

A1 Investments & Resources Ltd and its controlled entities

ABN 44 109 330 949

Annual report - 30 June 2016

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A1 Investments & Resources Ltd and its controlled entities**Corporate directory****30 June 2016**

Directors	Charlie Nakamura Peter Ashcroft Hiroyuki Ogawa
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 - 26 Park Street Sydney NSW 2000 10:30 AM on Thursday 10 November 2016
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	The Corporate Governance Statement 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

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 2016.

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
Hiroyuki Ogawa

Principal activities

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

Throughout most of the financial year the consolidated entity focused upon the food and tourist sectors in Australia, property in Guam and advertising in Japan.

There were no significant changes in the consolidated entity's principal activities during the financial year in so far as the consolidated entity's principal activities remained general investment. There was, however, a change in focus took place at the end of the financial year when the company took the opportunity to reduce its exposure to its investments in Japan and Guam.

The consolidated entity will continue to focus on the food and tourism sectors in Australia in the next financial year. The consolidated entity is examining the opportunities available to export food to Japan as part of its food industry focus.

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 and non-controlling interest amounted to \$770,903 (30 June 2015: \$1,497,212).

EQ Foods

After commencing EQ Foods in November 2015 the directors of the company have focused much of their energy on developing this business. The directors are of the opinion the loss in this business to 30 June 2016 should be equated to the start-up costs of a major food producing business. The directors are of the opinion the medium and long term growth of EQ Foods represents a significant opportunity for the consolidated entity. From the commencement of the business in November 2015 to 30 June 2016 EQ Foods established a new commercial kitchen in Brookvale, obtained all relevant Food Authority licenses and is well on the way to achieve HACCP certification in the next three months. EQ Foods primary business is the supply of catering products to existing restaurants and wholesalers. EQ Foods has been developing new products and marketing initiatives for the next financial year. We are pursuing an aggressive growth strategy whilst seeking to control all costs.

New production equipment will arrive late this year or early next year which will greatly improve the volumes of product produced without substantially increasing overall costs.

The board is reasonably satisfied with the current performance of EQ Foods but we are looking forward to better and more positive results from this business in 2016-17.

Restaurants

In August 2015 the company acquired a small Japanese themed restaurant in the Haymarket of Sydney. At the time we were proposing to examine the opportunities available to expand the "Ikkyu Ramen" brand and to develop this business unit. The most important ingredients of a successful restaurant are location and staff. We examined several sites and have not been able to secure a site that meets our success criteria.

Along with a focus on EQ Foods including the supply of products from EQ Foods to Ikkyu Ramen the company is examining its medium and long term commitment to retail restaurants.

The board is not satisfied with the current performance of Ikkyu Ramen and is looking to further rationalise this business in 2016-17.

Tournet Oceania

The first acquisition by the company in July 2015 was the whole of the capital of Tournet Oceania ("Tournet"). Although Tournet produced a small loss for the year the company is now better placed to provide reasonable on-going profits for the future.

The provision of an additional bus has seen an increase in revenue and some overall costs reduction in operating the tour joint venture.

The board is reasonably satisfied with the current performance of Tournet but we are looking forward to better and more positive results from this business in 2016-17.

A1 Japan and Great Voyage

The consolidated entity acquired Great Voyage in September 2015 and although it produced revenue consistent with its business plan, the operating costs exceeded expectation. The administration and accounting costs of operating companies in Japan were also significant. The company had the major advantage that its director Mr Hiro Ogawa was a Japanese resident but we had no general administration in place in Japan to support Mr Ogawa prior to the acquisition.

The acquisition of Great Voyage by A1 Investments Japan resulted in a loan of \$738,804 which if included in the consolidated results at 30 June 2016 would have been a significant detriment to the consolidated entity.

The opportunity to sell A1 Japan arose late May 2016 (settled early June 2016) with the purchaser agreeing to assume the loan liability. We note that Great Voyage was not successful in producing profits commensurate with its revenue as anticipated at the time of acquisition. The board of the company was of the opinion this sale was in the best interests of all shareholders and agreed to the sale.

COTY Guam

The consolidated entity pursued the development of this property throughout 2015 and early 2016. When we became aware the time for development would be at least 2 years we sought to have COTY refinance our loan. This took place and the full amount of the loan was re-paid.

No Debt as at 30 June 2016

The consolidated entity continues to have no significant debt as at 30 June 2016.

2016-17

The sale of A1 Japan saw the board adopt a policy of focusing on Australian businesses for the immediate future. The board also confirmed the consolidated entity's focus on "food" related businesses.

The focus of the company for the following year is twofold;

1. Improve the performance of all existing businesses. We do not intend to lose sight of our existing businesses and the need to improve their overall profitability; and
2. Seek new opportunities in the "food" industry.

Mr Nakamura is examining export opportunities for Australian products primarily to Japan. Associations that have been developed over the past several years in the food industry in Japan have indicated their interest in importing and distributing Australian agricultural products in Japan.

Japan has often proved a very difficult market for Australian food products, but Mr Nakamura's connections particularly with existing food distribution wholesalers in Japan, may lead to the development of some exciting new opportunities and businesses.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year.

Tournet Oceania Pty Limited

In early July 2015, the consolidated entity acquired 100% of Tournet Oceania Pty Limited ('Tournet') for \$90,000 by way of issue of shares in the company at an issue price of \$0.001 per share. Tournet provides tourist services primarily to Japanese in-bound tourists in Australia.

Ikkyu Ramen

In August 2015, the consolidated entity acquired the business of Ikkyu Ramen in the Haymarket district of Sydney for \$120,000 by way of issue of shares in the company at an issue price of \$0.001 per share. The acquisition of this business was part of a strategic plan to strengthen the food credentials of the group.

Great Voyage Co Limited

In September 2015, the company's subsidiary A1 Investments Japan Co., Limited acquired 100% of Great Voyage Co Limited ('Great Voyage') for \$682,000 by way of cash transfer supported by a loan of \$738,804 ('the A1 Japan Loan'). Great Voyage is a company primarily engaged in transport advertising within Tokyo.

On 8 June 2016, Great Voyage together with its immediate parent company, A1 Japan, was sold for \$12,335 (JPY1,000,000). The purchaser assumed the obligations of the A1 Japan Loan. The consideration received from the sale of the companies when compared to consideration used to acquire Great Voyage is reflective of the significant liabilities and borrowings in A1 Japan at the date of disposal. The sale of A1 Japan and its controlled entity generated a profit on disposal of \$18,242.

EQ Foods

In November 2015, the consolidated entity acquired a wholesale food production business for \$44,870 which required new premises, management and additional capital to prosper. The consolidated entity formed a new business it has called EQ Foods and commenced operations in Brookvale on the northern beaches of Sydney.

COTY Guam

The consolidated entity acquired 50% of COTY Guam on 25 June 2015 and provided a loan of \$1,117,721. This loan and all interest was fully repaid during the year ended 30 June 2016.

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

No matter or circumstance has arisen since 30 June 2016 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 focusing on acquiring further cash flow businesses in the travel and food industries. The consolidated entity's current projected revenue for the next 12 months is on budget to exceed \$5 million.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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 Nakamura 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:	140,593,862 ordinary shares
Interests in rights:	400,000,000 rights over ordinary shares

Name:	Peter Ashcroft
Title:	Executive Chairman
Qualifications:	LLB (University of Sydney), Solicitor of the Supreme Court of NSW and High Court of Australia (no longer practicing)
Experience and expertise:	Peter Ashcroft is a commercial law specialist with over 35 years' experience. He has assisted various resource companies in recent years to list, finance their operations with both debt and equity as well as manage their legal risks. Peter is familiar with mining and resource developments 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.
Other current directorships:	None
Former directorships (last 3 years):	Torian Resources NL, Goldsearch Limited
Special responsibilities:	Company Secretary
Interests in shares:	None
Interests in rights:	400,000,000 rights over ordinary shares

Name:	Hiroyuki Ogawa
Title:	Non-Executive Director
Qualifications:	B.Ec (Yokohama National University), CFA (Chartered Financial Analyst)
Experience and expertise:	Hiro Ogawa has over 27 years experience in the finance and securities industries. His experiences range from providing advice on corporate structure and finances to trading of various securities. He has worked as specialist financial advisor particularly in transnational projects and Mr Ogawa maintains offices in Singapore and Japan.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	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 an executive director 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 2016, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Charlie Nakamura	19	19
Peter Ashcroft	19	19
Hiroyuki Ogawa	19	19

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

All directors attended all meetings, although Mr Ogawa on occasions attended by electronic means.

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 2016, 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 2015 Annual General Meeting ('AGM')

At the last AGM 100% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2015. 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 the following tables.

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 Chairman
- Hiroyuki Ogawa - Non-Executive Director

	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	
2016	\$	\$	\$	\$	\$	\$	\$
<i>Executive Directors:</i>							
Charlie Nakamura	100,000	-	3,500	9,500	-	-	113,000
Peter Ashcroft	100,000	-	-	9,500	-	-	109,500
	200,000	-	3,500	19,000	-	-	222,500

	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	
2015	\$	\$	\$	\$	\$	\$	\$
<i>Executive Directors:</i>							
Charlie Nakamura	70,000	-	3,364	6,650	-	-	80,014
Peter Ashcroft	70,000	-	-	6,650	-	-	76,650
	140,000	-	3,364	13,300	-	-	156,664

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: C Nakamura
 Title: Executive Director and Chief Executive Officer
 Agreement commenced: 1 June 2015
 Term of agreement: 3 years
 Details: 2 months' notice required to terminate. Entitled to 6 months gross salary.

Name: P Ashcroft
 Title: Executive Chairman
 Agreement commenced: 1 June 2015
 Term of agreement: 3 years
 Details: 2 months' notice required to terminate. Entitled to 6 months gross salary.

Name: H Ogawa
 Title: Non-Executive Director
 Agreement commenced: 26 June 2015
 Term of agreement: 3 years
 Details: 2 months' notice required to terminate.

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

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 2016.

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 2016.

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 2016.

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	30/09/2017	30/09/2017	\$0.000
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.

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Number of rights granted during the year 2016	Number of rights granted during the year 2015	Number of rights vested during the year 2016	Number of rights vested during the year 2015
Charlie Nakamura	400,000,000	-	-	-
Peter Ashcroft	400,000,000	-	-	-

Details of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted \$	Value of rights vested \$	Number of rights lapsed	Value of rights lapsed \$
Charlie Nakamura	12/11/2015	30/06/2016	100,000,000	-	-	(100,000,000)	-
Charlie Nakamura	12/11/2015	30/09/2016	100,000,000	-	-	(100,000,000)	-
Charlie Nakamura	12/11/2015	30/09/2017	100,000,000	-	-	-	-
Charlie Nakamura	12/11/2015	30/09/2019	100,000,000	-	-	-	-
Peter Ashcroft	12/11/2015	30/06/2016	100,000,000	-	-	(100,000,000)	-
Peter Ashcroft	12/11/2015	30/09/2016	100,000,000	-	-	(100,000,000)	-
Peter Ashcroft	12/11/2015	30/09/2017	100,000,000	-	-	-	-
Peter Ashcroft	12/11/2015	30/09/2019	100,000,000	-	-	-	-

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	140,593,862	-	-	-	140,593,862
	140,593,862	-	-	-	140,593,862

* Disposals/other represents no longer KMP, not necessarily a disposal of holding.

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	30/09/2017	\$0.0000	200,000,000
12/11/2015	30/09/2019	\$0.0000	200,000,000
			<u>400,000,000</u>

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.

Shares issued on the exercise of options

The following ordinary shares of A1 Investments & Resources Ltd were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of options granted:

	Exercise price	Number of shares issued
Date options granted		
25/06/2015	\$0.0004	500,000,000

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 2016 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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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

30 September 2016
Sydney

A1 INVESTMENTS AND RESOURCES LIMITED

**ABN 44 109 330 949
AND ITS CONTROLLED ENTITIES**

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

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

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

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend

Drew Townsend
Partner
Date: 30 September 2016

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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 2016



	Note	Consolidated 2016 \$	2015 \$
Revenue from continuing operations	5	3,078,463	14,941
Investment and other income	6	640,235	153,056
Expenses			
Raw materials and consumables used		(896,490)	-
Subcontracting expense		(562,082)	-
Employee benefits expense		(1,808,097)	(350,573)
Depreciation expense		(63,811)	(2,809)
Consultancy and professional fees		(434,299)	(491,355)
Foreign exchange losses		-	(2,348)
Share registry and listing expenses		(47,160)	(45,558)
Impairment of investment in associate		(1,938)	-
Write off of receivables		-	(121,678)
Net loss on disposal of financial assets through profit or loss		(22,471)	(50,835)
Other expenses		(616,262)	(180,345)
Finance costs		(38,182)	(74,770)
Loss before income tax expense from continuing operations	7	(772,094)	(1,152,274)
Income tax expense	8	-	-
Loss after income tax expense from continuing operations		(772,094)	(1,152,274)
Profit/(loss) after income tax expense from discontinued operations	9	1,191	(344,104)
Loss after income tax expense for the year		(770,903)	(1,496,378)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gains reclassified to profit or loss as other income from other comprehensive income		(616,536)	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		-	333,018
De-recognition of foreign currency translation reserve		-	5,213
Other comprehensive income for the year, net of tax		(616,536)	338,231
Total comprehensive income for the year		<u>(1,387,439)</u>	<u>(1,158,147)</u>
Loss for the year is attributable to:			
Non-controlling interest		-	834
Owners of A1 Investments & Resources Ltd		(770,903)	(1,497,212)
		<u>(770,903)</u>	<u>(1,496,378)</u>

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 profit or loss and other comprehensive income
For the year ended 30 June 2016



	Note	Consolidated	
		2016	2015
		\$	\$
Total comprehensive income for the year is attributable to:			
Continuing operations		-	-
Discontinued operations		-	834
Non-controlling interest		-	834
Continuing operations		(1,388,630)	(814,043)
Discontinued operations		1,191	(344,938)
Owners of A1 Investments & Resources Ltd		(1,387,439)	(1,158,981)
		(1,387,439)	(1,158,147)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of A1 Investments & Resources Ltd			
Basic earnings per share	36	(0.007)	(0.039)
Diluted earnings per share	36	(0.007)	(0.039)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of A1 Investments & Resources Ltd			
Basic earnings per share	36	-	(0.012)
Diluted earnings per share	36	-	(0.012)
Earnings per share for loss attributable to the owners of A1 Investments & Resources Ltd			
Basic earnings per share	36	(0.007)	(0.051)
Diluted earnings per share	36	(0.007)	(0.051)

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

	Note	Consolidated 2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	10	856,843	1,069,747
Trade and other receivables	11	256,202	150,000
Inventories	12	145,345	-
Financial assets at fair value through profit or loss	13	-	140,000
Available-for-sale financial assets	14	-	905,068
Other	15	5,458	-
Total current assets		<u>1,263,848</u>	<u>2,264,815</u>
Non-current assets			
Property, plant and equipment	16	599,264	9,304
Intangibles	17	277,994	-
Other receivables	18	-	1,117,721
Investments accounted for using the equity method		-	1,938
Total non-current assets		<u>877,258</u>	<u>1,128,963</u>
Total assets		<u>2,141,106</u>	<u>3,393,778</u>
Liabilities			
Current liabilities			
Trade and other payables	19	400,443	948,736
Borrowings	20	79,874	60,000
Total current liabilities		<u>480,317</u>	<u>1,008,736</u>
Non-current liabilities			
Borrowings	21	253,186	-
Total non-current liabilities		<u>253,186</u>	<u>-</u>
Total liabilities		<u>733,503</u>	<u>1,008,736</u>
Net assets		<u>1,407,603</u>	<u>2,385,042</u>
Equity			
Issued capital	22	30,378,956	29,818,956
Reserves	23	819,702	1,586,238
Accumulated losses		(29,791,055)	(29,020,152)
Total equity		<u>1,407,603</u>	<u>2,385,042</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 2016



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2014	24,902,072	1,098,007	(27,522,940)	(834)	(1,523,695)
Profit/(loss) after income tax expense for the year	-	-	(1,497,212)	834	(1,496,378)
Other comprehensive income for the year, net of tax	-	338,231	-	-	338,231
Total comprehensive income for the year	-	338,231	(1,497,212)	834	(1,158,147)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	4,916,884	-	-	-	4,916,884
Share-based payments (note 37)	-	150,000	-	-	150,000
Balance at 30 June 2015	<u>29,818,956</u>	<u>1,586,238</u>	<u>(29,020,152)</u>	<u>-</u>	<u>2,385,042</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2015	29,818,956	1,586,238	(29,020,152)	-	2,385,042
Loss after income tax expense for the year	-	-	(770,903)	-	(770,903)
Other comprehensive income for the year, net of tax	-	(616,536)	-	-	(616,536)
Total comprehensive income for the year	-	(616,536)	(770,903)	-	(1,387,439)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	410,000	-	-	-	410,000
Transfer from share-based payments reserve to issued capital	150,000	(150,000)	-	-	-
Balance at 30 June 2016	<u>30,378,956</u>	<u>819,702</u>	<u>(29,791,055)</u>	<u>-</u>	<u>1,407,603</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 2016



	Note	Consolidated 2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,513,847	5,538
Payments to suppliers and employees (inclusive of GST)		(5,364,776)	(1,203,955)
		(850,929)	(1,198,417)
Interest received		34,526	6,266
Interest and other finance costs paid		(76,089)	(78,133)
Income taxes paid		(46,568)	-
Net cash used in operating activities	35	(939,060)	(1,270,284)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	(350,876)	-
Payments for investments		-	(1,938)
Payments for property, plant and equipment		(286,708)	(9,208)
Payment of other loans		-	(1,267,721)
Proceeds from sale of investments		117,529	167,103
Proceeds from disposal of business		12,335	10,000
Proceeds from disposal of property, plant and equipment		9,091	23,444
Proceeds from release of security deposits		-	450
Net cash used in investing activities		(498,629)	(1,077,870)
Cash flows from financing activities			
Proceeds from issue of shares	22	200,000	2,673,500
Proceeds from borrowings		1,117,721	862,311
Repayment of borrowings		(60,000)	(324,767)
Repayment of leases		(32,936)	-
Net cash from financing activities		1,224,785	3,211,044
Net increase/(decrease) in cash and cash equivalents		(212,904)	862,890
Cash and cash equivalents at the beginning of the financial year		1,069,747	206,857
Cash and cash equivalents at the end of the financial year	10	856,843	1,069,747

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 30 September 2016. 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, revised or amending 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

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 working capital position as at 30 June 2016 of the consolidated entity results in an excess of current assets over current liabilities of \$783,531 (2015: \$1,256,079). The consolidated entity made a loss after tax of \$770,903 during the financial year (2015: loss of \$1,496,378) and the net operating cash outflow was \$939,060 (2015: \$1,270,284). The cash balance as at 30 June 2016 was \$856,843 (30 June 2015: \$1,069,747).

The Directors are of the opinion that the existing cash reserves will provide the Company with adequate funds to ensure its continued viability and operate as a going concern. The Directors continue to monitor the ongoing funding requirements of the consolidated entity. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising and borrowings to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

The directors also note that the risk profile of the consolidated entity has reduced with a concentration upon operations in Australia and the repayment of the COTY Guam loan, amounting to \$1,117,721.

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 and available-for-sale financial assets.

Note 2. Significant accounting policies (continued)

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 31.

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 2016 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.

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 statements are 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 transactions. 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 rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services

Rendering of services revenue is recognised as the service is provided.

Note 2. Significant accounting policies (continued)

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.

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.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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.

Note 2. Significant accounting policies (continued)

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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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.

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. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

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:

Leasehold improvements	Lease term
Plant and equipment	13% - 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.

Note 2. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed.

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.

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 national government 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.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Note 2. Significant accounting policies (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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.

Note 2. Significant accounting policies (continued)

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.

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 acquirer.

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.

Note 2. Significant accounting policies (continued)

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 2016. 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 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces 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 solely principal and interest. All other financial instrument assets are to be 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) in other comprehensive income ('OCI'). For financial liabilities, 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 will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under 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. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments are applicable to annual reporting periods beginning on or after 1 January 2016. AASB 2014-4 amends AASB 116 and AASB 138 to clarify that depreciation and amortisation should be based on the expected pattern of consumption of an asset, that the use of revenue based methods to calculate depreciation is not appropriate, and that there is a rebuttable presumption that revenue is an inappropriate basis for measuring the consumption of the economic benefit embodied in an intangible asset. The adoption of these amendments from 1 July 2016 will not have a material impact on the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be 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. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

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 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.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets

The consolidated entity assesses impairment of non-financial assets 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.

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.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into four operating segments:

- General investment;
- Food;
- Tourism; and
- Advertising.

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.

Note 4. Operating segments (continued)

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 operation of a commercial kitchen and restaurants predominantly in Sydney, Australia
Tourism	the provision of tourism services for Japanese clients in Sydney, Australia
Advertising *	the provision of advertising services predominantly in Japan

*The advertising operating segment was disposed of during the year. Refer to note 9 for details of the disposal.

Major customers

No single customer contributed 10% or more to the Group's external revenue during the half years ended 30 June 2016 and 30 June 2015

Operating segment information

	General investment \$	Food \$	Tourism \$	Advertising \$	Total \$
Consolidated - 2016					
Revenue					
Sales to external customers	-	1,510,657	1,488,342	2,443,915	5,442,914
Interest	34,521	1	4	11	34,537
Other revenue	42,275	2,152	511	-	44,938
Total revenue	<u>76,796</u>	<u>1,512,810</u>	<u>1,488,857</u>	<u>2,443,926</u>	<u>5,522,389</u>
EBITDA	(369,451)	(365,116)	29,940	90,061	(614,566)
Depreciation and amortisation	(8,626)	(18,936)	(36,249)	-	(63,811)
Profit on disposal of discontinued operation	18,242	-	-	-	18,242
Interest revenue	34,521	1	4	11	34,537
Finance costs	(16,999)	(241)	(20,942)	(37,907)	(76,089)
Profit/(loss) before income tax expense	<u>(342,313)</u>	<u>(384,292)</u>	<u>(27,247)</u>	<u>52,165</u>	<u>(701,687)</u>
Income tax expense					(69,216)
Loss after income tax expense					<u>(770,903)</u>
Assets					
Segment assets	<u>1,868,032</u>	<u>704,703</u>	<u>610,644</u>	<u>-</u>	<u>3,183,379</u>
Intersegment eliminations					(1,042,273)
Total assets					<u>2,141,106</u>
Liabilities					
Segment liabilities	<u>48,892</u>	<u>1,088,991</u>	<u>685,884</u>	<u>-</u>	<u>1,823,767</u>
Intersegment eliminations					(1,090,264)
Total liabilities					<u>733,503</u>

Geographical information

	Sales to external customers		Geographical non-current assets	
	2016	2015	2016	2015
	\$	\$	\$	\$
Australia	2,998,999	-	877,258	1,128,963
Japan	2,443,915	-	-	-
	<u>5,442,914</u>	<u>-</u>	<u>877,258</u>	<u>1,128,963</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post employment benefits assets and rights under insurance contracts.

Note 4. Operating segments (continued)

During the year ended 30 June 2015, the consolidated entity operated in one segment, being an investment company focusing in projects in Australia. As a result of this, the operating segment information for the comparative periods is as disclosed in the statements and notes to the financial statements throughout the report.

Note 5. Revenue

	Consolidated	
	2016	2015
	\$	\$
From continuing operations		
<i>Sales revenue</i>		
Sales of goods - food and beverage	1,510,657	-
Rendering of services - tourism	1,488,342	-
	<u>2,998,999</u>	<u>-</u>
<i>Other revenue</i>		
Research fees	38,000	-
Interest	34,526	14,941
Other revenue	6,938	-
	<u>79,464</u>	<u>14,941</u>
Revenue from continuing operations	<u><u>3,078,463</u></u>	<u><u>14,941</u></u>

Note 6. Investment and other income

	Consolidated	
	2016	2015
	\$	\$
Net foreign exchange gain	14,608	-
Net gain on financial assets through profit or loss	-	153,056
Net gain on disposal of property, plant and equipment	9,091	-
Net gain on disposal of available-for-sale financial assets	<u>616,536</u>	<u>-</u>
Investment and other income	<u><u>640,235</u></u>	<u><u>153,056</u></u>

Note 7. Expenses

	Consolidated	
	2016	2015
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	3,810	-
Plant and equipment	18,537	2,809
Motor vehicles	41,464	-
Total depreciation	63,811	2,809
<i>Impairment of investment in associate</i>		
Impairment of investment in COTY Guam	1,938	-
<i>Finance costs</i>		
Interest and finance charges paid/payable	38,182	74,770
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	181,097	36,362
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	131,373	31,078
Employee benefits expense	1,676,724	319,495
Total employee benefits expense	1,808,097	350,573

Note 8. Income tax expense

	Consolidated	
	2016	2015
	\$	\$
Income tax expense is attributable to:		
Profit/(loss) from discontinued operations (note 9)	69,216	-
Aggregate income tax expense	69,216	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations	(772,094)	(1,152,274)
Profit/(loss) before income tax expense from discontinued operations	70,407	(344,104)
	(701,687)	(1,496,378)
Tax at the statutory tax rate of 30%	(210,506)	(448,913)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Write-downs to recoverable amounts	-	36,503
Non-deductible expenses	-	1,155
Loss on sale of investment	-	101,574
	(210,506)	(309,681)
Current year tax losses not recognised	279,722	277,061
Current year temporary differences not recognised	-	32,620
Income tax expense	69,216	-

Note 8. Income tax expense (continued)

As at 30 June 2016 unused tax losses for which no deferred tax asset has been recognised amounted to \$11,732,374 (2015: \$10,009,330). The potential tax benefit at 30% is \$3,519,820 (2015: \$3,002,790).

As at 30 June 2016 unused capital losses for which no deferred tax asset has been recognised amounted to \$795,610 (2015: \$795,610). The potential tax benefit at 30% is \$238,683 (2015: \$238,683).

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These 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. Discontinued operations

Description

The discontinued operations during the year ended 30 June 2016 represents the disposal of A1 Investment Japan Co. Ltd and its controlled entities (collectively 'A1 Japan'). On 8 June 2016 the consolidated entity disposed of its entire investment in A1 Japan for total consideration of \$12,335 (JPY1,000,000). A1 Japan is a general investment company that consists of A1 Investments Japan Co. Ltd and Great Voyage Co. Ltd. A1 Japan was incorporated during the year ended 30 June 2016 and it acquired Great Voyage Co. Ltd. On 11 September 2015 (refer to note 32 for details of the acquisition).

The discontinued operations during the year ended 30 June 2015 represents the disposal of Jinji Resources Pty Limited ('Jinji Resources'). On 24 September 2014 the consolidated entity disposed of its entire investment in Jinji Resources for total consideration of \$10,000. Jinji Resources is a general investment company that consists of Jinji Resources Pty Limited and A1IR Holdings Pte. Ltd.

Financial performance information

	Consolidated	
	2016	2015
	\$	\$
Rendering of services - advertising	2,443,915	-
Net gain on financial assets through profit or loss	-	30,862
Interest	11	3
Other revenue	-	5,538
Total revenue	<u>2,443,926</u>	<u>36,403</u>
Cost of sales	(2,241,864)	-
Employee benefits expense	-	(7,092)
Net loss on disposal of investment	(4,106)	(26,763)
Commission fees	(90,458)	-
Other expenses	(17,426)	(4,709)
Finance costs	(37,907)	(3,363)
Total expenses	<u>(2,391,761)</u>	<u>(41,927)</u>
Profit/(loss) before income tax expense	52,165	(5,524)
Income tax expense	(69,216)	-
Loss after income tax expense	<u>(17,051)</u>	<u>(5,524)</u>
Gain/(loss) on disposal before income tax	18,242	(338,580)
Income tax expense	-	-
Gain/(loss) on disposal after income tax expense	<u>18,242</u>	<u>(338,580)</u>
Profit/(loss) after income tax expense from discontinued operations	<u><u>1,191</u></u>	<u><u>(344,104)</u></u>

Note 9. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2016	2015
	\$	\$
Cash and cash equivalents	206,323	913
Trade and other receivables	280,295	100,000
Financial assets	-	197,812
Other current assets	-	122,080
Property, plant and equipment	-	10,838
Intangibles	615,843	-
Deferred tax assets	9,943	-
Total assets	<u>1,112,404</u>	<u>431,643</u>
Trade and other payables	248,630	-
Borrowings	738,804	77,850
Income tax	52,049	-
Other liabilities	78,608	-
Total liabilities	<u>1,118,091</u>	<u>77,850</u>
Net assets/(liabilities)	<u>(5,687)</u>	<u>353,793</u>

Details of the disposal

	Consolidated	
	2016	2015
	\$	\$
Total sale consideration	12,335	10,000
Carrying amount of net assets/(liabilities) disposed	5,687	(353,793)
De-recognition of foreign currency reserve	220	5,213
Gain/(loss) on disposal before income tax	<u>18,242</u>	<u>(338,580)</u>
Gain/(loss) on disposal after income tax	<u>18,242</u>	<u>(338,580)</u>

Note 10. Current assets - cash and cash equivalents

	Consolidated	
	2016	2015
	\$	\$
Cash and cash equivalents	818,618	1,069,747
Cash on deposit	38,225	-
	<u>856,843</u>	<u>1,069,747</u>

Note 11. Current assets - trade and other receivables

	Consolidated	
	2016	2015
	\$	\$
Trade receivables	256,202	-
Other receivables	-	150,000
	<u>256,202</u>	<u>150,000</u>

As at 30 June 2015, the receivable represents a loan to Tournet Oceania Pty Limited. Following the acquisition of Tournet Oceania Pty Limited on 1 July 2015, the loan balance at 30 June 2016 eliminates on consolidation.

Impairment of receivables

The consolidated entity has recognised a loss of \$nil (2015: \$nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$38,117 as at 30 June 2016 (\$nil as at 30 June 2015).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2016	2015
	\$	\$
0 to 3 months overdue	34,526	-
Over 6 months overdue	3,591	-
	<u>38,117</u>	<u>-</u>

Note 12. Current assets - inventories

	Consolidated	
	2016	2015
	\$	\$
Raw materials - at cost	132,371	-
Finished goods - at cost	12,974	-
	<u>145,345</u>	<u>-</u>

Note 13. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	2016	2015
	\$	\$
Shares in listed entities - designated at fair value through profit or loss	-	140,000

Refer to note 25 for further information on fair value measurement.

Shares in listed entities

During the year ended 30 June 2016, the consolidated entity disposed of its shares in the Australian rare earths company Hastings Rare Metals Limited (ASX: HAS). As at 30 June 2015, the consolidated entity held 1,750,000 shares in Hastings Rare Metals Limited.

Note 14. Current assets - available-for-sale financial assets

	Consolidated	
	2016	2015
	\$	\$
Shares in unlisted entities	-	905,068

Refer to note 25 for further information on fair value measurement.

Shares in unlisted entities relate to the company's holding in PAFtec Pty Ltd which was assigned to the convertible note holders during the year ended 30 June 2016.

Note 15. Current assets - other

	Consolidated	
	2016	2015
	\$	\$
Prepayments	4,958	-
Deposits	500	-
	5,458	-

Note 16. Non-current assets - property, plant and equipment

	Consolidated	
	2016	2015
	\$	\$
Leasehold improvements - at cost	10,557	-
Less: Accumulated depreciation	(3,810)	-
	6,747	-
Plant and equipment - at cost	188,986	24,282
Less: Accumulated depreciation	(23,611)	(14,978)
	165,375	9,304
Motor vehicles - at cost	468,606	-
Less: Accumulated depreciation	(41,464)	-
	427,142	-
	599,264	9,304

Note 16. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

Consolidated	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2014	-	4,984	-	4,984
Additions	-	7,129	-	7,129
Depreciation expense	-	(2,809)	-	(2,809)
Balance at 30 June 2015	-	9,304	-	9,304
Additions	-	161,532	372,219	533,751
Additions through business combinations (note 32)	10,557	13,076	96,387	120,020
Depreciation expense	(3,810)	(18,537)	(41,464)	(63,811)
Balance at 30 June 2016	<u>6,747</u>	<u>165,375</u>	<u>427,142</u>	<u>599,264</u>

Note 17. Non-current assets - intangibles

	Consolidated	
	2016	2015
	\$	\$
Goodwill - at cost	<u>277,994</u>	<u>-</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	Goodwill \$	Total \$
Balance at 1 July 2014	-	-
Balance at 30 June 2015	-	-
Additions through business combinations (note 32)	893,837	893,837
Disposals	(615,843)	(615,843)
Balance at 30 June 2016	<u>277,994</u>	<u>277,994</u>

For the purpose of impairment testing, goodwill is allocated to the consolidated entity's cash generating units ('CGUs') that are expected to benefit from the synergies of the business combination. A CGU level summary of goodwill allocation is as follows:

	Consolidated	
	2016	2015
	\$	\$
Tournet	137,994	-
Ikkyu Ramen	120,000	-
EQ Foods	20,000	-
	<u>277,994</u>	<u>-</u>

Note 17. Non-current assets - intangibles (continued)

Key assumptions used for value-in-use calculations:

The consolidated entity tests whether goodwill has suffered any impairment on at least an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a one year period. Estimated growth rates and other reasonable assumptions are utilised to further calculate cash flows out to five years from balance date. Cash flows beyond the five year period are extrapolated into perpetuity using estimated terminal growth rates shown below.

The following table sets out the key assumptions used for value-in-use calculations:

Two to five year growth rates

Tournet - 5%

Ikkyu Ramen - 5%

EQ Foods - 5%

Long term growth rate

Tournet - 3%

Ikkyu Ramen - 3%

EQ Foods - 3%

Pre-tax discount rate

Tournet - 20%

Ikkyu Ramen - 15%

EQ Foods - 15%

No impairment charge:

Based on the value-in-use calculation methodology and assumptions stated above, the carrying amount of each CGU at balance date does not exceed its recoverable amount.

Impact of possible changes in assumptions:

A reasonable possible change in the key assumptions above would not cause the carrying amount of either CGU to exceed its recoverable amount.

Note 18. Non-current assets - Other receivables

	Consolidated	
	2016	2015
	\$	\$
Receivable	-	1,117,721

As at 30 June 2015, the receivable represented a loan to COTY Guam LLC. This loan was unsecured and interest was charged at 2% per annum. The loan and outstanding interest was fully repaid during the year ended 30 June 2016.

Note 19. Current liabilities - trade and other payables

	Consolidated	
	2016	2015
	\$	\$
Trade payables	158,627	-
Other payables and accruals	241,816	98,736
Payable to convertible noteholders	-	850,000
	<u>400,443</u>	<u>948,736</u>

Refer to note 24 for further information on financial instruments.

As at 30 June 2015, \$850,000 payable to convertible noteholders relates to those noteholders who elected to take shares in PAFtec Pty Limited. The assignment of the PAFtec shares to a trustee company of the noteholders was completed on 7 August 2015 and the consolidated entity has no further legal liability to the noteholders.

Note 20. Current liabilities - borrowings

	Consolidated	
	2016	2015
	\$	\$
Other loans - unsecured	-	60,000
Lease liability	79,874	-
	<u>79,874</u>	<u>60,000</u>

Refer to note 24 for further information on financial instruments.

Other loans

As at 30 June 2015 other loans represent advances from WIN Singapore Holdings Pte Limited. The loan was unsecured and interest was charged at 8% per annum. The loan was fully repaid during the year ended 30 June 2016.

Note 21. Non-current liabilities - borrowings

	Consolidated	
	2016	2015
	\$	\$
Lease liability	<u>253,186</u>	<u>-</u>

Refer to note 24 for further information on financial instruments.

Total secured liabilities

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

	Consolidated	
	2016	2015
	\$	\$
Lease liability	<u>333,060</u>	<u>-</u>

Assets pledged as security

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.

Note 22. Equity - issued capital

	Consolidated			
	2016	2015	2016	2015
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>10,807,266,550</u>	<u>10,097,266,550</u>	<u>30,378,956</u>	<u>29,818,956</u>

Note 22. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2014	956,141,262		24,902,072
Issue of shares on conversion of convertible notes	30 September 2014	1,602,615,567	\$0.0009	1,442,354
Issue of shares on conversion of loan and placement	11 November 2014	625,000,000	\$0.0008	500,000
Issue of shares on conversion of loan and placement	25 November 2014	251,287,500	\$0.0008	201,030
Issue of shares on conversion of loan and placement	25 November 2014	100,000,000	\$0.0010	100,000
Issue of shares from share purchase plan	3 December 2014	37,222,221	\$0.0009	33,500
Issue of shares on conversion of loan and placement	1 April 2015	400,000,000	\$0.0005	190,000
Issue of shares from share purchase plan	25 June 2015	6,125,000,000	\$0.0004	2,450,000
Balance	30 June 2015	10,097,266,550		29,818,956
Shares issued on acquisition of Tournet Oceania Pty Limited	1 July 2015	90,000,000	\$0.0010	90,000
Shares issued on acquisition of Ikkyu Ramen	4 August 2015	120,000,000	\$0.0010	120,000
Transfer from share-based payments reserve on exercise of options	1 December 2015	-	\$0.0000	150,000
Issue of shares from exercise of options	1 December 2015	500,000,000	\$0.0004	200,000
Balance	30 June 2016	10,807,266,550		30,378,956

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.

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 adjust the amount of dividends paid to shareholders, 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 pursue additional investments to grow its investment portfolio.

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Note 23. Equity - reserves

	Consolidated	
	2016	2015
	\$	\$
Available-for-sale reserve	-	616,536
Share-based payments reserve	-	150,000
Other reserves	819,702	819,702
	819,702	1,586,238

Note 23. Equity - reserves (continued)

Available-for-sale reserve

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

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

Other reserves

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

Movements in reserves

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

Consolidated	Available-for-sale \$	Share-based payment \$	Foreign currency translation \$	Other \$	Total \$
Balance at 1 July 2014	283,518	-	(5,213)	819,702	1,098,007
Foreign currency translation	-	-	5,213	-	5,213
Revaluation of available-for-sale financial assets, net of tax	333,018	-	-	-	333,018
Share-based payment	-	150,000	-	-	150,000
Balance at 30 June 2015	616,536	150,000	-	819,702	1,586,238
Transfer to issued capital on exercise of options	-	(150,000)	-	-	(150,000)
Transfer to income statement on disposal of available-for-sale financial asset*	(616,536)	-	-	-	(616,536)
Balance at 30 June 2016	-	-	-	819,702	819,702

* Transfer to the income statement following the assignment of the consolidated entity's holding in PAFtec Pty Limited to the convertible note holders during the year ended 30 June 2016.

Note 24. 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, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

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.

Note 24. Financial instruments (continued)

The consolidated entity does not have a hedging policy.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2016 \$	2015 \$	2016 \$	2015 \$
Consolidated				
US dollars	2,172	1,119,659	-	1,938
Japanese yen	402,278	-	-	-
	<u>404,450</u>	<u>1,119,659</u>	<u>-</u>	<u>1,938</u>

The sensitivity analysis for foreign exchange risk of the above financial assets and financial liabilities is as follows:

Consolidated - 2016	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
US dollar	5%	103	(103)	5%	(103)	103
Japanese Yen	5%	19,156	(19,156)	5%	(19,156)	19,156
		<u>19,259</u>	<u>(19,259)</u>		<u>(19,259)</u>	<u>19,259</u>
Consolidated - 2015	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
US dollar	5%	(53,225)	53,225	5%	58,827	(58,827)

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations. The actual foreign exchange gain for the year ended 30 June 2016 was \$14,608 (2015: foreign exchange loss of \$2,348).

Price risk

As at 30 June 2016 the consolidated entity is not exposed to any significant price risk.

As at 30 June 2015 the consolidated entity was exposed to price risk on shares held in listed entities. As at 30 June 2015 the consolidated entity held shares in one listed entity, Hastings Rare Metals Limited (ASX: HAS) which were subsequently sold during the year ended 30 June 2016.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk.

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

	2016		2015	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Other loans	-	-	8.00%	60,000
Lease liabilities	7.30%	333,060	-	-
Net exposure to cash flow interest rate risk		<u>333,060</u>		<u>60,000</u>

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

Note 24. Financial instruments (continued)

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 a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity assesses credit risk on a transaction by transaction basis and uses guarantees, credit checks and other due diligence procedures as a risk management measure.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved Board policy. Such policy required that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The cash and cash equivalents are held with the consolidated entity's main financial institutions.

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.

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 - 2016						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	158,627	-	-	-	158,627
Other payables	-	241,816	-	-	-	241,816
<i>Interest-bearing - fixed rate</i>						
Lease liability	7.30%	100,345	81,769	208,319	-	390,433
Total non-derivatives		500,788	81,769	208,319	-	790,876

	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 - 2015						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	43,586	-	-	-	43,586
Other payables	-	55,054	-	-	-	55,054
<i>Interest-bearing - fixed rate</i>						
Other loans	8.00%	60,000	-	-	-	60,000
Total non-derivatives		158,640	-	-	-	158,640

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 25. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2015				
<i>Assets</i>				
Shares in listed entities	140,000	-	-	140,000
Shares in unlisted entities	-	-	905,068	905,068
Total assets	140,000	-	905,068	1,045,068

There were no transfers between levels during the financial year.

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

Unquoted investments have been valued using a discounted cash flow model.

Level 3 assets and liabilities

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

	Available- for-sale \$	Total \$
Consolidated		
Balance at 1 July 2014	572,050	572,050
Gains recognised in other comprehensive income	333,018	333,018
Balance at 30 June 2015	905,068	905,068
Disposal of shares to convertible note holders in exchange for extinguishment of convertible note liability	(905,068)	(905,068)
Balance at 30 June 2016	-	-

Note 26. 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	
	2016	2015
	\$	\$
Short-term employee benefits	203,500	143,364
Post-employment benefits	19,000	13,300
	222,500	156,664

Note 27. 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	
	2016	2015
	\$	\$
<i>Audit services - Hall Chadwick Chartered Accountants and Business Advisors (2015: ESV Accounting and Business Advisors)</i>		
Audit or review of the financial statements	35,000	32,000
<i>Other services - Hall Chadwick Chartered Accountants and Business Advisors (2015: ESV Accounting and Business Advisors)</i>		
Taxation services	2,500	6,950
	<u>37,500</u>	<u>38,950</u>

Note 28. Contingent liabilities

The consolidated entity does not have any contingent liabilities at 30 June 2016 and 30 June 2015.

Note 29. Commitments

	Consolidated	
	2016	2015
	\$	\$
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	100,344	-
One to five years	290,089	-
Total commitment	390,433	-
Less: Future finance charges	(57,373)	-
Net commitment recognised as liabilities	<u>333,060</u>	<u>-</u>
Representing:		
Lease liability - current (note 20)	79,874	-
Lease liability - non-current (note 21)	253,186	-
	<u>333,060</u>	<u>-</u>

Note 30. Related party transactions

Parent entity

A1 Investments & Resources Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Note 30. Related party transactions (continued)

Receivable from and payable to related parties

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

	Consolidated	
	2016	2015
	\$	\$
Current receivables:		
Loan to COTY Guam LLC, an associate	-	1,117,721

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

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

Note 31. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2016	2015
	\$	\$
Profit/(loss) after income tax	965,456	(1,152,274)
Total comprehensive income	965,456	(1,152,274)

Statement of financial position

	Parent	
	2016	2015
	\$	\$
Total current assets	1,339,555	2,264,719
Total assets	1,456,497	3,393,668
Total current liabilities	48,894	2,876,346
Total liabilities	48,894	2,876,346
Equity		
Issued capital	30,378,956	29,818,956
Available-for-sale reserve	-	485,175
Share-based payments reserve	-	150,000
Other reserves	819,702	819,702
Accumulated losses	(29,791,055)	(30,756,511)
Total equity	1,407,603	517,322

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 2016 and 30 June 2015.

Note 31. Parent entity information (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2016 and 30 June 2015.

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 32. Business combinations

Acquisition of Tournet Oceania Pty Limited

On 1 July 2015, the consolidated entity acquired 100% of the issued share capital in Tournet Oceania Pty Limited ('Tournet') for \$90,000 by way of issue of shares in the company at an issue price of \$0.001 per share. Tournet is a long established in-bound tourist business with long term associations with Japanese tourist company wholesalers. Tournet specialises in providing Japanese tourists with local tours including a Sydney night tour, golfing tours and tours to the Blue Mountains. The acquisition shall form the basis for the consolidated entity's investment in the tourism industry in Australia. The goodwill of \$137,994 is attributed to the expected synergies and other benefits of combining the activities of Tournet to the consolidated entity. The acquired business contributed revenues of \$1,528,307 and a loss after tax of \$27,247 to the consolidated entity for the period from 1 July 2015 to 30 June 2016. The values identified in relation to the acquisition of Tournet are final as at 30 June 2016.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	144,372
Trade receivables	136,845
Leasehold improvements	10,557
Plant and equipment	8,076
Motor vehicles	96,387
Trade payables	(108,589)
Other payables	(216,689)
Lease liability	(118,953)
	<hr/>
Net liabilities acquired	(47,994)
Goodwill	137,994
	<hr/>
Acquisition-date fair value of the total consideration transferred	90,000
	<hr/> <hr/>
Representing:	
A1 Investments & Resources Ltd shares issued to vendor shareholders	90,000
	<hr/> <hr/>

Note 32. Business combinations (continued)

Acquisition of the business of ASA Foods Pty Ltd

On 4 August 2015, the consolidated entity acquired all the business of ASA Foods Pty Limited known as Ikkyu Ramen for \$120,000 by way of issue of shares in the company at an issue price of \$0.001 per share. No assets were acquired or liabilities assumed as part of the acquisition and total consideration of \$120,000 represents goodwill. The goodwill is attributed to the expected synergies and other benefits of combining the activities of Ikkyu Ramen to the consolidated entity. The acquired business contributed revenues of \$454,337 and a loss after tax of \$46,888 to the consolidated entity for the period from 4 August to 30 June 2016. If the acquisition occurred on 1 July 2015, the full year contributions would have been revenues of \$495,640 and loss after tax of \$51,150. The values identified in relation to the acquisition of Ikkyu Ramen are final as at 30 June 2016.

Details of the acquisition are as follows:

	Fair value \$
Goodwill	120,000
Acquisition-date fair value of the total consideration transferred	<u>120,000</u>
Representing:	
A1 Investments & Resources Ltd shares issued to vendor	<u>120,000</u>

Acquisition of Great Voyage Co. Ltd.

On 11 September 2015, A1 Investments Japan Co Limited ('A1 Japan') a wholly owned subsidiary of the Company, acquired 100% of the issued share capital in Great Voyage Co. Ltd. ('Great Voyage') for \$682,000. At the time of acquisition, the goodwill of \$615,843 was attributed to the expected synergies and other benefits of combining the activities of Great Voyage to the consolidated entity. A1 Japan financed the acquisition by way of a loan of JPY65,000,000 (approximately \$738,804) ('the A1 Japan Loan'). The acquired business contributed sales revenues of \$2,443,915 and a loss after tax of \$17,051 to the consolidated entity for the period from 11 September 2015 to 8 June 2016. On 8 June 2016, Great Voyage together with its immediate parent company, A1 Japan, was sold for \$12,335 (JPY1,000,000). The purchaser assumed the obligations of the A1 Japan Loan. The consideration received from the sale of the companies when compared to consideration used to acquire Great Voyage is reflective of the significant liabilities and borrowings in A1 Japan at the date of disposal. The sale of A1 Japan and its controlled entity generated a profit on disposal of \$18,242. Refer to note 9 for details.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	231,622
Trade receivables	368,808
Other receivables	3,377
Deferred tax asset	1,858
Trade payables	(508,742)
Other payables	(9,450)
Provision for income tax	<u>(21,316)</u>
Net assets acquired	66,157
Goodwill	<u>615,843</u>
Acquisition-date fair value of the total consideration transferred	<u>682,000</u>
Representing:	
Cash paid or payable to vendor	<u>682,000</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	682,000
Less: cash and cash equivalents	<u>(231,622)</u>
Net cash used	<u>450,378</u>

Note 32. Business combinations (continued)

Acquisition of the business of Yes Food Services Pty Limited ('Yes Food')

On 11 November 2015, the consolidated entity acquired the business assets of Yes Food comprising of equipment and stock for \$44,870. The acquisition formed the basis of a new business created by the consolidated entity called EQ Foods. EQ Foods will continue to operate independently while leveraging the consolidated entity's resources. The goodwill of \$20,000 is attributed to the expected synergies and other benefits of combining the activities of EQ Foods to the consolidated entity. The acquired business contributed revenues of \$1,123,418 and a loss after tax of \$337,404 to the consolidated entity for the period from 23 November 2015 to 30 June 2016. If the acquisition occurred on 1 July 2015, the full year contributions would have been revenues of \$1,755,340 and loss after tax of \$527,193. The values identified in relation to the acquisition of the Yes Food Service business are final as at 30 June 2016.

Details of the acquisition are as follows:

	Fair value \$
Inventories	19,870
Plant and equipment	5,000
Net assets acquired	24,870
Goodwill	20,000
Acquisition-date fair value of the total consideration transferred	44,870
Representing:	
Cash paid or payable to vendor	44,870

Note 33. 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	
		2016 %	2015 %
China Century Capital (HK) Limited	Hong Kong	100.00%	100.00%
Tournet Oceania Pty Limited	Australia	100.00%	-
WIN A1 Food Platform Services Pty Limited	Australia	100.00%	-
WIN A1 Pty Limited	Australia	100.00%	-

Note 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 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.

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016	2015
	\$	\$
Loss after income tax expense for the year	(770,903)	(1,496,378)
Adjustments for:		
Depreciation	63,811	2,809
Net gain on disposal of property, plant and equipment	(9,091)	-
Net fair value loss on other financial assets	22,471	-
Write off of receivables	-	121,678
Impairment of investment in associate	1,938	-
Net (gain)/loss on financial assets through profit or loss	-	(133,083)
Net (gain)/loss on disposal of subsidiary	(18,242)	338,580
Other non-cash items	-	237,391
Gain on de-recognition of available-for-sale financial assets	(616,536)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(97,099)	(162,026)
Increase in inventories	(125,475)	-
Increase/(decrease) in trade and other payables	610,066	(179,255)
Net cash used in operating activities	<u>(939,060)</u>	<u>(1,270,284)</u>

Note 36. Earnings per share

	Consolidated	
	2016	2015
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	<u>(772,094)</u>	<u>(1,152,274)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>10,583,195,512</u>	<u>2,957,063,921</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>10,583,195,512</u>	<u>2,957,063,921</u>
	Cents	Cents
Basic earnings per share	(0.007)	(0.039)
Diluted earnings per share	(0.007)	(0.039)
	Consolidated	
	2016	2015
	\$	\$
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Profit/(loss) after income tax	1,191	(344,104)
Non-controlling interest	-	(834)
Profit/(loss) after income tax attributable to the owners of A1 Investments & Resources Ltd	<u>1,191</u>	<u>(344,938)</u>

Note 36. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	10,583,195,512	2,957,063,921
Weighted average number of ordinary shares used in calculating diluted earnings per share	10,583,195,512	2,957,063,921
	Cents	Cents
Basic earnings per share	-	(0.012)
Diluted earnings per share	-	(0.012)
	Consolidated 2016 \$	2015 \$
<i>Earnings per share for loss</i>		
Loss after income tax	(770,903)	(1,496,378)
Non-controlling interest	-	(834)
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	(770,903)	(1,497,212)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	10,583,195,512	2,957,063,921
Weighted average number of ordinary shares used in calculating diluted earnings per share	10,583,195,512	2,957,063,921
	Cents	Cents
Basic earnings per share	(0.007)	(0.051)
Diluted earnings per share	(0.007)	(0.051)

Note 37. Share-based payments

Options
The Board of Directors ('Board') approved the grant of 500,000,000 options to external suppliers in exchange for services provided to the consolidated entity during the financial year ended 30 June 2015. The options were granted on 25 June 2015 and vested immediately.

Set out below are summaries of options granted:

2016							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/06/2015	01/12/2015	\$0.0004	500,000,000	-	(500,000,000)	-	-
			500,000,000	-	(500,000,000)	-	-
Weighted average exercise price			\$0.0004	\$0.0000	\$0.0004	\$0.0000	\$0.0000
2015							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/06/2015	01/12/2015	\$0.0004	-	500,000,000	-	-	500,000,000
			-	500,000,000	-	-	500,000,000

Note 37. Share-based payments (continued)

Weighted average exercise price	\$0.0000	\$0.0004	\$0.0000	\$0.0000	\$0.0004
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Performance rights

The Performance Rights Plan ("Plan") was approved by the shareholders on 12 November 2015. The Plan was established to attract, motivate and retain key staff.

Eligibility to receive performance rights and the various performance and vesting conditions and the number of performance rights that is offered to each eligible employee is determined by the Board. Performance rights awarded under the plan are awarded for no monetary consideration unless determined otherwise by the Board. Performance rights do not carry any voting rights

Each performance right issued under the Plan converts into one ordinary share of A1 Investments and Resources Ltd on exercise. No amounts are paid or payable by the recipient of the performance right unless determined otherwise by the Board. The performance rights do not carry any voting rights.

Performance rights will vest to the extent that the applicable performance, service or other vesting conditions specified at the time of the grant are satisfied (collectively, the 'performance conditions'). Performance conditions may include conditions relating to continuous employment or service, the individual performance of the participant and/or the performance of the consolidated entity. Performance conditions must be satisfied within a predetermined performance period. Both the performance conditions and the performance period are set by the Board at its absolute discretion.

The performance period is from 1 July 2015 to 30 June 2019.

The performance conditions for each tranche of performance rights granted during the year are as follows:

- Tranche A - 200,000,000 performance rights granted on 12/11/2015 - completing the re-structure of the company and exceeding \$12 million capitalisation as determined by the closing price of the stock exceeding the capitalisation amount for any 10 trading days in any month.
- Tranche B - 200,000,000 performance rights granted on 12/11/2015 - securing EBITDA of \$500,000 in the year to 30 June 2016.
- Tranche C - 200,000,000 performance rights granted on 12/11/2015 - if, and only if, the market capitalisation of the company exceeds \$15 million at any time to 31 August 2017 as determined by the closing price of the stock exceeding the capitalisation amount for any 10 trading days in any month.
- Tranche D - 200,000,000 performance rights granted on 12/11/2015 - if, and only if, the EBITDA exceeds \$2 million in any financial year at any time to 31 August 2019.
- Tranche E - 30,000,000 performance rights granted on 12/11/2015 - if, and only if, the profit of WIN A1 exceeds \$77,000 for the year to 31 June 2016.
- Tranche F - 30,000,000 performance rights granted on 12/11/2015 - if, and only if, the profit of WIN A1 exceeds \$77,000 for the year to 31 June 2017.
- Tranche G - 30,000,000 performance rights granted on 12/11/2015 - if, and only if, the profit of WIN A1 exceeds \$77,000 for the year to 31 June 2018.

Set out below are summaries of performance rights granted under the plan:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/11/2015	30/06/2016	\$0.0000	200,000,000	-	-	(200,000,000)	-
12/11/2015	30/09/2016	\$0.0000	200,000,000	-	-	(200,000,000)	-
12/11/2015	30/09/2017	\$0.0000	200,000,000	-	-	-	200,000,000
12/11/2015	30/09/2019	\$0.0000	200,000,000	-	-	-	200,000,000
12/11/2015	30/09/2016	\$0.0000	30,000,000	-	-	(30,000,000)	-
12/11/2015	30/06/2017	\$0.0000	30,000,000	-	-	(30,000,000)	-
12/11/2015	30/06/2018	\$0.0000	30,000,000	-	-	(30,000,000)	-
			890,000,000	-	-	(490,000,000)	400,000,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.13 years (2015: N/A).

The fair value of the performance rights at grant date is nil (2015: N/A).

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 2016 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

A handwritten signature in black ink, appearing to read 'Charlie Nakamura'.

Charlie Nakamura
Director

30 September 2016
Sydney

A1 INVESTMENTS AND RESOURCES LIMITED

**ABN 44 109 330 949
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO
THE DIRECTORS OF A1 INVESTMENTS AND RESOURCES LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

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

Report on the Financial Report

We have audited the accompanying financial report of A1 Investments And Resources Limited which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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A1 INVESTMENTS AND RESOURCES LIMITED

ABN 44 109 330 949
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF A1 INVESTMENTS AND RESOURCES LIMITED

Auditor's Opinion

- a) In our opinion, the financial report of A1 Investments And Resources Limited is in accordance with Corporations Act 2001, including :
- i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of Matter

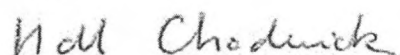
Without modifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the Group incurred a net loss after tax of \$770,903 and negative cash flows from operating activities of \$939,060 during the year ended 30 June 2016. These conditions along with other matters as set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report

Report on the Remuneration Report

We have audited the remuneration report included in pages 6 to 10 of the directors' report for the year ended 30 June 2016. 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.

Auditor's Opinion

In our opinion the remuneration report of A1 Investments and Resources Limited and its controlled entities for the year ended 30 June 2016 complies with s300A of the Corporations Act 2001.



Hall Chadwick
Level 40, 2 Park Street
SYDNEY NSW 2000



Drew Townsend

Partner

Date: 30 September 2016

The shareholder information set out below was applicable as at 27 September 2016.

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	36	-
1,001 to 5,000	48	-
5,001 to 10,000	262	-
10,001 to 100,000	445	-
100,001 and over	327	2
	<u>1,118</u>	<u>2</u>
Holding less than a marketable parcel	<u>865</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
WIN SINGAPORE HOLDINGS PTE LIMITED	4,850,000,000	44.88
KING FAME GROUP LIMITED	2,125,000,000	19.66
MARVEL GREEN POWER ENERGY PTE LTD	500,000,000	4.63
SOL ASIA HOLDINGS PTE LTD	250,000,000	2.31
CITICORP NOMINEES PTY LIMITED	200,070,000	1.85
MR BAO-GUEY LIN	199,394,167	1.85
YAMAGEN SECURITIES CO LTD	179,397,000	1.66
MR MILTON YANNIS	126,287,500	1.17
MUSASHI IN-TECH CORP	121,032,727	1.12
HARUNOBU INUKAI	120,000,000	1.11
JINJI RESOURCES LTD	100,000,000	0.93
MS MONICA TING CHANG	79,244,445	0.73
GENESIS CHARITABLE FOUNDATION (GENESIS LIFE FOUNDATION A/C)	72,222,222	0.67
HERAPAKI PTY LTD	66,666,667	0.62
MS NIKKI QIAN	66,666,667	0.62
MINATEK PTY LTD	66,111,111	0.61
MR CHUN-FU CHEN	64,712,917	0.60
DAISUKEI KATO	60,000,000	0.56
MR ANCHIA HUNG + MS SU FEN CHANG (WINKO SUPER FUND A/C)	59,600,000	0.55
MR PIN HSUN HSIANG + MRS JOANNA CUN JIE SHI (JOANNA & PIN SUPER FUND A/C)	55,555,556	0.51
	<u>9,361,960,979</u>	<u>86.64</u>

Unquoted equity securities

	Number on issue	Number of holders
Performance rights	400,000,000	2

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
WIN SINGAPORE HOLDINGS PTE LIMITED	4,850,000,000	44.88
KING FAME GROUP LIMITED	2,125,000,000	19.66

**Performance rights over ordinary
shares**

	Number held	% of total rights issued
Charlie Nakamura	200,000,000	50.00
Peter Ashcroft	200,000,000	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.