

1. Company details

Name of entity:	1st Group Limited
ABN:	25 138 897 533
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	15.9% to	2,306,207
Loss from ordinary activities after tax attributable to the owners of 1st Group Limited	up	2.1% to	(5,129,847)
Loss for the year attributable to the owners of 1st Group Limited	up	2.1% to	(5,129,847)

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 \$5,129,847 (30 June 2016: \$5,022,295).

Financial Year 2017 ('FY17') has been a transformational year for the Group, with the launch and commercialisation of a number of new products for customers and users of our platforms. The new EasyRecall and EasyFeedback products complement the Group's existing subscription-based offerings, add additional usage based revenue streams and increase end users' interaction with our platforms.

The Group also announced new health sector partnerships, significant new client wins, 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 and interact with healthcare practitioners, and improve consumers' health, through a range of products and trusted healthcare content.

At the end of the financial year, the Group's platform supported more than 5,000 installed sites, and has taken over 5.5 million online appointments since the service was launched in 2012.

The Group's services include the MyHealth1st intuitive online healthcare search and appointment booking service portal, which is highly scalable, 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 and other pet services.

During the first half of FY17 technology staff who 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. Gross employee expenses before technology staff capitalisation were in line with FY16.

Over the full year revenue increased by 16% with acceleration in the second half where the increase was 23% compared to 7% in the first half.

Financial results

	Consolidated	
	2017	2016
	(unaudited)	\$
	\$	\$
Revenue	2,306,207	1,989,776
Operating expenses before capitalised employee benefit expenses	(6,396,772)	(5,952,308)
Operating loss before capitalised and non-cash items	(4,090,565)	(3,962,532)
Capitalised employee benefit expenses	-	1,292,078
Operating loss before tax and non-cash items	(4,090,565)	(2,670,454)
Share-based payments	(146,601)	(379,446)
Net gain recognised on reversal of contingent consideration	93,738	-
Depreciation and amortisation expenses	(1,358,182)	(1,493,385)
Impairment expenses	-	(1,059,102)
Finance costs	(17,472)	(27,672)
Net loss before tax benefit	(5,519,082)	(5,630,059)
Income tax benefit	389,235	607,764
Net loss after tax benefit	<u>(5,129,847)</u>	<u>(5,022,295)</u>

Operating costs before the capitalisation of internal software development costs were 7% higher than the prior corresponding period due to the investments made across sales, marketing and product. These activities started to bear fruit culminating in the Group's strongest ever sales performance in Q4 FY17 and Monthly Recurring Revenue as at the end of June 2017 of \$261,000, excluding monthly usage fees, setup fees, and advertising revenue.

At 30 June 2017, the Group held \$2,933,127 in cash and subsequent to the end of the financial year, the Group entered into a \$2 million convertible debt facility (Standby Facility) with its cornerstone shareholder, Mr John Plummer. The Standby Facility will enable the Company to execute its business strategy confidently and drive continued sales growth.

The Group exited FY17 well positioned with positive sales momentum, a healthy pipeline from our new products released in the second half of FY17 and a number of additional products set for release in early FY18.

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>1.02</u>	<u>2.86</u>

4. Audit qualification or review

The financial statements are currently being audited and an unqualified opinion is expected to be issued.

5. Attachments

Details of attachments (if any):

The Preliminary Financial Report of 1st Group Limited for the year ended 30 June 2017 is attached.

6. Signed



Signed _____

Date: 31 August 2017

Trevor Matthews
Chairman
Sydney

1st Group Limited

ABN 25 138 897 533

Preliminary Financial Report - 30 June 2017

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	Note	Consolidated 2017 (unaudited) \$	2016 \$
Revenue	1	2,306,207	1,989,776
Net gain recognised on reversal of contingent consideration		93,738	-
Expenses			
Advertising and marketing expenses		(594,203)	(572,969)
Professional and consulting fees		(439,177)	(517,325)
Operations and administration expenses		(1,360,483)	(1,134,817)
Employee benefits		(4,149,510)	(2,814,565)
Depreciation and amortisation expenses	2	(1,358,182)	(1,493,385)
Impairment of assets		-	(1,059,102)
Finance costs	2	(17,472)	(27,672)
Loss before income tax benefit		(5,519,082)	(5,630,059)
Income tax benefit		389,235	607,764
Loss after income tax benefit for the year attributable to the owners of 1st Group Limited		(5,129,847)	(5,022,295)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 1st Group Limited		<u>(5,129,847)</u>	<u>(5,022,295)</u>
		Cents	Cents
Basic earnings per share	12	(2.48)	(5.57)
Diluted earnings per share	12	(2.48)	(5.57)

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

	Note	Consolidated 2017 (unaudited) \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	3	2,933,127	6,563,828
Trade and other receivables		279,047	314,589
Income tax claim receivable		137,000	406,323
Other	4	204,992	86,002
Total current assets		<u>3,554,166</u>	<u>7,370,742</u>
Non-current assets			
Property, plant and equipment	5	69,824	64,011
Intangibles	6	5,038,299	6,219,952
Total non-current assets		<u>5,108,123</u>	<u>6,283,963</u>
Total assets		<u>8,662,289</u>	<u>13,654,705</u>
Liabilities			
Current liabilities			
Trade and other payables	7	878,184	451,241
Employee benefits		155,270	201,297
Contingent consideration		-	94,958
Total current liabilities		<u>1,033,454</u>	<u>747,496</u>
Non-current liabilities			
Contingent consideration		-	81,308
Deferred tax		475,165	686,485
Total non-current liabilities		<u>475,165</u>	<u>767,793</u>
Total liabilities		<u>1,508,619</u>	<u>1,515,289</u>
Net assets		<u>7,153,670</u>	<u>12,139,416</u>
Equity			
Issued capital	8	23,269,987	23,237,986
Reserves	9	2,341,006	2,228,906
Accumulated losses		(18,457,323)	(13,327,476)
Total equity		<u>7,153,670</u>	<u>12,139,416</u>

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

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 year	-	-	(5,022,295)	(5,022,295)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,022,295)	(5,022,295)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	7,221,751	-	-	7,221,751
Share-based payments	-	379,446	-	379,446
Transfer from reserves	-	(184,150)	184,150	-
Balance at 30 June 2016	23,237,986	2,228,906	(13,327,476)	12,139,416
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 year	-	-	(5,129,847)	(5,129,847)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,129,847)	(5,129,847)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	32,001	(34,501)	-	(2,500)
Share-based payments	-	146,601	-	146,601
Balance at 30 June 2017	23,269,987	2,341,006	(18,457,323)	7,153,670

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

	Consolidated	
	2017	2016
Note	(unaudited)	\$
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	2,596,021	2,019,545
Payments to suppliers and employees (inclusive of GST)	(6,420,067)	(4,785,327)
Interest received	29,550	25,915
Income taxes refunded	441,415	405,000
	<u> </u>	<u> </u>
Net cash used in operating activities	11 (3,353,081)	(2,334,867)
Cash flows from investing activities		
Payment for prior year business combinations	(100,000)	(158,011)
Payments for property, plant and equipment	(27,620)	(31,255)
Payments for intangibles	6 (150,000)	(1,298,525)
	<u> </u>	<u> </u>
Net cash used in investing activities	(277,620)	(1,487,791)
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	-	6,963,937
	<u> </u>	<u> </u>
Net cash from financing activities	-	6,963,937
	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	(3,630,701)	3,141,279
Cash and cash equivalents at the beginning of the financial year	6,563,828	3,422,549
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	<u>2,933,127</u>	<u>6,563,828</u>

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

Note 1. Revenue

	Consolidated 2017 (unaudited) \$	2016 \$
<i>Sales revenue</i>		
Subscription and usage fees	1,806,176	1,536,980
Usage fees (recalls, SMS and booking fees)	181,153	85,321
Setup and training	160,316	124,348
Development and customisation	129,005	217,212
	<u>2,276,650</u>	<u>1,963,861</u>
<i>Other revenue</i>		
Interest	29,557	25,915
Revenue	<u><u>2,306,207</u></u>	<u><u>1,989,776</u></u>

Note 2. Expenses

	Consolidated 2017 (unaudited) \$	2016 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	4,133	3,927
Plant and equipment	6,405	13,571
Computer equipment	15,991	14,387
Total depreciation	<u>26,529</u>	<u>31,885</u>
<i>Amortisation</i>		
Patents and trademarks	757	3,492
Customer contracts	156,984	158,399
Software	475	427
Technology platform	1,173,437	1,299,182
Total amortisation	<u>1,331,653</u>	<u>1,461,500</u>
Total depreciation and amortisation	<u>1,358,182</u>	<u>1,493,385</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	17,472	27,672
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	88,102	107,137
<i>Superannuation expense</i>		
Defined contribution superannuation expense	302,197	283,412
<i>Share-based payments expense</i>		
Share-based payments expense	146,601	379,446

Note 3. Current assets - cash and cash equivalents

	Consolidated 2017 (unaudited) \$	2016 \$
Cash on hand	78	284
Cash at bank	2,933,049	6,563,544
	<u>2,933,127</u>	<u>6,563,828</u>

Note 4. Current assets - other

	Consolidated 2017 (unaudited) \$	2016 \$
Prepayments	183,782	62,989
Rental bonds	21,210	23,013
	<u>204,992</u>	<u>86,002</u>

Note 5. Non-current assets - property, plant and equipment

	Consolidated 2017 (unaudited) \$	2016 \$
Leasehold improvements - at cost	12,125	12,125
Less: Accumulated depreciation	(8,327)	(4,194)
	<u>3,798</u>	<u>7,931</u>
Plant and equipment - at cost	28,961	26,407
Less: Accumulated depreciation	(14,251)	(7,846)
	<u>14,710</u>	<u>18,561</u>
Computer equipment - at cost	76,684	49,775
Less: Accumulated depreciation	(25,368)	(12,256)
	<u>51,316</u>	<u>37,519</u>
	<u>69,824</u>	<u>64,011</u>

Note 5. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

Consolidated	Leasehold improvements \$	Plant and equipment \$	Computer equipment \$	Total \$
Balance at 1 July 2015	9,658	36,778	25,704	72,140
Additions	2,200	2,785	26,765	31,750
Disposals	-	(7,431)	(563)	(7,994)
Depreciation expense	(3,927)	(13,571)	(14,387)	(31,885)
Balance at 30 June 2016	7,931	18,561	37,519	64,011
Additions	-	2,554	32,901	35,455
Write off of assets	-	-	(3,113)	(3,113)
Depreciation expense	(4,133)	(6,405)	(15,991)	(26,529)
Balance at 30 June 2017	<u>3,798</u>	<u>14,710</u>	<u>51,316</u>	<u>69,824</u>

Note 6. Non-current assets - intangibles

	Consolidated 2017 (unaudited) \$	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	(6,705)	(5,948)
	<u>28,077</u>	<u>28,834</u>
Customer contracts - at cost	1,400,007	1,400,007
Less: Accumulated amortisation	(327,050)	(170,066)
	<u>1,072,957</u>	<u>1,229,941</u>
Software - at cost	1,901	1,901
Less: Accumulated amortisation	(902)	(427)
	<u>999</u>	<u>1,474</u>
Technology platform - at cost	3,520,294	3,520,294
Less: Accumulated amortisation	(2,234,484)	(1,061,047)
	<u>1,285,810</u>	<u>2,459,247</u>
Technology under development - at cost	150,000	-
	<u>5,038,299</u>	<u>6,219,952</u>

Note 6. Non-current assets - intangibles (continued)

Reconciliations

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

Consolidated	Goodwill \$	Patents and trademarks \$	Customer contracts \$	Software \$	Technology platform \$	Technology under develop- ment \$	Total \$
Balance at 1 July 2015	3,018,025	32,326	1,388,340	-	3,003,338	-	7,442,029
Additions	-	-	-	1,901	1,296,624	-	1,298,525
Impairment of assets	(517,569)	-	-	-	(541,533)	-	(1,059,102)
Amortisation expense	-	(3,492)	(158,399)	(427)	(1,299,182)	-	(1,461,500)
Balance at 30 June 2016	2,500,456	28,834	1,229,941	1,474	2,459,247	-	6,219,952
Additions	-	-	-	-	-	150,000	150,000
Amortisation expense	-	(757)	(156,984)	(475)	(1,173,437)	-	(1,331,653)
Balance at 30 June 2017	<u>2,500,456</u>	<u>28,077</u>	<u>1,072,957</u>	<u>999</u>	<u>1,285,810</u>	<u>150,000</u>	<u>5,038,299</u>

Note 7. Current liabilities - trade and other payables

	Consolidated 2017 (unaudited) \$	2016 \$
Trade payables	370,663	182,885
Accrued expenses	304,067	131,284
PAYG Withholding payable	91,673	103,354
Other payables	111,781	33,718
	<u>878,184</u>	<u>451,241</u>

Note 8. Equity - issued capital

	2017 (unaudited) Shares	2016 Shares	Consolidated 2017 (unaudited) \$	2016 \$
Ordinary shares - fully paid	<u>206,884,408</u>	<u>206,785,834</u>	<u>23,269,987</u>	<u>23,237,986</u>

Note 8. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2015	77,892,451	16,016,235
Issue of shares	17 September 2015	283,464	36,000
Issue of shares	17 September 2015	1,192,114	151,398
Issue of shares	4 November 2015	10,000,000	1,200,000
Issue of shares	30 November 2015	240,000	28,800
Issue of shares - share purchase plan	27 January 2016	250,000	30,000
Issue of shares	11 May 2016	13,636,364	750,000
Issue of share - entitlement offer	20 June 2016	42,323,302	2,327,782
Issue of shares - entitlement offer	23 June 2016	438,958	24,143
Issue of shares - entitlement offer	24 June 2016	47,095,769	2,590,267
Issue of shares	27 June 2016	12,000,001	660,000
Issue of shares - in lieu of underwriting fees	27 June 2016	1,433,411	78,838
Share issue transaction costs, net of tax		-	(655,477)
Balance	30 June 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	30 June 2017	<u>206,884,408</u>	<u>23,269,987</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 9. Equity - reserves

	Consolidated	
	2017 (unaudited) \$	2016 \$
Share-based payments reserve	1,366,577	1,219,976
Acquisition reserve	974,429	1,008,930
	<u>2,341,006</u>	<u>2,228,906</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Acquisition reserve

The reserve is used to recognise equity benefits provided to the vendors on acquisition of subsidiaries. This includes fair value of shares and options which is expected to be converted into issued capital in the future.

Note 9. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payment \$	Acquisition reserve \$	Total \$
Balance at 1 July 2015	840,530	1,193,080	2,033,610
Share-based payments expense	379,446	-	379,446
Transfer to accumulated losses	-	(184,150)	(184,150)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	1,219,976	1,008,930	2,228,906
Transfer to issued capital	-	(34,501)	(34,501)
Share-based payments expense	146,601	-	146,601
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	<u>1,366,577</u>	<u>974,429</u>	<u>2,341,006</u>

Note 10. Equity - dividends

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

Note 11. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2017 (unaudited) \$	2016 \$
Loss after income tax benefit for the year	(5,129,847)	(5,022,295)
Adjustments for:		
Depreciation and amortisation	1,358,182	1,493,385
Impairment of intangibles	-	1,059,102
Share-based payments	146,601	379,446
Other non-cash transactions	-	27,672
Net fair value movement on contingent consideration	(93,738)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	35,542	(133,109)
Decrease in income tax refund due	269,323	13,677
Decrease/(increase) in other operating assets	(118,990)	59,246
Increase in trade and other payables	437,193	853
Decrease in deferred tax liabilities	(211,320)	(221,165)
Increase/(decrease) in employee benefits	(46,027)	8,321
	<hr/>	<hr/>
Net cash used in operating activities	<u>(3,353,081)</u>	<u>(2,334,867)</u>

Note 12. Earnings per share

	Consolidated	
	2017	2016
	(unaudited)	
	\$	\$
Loss after income tax attributable to the owners of 1st Group Limited	<u>(5,129,847)</u>	<u>(5,022,295)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>206,839,847</u>	<u>90,087,132</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>206,839,847</u>	<u>90,087,132</u>
	Cents	Cents
Basic earnings per share	(2.48)	(5.57)
Diluted earnings per share	(2.48)	(5.57)

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

Note 13. Events after the reporting period

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 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.

No other matter or circumstance has arisen since 30 June 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.