

1. Company details

Name of entity:	A1 Investments & Resources Ltd
ABN:	44 109 330 949
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	7.2% to	269,112
Loss from ordinary activities after tax attributable to the owners of A1 Investments & Resources Ltd	up	139.0% to	(2,575,682)
Loss for the year attributable to the owners of A1 Investments & Resources Ltd	up	139.0% to	(2,575,682)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$2,575,682 (30 June 2018: \$1,077,708).

Refer to 'Review of operations' in the Directors' report for further commentary on the results of the consolidated entity for the year ended 30 June 2019. Particularly refer to the comments on the loss on conversion of the loans to equity, whereby the conversion of the Plus JPS loan to equity incurred a loss of \$1,322,442, and conversion of the Koriyakawakyu loan to equity incurred a loss of \$591,311, being a total loss of \$1,913,753.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.001</u>	<u>(0.014)</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

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
COTY Guam LLC	-	50.00%	-	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	-
Income tax on operating activities			-	-

On 26 June 2019, the consolidated entity's disposed of its interest in COTY Guam LLC for total consideration of \$10.

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 have been audited and an unqualified opinion has been issued. The auditor's report contains a paragraph addressing material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The Annual Report of A1 Investments & Resources Ltd for the year ended 30 June 2019 is attached.

12. Signed

Signed 

Charlie Nakamura
 Director
 Sydney

Date: 26 August 2019

A1 Investments & Resources Ltd and its controlled entities

ABN 44 109 330 949

Annual Report - 30 June 2019

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Directors	Charlie Nakamura Peter Ashcroft Takashi Araya Masahiro Ito
Company secretary	Peter Ashcroft
Notice of annual general meeting	The annual general meeting of A1 Investments & Resources Ltd will be held at: the offices of Hall Chadwick Chartered Accountants and Business Advisors Level 40, 2 Park Street Sydney NSW 2000 11:00 AM on Thursday, 21 November 2019
Registered office	Suite 606 / 37 Bligh Street Sydney NSW 2000 Australia Tel: +61 2 9114 6888 Fax: +61 2 9232 8883
Principal place of business	Suite 606 / 37 Bligh Street Sydney NSW 2000 Australia
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Tel: 1300 787 272 Fax: +61 3 9473 2500
Auditor	Hall Chadwick Chartered Accountants and Business Advisors Level 40 2 - 26 Park Street Sydney NSW 2000
Stock exchange listing	A1 Investments & Resources Ltd shares are listed on the Australian Securities Exchange (ASX code: AYI)
Website	www.a1investments.com.au
Corporate Governance Statement	<p>The directors and management are committed to conducting the business of A1 Investments & Resources Ltd in an ethical manner and in accordance with the highest standards of corporate governance. A1 Investments & Resources Ltd has adopted and substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, was approved by the Board of Directors at the same time as the Annual Report and can be found on the Investor Relations page at www.a1investments.com.au</p>

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of A1 Investments & Resources Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were directors of A1 Investments & Resources Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Charlie Nakamura
Peter Ashcroft
Takashi Araya
Masahiro Ito (appointed on 11 April 2019)

Principal activities

The principal activities of the consolidated entity during the financial year were those of an investment company focusing on projects in Australia.

There were no significant changes in the consolidated entity's principal activities during the financial year.

The consolidated entity will continue to focus on the food and farming sectors in Australia in the next financial year.

The consolidated entity is also examining a gravel project in Japan as an investment.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,575,682 (30 June 2018: \$1,077,708).

The majority of the loss is attributable to the loss on conversion of loans to equity which amounted to \$1,913,753.

During the year ended 30 June 2019, the consolidated entity extinguished loans from Plus JPS Co. Limited and Koriyakawakyu Co. Limited by issuing ordinary shares in A1 Investments & Resources Limited to both lenders. As per the requirements of the Australian Accounting Standards (specifically Interpretation 19), when extinguishing financial liabilities with equity instruments any difference between the fair value of the equity instruments and the carrying value of the financial liability is recognised in the profit or loss.

In the case of the consolidated entity, the fair value of the equity instruments was measured by reference to the price listed on the Australian Securities Exchange ('ASX'). Throughout the year ended 30 June 2019, the price listed on the ASX for A1 Investments & Resources Limited's ordinary shares was \$0.001 per share. \$0.001 is minimum trading amount available to investors on the ASX. Despite being the minimum trading amount available to investors on the ASX, the consolidated entity has accepted the share price quoted on the ASX as being the fair value of the company's ordinary shares.

In relation to the shares issued to Plus JPS Co. Limited, the company issued 2,204,071,475 shares at an issue price of \$0.0004 per share to extinguish the liability (which had a face value of \$881,629). This issue was approved by the shareholders of the company at the Special General Meeting ('SGM') on 10 April 2019. On the 12 April 2019, despite being issued at \$0.0004 per share, the fair value of the shares issued was deemed to be \$2,204,071 (2,204,017,475 at \$0.001 per share), the carrying value of loan was \$881,629, resulting in a loss of \$1,322,422 being recorded in the profit or loss.

In relation to the shares issued to Koriyakawakyu Co. Limited, the company issued 985,518,000 shares at an issue price of \$0.0004 per share to extinguish the liability (which had a face value of \$394,207). This issue was also approved by the shareholders of the company at the SGM on 10 April 2019. On 12 April 2019, despite being issued at \$0.0004 per share, the fair value of the shares issued was deemed to be \$985,518 (985,518,000 at \$0.001 per share), the carrying value of loan was \$394,207, resulting in a loss of \$591,311 being recorded in the profit or loss.

There has been no substantial change to the consolidated entity's businesses since the end of the financial year to 30 June 2018.

Throughout the year to 30 June 2019 the consolidated entity remained focused on food production businesses and general investments and this will continue to be the focus of the Consolidated entity for the future.

1. The consolidated entity to manage farming properties

The consolidated entity managed the property known as Hirschbrooke for the mutual benefit of the consolidated entity and the owner, and that the property would remain for the benefit of the A1 Qualipac joint venture. WIN Corporation (the holding company of the owner) had advised the consolidated entity that it intended to sell the property at some time in the near future. The consolidated entity sought advice about the market for such properties during the current drought in southern Queensland and the consolidated entity was advised the market for these properties had substantially softened since the acquisition. The consolidated entity sought local assistance to sell the property privately to selected potential buyers and was successful in doing so. Settlement of the sale will take place in late December 2019. The property would remain available to the A1 Qualipac joint venture until settlement. The consolidated entity is now seeking a substitute property for leasing after the sale to continue the joint venture. All properties, the subject of management by the consolidated entity in Queensland, would be focused on vegetable production and in Western Australia on livestock and seafood as part of the consolidated entities primary business focus, the production of food.

2. Joint Venture with Qualipac

Qualipac contract to operate Hirschbrooke as part of its obligations under the joint venture.

The consolidated entity and Qualipac farmed the property during the period but significant unseasonal hot and dry weather persisted on the property in 2018-19 which resulted in lower than expected yields. In the 6 months to 31 Dec 2018 the joint venture limited the crops on the property to cereals, principally oats and barley. The consolidated entity determined that such crops were at best break even and has determined to only farm the property and any substitute property with vegetables.

The consolidated entity clearly demonstrated the benefits of the installation of the lateral irrigator to maximise the area under controlled irrigation. The benefits of the irrigator in times of low rainfall will see better yields realised on the current broccoli crops that will be harvested in the period to 31 December 2019.

The consolidated entity remains committed to the continuation of the A1 Qualipac joint venture in future years.

3. The Food Business of the Consolidated entity 2019 and beyond

Additional to the existing food businesses the consolidated entity is examining and has committed to the following expanded food industry business in the next financial year. A significant amount of planning has taken place in the year to 30 June 2019, and during the year ended 30 June 2020 management anticipates the commencing the following opportunities:

- the management of Bundybunna in Western Australia, including expanding wheat production, commencing livestock production and seeking strategic alliances with other producers and marketers.
- the production of sea cucumber powder and its export to Japan and elsewhere.

Refer to the 'Likely developments and expected results of operations' section in the Directors' report for details of the consolidated entity's primary business focus.

4. General Investments of the consolidated entity 2019 and beyond

The consolidated entity is continuing to examine general investment opportunities as they may be presented.

During the year to 30 June 2019 the consolidated entity undertook a detailed examination of the medium and long term viability of its investment in COTY Guam. The consolidated entity determined that this investment could no longer be supported because:

- the economy of Guam has remained static over the past 2 years and shows no potential to change;
- the US Dept of Defence has delayed closing its operational bases in Okinawa in Japan and has therefore deferred any expansion plans of its existing bases on Guam; and
- the development costs of the property on Guam exceed US\$500,000 and it is not currently possible to part sell some of the property to fund these costs. The consolidated entity therefore sold its interest in this company.

The consolidated entity has examined other investment opportunities during the year to 30 June 2019 and has determined to proceed with the acquisition of North Japan Development Co., Ltd which owns a new gravel quarry in northern Honshu. Final purchase will take place in the year to 30 June 2020. This is an investment only. All operating and management will be undertaken by non-associated independent contractors.

The consolidated entity is also examining the potential to invest in Indonesia in a waste management project operated by the Aura Green Energy Group. Any direct investment will take place in the year to 30 June 2020. This is an investment only. All operating and management will be undertaken by non-associated independent contractors.

Significant changes in the state of affairs

There was a significant change to the state of affairs of the consolidated entity during the financial year which centred on significant new investment in the company and business opportunities for the future. The company is also in the process of acquiring Resi Property Holdings Pty Limited in Western Australia which will see the company owning a 20 year lease of an 11,000 hectare mixed farming property in central Western Australia.

The company has made funds available in the year to 30 June 2019 to North Japan Development Co., Ltd ('NJD') to complete advanced approvals for a sand and gravel quarry in northern Honshu. The company is undertaking a due diligence examination of NJD and the gravel project.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 4 July 2019, the company issued 1,660,371,429 ordinary shares at an issue price of \$0.00014 per share. The funds raised totalling \$232,452, are being used to provide further on-going working capital to the consolidated entity.

The company has continued its examination and due diligence of NJD and is proposing to acquire 100% of this venture in the year to 30 June 2020. Support of NJD and the revenue from this business may significantly affect the consolidated entity's financial affairs in such financial year and future years.

The company is also intending to commence the export of sea cucumber from Australia to Japan in the year to 30 June 2020. Support of the sea cucumber business and the revenue from this business may significantly affect the consolidated entity's financial affairs in such financial year and future years.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity is continuing to examine opportunities as they may be presented.

The consolidated entity has determined that its primary focus will be food production businesses in Australia, including export food businesses. A1 will remain focused on the following industry sectors:

1. Wholesale Food businesses

- the supply of vegetables produced by the A1 Qualipac joint venture;
- the extension and expansion of the Qualipac joint venture to other geographical areas which would permit the joint venture to supply its products throughout the year;
- the supply of vegetables to Asia, primarily Singapore, Taiwan and Japan;
- the supply of vegetables, grains, meat and potentially wool to the Australian domestic market, and to Asia, with a focus on China (meat and wool), Japan, Singapore and Taiwan (meat and vegetables);
- the expansion of the A1 Qualipac joint venture to further producing properties, primarily in southern Queensland and southern Australia;
- the management of Bundybunna in Western Australia, including expanding wheat production, commencing livestock production and seeking strategic alliances with other producers and marketers;
- the supply of livestock for meat production; and
- the production of sea cucumber powder and its export to Japan and elsewhere.

2. Food industry investment opportunities

- the consolidated entity is examining other food industry investment opportunities including the possibility of acquiring a substantial interest in an existing successful wholesale food business; and
- the acquisition and operation of sea cucumber production facilities and operations in Australia and/or Japan.

3. Other investments

- NJD - The consolidated entity anticipates acquiring NJD during the financial year to 30 June 2020. The management of the consolidated entity has a long history and expertise in mining investment and operations and intends that NJD complete all compliance requirements and commence operations in late 2019. The consolidated entity is examining the opportunities available to NJD to supply product to the expansion of Yokahama Port for the next 15 years with supply agreements being completed in early to mid-2020. This is an investment only. All operating and management will be undertaken by non-associated independent contractors.
- the consolidated entity is examining an investment opportunity associated with waste management energy projects in Indonesia. The consolidated entity is currently undertaking further due diligence examinations with view to commencing an investment in early 2020. This is an investment only. All operating and management will be undertaken by non-associated independent contractors.

Environmental regulation

The consolidated entity was not subject to any significant environmental regulation under Australian or State law in the year to 30 June 2019

In respect to the year to 30 June 2020 and following the consolidated entity confirms that its operations at Bundybunna will be subject to strict environmental regulation in respect to operations in the and around the Irwin River the upper reaches of which flow through the property. The consolidated entity is aware that any operations by NJD in operating a quarry will be subject to strict Japanese environmental regulation.

Information on directors

Name: Charlie Nakamura
Title: Managing Director and Chief Executive Officer
Qualifications: B.IE (U.Nihon, Japan), MBA (U.Dubuque, USA)
Experience and expertise: Charlie worked for the Tokai Bank (a major Japanese bank that has merged and become the current Bank of Tokyo-Mitsubishi UFJ) from 1991 to 2002. During his time in Tokai Bank, Charlie's major activities included corporate finance, project finance, structure finance and international trading. In 1998, Charlie transferred to Tokai Australia Finance Corporation, Tokai Bank's Australian subsidiary. Charlie was a head of the corporate finance department for the Japanese corporations, which included Toyota, Mitsubishi Corporation, Mitsui Corporation and many other major Japanese companies in Australia. In 2000, Tokai joined the project finance ('PF') deal between BHP and Mitsubishi Corporation. Charlie was Tokai's representative for this PF, which was well known as the "Blackwater" coking coal mining project. After a successful completion of the Blackwater project, Charlie was involved in various resource projects and made extensive networks in Australia.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 146,881,362 ordinary shares
Interests in rights: 100,000,000 rights over ordinary shares (these will expire in the ordinary course of events on 30 September 2019)

Name: Peter Ashcroft
Title: Executive Chairperson
Qualifications: LLB (University of Sydney), Solicitor of the Supreme Court of NSW and High Court of Australia (no longer practicing)

Experience and expertise: Peter was a commercial law specialist with over 35 years' experience. He has assisted various companies in recent years to list, finance their operations with both debt and equity as well as manage their legal risks. Peter has worked with development and investment companies throughout Australia and has advised on joint ventures in Indonesia, New Zealand, the Philippines, India, USA, Sweden, Ghana, Canada and Madagascar. Peter has for many years lectured on natural resource law, trade practices, company law and corporate governance and compliance.

Peter provides specialist commercial and corporate advice to the company and its joint operations.

Other current directorships: None
Former directorships (last 3 years): Torian Resources NL, Goldsearch Limited
Special responsibilities: Company Secretary
Interests in shares: 120,000,000 ordinary shares
Interests in rights: 100,000,000 rights over ordinary shares (these will expire in the ordinary course of events on 30 September 2019)

Name: Takashi Araya
Title: Non-Executive Director
Qualifications: Master degree Department of Chinese (Peking University China)
Experience and expertise: Takashi has over 25 years' experience in the Human Resource in Asia Region. Being an HR professional in Singapore, MD Araya is well-versed in the current trend of work pass and labour issues. Having numerous connections with various Japanese, MNC and local companies, he also serves as a member of a wage survey committee for the Japanese Chamber of Commerce & Industry Singapore (JCCI). Takashi Araya is a managing director of FIND Pte Ltd in Singapore, a position he has held since 2017.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: None

Directors' report

30 June 2019

Name:	Masahiro Ito (appointed on 11 April 2019)
Title:	Non-Executive Director
Experience and expertise:	Masahiro brings a wealth of trading and experience to the Board of the company. Masahiro has been the managing director of a substantial private trading company, A Product Co. Ltd in Tokyo, which operates divisions centred on importing, wholesaling and retail. His association with Australia commenced in 1997 when he was the marketing manager in Australia of Bentine Pty Limited and thereafter he was marketing manager of Tourism Queensland from 1987 to 1997.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Peter Ashcroft is an experienced company secretary and occupies this role along with being the Executive Chairperson of the company. Refer to Information on Directors for further details on Peter.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Charlie Nakamura	17	17
Peter Ashcroft	17	17
Takashi Araya	8	17
Masahiro Ito	4	4

Held: represents the number of meetings held during the time the director held office.

Corporate Governance Committee matters were dealt with by the Full Board.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executives on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may seek the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market (see 'use of remuneration consultants' section below). The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 25 November 2011, where the shareholders approved an aggregate remuneration of \$90,867.

Executive remuneration

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

Long-term incentives ('LTI') include long service leave and share-based payments. The shareholders approved a performance rights plan at the 2015 AGM. Performance rights are awarded to executives over a period of up to three years based on long-term incentive measures, as well as continued employment. Long-term incentive measures include financial performance of the consolidated entity, increases in shareholder value relative to the entire market and an increase in shareholder value relative to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. Incentive payments are dependent on defined earnings before interest, tax, depreciation and amortisation ('EBITDA') targets being met.

Use of remuneration consultants

During the financial year ended 30 June 2019, the company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Voting and comments made at the company's 2018 Annual General Meeting ('AGM')

At the last AGM 100% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in this section.

The key management personnel of the consolidated entity consisted of the following directors of A1 Investments & Resources Ltd:

- Charlie Nakamura - Managing Director and Chief Executive Officer
- Peter Ashcroft - Executive Chairperson
- Takashi Araya - Non-Executive Director
- Masahiro Ito – Non-Executive Director (appointed on 11 April 2019)

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Other*	Non-monetary	Super-annuation	Employee leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
Executive Directors:							
Charlie Nakamura	-	150,000	-	14,250	-	-	164,250
Peter Ashcroft	30,000	70,000	-	9,500	-	-	109,500
	<u>30,000</u>	<u>220,000</u>	<u>-</u>	<u>23,750</u>	<u>-</u>	<u>-</u>	<u>273,750</u>

* this represent accrued remuneration which was not yet paid at 30 June 2019.

Takashi Araya and Masahiro Ito did not receive any remuneration during the year ended 30 June 2019.

2018	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Employee leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
Executive Directors:							
Charlie Nakamura	91,667	-	14,559	10,091	-	-	116,317
Peter Ashcroft	91,667	-	-	8,078	-	-	99,745
	<u>183,334</u>	<u>-</u>	<u>14,559</u>	<u>18,169</u>	<u>-</u>	<u>-</u>	<u>216,062</u>

Takashi Araya did not receive any remuneration during the year ended 30 June 2018.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
<i>Executive Directors:</i>						
Charlie Nakamura	100%	100%	-	-	-	-
Peter Ashcroft	100%	100%	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Charlie Nakamura
 Title: Executive Director and Chief Executive Officer
 Agreement commenced: 6 July 2018
 Term of agreement: 3 years
 Details: 2 months' notice required to terminate. Entitled to 6 months gross salary.

Name: Peter Ashcroft
 Title: Executive Chairperson
 Agreement commenced: 6 July 2018
 Term of agreement: 3 years
 Details: 2 months' notice required to terminate. Entitled to 6 months gross salary.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

On 6 July 2018, the company resolved to extend the contracts of Charlie Nakamura and Peter Ashcroft for a further 3 years to 5 July 2021. The company further resolved the salary of Charlie would be \$150,000 per annum and that of Peter would be \$100,000 per annum, whilst noting that neither had received their full salary entitlement in the year to 30 June 2019. The company further resolved to review the salaries for the year beginning 1 July 2020, subject to the consolidated entity having funds to pay any increased review amount.

The consolidated entity has accrued the unpaid salaries of Charlie Nakamura and Peter Ashcroft. During the year ended 30 June 2020, it is expected that both directors will receive ordinary shares in the company in lieu of unpaid salaries.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019. There were no options over ordinary shares granted to or vested in directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date*
12/11/2015	30/09/2019	30/09/2019	\$0.000

* The fair value of the performance rights granted during the year ended 30 June 2016 is nil. The vesting condition required a certain performance by the consolidated entity to 30 June 2019 which has not been achieved and the rights will therefore be forfeited in the ordinary course on 30 September 2019.

Performance rights granted carry no dividend or voting rights.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Charlie Nakamura	246,881,362	-	-	(100,000,000)	146,881,362
Peter Ashcroft	120,000,000	-	-	-	120,000,000
	<u>366,881,362</u>	<u>-</u>	<u>-</u>	<u>(100,000,000)</u>	<u>266,881,362</u>

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Charlie Nakamura*	100,000,000	-	-	-	100,000,000
Peter Ashcroft*	100,000,000	-	-	-	100,000,000
	<u>200,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000,000</u>

* The vesting condition required a certain performance by the consolidated entity to 30 June 2019 which has not been achieved and the rights will therefore be forfeited in the ordinary course on 30 September 2019.

Other transactions with key management personnel and their related parties

During the year ended 30 June 2019, the consolidated entity obtained a loan of \$179,067 (2018: \$139,500) from Director related entities, comprising of \$174,067 (2018:\$134,500) from Charlie Nakamura and his director related entities and \$5,000 (2018: \$5,000) from Peter Ashcroft and his director related entities. The loan from Charlie Nakamura and his director related entities is payable within 12 months, incurs interest at between zero and 25% per annum and is unsecured. The loan incurred interest of \$24,328 (2018: \$5,039) during the year ended 30 June 2019. The loan from Peter Ashcroft has no interest and is repayable on demand. Subject to shareholder approval Mr Ashcroft has agreed to convert this loan to ordinary shares at the 2019 AGM of the company.

During the year ended 30 June 2019, the consolidated entity generated revenue of \$200,000 (2018: \$200,000) from a Director related entity, in respect of management fees. An amount of \$421,000, inclusive of GST, was outstanding at 30 June 2019. The consolidated entity expects the full payment of \$421,000 to be paid on or before 31 December 2019. At 30 June 2018, \$220,000, inclusive of GST, was outstanding, however this balance was impaired by \$201,000 at 30 June 2018. On the basis that the total amount outstanding at 30 June 2018 is now expected to be recovered in full, the impairment recognised during the year ended 30 June 2018 was reversed during the year ended 30 June 2019.

During the year 30 June 2019, the consolidated entity incurred remuneration expenses totalling \$35,000 from a close family member of a key management personnel for services rendered.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of A1 Investments & Resources Ltd under option outstanding at the date of this report.

Shares under performance rights

Unissued ordinary shares of A1 Investments & Resources Ltd under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
12/11/2015	30/09/2019	\$0.0000	200,000,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate. The vesting condition required a certain performance by the consolidated entity to 30 June 2019 which has not been achieved and the rights will therefore be forfeited in the ordinary course on 30 September 2019.

Shares issued on the exercise of options

There were no ordinary shares of A1 Investments & Resources Ltd issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of A1 Investments & Resources Ltd issued on the exercise of performance rights during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Hall Chadwick Chartered Accountants and Business Advisors

There are no officers of the company who are former partners of Hall Chadwick Chartered Accountants and Business Advisors.

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.

Auditor

Hall Chadwick Chartered Accountants and Business Advisors continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Charlie Nakamura
Director

26 August 2019
Sydney

**A1 INVESTMENTS & RESOURCES LTD ABN 44 109 330 949
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF A1 INVESTMENTS & RESOURCES LTD**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
Fx: (612) 9263 2800

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of A1 Investments & Resources Ltd. As the lead audit partner for the audit of the financial report of A1 Investments & Resources Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 26 August 2019

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A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated	
		2019 \$	2018 \$
Revenue	5	268,799	289,965
Other income	6	233,457	-
Interest revenue calculated using the effective interest method		313	-
Expenses			
Raw materials and consumables used		(7,333)	(69,428)
Subcontracting expense		(27,643)	(53,241)
Employee benefits expense	7	(312,075)	(227,168)
Occupancy expenses		(60,861)	(102,094)
Depreciation expense	7	(36,638)	(26,472)
Consultancy and professional fees		(359,030)	(234,990)
Net foreign exchange losses		(34,574)	(45,698)
Travel expenses		(60,988)	(36,337)
Share registry and listing expenses		(63,229)	(63,958)
Impairment of receivables		-	(227,527)
Impairment of inventories		-	(47,223)
Other expenses		(72,831)	(84,992)
Loss on conversion of loans to equity*	7	(1,913,753)	-
Finance costs	7	(129,296)	(148,545)
Loss before income tax expense		(2,575,682)	(1,077,708)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of A1 Investments & Resources Ltd		(2,575,682)	(1,077,708)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of A1 Investments & Resources Ltd		<u>(2,575,682)</u>	<u>(1,077,708)</u>

* Refer to the 'Review of operations' section of the Directors' report for detailed analysis of the loss on conversion of loans to equity

		Cents	Cents
Basic earnings per share	36	(0.021)	(0.010)
Diluted earnings per share	36	(0.021)	(0.010)

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

A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of financial position
As at 30 June 2019



	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	9	472,866	51,370
Trade and other receivables	10	422,230	35,014
Other	11	14,000	14,000
Total current assets		<u>909,096</u>	<u>100,384</u>
Non-current assets			
Property, plant and equipment	12	226,348	312,142
Other	13	260,000	-
Total non-current assets		<u>486,348</u>	<u>312,142</u>
Total assets		<u>1,395,444</u>	<u>412,526</u>
Liabilities			
Current liabilities			
Trade and other payables	14	80,932	402,765
Borrowings	15	226,047	576,339
Other	16	264,690	-
Total current liabilities		<u>571,669</u>	<u>979,104</u>
Non-current liabilities			
Payables	17	370,475	-
Borrowings	18	146,263	910,464
Total non-current liabilities		<u>516,738</u>	<u>910,464</u>
Total liabilities		<u>1,088,407</u>	<u>1,889,568</u>
Net assets/(liabilities)		<u>307,037</u>	<u>(1,477,042)</u>
Equity			
Issued capital	19	34,738,717	30,378,956
Reserves	20	819,702	819,702
Accumulated losses		(35,251,382)	(32,675,700)
Total equity		<u>307,037</u>	<u>(1,477,042)</u>

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

A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of changes in equity
For the year ended 30 June 2019

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	30,378,956	819,702	(31,597,992)	(399,334)
Loss after income tax expense for the year	-	-	(1,077,708)	(1,077,708)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,077,708)	(1,077,708)
Balance at 30 June 2018	<u>30,378,956</u>	<u>819,702</u>	<u>(32,675,700)</u>	<u>(1,477,042)</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	30,378,956	819,702	(32,675,700)	(1,477,042)
Loss after income tax expense for the year	-	-	(2,575,682)	(2,575,682)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,575,682)	(2,575,682)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	4,359,761	-	-	4,359,761
Balance at 30 June 2019	<u>34,738,717</u>	<u>819,702</u>	<u>(35,251,382)</u>	<u>307,037</u>

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

A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated	
		2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		63,091	87,846
Payments to suppliers and employees (inclusive of GST)		(645,758)	(743,360)
		(582,667)	(655,514)
Interest received		313	-
Interest and other finance costs paid		(20,664)	(39,926)
Net cash used in operating activities	33	(603,018)	(695,440)
Cash flows from investing activities			
Payment of deposit		(260,000)	-
Payments for property, plant and equipment		(178)	(252,531)
Proceeds from disposal of investment in associate		10	-
Proceeds from disposal of property, plant and equipment		49,109	-
Net cash used in investing activities		(211,059)	(252,531)
Cash flows from financing activities			
Proceeds from issue of shares	19	918,172	-
Proceeds received for shares yet to be issued		264,690	-
Proceeds from borrowings		146,019	979,128
Repayment of borrowings		(44,742)	-
Repayment of lease liabilities		(48,566)	(6,092)
Net cash from financing activities		1,235,573	973,036
Net increase in cash and cash equivalents		421,496	25,065
Cash and cash equivalents at the beginning of the financial year		51,370	26,305
Cash and cash equivalents at the end of the financial year	9	<u>472,866</u>	<u>51,370</u>

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

Note 1. General information

The financial statements cover A1 Investments & Resources Ltd as a consolidated entity consisting of A1 Investments & Resources Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is A1 Investments & Resources Ltd's functional and presentation currency.

A1 Investments & Resources Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 606 / 37 Bligh Street
Sydney NSW 2000

A description of the nature of the consolidated entity'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 August 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new, revised or amending 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 consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018, using the modified retrospective approach. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018, using the modified retrospective approach. 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. This is described further in the accounting policies below. 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.

Note 2. Significant accounting policies (continued)

Impact of adoption

The adoption of these standards resulted in the following adjustments:

- interest receivable is now shown on the face of the statement of profit or loss and other comprehensive income; and
- provision for impairment of receivables is now reclassified as allowance for expected credit losses.

There was no change in the carrying amounts on adoption of the standards as at 1 January 2018.

Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity has positive working capital as at 30 June 2019 where current assets exceed current liabilities by \$337,427 (2018: negative working capital where current liabilities exceed current assets by \$878,720). The consolidated entity made a loss after tax of \$2,575,682 during the financial year which included a non-cash loss on the conversion of loans to equity amounting to \$1,913,753 (2018: loss of \$1,077,078) and generated net operating cash outflows of \$603,018 (2018: \$695,440). The cash balance as at 30 June 2019 was \$472,866 (30 June 2018: \$51,370).

The directors recognise that without further cash injection the consolidated entity may not be able to meet its debts as and when they fall due. In assessing the appropriateness of the going concern concept the following factors have been taken into consideration by the Directors;

- the consolidated entity converting certain loans and other payables into ordinary shares in the company; and
- the company raising sufficient working capital in its current capital raising program including further placements to meet its on-going working capital requirements for the next 12 months.

The financial statements have therefore been prepared on a going concern basis for the above reasons. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of A1 Investments & Resources Ltd ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. A1 Investments & Resources Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial report is presented in Australian dollars, which is A1 Investments & Resources Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the translations. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the point of sale or the time of delivery.

Rendering of services

Rendering of services revenue is recognised as the service is provided as the consolidated entity has a right to compensation equivalent to the value delivered to the customer.

Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Management fee income

Management fee income is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Note 2. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 2. Significant accounting policies (continued)

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Agricultural produce harvested from the consolidated entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Any fair value gains or losses are recognised in the profit or loss.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	10% - 40%
Motor vehicles	17% - 25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Motor vehicles and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Where the borrowings are extinguished with equity instruments any differences between the fair value of the equity instruments and the carrying value of the loans and borrowings are recognised in the profit or loss.

Note 2. Significant accounting policies (continued)

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of A1 Investments & Resources Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Significant accounting policies (continued)

New Conceptual Framework for Financial Reporting

A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the consolidated entity has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the consolidated entity may need to revisit such policies. The consolidated entity will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of property, plant and equipment

The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Joint arrangements

The consolidated entity holds a 50% interest in the A1 Qualipac Agriculture joint venture. The partnership agreements require unanimous consent from all parties for all relevant activities. The two partners own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the consolidated entity recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 2.

Note 4. Operating segments

Identification of reportable operating segments

During the years ended 30 June 2019 and 30 June 2018, the consolidated entity was organised into two operating segments:

- General investment; and
- Food.

Note 4. Operating segments (continued)

These 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. There is no aggregation of operating segments although the food segment comprises all food production businesses including retail, wholesale and primary industry production of food.

The CODM reviews EBITDA (earnings before interest, tax, depreciation, amortisation and other items which are determined to be outside of the control of the respective segments). EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

General investment investment operations focusing on diversified investment portfolios

Food the production of food for sale from farms primarily in Queensland;

Major customers

During the year ended 30 June 2019 1 customer (2018: 1 customer) contributed more than 10% to the external revenue of the consolidated entity. These customer contributed 74% (2018: 1 customers contributed 69%) of the consolidated entity's external revenue.

Operating segment information

	General investment \$	Food \$	Total \$
Consolidated - 2019			
Revenue			
Sales to external customers	244,091	24,708	268,799
Interest	313	-	313
Total revenue	<u>244,404</u>	<u>24,708</u>	<u>269,112</u>
EBITDA*	(2,339,466)	(70,595)	(2,410,061)
Depreciation and amortisation	(12,891)	(23,747)	(36,638)
Interest revenue	313	-	313
Finance costs	(123,975)	(5,321)	(129,296)
Loss before income tax expense	<u>(2,476,019)</u>	<u>(99,663)</u>	<u>(2,575,682)</u>
Income tax expense			-
Loss after income tax expense			<u>(2,575,682)</u>
Assets			
Segment assets	<u>1,676,995</u>	<u>237,283</u>	1,914,278
Intersegment eliminations			<u>(518,834)</u>
Total assets			<u>1,395,444</u>
Liabilities			
Segment liabilities	<u>898,818</u>	<u>708,423</u>	1,607,241
Intersegment eliminations			<u>(518,834)</u>
Total liabilities			<u>1,088,407</u>

* EBITDA for General investment operating segment includes a loss on conversion of loans to equity of \$1,913,753. Refer to the 'Review of operations' section of the Directors' report for detailed analysis of the loss on conversion of loans to equity

Note 4. Operating segments (continued)

Consolidated - 2018	General investment \$	Food \$	Total \$
Revenue			
Sales to external customers	200,000	89,965	289,965
Total revenue	<u>200,000</u>	<u>89,965</u>	<u>289,965</u>
EBITDA	(708,705)	(193,986)	(902,691)
Depreciation and amortisation	(16,472)	(10,000)	(26,472)
Finance costs	(146,561)	(1,984)	(148,545)
Loss before income tax expense	<u>(871,738)</u>	<u>(205,970)</u>	<u>(1,077,708)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,077,708)</u>
Assets			
Segment assets	496,299	279,961	776,260
Intersegment eliminations			(363,734)
Total assets			<u>412,526</u>
Liabilities			
Segment liabilities	1,601,863	651,439	2,253,302
Intersegment eliminations			(363,734)
Total liabilities			<u>1,889,568</u>

Note 5. Revenue

	Consolidated	
	2019 \$	2018 \$
<i>Sales revenue</i>		
Sales of goods - fresh produce	24,708	78,694
<i>Other revenue</i>		
Consulting fees	44,091	-
Management fees	200,000	200,000
Other revenue	-	11,271
	<u>244,091</u>	<u>211,271</u>
Revenue	<u>268,799</u>	<u>289,965</u>

Disaggregation of revenue

All revenue from contracts with customers is recognised at a point in time and in Australia. All revenue from contracts with customers is generated from three major product lines, being sales of fresh produce and research, management services and consulting income as presented above.

Note 6. Other income

	Consolidated	
	2019 \$	2018 \$
Net gain on disposal of interest in associate	10	-
Net gain on reversal of allowance for expected credit losses	227,527	-
Other income	5,920	-
	<u>233,457</u>	<u>-</u>

Note 7. Expenses

	Consolidated	
	2019	2018
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	32,068	15,814
Motor vehicles	4,570	10,658
Total depreciation	36,638	26,472
<i>Impairment</i>		
Impairment of receivables	-	227,527
<i>Finance costs</i>		
Interest and finance charges paid/payable	129,296	148,545
Loss on conversion of loans to equity*	1,913,753	-
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	35,561	89,787
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	27,075	20,683
Employee benefits expense	285,000	206,485
Total employee benefits expense	312,075	227,168

* Refer to the 'Review of operations' section of the Directors' report for detailed analysis of the loss on conversion of loans to equity

Note 8. Income tax expense

	Consolidated	
	2019	2018
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,575,682)	(1,077,708)
Tax at the statutory tax rate of 27.5%	(708,313)	(296,370)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of assets	-	75,556
Current year tax losses not recognised	708,313	220,814
Income tax expense	-	-

The consolidated entity is in the process of determining its tax loss position to carry forward. Any potential tax benefit for tax losses has not been recognised in the statement of financial position. Tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash and cash equivalents	472,866	51,370

Note 10. Current assets - trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
Trade receivables	421,000	225,500
Less: Allowance for expected credit losses	-	(201,000)
	<u>421,000</u>	<u>24,500</u>
Receivables - joint operation	936	36,747
Less: Allowance for expected credit losses	-	(26,527)
	<u>936</u>	<u>10,220</u>
Other receivable	294	294
	<u>422,230</u>	<u>35,014</u>

Allowance for expected credit losses

The consolidated entity has recognised a net gain of \$227,527 (2018: net loss of \$227,527) in profit or loss in respect of allowance for expected credit losses for the year ended 30 June 2019.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit	Carrying amount	Allowance for
	loss rate		expected credit
	2019	2019	losses
	%	\$	2019
			\$
Not overdue	-	220,936	-
Over 6 months overdue	-	201,000	-
		<u>421,936</u>	<u>-</u>

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2019	2018
	\$	\$
Opening balance	227,527	183,724
Additional provisions recognised	-	227,527
Receivables written off during the year as uncollectable	-	(183,724)
Unused amounts reversed	(227,527)	-
	<u>-</u>	<u>227,527</u>
Closing balance	-	227,527

Note 11. Current assets - other

	Consolidated	
	2019	2018
	\$	\$
Deposits	14,000	14,000

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Plant and equipment - at cost	286,205	286,765
Less: Accumulated depreciation	(59,857)	(28,527)
	<u>226,348</u>	<u>258,238</u>
Motor vehicles - at cost	-	71,322
Less: Accumulated depreciation	-	(17,418)
	<u>-</u>	<u>53,904</u>
	<u>226,348</u>	<u>312,142</u>

Reconciliations

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

Consolidated	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2017	21,521	64,562	86,083
Additions	252,531	-	252,531
Depreciation expense	(15,814)	(10,658)	(26,472)
Balance at 30 June 2018	258,238	53,904	312,142
Additions	178	-	178
Disposals	-	(49,334)	(49,334)
Depreciation expense	(32,068)	(4,570)	(36,638)
Balance at 30 June 2019	<u>226,348</u>	<u>-</u>	<u>226,348</u>

Note 13. Non-current assets - other

	Consolidated	
	2019	2018
	\$	\$
Deposits	260,000	-

Included in deposits at 30 June 2019 is \$260,000 for the purchase of Resi Property Holdings ('Resi'). Resi holds the right to enter into a 10 year property lease with a 10 year option for a property known as Bundybunna, subject to Bunybunna Aboriginal Corporation ('BpAC') (which is currently in liquidation) having its liquidation terminated. The consolidated entity has agreed to provide funding to Resi for the payment of a liquidator to finalise all payments due to the creditors' of BpAC. The funding is to be paid to the liquidator and such funds will be fully refundable from the eventual sale of the property if termination of the winding up does not take place.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade payables	53,209	116,641
Other payables and accruals	27,723	243,014
Payables - joint operation	-	43,110
	80,932	402,765
	80,932	402,765

Refer to note 22 for further information on financial instruments.

Note 15. Current liabilities - borrowings

	Consolidated	
	2019	2018
	\$	\$
Loan - chattel mortgage	46,980	44,742
Loan from Director related entities	179,067	139,500
Loan - Koriyakawakyu	-	384,254
Lease liability	-	7,843
	226,047	576,339
	226,047	576,339

Refer to note 18 for further information on assets pledged as security and financing arrangements.

Refer to note 22 for further information on financial instruments.

Chattel Mortgage

The loan is secured over the mortgaged assets. Interest is charged at 4.89% per annum and the loan expires on 8 April 2023.

Loans from Director related entity

The loans from Director related entities are payable within 12 months, incur interest between 0% and 25% per annum (30 June 2018: 25% per annum) and are unsecured.

Loan - Koriyakawakyu

The loan from Koriyakawakyu was converted into 985,518,000 ordinary shares on 12 April 2019. Prior to being converted interest was charged at 6% (2018: 6% per annum) and the loan was unsecured. The carrying value of the loan at the date of conversion was \$394,207. The fair value of the ordinary shares issued to extinguish the loan was \$985,518 (985,518,000 ordinary shares at \$0.001 per share). This resulted in loss of \$591,311 on conversion of the loan to equity which is included in the statement of profit or loss and other comprehensive income. Refer to the 'Review of operations' section of the Directors' report for further details on this matter.

Lease liability

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position and revert to the lessor in the event of default.

Note 16. Current liabilities - other

	Consolidated	
	2019	2018
	\$	\$
Other current liabilities	264,690	-

Other current liabilities represents funds received for ordinary shares which were not issued at 30 June 2019. 1,660,371,429 ordinary shares were issued on 4 July 2019 for \$232,542 and the remaining shares are expected to be issued in the financial year ended 30 June 2020.

Note 17. Non-current liabilities - payables

	Consolidated	
	2019	2018
	\$	\$
Accrued expenses	370,475	-

Note 18. Non-current liabilities - borrowings

	Consolidated	
	2019	2018
	\$	\$
Loan - Chattel Mortgage	146,263	193,243
Loan - Plus JPS Pte Limited	-	676,498
Lease liability	-	40,723
	146,263	910,464

Refer to note 22 for further information on financial instruments.

Loan - Plus JPS Pte Limited

On 24 July 2017, the consolidated entity entered into a loan agreement with Plus JPS Pte Limited. Total available facilities were US\$500,000. The loan was repayable on 31 July 2020 and was unsecured. Interest was charged at 17% per annum. The entire loan and all interest owing at 20 December 2018 was converted into 2,204,071,475 ordinary shares on 12 April 2019. The carrying value of the loan at the date of conversion was \$881,629. The fair value of the ordinary shares issued to extinguish the loan was \$2,204,071 (2,204,071,475 ordinary shares at \$0.001 per share). This resulted in a loss of \$1,322,442 on conversion of the loan to equity which is included in the statement of profit or loss and other comprehensive income. Refer to the 'Review of operations' section of the Directors' report for further details on this matter.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2019	2018
	\$	\$
Loan - Chattel Mortgage	193,243	237,985
Lease liability	-	48,566
	193,243	286,551

Assets pledged as security

The chattel mortgage is secured over the mortgaged assets (farm equipment) with a carrying value of \$219,809 at 30 June 2019 (2018: 243,556).

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default. The lease assets pledged as security had a carrying value of \$53,904 at 30 June 2018. During the year ended 30 June 2019, the leased assets were disposed of and all remaining lease liabilities were repaid.

Note 18. Non-current liabilities - borrowings (continued)

Financing arrangements

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

	Consolidated	
	2019 \$	2018 \$
Total facilities		
Chattel mortgage	193,243	237,985
Loan - Plus JPS Pte Limited	-	676,498
Lease liabilities	-	48,566
	193,243	963,049
Used at the reporting date		
Chattel mortgage	193,243	237,985
Loan - Plus JPS Pte Limited	-	676,498
Lease liabilities	-	48,566
	193,243	963,049
Unused at the reporting date		
Chattel mortgage	-	-
Loan - Plus JPS Pte Limited	-	-
Lease liabilities	-	-
	-	-

Note 19. Equity - issued capital

	Consolidated			
	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	22,355,228,735	10,807,266,550	34,738,717	30,378,956

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2017	10,807,266,550		30,378,956
Balance	30 June 2018	10,807,266,550		30,378,956
Issue of shares	12 April 2019	3,754,458,425	\$0.0001	525,624
issue of shares	12 April 2019	3,189,589,475	\$0.0010	3,189,589
Issue of shares	12 June 2019	4,603,914,285	\$0.0001	644,548
Balance	30 June 2019	22,355,228,735		34,738,717

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.

Included in ordinary shares issued on 12 June 2019, is \$252,000 of ordinary shares issued in exchange for consultancy services received by the consolidated entity during the financial year ended 30 June 2019 (1,800,000,000 ordinary shares at \$0.00014).

Note 19. Equity - issued capital (continued)

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business, company or general equities was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity actively pursues additional investments to grow its investment portfolio.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

Note 20. Equity - reserves

Other reserves

Consolidated	
2019	2018
\$	\$
819,702	819,702

Other reserves

The reserve is used to recognise increments and decrements in the fair value of non-current assets.

Note 21. Equity - dividends

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

Note 22. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Market risk

Foreign currency risk

From time to time the consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity does not have a hedging policy.

At 30 June 2019 the consolidated entity is not exposed to any significant foreign currency risk.

Price risk

As at 30 June 2019 the consolidated entity is not exposed to any significant price risk.

Note 22. Financial instruments (continued)

Interest rate risk

The consolidated entity's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. As at the reporting date, the consolidated entity's borrowings are issued at fixed interest rates therefore the consolidated entity has no significant exposure to interest rate risk.

As at the reporting date, the consolidated entity had the following fixed rate borrowings outstanding:

Consolidated	2019		2018	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Chattel mortgage	4.89%	193,243	4.89%	237,985
Loan - Plus JPS Pte Limited	-	-	17.00%	676,498
Loan - Koriyakawakyu	-	-	6.00%	384,254
Loans from Director related entities	25.00%	111,867	25.00%	139,500
Lease liabilities	-	-	8.56%	48,566
Net exposure to cash flow interest rate risk		<u>305,110</u>		<u>1,486,803</u>

An analysis by remaining contractual maturities is shown in 'remaining contractual maturities' below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 22. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Consolidated - 2019						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	53,209	-	-	-	53,209
Other payables	-	27,723	-	-	-	27,723
Loan from Director related entities	-	67,200	-	-	-	67,200
<i>Interest-bearing - fixed rate</i>						
Chattel mortgage	4.89%	55,386	55,386	101,574	-	212,346
Loan from Director related entities	25.00%	111,867	-	-	-	111,867
Total non-derivatives		315,385	55,386	101,574	-	472,345

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Consolidated - 2018						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	116,641	-	-	-	116,641
Other payables	-	139,433	-	-	-	139,433
Payables - joint operation	-	43,110	-	-	-	43,110
<i>Interest-bearing - fixed rate</i>						
Chattel mortgage	4.89%	55,386	55,386	156,927	-	267,699
Lease liability	8.56%	12,018	11,093	35,886	-	58,997
Loan from Director related entities	25.00%	139,500	-	-	-	139,500
Loan - Koriyakawakyu	6.00%	384,254	-	-	-	384,254
Loan - Plus JPS Pte Limited - principal	17.00%	-	-	676,498	-	676,498
Loan - Plus JPS Pte Limited - interest	-	-	-	343,174	-	343,174
Total non-derivatives		890,342	66,479	1,212,485	-	2,169,306

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to 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 24. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2019	2018
	\$	\$
Short-term employee benefits	250,000	197,893
Post-employment benefits	23,750	18,169
	273,750	216,062
	273,750	216,062

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick Chartered Accountants and Business Advisors, the auditor of the company:

	Consolidated	
	2019	2018
	\$	\$
<i>Audit services - Hall Chadwick Chartered Accountants and Business Advisors</i>		
Audit or review of the financial statements	37,000	35,000
	37,000	35,000
	37,000	35,000

Note 26. Contingent liabilities

The consolidated entity does not have any contingent liabilities at 30 June 2019 and 30 June 2018.

Note 27. Commitments

	Consolidated	
	2019	2018
	\$	\$
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	-	12,018
One to five years	-	46,979
	-	58,997
Total commitment	-	58,997
Less: Future finance charges	-	(10,431)
	-	48,566
Net commitment recognised as liabilities	-	48,566
Representing:		
Lease liability - current (note 15)	-	7,843
Lease liability - non-current (note 18)	-	40,723
	-	48,566
	-	48,566

Note 28. Related party transactions

Parent entity

A1 Investments & Resources Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Note 28. Related party transactions (continued)

Associates

Interests in associates are set out in note 31.

Joint operations

Interests in joint operations are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2019	2018
	\$	\$
Sale of goods and services:		
Management fee revenue from director related entity	200,000	200,000
Research and consulting revenue from director related entity	44,090	-
Payment for goods and services:		
Payment for consultancy fee expenses from Director related entity	10,000	-
Payment for other expenses:		
Interest paid/payable to Director related entity	-	5,039
Other transactions:		
Remuneration to close member of a key management personnel for services rendered	35,000	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019	2018
	\$	\$
Current receivables:		
Trade receivable from Director related entity*	421,000	220,000

* The trade receivable from the Director related entity has been impaired by \$201,000 at 30 June 2018, however the impairment was subsequently reversed during the year ended 30 June 2019 on the basis that the consolidated entity expects the full payment of \$421,000 to be paid on or before 31 December 2019. The net amount included in trade and other receivables at 30 June 2019 is \$421,000 (2018: \$19,000).

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2019	2018
	\$	\$
Current borrowings:		
Loan from Director related entities	179,067	139,500

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	\$	\$
Loss after income tax	(2,476,020)	(871,738)
Total comprehensive income	(2,476,020)	(871,738)

Statement of financial position

	Parent	
	2019	2018
	\$	\$
Total current assets	1,410,456	432,966
Total assets	1,676,996	496,299
Total current liabilities	528,344	884,642
Total liabilities	898,819	1,601,863
Equity		
Issued capital	34,738,717	30,378,956
Other reserves	819,702	819,702
Accumulated losses	(34,780,242)	(32,304,222)
Total equity	<u>778,177</u>	<u>(1,105,564)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2019 and 30 June 2018.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
China Century Capital (HK) Limited	Hong Kong	100.00%	100.00%
A1 Investments Operations Pty Limited (formerly WIN A1 Food Platform Services Pty Limited)	Australia	100.00%	100.00%

Note 31. Interests in associates

Interests in associates are accounted for using the equity method of accounting are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
COTY Guam LLC	Property development in Guam	-	50.00%

For the purpose of this financial report the interest in the associate company is not material.

On 26 June 2019, the consolidated entity disposed of its interest in COTY Guam LLC for total consideration of \$10.

Note 32. Interests in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
A1 Qualipac Joint Venture	Australia	50.00%	50.00%

Note 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019 \$	2018 \$
Loss after income tax expense for the year	(2,575,682)	(1,077,708)
Adjustments for:		
Net loss on disposal of property, plant and equipment	215	-
Depreciation	36,638	26,472
Foreign exchange differences on borrowings	-	46,775
Impairment of inventories	-	47,223
Impairment of receivables	(227,527)	227,527
Net gain on disposal of subsidiaries investment in associate	(10)	-
Non-cash expenses - loss on conversion of loans to equity	1,913,753	-
Non-cash expenses - shares issued in lieu of payment for expenses	252,000	-
Non-cash finance costs	108,632	108,619
Change in operating assets and liabilities:		
Increase in trade and other receivables	(159,689)	(229,119)
Increase in inventories	-	(47,223)
Increase in trade and other payables	48,652	201,994
Net cash used in operating activities	<u>(603,018)</u>	<u>(695,440)</u>

Note 34. Non-cash investing and financing activities

	Consolidated	
	2019 \$	2018 \$
Shares issued as settlement of loan from Plus JPS Pte Limited	2,204,071	-
Shares issued as settlement of loan from Koriyakawakyu	985,518	-
Shares issued as settlement of trade payable	252,000	-
	<u>3,441,589</u>	<u>-</u>

Note 35. Changes in liabilities arising from financing activities

Consolidated	Loan - chattel mortgage	Loan from Director related entities	Loan - Koriyak-awakyu	Loan - Plus JPS Pte Limited	Lease liability	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	-	49,080	363,254	-	54,658	466,992
Net cash from/(used in) financing activities	237,985	90,420	21,000	629,723	(6,092)	973,036
Exchange differences	-	-	-	46,775	-	46,775
Balance at 30 June 2018	237,985	139,500	384,254	676,498	48,566	1,486,803
Net cash from/(used in) financing activities	(44,742)	14,214	-	131,805	(48,566)	52,711
Loans converted to ordinary shares	-	-	(394,207)	(881,629)	-	(1,275,836)
Other changes	-	25,353	9,953	73,326	-	108,632
Balance at 30 June 2019	<u>193,243</u>	<u>179,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,310</u>

Note 36. Earnings per share

	Consolidated	
	2019 \$	2018 \$
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	<u>(2,575,682)</u>	<u>(1,077,708)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>12,537,267,210</u>	<u>10,807,266,550</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>12,537,267,210</u>	<u>10,807,266,550</u>
	Cents	Cents
Basic earnings per share	(0.021)	(0.010)
Diluted earnings per share	(0.021)	(0.010)

Note 37. Events after the reporting period

On 4 July 2019, the company issued 1,660,371,429 ordinary shares at an issue price of \$0.00014 per share. The funds raised totalling \$232,452, are being used to provide further on-going working capital to the consolidated entity.

The company has continued its examination and due diligence of NJD and is proposing to acquire 100% of this venture in the year to 30 June 2020. Support of NJD and the revenue from this business may significantly affect the consolidated entity's financial affairs in such financial year and future years.

The company is also intending to commence the export of sea cucumber from Australia to Japan in the year to 30 June 2020. Support of the sea cucumber business and the revenue from this business may significantly affect the consolidated entity's financial affairs in such financial year and future years.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Charlie Nakamura
Director

26 August 2019
Sydney

**A1 INVESTMENTS & RESOURCES LTD ABN 44 109 330 949
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
A1 INVESTMENTS & RESOURCES LTD**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

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Report on the Financial Report

Opinion

We have audited the financial report of A1 Investments & Resources Ltd and its Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of A1 Investments & Resources Ltd and its Controlled Entities is in accordance with *Corporations Act 2001*, including;

- a. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Boards APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss after tax of \$2,575,682 and had net operating cash outflows of \$603,018 during the year ended 30 June 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2019. These matters were addressed

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in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How Our Audit Addressed the Key Audit Matter

Equity Settled Borrowings

Refer to Notes 15 and 18 “Current liabilities – borrowings” and “Non-current liabilities – borrowings”

During the year ended 30 June 2019, the group issued ordinary shares to settle existing financial loans from Koriyakawakyu and Plus JPS Pte Limited. The shares were issued for a price of \$0.0004 cents per share at a time when the market price of the shares were \$0.001 cents. This was accounted for in accordance with AASB 9 “Financial Instruments” and AASB Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments.”

The resulting expense arising from the difference between the debt and the fair value of equity issued is a significant amount in the statement of profit or loss. There is a risk in the financial report that amounts are incorrectly recognised and/or inappropriately disclosed.

Our procedures included, amongst others:

- Evaluating management’s assessment of the valuation and recognition of the fair value of ordinary shares
- Confirming the terms and details of issue of financial loans
- Holding discussions with management to understand the settlement arrangement in place
- Where required, ensuring the shares issued in relation to the debt extinguishment were approved by the shareholders during the general meeting of shareholders
- Confirming the terms of settlement of these financial loans
- Reviewing the adequacy of the company’s disclosures in respect of the accounting treatment of the equity based extinguishment of financial liabilities in the financial statements, including the significant judgements involved, and the accounting policy adopted

Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2019, but does not include the financial report and our auditor’s report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit

matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 7 to 11 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of A1 Investments & Resources Limited for the year ended 30 June 2019 complies with s 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



HALL CHADWICK
Level 40, 2 Park Street
Sydney, NSW 2000



DREW TOWNSEND
Partner
Dated: 26 August 2019

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A1 Investments & Resources Ltd and its controlled entities

Shareholder information

30 June 2019

The shareholder information set out below was applicable as at 20 August 2019

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of rights over ordinary shares
1 to 1,000	37	-
1,001 to 5,000	48	-
5,001 to 10,000	262	-
10,001 to 100,000	442	-
100,001 and over	359	2
	<u>1,148</u>	<u>2</u>
Holding less than a marketable parcel	<u>863</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	4,880,181,853	20.32
Global Dish Co Limited	2,815,843,821	11.73
Green Eco Energy Asset Management Co Ltd	2,232,142,857	9.29
Sakura Research Institute Co Ltd	2,232,142,857	9.29
Plus JPS Pte Ltd	2,204,071,475	9.18
King Fame Group Limited	2,125,000,000	8.85
King Fame Group Limited	1,800,000,000	7.50
Kooriya Kawakyu Co Ltd	985,518,000	4.10
MSK Holdings Co Limited	938,614,604	3.91
Marvel Green Power Energy Pte Ltd	500,000,000	2.08
Super Sorghum Asia Holdings Pte Ltd	250,000,000	1.04
Citicorp Nominees Pty Limited	212,866,892	0.89
Mr Bao-Guey Lin	199,394,167	0.83
Yamagen Securities Co Ltd	179,397,000	0.75
Mr Charlie Nakamura	126,287,500	0.53
Mr Peter John Ashcroft	120,000,000	0.50
CFG Consulting Pte Ltd	100,000,000	0.42
Mr Milton Yannis	90,854,344	0.38
Ms Monica Ting Chang	79,244,445	0.33
Genesis Charitable Foundation (Genesis Life Foundation A/C)	72,222,222	0.30
	<u>22,143,782,037</u>	<u>92.22</u>

Unquoted equity securities

	Number on issue	Number of holders
Performance rights	200,000,000	2

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	4,880,181,853	20.32
Global Dish Co Limited	2,815,843,821	11.73
Green Eco Energy Asset Management Co Ltd	2,232,142,857	9.29
Sakura Research Institute Co Ltd	2,232,142,857	9.29
Plus JPS Pte Ltd	2,204,071,475	9.18
King Fame Group Limited	2,125,000,000	8.85
King Fame Group Limited	1,800,000,000	7.50

**Performance rights over ordinary
shares**

	Number held	% of total rights issued
Charlie Nakamura	100,000,000	50.00
Peter Ashcroft	100,000,000	50.00

Voting rights

The voting rights attached to ordinary shares and performance rights are set out below:

Ordinary shares

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.

Performance rights

There are no voting rights attached to the performance rights.

There are no other classes of equity securities.