORT CONTINUED

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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.

Key audit matters	How our audit addressed the key audit matters
<p>Building, Furniture and Equipment Refer to note 9.</p> <p>At 31 December 2018, the Group has assets totalling \$18.724mil relating to buildings, furniture and computer software associated with the hotel and casino operations.</p> <p>The casino operations were suspended and financial statements of the Group including the Group’s assessment of fair value and impairment has not been considered for at least two financial years.</p> <p>Notwithstanding that the casino operations have recently recommenced this asset was a key audit matter due the amount being material to the financial statements and the dormant period of operations impacting fair value.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We reviewed the valuation report prepared by Colliers International dated November 2015 for the valuation of Hotel Stotsenberg; • We have obtained confirmations from the auditors of Hotel Stotsenberg relating to their assessment of fair value and impairment. • We have obtained documentary evidence relating to additions during the financial year. • We have obtained confirmations from the auditors of CK Graphics relating to their assessment of fair value and impairment. • We have obtained written representations from management relating to their assessment of the Group’s fair value (valuation) and impairment.

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INDEPENDENT AUDITOR’S REPORT CONTINUED

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Key audit matters

How our audit addressed the key audit matters

<p>Going Concern 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>The Group has current liabilities of \$19.261mil and current assets of \$17.278mil resulting in a working capital deficit of \$1.983mil.</p> <p>The casino operations of the Group were suspended due to non-payment of licence fee but has since secured funding of \$US10mil that has allowed the casino to recommence operations on payment of the licence fee.</p> <p>The Group has secured \$US10mil in loan funds with interest payments being deferred until November 2019.</p> <p>Notwithstanding the Group’s cash balances and cashflow forecast at year end, cash assets in the context of going concern are a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We have reviewed the Group’s cashflow forecast. • 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. • We have confirmed the lease tenure of the Group. • We have obtained management representations relating to the accuracy and completeness of the cashflow forecast and the Group’s ability to pay its debts as and when they fall due notwithstanding the Groups working capital deficit of \$1.983mil.
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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 2018, 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.

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K.S. Black & Co. Chartered Accountants

INDEPENDENT AUDITOR'S REPORT CONTINUED

Level 1
251 Elizabeth Street
SYDNEY NSW 2000

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
NORTH PARRAMATTA NSW 2151

75 Lyons Road
DRUMMOYNE NSW 2047

PO Box 2210
NORTH PARRAMATTA NSW 1750

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.

**Report on the Remuneration Report
Opinion on the Remuneration Report**

We have audited the Remuneration Report included on pages 9 to 12 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report for the year ended 31 December 2018 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.

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under Professional
Standards Legislation

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CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

INDEPENDENT AUDITOR'S REPORT CONTINUED

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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: 2/7/2019
Sydney

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SHAREHOLDER INFORMATION

As at 5 June 2019

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
1 STARCAP MANAGEMENT INC	53,917,500	19.51
2 FORTUNEGATE HOLDINGS PHILIPPINES INC	50,836,500	18.40
3 E!XCITE GAMING AND ENTERTAINMENT INC	39,223,500	14.20
4 PLATINUM APEX INTERNATIONAL LIMITED	19,500,000	7.06
5 DAWN J. FELICIANO	15,405,000	5.58

B. Distribution of Equity Securities

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	6	232	0.00
1,001 - 5,000	19	53,442	0.02
5,001 - 10,000	214	2,138,500	0.77
10,001 - 100,000	75	2,860,698	1.04
100,001 Over	64	271,237,128	98.17
Rounding			0.00
Total	378	276,290,000	100.00

C. Unmarketable Parcels

Minimum Parcel Size	Holder	Units
Minimum \$ 500.00 parcel at \$ 0.08 per unit	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	STARCAP MANAGEMENT INC	53,917,500	19.51
2	FORTUNEGATE HOLDINGS PHILIPPINES INC	50,836,500	18.40
3	E!XCITE GAMING AND ENTERTAINMENT INC	39,223,500	14.20
4	PLATINUM APEX INTERNATIONAL LIMITED	19,500,000	7.06
5	DAWN J. FELICIANO	15,405,000	5.58
6	XENOSMILUS SDN BHD	12,324,000	4.46
7	OOI CHIN KEAT	9,000,000	3.26
7	TAM CHEN KIEN	9,000,000	3.26
9	SUSAN C. RAMOS	6,162,000	2.23
10	MR CHEE TEONG TEH	5,619,247	2.03
11	SAINT MARY'S ANGEL ESTATES INC	4,621,500	1.67
12	RAFFLES EQUITIES PTY LTD	4,392,188	1.59
13	MAYFAIR CAPITAL LIMITED	4,263,000	1.54
14	RAFFLES EQUITIES PTY LTD	4,125,000	1.49
15	MS WEI GIAT NG	3,578,200	1.30
16	MS XU TIAN TIAN	3,399,120	1.23
17	SAKURA CAPITAL LIMITED	2,939,424	1.06
18	MISHTALEM PTY LTD	2,256,827	0.82
19	TA SECURITIES HOLDINGS BERHAD	1,571,053	0.57
20	RSNB PTY LTD <SNRB FAMILY A/C>	1,500,000	0.54
	Totals: Top 20 holders of FULLY PAID ORDINARY (Total)	253,634,059	91.80
	Total Remaining Holders Balance	22,655,941	8.20

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):

Director	Direct	Indirect	Options
Henri Ho	Nil	53,917,500	Nil
Dato Helen Li Zhang	1,000,000	Nil	Nil
Ram Navaratnam	Nil	Nil	Nil
William Wilkinson	Nil	Nil	Nil
Leung Foo Meng	Nil	Nil	Nil
Law Hun Seang	Nil	Nil	Nil
Bernard Say Kuan How	Nil	Nil	Nil
Matthew Chin	Nil	Nil	Nil

F. Listed Option**G. Unquoted Securities****Summary of options**

Upon completion of the CK Graphic acquisition and closing of the public offer, the Company will have issued (or agreed to issue) the following Options:

Description	Exercise Price	No of Options	Expiry
Unlisted Option	\$0.20	3,500,000	15 March 2019
Unallocated	\$0.30	3,050,000	3 years
TOTAL		6,550,000	

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