

Half Year Update

For the Half Year to 31 December 2018

Half Year revenue of \$1.8million, with positive H2 outlook

Highlights:

- H1 FY18 revenue excluding interest income of \$1.8m up 7% YoY with 23% growth in subscription revenue
- Annualised Contract Value (ACV) of \$4,836k met H1 guidance and increased by 36% YoY
- ACV on track to meet H2 guidance

1ST Group Limited (ASX: 1ST), the Australian digital health group, today announced its H1 FY19 results, delivering revenue growth and improving operating metrics. The Group's focus on activating existing signed customers in H1 has laid the foundations for growth in H2.

Klaus Bartosch, Managing Director and Co-Founder highlights, *"The second half included a milestone quarter for 1st Group, exceeding \$1m in revenues for the first time. This result starts to reflect the unique value we add to our subscribers and the scalability of our systems and technology."*

"We continue to have momentum going into H2. Subscription revenue growth is underpinned with the activations we completed in Q2 now starting to generate additional revenues. We are pleased to have successfully delivered on our maiden ACV guidance for H1 and we have issued guidance for H2".

The Group's strategy is outlined by the following stages:

1. To build an industry network in our chosen verticals (e.g. optometry, dental, pharmacy, veterinary)
2. To activate consumer customers and their bookings in those verticals
3. To earn base subscription fees from network participants
4. To cross sell additional products and services to network participants including advertising campaigns

In optometry and pharmacy, revenue generated to date has largely been from progress in stages 1 to 3. For other industries including dental and other new health verticals, we are making progress through the early stages of our strategy.

For all our chosen verticals, the focus is now on reaching and expanding our business in stage 3 and actively progressing revenues from stage 4.

Results Summary

	H1 FY19	H1 FY18	Change	
	\$	\$	\$	%
Revenue	1,808,046	1,695,481	112,565	7%
Expenses				
Advertising and marketing expense	(353,450)	(276,371)	(77,079)	-28%
Professional and consulting fees	(243,584)	(339,941)	96,357	28%
Operations and administration expenses	(1,358,486)	(1,069,128)	(289,358)	-27%
Employee benefits	(1,748,671)	(1,898,378)	149,707	8%
Depreciation and amortisation expenses	(261,517)	(669,940)	408,423	61%
Finance costs	(89,438)	(20,000)	(69,438)	-347%
Loss before income tax benefit	(2,247,100)	(2,578,277)	331,177	13%
Income tax benefit	99,180	207,196	(108,016)	-52%
Loss after income tax benefit	(2,147,920)	(2,371,081)	223,161	9%

Revenue increased \$113k, or 7% YoY. Subscription revenue of \$1,434k increased by 23% YoY reflecting site growth and product upsell, as well as faster customer activations in the period. Subscription contracted MRR (Monthly Recurring Revenue), a forward indicator of future potential subscription-based revenues, increased to \$403k at the end of December 2018, from \$296k December 2017. This resulted in ACV at December 2018 of \$4,836k, up by 36% YoY.

Usage revenues declined from \$134k to \$115k in the period largely because of lower volume in some large corporate customers during the period but have now started to recover towards previous usage levels.

There were no advertising revenues in H1 FY19, down from \$109k in H1 FY18. The Group has a solid pipeline of advertising deals and expects to see advertising revenue recommence during H2 FY19.

Total one-off fees were \$250k for the period, 10% lower YoY due to the absence of set up fees from prior year related to advertising revenues in H1 FY18.

The Group's operating loss before tax improved by \$331k, or 13% YoY. Revenue growth of \$113k was combined with expense reduction of \$218k.

Further information

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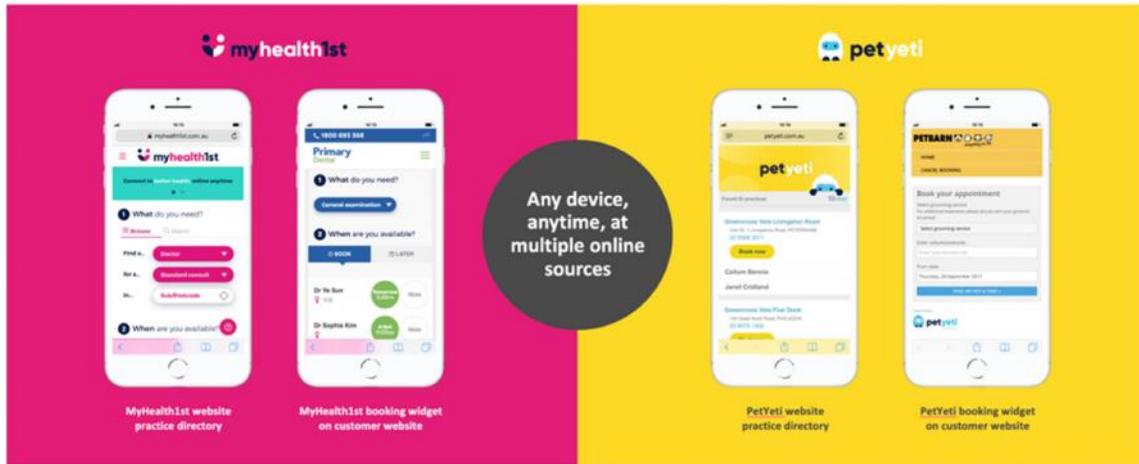
About 1st Group Limited

1st Group is an ASX listed digital health group building Australia's leading health services portal, MyHealth1st.com.au, Australia's online pet service portal PetYeti.com.au and corporate and government solutions platform GoBookings.com. These integrated platforms provide an easy to use online search and appointment booking service and offer a range of value added apps and services that facilitate digital patient and customer engagement. We improve lives by connecting consumers to a variety of healthcare services and information anytime, anywhere, so they can get well sooner and stay well longer. To find out more visit 1stGrp.com, MyHealth1st.com.au, PetYeti.com.au and GoBookings.com.

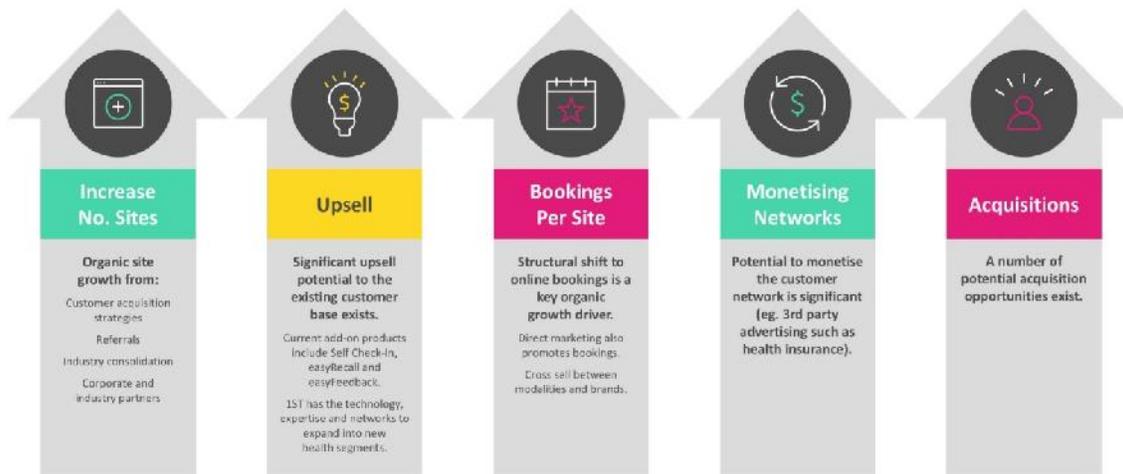
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations

- Visible Path to Break-Even Cashflows**
 - Revenue growth momentum
 - Directionally positive KPIs
 - Costs stabilised
- Large Addressable Markets > \$1.9B**
 - Online health services bookings market is > \$1.9b
 - Includes online appointments, add-on products and services, and advertising.
- Multiple Growth Drivers**
 - Acquire new customers as they increase their online presence and digital profile through multiple products, including online appointments
 - Upsell revenues as customers purchase additional products & services
 - Booking migration from: offline to online increases patient interaction points and monetization opportunities driving broader consumer engagement, cross-sell patients to other services, including PetYeti
- Strong Recent Momentum**
 - Significant quarter on quarter revenue growth
- Significant Upsell Revenue Potential**
 - Upsell revenues are rising off a low penetration base
 - Significant existing upsell customer opportunity
 - Upsell consumer users to complementary services
- Experienced Management Team**
 - Experienced leadership team
 - Significant online experience – SEEK, HotelClub, Concur, Weclif.com, RealEstate.com.au and others

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1. Company details

Name of entity:	1st Group Limited
ABN:	25 138 897 533
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	6.6% to	1,808,046
Loss from ordinary activities after tax attributable to the owners of 1st Group Limited	down	9.4% to	(2,147,920)
Loss for the half-year attributable to the owners of 1st Group Limited	down	9.4% to	(2,147,920)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$2,147,920 (31 December 2017: \$2,371,081).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.67)</u>	<u>(0.57)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of 1st Group Limited for the half-year ended 31 December 2018 is attached.

12. Signed

Signed  _____

Trevor Matthews
Chairman
Sydney

Date: 26 February 2019

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1st Group Limited

ABN 25 138 897 533

Interim Report - 31 December 2018

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of 1st Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of 1st Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Trevor Matthews
Klaus Bartosch
Paul Welch
Mike Emmett (appointed 1 January 2019)
Amanda Hagan (resigned 14 November 2018)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the provision of healthcare and corporate online search and appointment booking services.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$2,147,920 (31 December 2017: \$2,371,081).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 1 January 2019, Mike Emmett joined the Board of Directors as a non-executive director.

On 20 February 2019, the Group received funds of \$350,000 being the first draw down against the \$1 million extension of the standby facility. This leaves \$650,000 available to be drawn upon at a future date.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Trevor Matthews
Chairman

26 February 2019



Klaus Bartosch
Managing Director

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1st Group Limited
ABN: 25 138 897 533

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of 1st Group Limited

As lead audit director for the review of the financial statements of 1st Group Limited for the half year ended 31 December 2018 I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Robert Evett
Director
Sydney

Date: 26 February 2019



BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

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General information

The financial statements cover 1st Group Limited as a Group consisting of 1st Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is 1st Group Limited's functional and presentation currency.

1st Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

C/o Automic Group
Level 5, 126 Phillip Street
Sydney, NSW 2000

Principal place of business

2C, Level 2, 2-12 Foveaux Street
Surry Hills
Sydney, NSW 2010

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2019.

1st Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018



		Consolidated	
	Note	31 December 2018 \$	31 December 2017 \$
Revenue	3	1,808,046	1,695,481
Expenses			
Advertising and marketing expenses		(353,450)	(276,371)
Professional and consulting fees		(243,584)	(339,941)
Operations and administration expenses		(1,358,486)	(1,069,128)
Employee benefits		(1,748,671)	(1,898,378)
Depreciation and amortisation expenses		(261,517)	(669,940)
Finance costs		(89,438)	(20,000)
Loss before income tax benefit		(2,247,100)	(2,578,277)
Income tax benefit		99,180	207,196
Loss after income tax benefit for the half-year attributable to the owners of 1st Group Limited		(2,147,920)	(2,371,081)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of 1st Group Limited		<u>(2,147,920)</u>	<u>(2,371,081)</u>
		Cents	Cents
Basic earnings per share	10	(1.02)	(1.15)
Diluted earnings per share	10	(1.02)	(1.15)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31 December 2018 \$	30 June 2018 \$
Assets			
Current assets			
Cash and cash equivalents		519,186	277,160
Trade and other receivables		469,974	505,850
Inventories		10,169	8,144
Income tax refund due		-	45,250
Other		132,283	191,727
Total current assets		<u>1,131,612</u>	<u>1,028,131</u>
Non-current assets			
Property, plant and equipment		34,798	47,604
Intangibles	4	3,586,660	3,835,848
Total non-current assets		<u>3,621,458</u>	<u>3,883,452</u>
Total assets		<u>4,753,070</u>	<u>4,911,583</u>
Liabilities			
Current liabilities			
Trade and other payables	5	1,526,461	810,316
Employee benefits		136,452	190,094
Total current liabilities		<u>1,662,913</u>	<u>1,000,410</u>
Non-current liabilities			
Borrowings	6	957,698	964,902
Derivative financial instruments		42,302	35,098
Deferred tax		234,191	252,443
Employee benefits		12,120	-
Total non-current liabilities		<u>1,246,311</u>	<u>1,252,443</u>
Total liabilities		<u>2,909,224</u>	<u>2,252,853</u>
Net assets		<u>1,843,846</u>	<u>2,658,730</u>
Equity			
Issued capital	7	24,880,001	23,269,987
Reserves		2,520,083	2,482,142
Accumulated losses		<u>(25,556,238)</u>	<u>(23,093,399)</u>
Total equity		<u>1,843,846</u>	<u>2,658,730</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$	Reserves \$	Accumulated profits \$	Total equity \$
Balance at 1 July 2017	23,269,987	2,341,006	(18,457,323)	7,153,670
Loss after income tax benefit for the half-year	-	-	(2,371,081)	(2,371,081)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,371,081)	(2,371,081)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	83,844	-	83,844
Balance at 31 December 2017	<u>23,269,987</u>	<u>2,424,850</u>	<u>(20,828,404)</u>	<u>4,866,433</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	23,269,987	2,482,142	(23,093,399)	2,658,730
Adjustment for change in accounting policy - AASB 15 (Note 3)	-	-	(314,919)	(314,919)
Balance at 1 July 2018 - restated	23,269,987	2,482,142	(23,408,318)	2,343,811
Loss after income tax benefit for the half-year	-	-	(2,147,920)	(2,147,920)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,147,920)	(2,147,920)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (Note 7)	1,610,014	-	-	1,610,014
Share-based payments	-	37,941	-	37,941
Balance at 31 December 2018	<u>24,880,001</u>	<u>2,520,083</u>	<u>(25,556,238)</u>	<u>1,843,846</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated	
		31 December 2018	31 December 2017
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,023,903	1,660,394
Payments to suppliers and employees (inclusive of GST)		(3,497,077)	(3,607,689)
Interest paid		(27,366)	-
Interest received		374	4,487
Income taxes refunded		132,178	160,745
Net cash used in operating activities		<u>(1,367,988)</u>	<u>(1,782,063)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(6,464)
Net cash used in investing activities		<u>-</u>	<u>(6,464)</u>
Cash flows from financing activities			
Proceeds from issue of shares	7	1,637,077	-
Share issue transaction costs		(27,063)	-
Net cash from financing activities		<u>1,610,014</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		242,026	(1,788,527)
Cash and cash equivalents at the beginning of the financial half-year		<u>277,160</u>	<u>2,933,127</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>519,186</u></u>	<u><u>1,144,600</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of the changes in AASB 15 are disclosed in Note 3 Revenue.

Going concern

The Group made a loss for the financial half-year ended 31 December 2018 of \$2,147,920 (31 December 2017: \$2,371,081). The Group has also reported a net operating cash outflow of \$1,367,988 (31 December 2017: \$1,782,063). These conditions give rise to an uncertainty which may cast doubt over the Group's ability to continue as a going concern.

Cash flow forecasts based on projected activity and business volumes indicate that the Group will be able to pay its creditors as and when due for at least 12 months from the date of approval of the financial statements, and no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 31 December 2018. Accordingly, these financial statements have been prepared on a going concern basis.

The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- as a Company listed on Australian Securities Exchange, the Directors are confident the Group will have the ability to raise capital in the future, if required.
- the Group has undrawn credit lines at the reporting date of \$1,000,000. Refer to note 6 for further details; and
- the Group is confident of securing additional credit lines as needed to allow the Group to continue as a going concern.

Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 2. Operating segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Directors have determined that there is one operating segment identified and located in Australia. The information reported to the CODM is the consolidated results of the Group.

The segment result is as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for assets and liabilities.

Note 3. Revenue

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
<i>Sales revenue</i>		
Subscription fees	1,434,326	1,168,836
Usage fees (recalls, SMS and booking fees)	115,169	134,292
Advertising revenue	-	108,650
Setup and training	139,118	170,550
Development and customisation	111,179	108,666
	<u>1,799,792</u>	<u>1,690,994</u>
<i>Other revenue</i>		
Interest	374	4,487
Other revenue	7,880	-
	<u>8,254</u>	<u>4,487</u>
Revenue	<u><u>1,808,046</u></u>	<u><u>1,695,481</u></u>

Impact of first time adoption of AASB 15 Revenue from Contracts with Customers

During the period, the Group adopted AASB 15 which has led to a change for reported revenue.

As disclosed in the June 2018 annual report, the Group has assessed the impact on its revenue streams. The impact is limited to setup, development, customisation and training fees. These have previously been recognised as revenue when the services were rendered; this is now required to be recognised over the performance obligation being life of the customers.

The Group elected to recognise the impact of AASB 15 retrospectively with the cumulative effect of the change on 1 July 2018 (date of initial application). As a result the opening balance of the accumulated losses was adjusted by \$314,919. The impact of the new standard resulted in reduced revenue (setup and training) for the half year ended 31 December 2018 by \$66,497. If the half year period for 31 December 2017 were adjusted, the revenue for that period would have been decreased by \$127,292.

The impact of AASB 15 can be analysed as follows:

Note 3. Revenue (continued)

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Revenue on previous basis	1,874,543	1,695,481
Impact of that period revenue deferral	(166,399)	(150,788)
Prior periods revenue deferred recognised in current periods	99,902	23,496
	<u>1,808,046</u>	<u>1,568,189</u>

Note 4. Non-current assets - intangibles

	Consolidated	
	31 December 2018	30 June 2018
	\$	\$
Goodwill - at cost	3,018,025	3,018,025
Less: Impairment	(517,569)	(517,569)
	<u>2,500,456</u>	<u>2,500,456</u>
Patents and trademarks - at cost	34,782	34,782
Less: Accumulated amortisation	(7,841)	(7,463)
	<u>26,941</u>	<u>27,319</u>
Customer contracts - at cost	1,400,007	1,400,007
Less: Accumulated amortisation	(548,379)	(470,952)
	<u>851,628</u>	<u>929,055</u>
Software - at cost	1,901	1,901
Less: Accumulated amortisation	(1,615)	(1,377)
	<u>286</u>	<u>524</u>
Technology platform - at cost	3,520,294	3,520,294
Less: Accumulated amortisation	(3,462,945)	(3,291,800)
	<u>57,349</u>	<u>228,494</u>
Technology under development - at cost	150,000	150,000
	<u>3,586,660</u>	<u>3,835,848</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill	Patents and trademarks	Customer contracts	Software	Technology platform	Technology under development	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	2,500,456	27,319	929,055	524	228,494	150,000	3,835,848
Amortisation expense	-	(378)	(77,427)	(238)	(171,145)	-	(249,188)
Balance at 31 December 2018	<u>2,500,456</u>	<u>26,941</u>	<u>851,628</u>	<u>286</u>	<u>57,349</u>	<u>150,000</u>	<u>3,586,660</u>

Note 5. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$	\$
Trade payables	506,008	298,343
Accrued expenses	456,802	302,788
BAS payable	109,354	117,530
Other payables	454,297	91,655
	<u>1,526,461</u>	<u>810,316</u>

Note 6. Non-current liabilities - borrowings

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$	\$
Convertible notes payable	<u>957,698</u>	<u>964,902</u>

The convertible notes payable arrangements relate to a \$2 million facility ("Facility") with a cornerstone shareholder investor Mr John Plummer. The key terms include:

- Maximum term of 2 years ending on 1st August 2019;
- Drawdown in \$0.5 million tranches on 30 days' notice;
- Interest rate of Reserve Bank of Australia ("RBA") Cash Rate + 8.5% (currently 10% per annum), payable quarterly in arrears;
- Convertible to Equity in the Company at the election of the Company (subject to Shareholder Approval and compliance with the Corporations Act 2001) at a 15% discount to the 30 Day volume weighted average price (VWAP) prior to conversion;
- Usual covenants of a Facility of this nature and scope including: unsecured obligation, no debt subordination without consent, anti-dilution provisions etc.; and
- Can be repaid in full or Facility reduced at any time at the election of the Company.

Mr Plummer agreed to increase the available credit facility from \$2 million to \$3 million from 1 December 2018 on substantially similar terms as the original facility other than the minimum tranche size being reduced to \$250,000.

At the closure of the rights issue in December 2018, Mr Plummer converted \$1 million of the original \$2 million facility into equity. This leaves \$1 million of the original facility in place fully drawn, and the additional \$1 million on 1 December 2018 facility being available to be drawn upon at a future date. \$350,000 of this facility was drawn down in February 2019.

Note 6. Non-current liabilities - borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$	\$
Total facilities		
Convertible notes	2,000,000	2,000,000
Used at the reporting date		
Convertible notes	1,000,000	1,000,000
Unused at the reporting date		
Convertible notes	1,000,000	1,000,000

Note 7. Equity - issued capital

	Consolidated			
	31 December	30 June 2018	31 December	30 June 2018
	2018	2018	2018	2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>261,453,634</u>	<u>206,884,408</u>	<u>24,880,001</u>	<u>23,269,987</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2018	206,884,408	23,269,987
Issue of shares	19 December 2018	54,569,226	1,637,077
Less share issue costs		-	(27,063)
Balance	31 December 2018	<u>261,453,634</u>	<u>24,880,001</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Events after the reporting period

On 1 January 2019, Mike Emmett joined the Board of Directors as a non-executive director.

On 20 February 2019, the Group received funds of \$350,000 being the first draw down against the \$1 million extension of the standby facility. This leaves \$650,000 available to be drawn upon at a future date.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 10. Earnings per share

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Loss after income tax attributable to the owners of 1st Group Limited	<u>(2,147,920)</u>	<u>(2,371,081)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>210,739,842</u>	<u>206,884,408</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>210,739,842</u>	<u>206,884,408</u>
	Cents	Cents
Basic earnings per share	(1.02)	(1.15)
Diluted earnings per share	(1.02)	(1.15)

In the directors' opinion:

the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Trevor Matthews
Chairman

26 February 2019



Klaus Bartosch
Managing Director

For personal use only

1st Group Limited
ABN: 25 138 897 533

Independent Auditor's Review Report to the Members of 1st Group Limited and Controlled Entities

Report on the half-year financial report

We have reviewed the accompanying half year financial report of 1st Group Limited (the company) and its Controlled Entities ("the Consolidated Entity") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, selected explanatory notes and the directors' declaration for the Consolidated Entity, comprising both the company and the entities it controlled during that half year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of 1st Group Limited, would be in the same terms if provided to directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 1st Group Limited is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter

We draw attention to Note 1 of the financial report, which describes that the Group made a loss for the financial half-year ended 31 December 2018 of \$2,147,920. The Group has also reported a net operating cash outflow of \$1,367,988. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 6, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Robert Evett
Director
Sydney



BENTLEYS NSW AUDIT PTY LTD
Chartered Accountant

Date: 26 February 2019