

1st Group Limited
(Formerly known as 1st Available Ltd)
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 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	7.1% to	976,952
Loss from ordinary activities after tax attributable to the owners of 1st Group Limited	up	28.1% to	(2,595,510)
Loss for the half-year attributable to the owners of 1st Group Limited	up	28.1% to	(2,595,510)

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 \$2,595,510 (31 December 2015: \$2,026,171).

The past six months has been transformational for the Group, with the launch of new products to provide usage-based revenue to complement the Group's existing subscription-based revenue sources. The Group also announced new health sector partnerships, significant new clients, the launch of new platforms and services, and changes in the company name and platform brands.

The Group's vision is to provide consumers with a simpler online way to connect with healthcare practitioners, and improve consumers' health, through a range of products.

At the end of the half-year, the Group's platform supported more than 4,000 installed sites and 10,000 appointment calendars, and was nearing the milestone of 5 million online appointments booked since 2012.

Financial results

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Revenue	976,952	912,278
Operating expenses before capitalised employee benefit expenses	(2,980,188)	(3,177,358)
Operating loss before capitalised and non-cash items	(2,003,236)	(2,265,080)
Capitalised employee benefit expenses	-	684,248
Operating loss before tax and non-cash items	(2,003,236)	(1,580,832)
Share-based payments	(90,439)	(211,982)
Depreciation and amortisation expenses	(677,807)	(534,633)
Finance costs	(11,603)	(13,542)
Net loss before tax benefit	(2,783,085)	(2,340,989)
Income tax benefit	187,575	314,818
Net loss after tax benefit	<u>(2,595,510)</u>	<u>(2,026,171)</u>

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Appendix 4D
Half-year report

The Group's services include the MyHealth1st intuitive online healthcare search and appointment booking service portal, which is highly scalable and responsive, and the software as a service ('SaaS') platform, GObookings. In December 2016 the Group launched a new portal, PetYeti, which is Australia's first online appointment booking platform for veterinary services.

Revenue increased 7% from the prior corresponding period from new client wins and growth within existing clients increasing subscription revenues. The Group experienced longer sales to activation timelines as a result of the larger corporate client wins over the last 6 to 9 months which has resulted in a lag between the growth in Monthly Recurring Revenue and reported revenues.

First half of Financial Year 2017 (FY 2017) revenue included a marginal contribution of usage fee revenue from the newly launched EasyRecall product. We are excited by the potential of this product to contribute to faster revenue growth in the balance of FY 2017.

Operating costs before the capitalisation of internal software development costs were 5% lower than the prior corresponding period due to lower marketing costs from the cessation of the Whitecoat.com.au partnership. During the first half of FY2017 technology staff that in previous periods had been allocated to major platform development projects were reallocated to smaller product builds and enhancements. As a result, in accordance with our accounting policies, the related staff costs were no longer capitalised.

Following the capital raising in June 2016, the Group is investing for growth. At 31 December 2016, the Group held \$4,391,519 in cash, and has received an Income tax claim receivable of \$441,415 in January 2017.

Based on current information, management expects second half revenue and cash flow to be stronger than the first half due to the contribution from subscription contracts secured in the second quarter, new usage fees from products like EasyRecall, seasonal factors such as flu injections, and new contracts expected to be concluded within coming months.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.90</u>	<u>1.62</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 2016 is attached.

1st Group Limited
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Appendix 4D
Half-year report

6. Signed

A handwritten signature in black ink that reads 'T. Matthews'.

Signed _____

Date: 23 February 2017

Trevor Matthews
Chairman
Sydney

1st Group Limited

(Formerly known as 1st Available Ltd)

ABN 25 138 897 533

Interim Report - 31 December 2016

1st Group Limited
(Formerly known as 1st Available Ltd)
Contents
31 December 2016

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	13
Independent auditor's review report to the members of 1st Group Limited	14

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 23 February 2017. The Directors have the power to amend and reissue the financial statements.

1st Group Limited
(Formerly known as 1st Available Ltd)
Directors' report
31 December 2016

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 2016.

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 (appointed on 9 August 2016)
Garry Charny (resigned on 8 August 2016)

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 \$2,595,510 (31 December 2015: \$2,026,171).

For a review of operations for the half year ended 31 December 2016, please refer to comments in Appendix 4D 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

There were no 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

23 February 2017
Sydney

1st Group Limited (Formerly known as 1st Available Ltd)
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 2016 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.


Bentleys NSW Audit Pty Ltd


Robert Evett
Director
Sydney

Date *Feb 23, 2017*

1st Group Limited
(Formerly known as 1st Available Ltd)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

	Note	Consolidated 31 Dec 2016 \$	31 Dec 2015 \$
Revenue	3	976,952	912,278
Expenses			
Advertising and marketing expenses		(153,609)	(416,406)
Professional and consulting fees		(270,946)	(252,869)
Operations and administration expenses		(634,968)	(579,913)
Employee benefits		(2,011,104)	(1,455,904)
Depreciation and amortisation expenses		(677,807)	(534,633)
Finance costs		(11,603)	(13,542)
		<hr/>	<hr/>
Loss before income tax benefit		(2,783,085)	(2,340,989)
Income tax benefit		187,575	314,818
		<hr/>	<hr/>
Loss after income tax benefit for the half-year attributable to the owners of 1st Group Limited		(2,595,510)	(2,026,171)
Other comprehensive income for the half-year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the half-year attributable to the owners of 1st Group Limited		<u>(2,595,510)</u>	<u>(2,026,171)</u>
		Cents	Cents
Basic earnings per share	10	(1.26)	(2.47)
Diluted earnings per share	10	(1.26)	(2.47)

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

1st Group Limited
(Formerly known as 1st Available Ltd)
Statement of financial position
As at 31 December 2016

	Note	Consolidated 31 Dec 2016 \$	30 Jun 2016 \$
Assets			
Current assets			
Cash and cash equivalents	4	4,391,519	6,563,828
Trade and other receivables		210,572	314,589
Income tax claim receivable		483,915	406,323
Other		156,797	86,002
Total current assets		<u>5,242,803</u>	<u>7,370,742</u>
Non-current assets			
Property, plant and equipment		65,453	64,011
Intangibles	5	5,704,125	6,219,952
Total non-current assets		<u>5,769,578</u>	<u>6,283,963</u>
Total assets		<u>11,012,381</u>	<u>13,654,705</u>
Liabilities			
Current liabilities			
Trade and other payables	6	528,972	451,241
Employee benefits		181,370	201,297
Contingent consideration		87,869	94,958
Total current liabilities		<u>798,211</u>	<u>747,496</u>
Non-current liabilities			
Contingent consideration		-	81,308
Deferred tax		582,325	686,485
Total non-current liabilities		<u>582,325</u>	<u>767,793</u>
Total liabilities		<u>1,380,536</u>	<u>1,515,289</u>
Net assets		<u>9,631,845</u>	<u>12,139,416</u>
Equity			
Issued capital	7	23,269,987	23,237,986
Reserves		2,284,844	2,228,906
Accumulated losses		(15,922,986)	(13,327,476)
Total equity		<u>9,631,845</u>	<u>12,139,416</u>

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

1st Group Limited
(Formerly known as 1st Available Ltd)
Statement of changes in equity
For the half-year ended 31 December 2016

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	16,016,235	2,033,610	(8,489,331)	9,560,514
Loss after income tax benefit for the half-year	-	-	(2,026,171)	(2,026,171)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,026,171)	(2,026,171)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,320,198	-	-	1,320,198
Share-based payments	-	211,982	-	211,982
Balance at 31 December 2015	<u>17,336,433</u>	<u>2,245,592</u>	<u>(10,515,502)</u>	<u>9,066,523</u>
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 (note 7)	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>

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

1st Group Limited
(Formerly known as 1st Available Ltd)
Statement of cash flows
For the half-year ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016	31 Dec 2015
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,155,419	883,533
Payments to suppliers and employees (inclusive of GST)		(3,083,130)	(2,591,305)
Interest received		18,824	16,643
		<u>1,155,419</u>	<u>883,533</u>
Net cash used in operating activities		<u>(1,908,887)</u>	<u>(1,691,129)</u>
Cash flows from investing activities			
Payment for prior period's business combinations	9	(100,000)	(158,011)
Payments for property, plant and equipment		(13,422)	(28,286)
Payments for intangibles	5	(150,000)	(690,695)
		<u>(263,422)</u>	<u>(876,992)</u>
Net cash used in investing activities		<u>(263,422)</u>	<u>(876,992)</u>
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		-	1,132,800
		<u>-</u>	<u>1,132,800</u>
Net cash from financing activities		<u>-</u>	<u>1,132,800</u>
Net decrease in cash and cash equivalents		(2,172,309)	(1,435,321)
Cash and cash equivalents at the beginning of the financial half-year		6,563,828	3,422,549
		<u>6,563,828</u>	<u>3,422,549</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>4,391,519</u></u>	<u><u>1,987,228</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 2016 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 2016 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 2016 and are not expected to have any significant impact for the full financial year ending 30 June 2017.

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 2016 of \$2,595,510 (31 December 2015: \$2,026,171). The Group has also reported a net operating cash outflow of \$1,908,887 (31 December 2015: \$1,691,129). 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 expects the benefits of new product launches and contracts sold in the first half of FY2017 to improve revenues going forward;
- The Group has the ability to implement measures to reduce the Group's cash outflow; and
- 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.

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.

Comparatives

Comparatives in the statement of profit or loss and other comprehensive income have been realigned to current period presentation. There has been no effect on the loss for the period.

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
(Formerly known as 1st Available Ltd)
Notes to the financial statements
31 December 2016

Note 3. Revenue

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
<i>Sales revenue</i>		
Subscription and usage fees	830,258	740,576
Setup and training	53,340	50,251
Development and customisation	74,530	104,808
	<u>958,128</u>	<u>895,635</u>
<i>Other revenue</i>		
Interest	18,824	16,643
Revenue	<u><u>976,952</u></u>	<u><u>912,278</u></u>

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Cash on hand	205	284
Cash at bank	4,391,314	6,563,544
	<u><u>4,391,519</u></u>	<u><u>6,563,828</u></u>

Note 5. Non-current assets - intangibles

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
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	(6,327)	(5,948)
	<u>28,455</u>	<u>28,834</u>
Customer contracts - at cost	1,400,007	1,400,007
Less: Accumulated amortisation	(248,558)	(170,066)
	<u>1,151,449</u>	<u>1,229,941</u>
Software - at cost	1,901	1,901
Less: Accumulated amortisation	(665)	(427)
	<u>1,236</u>	<u>1,474</u>
Technology platform - at cost	3,670,294	3,520,294
Less: Accumulated amortisation	(1,647,765)	(1,061,047)
	<u>2,022,529</u>	<u>2,459,247</u>
	<u><u>5,704,125</u></u>	<u><u>6,219,952</u></u>

1st Group Limited
(Formerly known as 1st Available Ltd)
Notes to the financial statements
31 December 2016

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 \$	Total \$
Balance at 1 July 2016	2,500,456	28,834	1,229,941	1,474	2,459,247	6,219,952
Additions	-	-	-	-	150,000	150,000
Amortisation expense	-	(379)	(78,492)	(238)	(586,718)	(665,827)
Balance at 31 December 2016	<u>2,500,456</u>	<u>28,455</u>	<u>1,151,449</u>	<u>1,236</u>	<u>2,022,529</u>	<u>5,704,125</u>

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$	\$
Trade payables	205,216	182,885
Accrued expenses	142,078	131,284
PAYG withholding payable	103,849	103,354
Other payables	77,829	33,718
	<u>528,972</u>	<u>451,241</u>

Note 7. Equity - issued capital

	Consolidated			
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>206,884,408</u>	<u>206,785,834</u>	<u>23,269,987</u>	<u>23,237,986</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2016	206,785,834	23,237,986
Issue of shares	13 December 2016	98,574	34,501
Share issue transaction costs, net of tax		-	(2,500)
Balance	31 December 2016	<u>206,884,408</u>	<u>23,269,987</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

Fair value hierarchy

The following tables detail the Group's liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Contingent consideration	-	-	87,869	87,869
Total liabilities	-	-	87,869	87,869

Consolidated - 30 Jun 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Contingent consideration	-	-	176,266	176,266
Total liabilities	-	-	176,266	176,266

There were no transfers between levels during the financial year.

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.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Contingent consideration

The fair value is determined using the discounted cash flow method. Significant unobservable valuation inputs in relation to contingent consideration includes achievement of pre-determined sales targets and a discount rate of 15.62%. The maximum amount to be settled in cash is \$100,000.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Contingent consideration \$
Balance at 1 July 2016	176,266
Payments during the period	(100,000)
Unwinding of discount	11,603
Balance at 31 December 2016	<u>87,869</u>

Note 9. Fair value measurement (continued)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Contingent consideration	a. Discount rate	15.62%	1% change in discount rate would increase/decrease fair value by \$720.
	b. Sales target range	\$96,000 to \$213,000	10% change in sales target would not result in any change in fair value.

Note 10. Earnings per share

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$	\$
Loss after income tax attributable to the owners of 1st Group Limited	<u>(2,595,510)</u>	<u>(2,026,171)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>206,796,013</u>	<u>81,936,425</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>206,796,013</u>	<u>81,936,425</u>
	Cents	Cents
Basic earnings per share	(1.26)	(2.47)
Diluted earnings per share	(1.26)	(2.47)

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 2016 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
(Formerly known as 1st Available Ltd)
Directors' declaration
31 December 2016

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 2016 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

23 February 2017
Sydney



Klaus Bartosch
Managing Director and Chief Executive Officer

1st Group Limited (Formerly known as 1st Available Ltd)
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 2016, 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 2016 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 2016 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.



Bentleys NSW Audit Pty Ltd



Robert Evett
Director
Sydney

Date: *February 23, 2017*