

1st Group Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	1st Group Limited
ABN:	25 138 897 533
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	73.5% to	1,695,481
Loss from ordinary activities after tax attributable to the owners of 1st Group Limited	down	8.6% to	(2,371,081)
Loss for the half-year attributable to the owners of 1st Group Limited	down	8.6% to	(2,371,081)

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 \$2,371,081 (31 December 2016: \$2,595,510).

For a review of operations for the half year ended 31 December 2017, please refer to the ASX announcement accompanying this Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.23</u>	<u>1.02</u>

4. 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.

5. Attachments

Details of attachments (if any):

The Interim Report of 1st Group Limited for the half-year ended 31 December 2017 is attached.

6. Signed



Signed _____

Date: 28 February 2018

Trevor Matthews
Chairman
Sydney

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1st Group Limited

ABN 25 138 897 533

Interim Report - 31 December 2017

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1st Group Limited
Contents
31 December 2017

Directors' report	2
Auditor's independence declaration	3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	12
Independent auditor's review report to the members of 1st Group Limited	13

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 Whittens & McKeough
Level 29, 201 Elizabeth Street
Sydney, NSW 2000

Principal place of business

2C, Level 2, 2-12 Foveaux Street
Surry Hills
Sydney, NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 February 2018. The Directors have the power to amend and reissue the financial statements.

1st Group Limited
Directors' report
31 December 2017

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 2017.

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
Richard Arnold
Amanda Hagan

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.

Review of operations

The loss for the Group after providing for income tax amounted to \$2,371,081 (31 December 2016: \$2,595,510).

For a review of operations for the half year ended 31 December 2017, please refer to the ASX announcement accompanying this Report.

The Directors consider the Group to be a going concern. For further details refer to note 1 to the financial statements.

Significant changes in the state of affairs

On 2 August 2017, the Company entered into a convertible debt facility ('Standby facility') agreement with its cornerstone shareholder, Mr John Plummer, for a maximum drawdown of \$2,000,000. Interest is payable at the Reserve Bank of Australia ('RBA') cash rate plus 8.5% per annum, payable quarterly in arrears. The maximum term of the facility is 2 years ending 1 August 2019 and currently, the facility is undrawn. The facility is convertible to Equity in the Company at the election of the Company (subject to Shareholder approval and compliance with the Corporations Act) at a 15% discount to the 30 Day Volume weighted average share price ('VWAP') prior to conversion.

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

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



Klaus Bartosch
Managing Director and Chief Executive Officer

28 February 2018
Sydney

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 2017 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



BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

Date: 28 February 2018

1st Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Note	Consolidated 31 Dec 2017 \$	31 Dec 2016 \$
Revenue	3	1,695,481	976,952
Expenses			
Advertising and marketing expenses		(276,371)	(153,609)
Professional and consulting fees		(339,941)	(270,946)
Operations and administration expenses		(1,069,127)	(634,968)
Employee benefits		(1,898,378)	(2,011,104)
Depreciation and amortisation expenses		(669,941)	(677,807)
Finance costs		(20,000)	(11,603)
Loss before income tax benefit		(2,578,277)	(2,783,085)
Income tax benefit		207,196	187,575
Loss after income tax benefit for the half-year attributable to the owners of 1st Group Limited		(2,371,081)	(2,595,510)
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>(2,371,081)</u>	<u>(2,595,510)</u>
		Cents	Cents
Basic earnings per share	10	(1.15)	(1.26)
Diluted earnings per share	10	(1.15)	(1.26)

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

1st Group Limited
Statement of financial position
As at 31 December 2017

	Note	Consolidated 31 Dec 2017 \$	30 Jun 2017 \$
Assets			
Current assets			
Cash and cash equivalents	4	1,144,600	2,933,127
Trade and other receivables		435,099	279,047
Income tax claim receivable		45,250	137,000
Other		164,946	204,992
Total current assets		<u>1,789,895</u>	<u>3,554,166</u>
Non-current assets			
Property, plant and equipment		58,877	69,824
Intangibles	5	4,383,815	5,038,299
Total non-current assets		<u>4,442,692</u>	<u>5,108,123</u>
Total assets		<u>6,232,587</u>	<u>8,662,289</u>
Liabilities			
Current liabilities			
Trade and other payables	6	900,933	878,184
Employee benefits		128,257	155,270
Total current liabilities		<u>1,029,190</u>	<u>1,033,454</u>
Non-current liabilities			
Deferred tax		336,964	475,165
Total non-current liabilities		<u>336,964</u>	<u>475,165</u>
Total liabilities		<u>1,366,154</u>	<u>1,508,619</u>
Net assets		<u>4,866,433</u>	<u>7,153,670</u>
Equity			
Issued capital		23,269,987	23,269,987
Reserves		2,424,850	2,341,006
Accumulated losses		(20,828,404)	(18,457,323)
Total equity		<u>4,866,433</u>	<u>7,153,670</u>

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

1st Group Limited
Statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	23,237,986	2,228,906	(13,327,476)	12,139,416
Loss after income tax benefit for the half-year	-	-	(2,595,510)	(2,595,510)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,595,510)	(2,595,510)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	32,001	(34,501)	-	(2,500)
Share-based payments	-	90,439	-	90,439
Balance at 31 December 2016	<u>23,269,987</u>	<u>2,284,844</u>	<u>(15,922,986)</u>	<u>9,631,845</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	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>

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

1st Group Limited
Statement of cash flows
For the half-year ended 31 December 2017

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,660,394	1,155,419
Payments to suppliers and employees (inclusive of GST)	(3,607,689)	(3,083,130)
Interest received	4,487	18,824
Income taxes refunded	160,745	-
	<hr/>	<hr/>
Net cash used in operating activities	(1,782,063)	(1,908,887)
Cash flows from investing activities		
Payment for prior period's business combinations	-	(100,000)
Payments for property, plant and equipment	(6,464)	(13,422)
Payments for intangibles	-	(150,000)
	<hr/>	<hr/>
Net cash used in investing activities	(6,464)	(263,422)
Cash flows from financing activities		
	<hr/>	<hr/>
Net cash from financing activities	-	-
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(1,788,527)	(2,172,309)
Cash and cash equivalents at the beginning of the financial half-year	2,933,127	6,563,828
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	<u>1,144,600</u>	<u>4,391,519</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 2017 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 2017 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

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

Going concern

The Group made a loss for the financial half-year ended 31 December 2017 of \$2,371,081 (31 December 2016: \$2,595,510). The Group has also reported a net operating cash outflow of \$1,782,063 (31 December 2016: \$1,908,887). These conditions give rise to an uncertainty which may cast doubt over the Group's ability to continue as a going concern.

Notwithstanding the above, the Directors believe that the Group will continue to operate as a going concern for the following reasons:

- The Group has formally announced a number of initiatives to potentially increase revenue;
- As disclosed in note 7, the Group has undrawn convertible debt facility for a maximum drawdown of \$2,000,000; and
- The Group has shown its ability to raise capital in the past and therefore the Directors believe the Group will be able to raise capital in the future.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

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 segment assets and liabilities.

1st Group Limited
Notes to the financial statements
31 December 2017

Note 3. Revenue

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
<i>Sales revenue</i>		
Subscription fees	1,168,836	760,261
Usage fees (recalls, SMS and booking fees)	134,292	45,010
Advertising revenue	108,650	24,987
Setup and training	170,550	53,340
Development and customisation	108,666	74,530
	<u>1,690,994</u>	<u>958,128</u>
<i>Other revenue</i>		
Interest	4,487	18,824
Revenue	<u>1,695,481</u>	<u>976,952</u>

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
Cash on hand	-	78
Cash at bank	1,144,600	2,933,049
	<u>1,144,600</u>	<u>2,933,127</u>

Note 5. Non-current assets - intangibles

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
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	(7,084)	(6,705)
	<u>27,698</u>	<u>28,077</u>
Customer contracts - at cost	1,400,007	1,400,007
Less: Accumulated amortisation	(405,542)	(327,050)
	<u>994,465</u>	<u>1,072,957</u>
Software - at cost	1,901	1,901
Less: Accumulated amortisation	(1,140)	(902)
	<u>761</u>	<u>999</u>
Technology platform - at cost	3,520,294	3,520,294
Less: Accumulated amortisation	(2,809,859)	(2,234,484)
	<u>710,435</u>	<u>1,285,810</u>
Technology under development - at cost	150,000	150,000
	<u>4,383,815</u>	<u>5,038,299</u>

1st Group Limited
Notes to the financial statements
31 December 2017

Note 5. Non-current assets - intangibles (continued)

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 2017	2,500,456	28,077	1,072,957	999	1,285,810	150,000	5,038,299
Amortisation expense	-	(379)	(78,492)	(238)	(575,375)	-	(654,484)
Balance at 31 December 2017	<u>2,500,456</u>	<u>27,698</u>	<u>994,465</u>	<u>761</u>	<u>710,435</u>	<u>150,000</u>	<u>4,383,815</u>

Note 6. Current liabilities - trade and other payables

	Consolidated 31 Dec 2017 \$	30 Jun 2017 \$
Trade payables	369,479	370,663
Accrued expenses	361,091	276,325
PAYG withholding payable	71,573	91,673
Other payables	98,790	139,523
	<u>900,933</u>	<u>878,184</u>

Note 7. Non-current liabilities - borrowings

On 2 August 2017, the Company entered into a convertible debt facility ('Standby facility') agreement with its cornerstone shareholder, Mr John Plummer, for a maximum drawdown of \$2,000,000. Interest is payable at the Reserve Bank of Australia ('RBA') cash rate plus 8.5% per annum, payable quarterly in arrears. The maximum term of the facility is 2 years ending 1 August 2019 and currently, the facility is undrawn. The facility is convertible to Equity in the Company at the election of the Company (subject to Shareholder approval and compliance with the Corporations Act) at a 15% discount to the 30 Day Volume weighted average share price ('VWAP') prior to conversion.

As at the date of the financial report, the Group had not drawn down available debt facilities.

Financing arrangements

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

	Consolidated 31 Dec 2017 \$	30 Jun 2017 \$
Total facilities		
Convertible debt facility	<u>2,000,000</u>	<u>-</u>
Used at the reporting date		
Convertible debt facility	<u>-</u>	<u>-</u>
Unused at the reporting date		
Convertible debt facility	<u>2,000,000</u>	<u>-</u>

Note 8. Equity - dividends

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

Note 9. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 10. Earnings per share

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Loss after income tax attributable to the owners of 1st Group Limited	<u>(2,371,081)</u>	<u>(2,595,510)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>206,884,408</u>	<u>206,796,013</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>206,884,408</u>	<u>206,796,013</u>
	Cents	Cents
Basic earnings per share	(1.15)	(1.26)
Diluted earnings per share	(1.15)	(1.26)

Options have been excluded from the diluted earnings per share calculation as their inclusion would be anti-dilutive.

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 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.

1st Group Limited
Directors' declaration
31 December 2017

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 2017 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



Klaus Bartosch
Managing Director and Chief Executive Officer

28 February 2018
Sydney

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 2017, 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 2017 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 2017 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 2017 of \$2,371,081. The Group has also reported a net operating cash outflow of \$1,782,063. 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: 28 February 2018