

1. Company details

| | |
|-------------------|--|
| Name of entity: | A1 Investments & Resources Ltd |
| ABN: | 44 109 330 949 |
| Reporting period: | For the half-year ended 31 December 2017 |
| Previous period: | For the half-year ended 31 December 2016 |

2. Results for announcement to the market

| | | | \$ |
|--|------|-----------|-----------|
| Revenues from ordinary activities | up | 104.8% to | 78,694 |
| Loss from ordinary activities after tax attributable to the owners of A1 Investments & Resources Ltd | down | 58.9% to | (543,381) |
| Loss for the half-year attributable to the owners of A1 Investments & Resources Ltd | down | 58.9% to | (543,381) |

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$543,381 (31 December 2016: \$1,321,282).

Refer to the 'Review of operations' in the Directors' report for further information.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---------------------------|--------------------------|
| Net tangible assets per ordinary security | (0.01) | - |

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends*Current period*

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

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

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report, modified to include a material uncertainty in relation to going concern, is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of A1 Investments & Resources Ltd for the half-year ended 31 December 2017 is attached.

12. Signed

Signed 

Date: 21 February 2018

Charlie Nakamura
Director
Sydney

A1 Investments & Resources Ltd and its controlled entities

ABN 44 109 330 949

Interim Report - 31 December 2017

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 'A1', 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of A1 Investments & Resources Ltd during the whole of the financial half-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 half-year were those of an investment company focusing on projects in Australia.

The consolidated entity remains a general investment company and has continued to focus on food industry related investments.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$543,381 (31 December 2016: \$1,321,282).

The weather on the Darling Downs in the period to 31 December 2017 was hotter than the average by several degrees and rainfall was less than average. These conditions resulted in the loss of our second broccoli crop and a substantial reduction in yield of the onion crop.

These hotter conditions have persisted into the new calendar year to date with the area experiencing rainfall totals of 70% below average and increased evaporation rates which has made farming challenging. Operational plans have not been unduly affected by these conditions as the planting of the next crop is not scheduled until late February 2018.

Medium and long-term weather forecasts for the area indicate a return to normal averages for the remainder of 2018.

One of the core plans of the consolidated entity for 2018 is the installation of a lateral irrigator at Hirschbrooke which will substantially improve total yields on the farm. Installation of the new Valley irrigator has been completed and commissioning is now underway.

The new irrigator comes with the latest electronic remote operating system which allows movement and rates of flow to be managed from a remote smart phone.

Planting of the area beneath the new irrigator will allow for the efficient and flexible growing program for multiple crops. The existing irrigator will also be re-configured to provide irrigation to the eastern block of Hirschbrooke thereby increasing the area under cultivation in 2017 from 38 hectares to 110 hectares in 2018.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2017 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.

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 on page 3.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Charlie Nakamura
Director

21 February 2018
Sydney

A1 INVESTMENTS AND RESOURCES LIMITED
ABN 44 109 330 949

**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

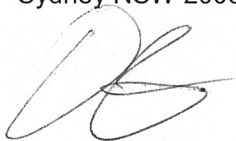
Ph: (612) 9263 2600
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been no contraventions of:

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



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Date: 21 February 2018

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| | |
|--|----|
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A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017



| | | Consolidated | |
|---|-------------|---|---|
| | Note | 6 months to 31 Dec 2017 \$ | 6 months to 31 Dec 2016 \$ |
| Revenue from continuing operations | 4 | 78,694 | 38,416 |
| Other income | 5 | 11,271 | - |
| Expenses | | | |
| Raw materials and consumables used | | (31,428) | - |
| Subcontracting expense | | (53,241) | - |
| Employee benefits expense | | (109,800) | (226,621) |
| Occupancy expenses | | (73,442) | (18,541) |
| Depreciation expense | | (10,191) | (6,744) |
| Impairment of goodwill | | - | (157,994) |
| Consultancy and professional fees | | (89,890) | (468,913) |
| Foreign exchange losses | | (8,911) | (6,043) |
| Travel expenses | | (15,937) | (70,385) |
| Share registry expenses | | (51,914) | (32,942) |
| Impairment of receivables | | (26,527) | - |
| Impairment of inventories | | (47,223) | - |
| Other expenses | | (43,339) | (93,978) |
| Finance costs | | (71,503) | (6,353) |
| Loss before income tax expense from continuing operations | | (543,381) | (1,050,098) |
| Income tax expense | | - | - |
| Loss after income tax expense from continuing operations | | (543,381) | (1,050,098) |
| Loss after income tax expense from discontinued operations | 6 | - | (271,184) |
| Loss after income tax expense for the half-year attributable to the owners of A1 Investments & Resources Ltd | | (543,381) | (1,321,282) |
| Other comprehensive income for the half-year, net of tax | | - | - |
| Total comprehensive income/(loss) for the half-year attributable to the owners of A1 Investments & Resources Ltd | | <u>(543,381)</u> | <u>(1,321,282)</u> |
| Total comprehensive income/(loss) for the half-year is attributable to: | | | |
| Continuing operations | | (543,381) | (1,050,098) |
| Discontinued operations | | - | (271,184) |
| | | <u>(543,381)</u> | <u>(1,321,282)</u> |

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

| | Note | Consolidated | |
|--|------|----------------|----------------|
| | | 6 months to 31 | 6 months to 31 |
| | | Dec 2017 | Dec 2016 |
| | | \$ | \$ |
| | | Cents | Cents |
| Earnings per share for loss from continuing operations attributable to the owners of A1 Investments & Resources Ltd | | | |
| Basic earnings per share | 19 | (0.0050) | (0.0097) |
| Diluted earnings per share | 19 | (0.0050) | (0.0097) |
| Earnings per share for loss from discontinued operations attributable to the owners of A1 Investments & Resources Ltd | | | |
| Basic earnings per share | 19 | - | (0.0025) |
| Diluted earnings per share | 19 | - | (0.0025) |
| Earnings per share for loss attributable to the owners of A1 Investments & Resources Ltd | | | |
| Basic earnings per share | 19 | (0.0050) | (0.0122) |
| Diluted earnings per share | 19 | (0.0050) | (0.0122) |

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

A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of financial position
As at 31 December 2017



| | | Consolidated | |
|-----------------------------------|-------------|---------------------|--------------------|
| | Note | 31 Dec 2017 | 30 Jun 2017 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 77,453 | 26,305 |
| Trade and other receivables | 8 | 5,294 | 40,422 |
| Other | | 23,100 | 7,000 |
| Total current assets | | 105,847 | 73,727 |
| Non-current assets | | | |
| Property, plant and equipment | | 75,892 | 86,083 |
| Total non-current assets | | 75,892 | 86,083 |
| Total assets | | 181,739 | 159,810 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 57,640 | 92,152 |
| Borrowings | 11 | 381,355 | 419,004 |
| Total current liabilities | | 438,995 | 511,156 |
| Non-current liabilities | | | |
| Borrowings | 12 | 685,459 | 47,988 |
| Total non-current liabilities | | 685,459 | 47,988 |
| Total liabilities | | 1,124,454 | 559,144 |
| Net liabilities | | (942,715) | (399,334) |
| Equity | | | |
| Issued capital | 13 | 30,378,956 | 30,378,956 |
| Reserves | | 819,702 | 819,702 |
| Accumulated losses | | (32,141,373) | (31,597,992) |
| Total deficiency in equity | | (942,715) | (399,334) |

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 half-year ended 31 December 2017



| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
|--|----------------------------------|------------------------|--------------------------------------|--|
| Balance at 1 July 2016 | 30,378,956 | 819,702 | (29,791,055) | 1,407,603 |
| Loss after income tax expense for the half-year | - | - | (1,321,282) | (1,321,282) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income/(loss) for the half-year | - | - | (1,321,282) | (1,321,282) |
| Balance at 31 December 2016 | <u>30,378,956</u> | <u>819,702</u> | <u>(31,112,337)</u> | <u>86,321</u> |
| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total deficiency in equity \$ |
| Balance at 1 July 2017 | 30,378,956 | 819,702 | (31,597,992) | (399,334) |
| Loss after income tax expense for the half-year | - | - | (543,381) | (543,381) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income/(loss) for the half-year | - | - | (543,381) | (543,381) |
| Balance at 31 December 2017 | <u>30,378,956</u> | <u>819,702</u> | <u>(32,141,373)</u> | <u>(942,715)</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 half-year ended 31 December 2017



| | Consolidated | |
|--|------------------------------------|------------------------------------|
| | 6 months to 31 Dec 2017 | 6 months to 31 Dec 2016 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 113,822 | 2,241,704 |
| Payments to suppliers and employees | (638,632) | (3,074,205) |
| | (524,810) | (832,501) |
| Interest received | - | 14,633 |
| Interest and other finance costs paid | (23,864) | (34,812) |
| | (548,674) | (852,680) |
| Net cash used in operating activities | | |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | - | (3,243,625) |
| Net cash used in investing activities | - | (3,243,625) |
| Cash flows from financing activities | | |
| Proceeds from loans | 602,532 | 3,751,990 |
| Repayment of lease liability | (2,710) | (33,027) |
| Net cash from financing activities | 599,822 | 3,718,963 |
| Net increase/(decrease) in cash and cash equivalents | 51,148 | (377,342) |
| Cash and cash equivalents at the beginning of the financial half-year | 26,305 | 856,843 |
| Cash and cash equivalents at the end of the financial half-year | 77,453 | 479,501 |

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 half-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
Australia

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 21 February 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on a going concern basis notwithstanding that the financial position of the consolidated entity may cast significant doubt on the entity's ability to continue as a going concern. In this regard, consolidated entity maintains a cash balance at 31 December 2017 of \$77,453 (30 June 2017: \$26,305) and has net liabilities of \$942,715 at 31 December 2017 (30 June 2017: \$399,334). The directors recognise that without further cash injected into the consolidated entity, it may not be able to continue to meet its debts as and when they fall due.

The consolidated entity is currently examining several opportunities to merge the business with existing agricultural businesses and intends to raise funds to acquire such businesses and provide additional working capital for the consolidated entity on an ongoing basis. As part of any capital raising, the consolidated entity intends to settle its loans payable to Plus JPS Pte Limited.

Note 2. Basis of preparation and significant accounting policies (continued)

In preparing the financial statements on a going concern basis, the directors have considered the following:

- Total revenue of the consolidated entity for the period 1 July 2017 to 31 Dec 2017 was an amount of \$78,694;
- The loss of the consolidated entity for the period 1 July 2017 to 31 Dec 2017 was an amount of \$543,381;
- Net cash inflow of the consolidated entity for the period 1 July 2017 to 31 Dec 2017 was an amount of \$51,148 leaving a net cash balance at 31 December 2017 of \$77,453;
- Despite the best efforts of the company, the loan from Koriyakawakyu Co., Ltd could not be formally extended to a later repayment date (despite representatives of Koriyakawakyu previously indicating a maturity date of 31 July 2019 at the time of the sale of WIN A1) and this debt has therefore remained classified as a current liability in the financial statements. However, there are sufficient funds available from Plus JPS Pte Limited loan arrangement (see below) to fully fund a payout of this loan if it is called by Koriyakawakyu; and
- On 24 July 2017, the company entered into a loan agreement with Plus JPS Pte Limited for a working capital loan of up to US\$1,000,000 (one million dollars). This loan has a maturity date and re-payment date of the principal of 31 July 2020. To date the company has drawn down a sum of US\$500,000 from this loan and the remaining funds to be drawn will be used to fund working capital requirements.

The directors are confident of the following:

- A1 Investments Operations Pty Limited, trading as an equal partner in the A1 Qualipac Agriculture joint venture will be cash positive and profitable by 31 Dec 2018; and
- the A1 Qualipac Agriculture joint venture will generate sufficient cash to pay all interest on the loans from Koriyakawakyu Co., Ltd and Plus JPS Pte Limited.

The directors are confident the above matters will generate sufficient cash for the consolidated entity to continue to trade in the ordinary course of business.

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

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments:

- General investment; and
- Food

During half-year ended 31 December 2016 and as at the 30 June 2017, the consolidated entity was organised into three operating segments being, general investment, food and tourism. Part of the food segment and all of the tourism operating segment were disposed of during the year ended 30 June 2017.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments although the food segment comprises all food production businesses including retail, wholesale and primary industry production of food.

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

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

Types of products and services

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

| | |
|--------------------|---|
| General investment | investment operations focusing on diversified investment portfolios |
| Food | the production of food for sale from farms primarily in Queensland |

Major customers

No single customer contributed 10% or more to the Group's external revenue during the half years ended 31 December 2017 and 31 December 2016.

Note 3. Operating segments (continued)

Operating segment information

| | General investment \$ | Food \$ | Tourism \$ | Total \$ |
|---|-----------------------------|------------|---------------|-------------|
| Consolidated - 6 months to 31 Dec 2017 | | | | |
| Revenue | | | | |
| Sales to external customers | - | 78,694 | - | 78,694 |
| Total revenue | - | 78,694 | - | 78,694 |
| EBITDA | (336,516) | (51,422) | - | (387,938) |
| Depreciation and amortisation | (8,546) | (1,644) | - | (10,190) |
| Impairment of assets | - | (73,750) | - | (73,750) |
| Finance costs | (71,503) | - | - | (71,503) |
| Loss before income tax expense | (416,565) | (126,816) | - | (543,381) |
| Income tax expense | | | | - |
| Loss after income tax expense | | | | (543,381) |
| Assets | | | | |
| Segment assets | 476,344 | 32,319 | - | 508,663 |
| Intersegment eliminations | | | | (326,924) |
| Total assets | | | | 181,739 |
| Liabilities | | | | |
| Segment liabilities | 1,126,734 | 324,644 | - | 1,451,378 |
| Intersegment eliminations | | | | (326,924) |
| Total liabilities | | | | 1,124,454 |
| Consolidated - 6 months to 31 Dec 2016 | | | | |
| Revenue | | | | |
| Sales to external customers | - | 908,701 | 999,516 | 1,908,217 |
| Interest | 14,630 | - | 3 | 14,633 |
| Other revenue | 23,786 | 159,403 | 1,411 | 184,600 |
| Total revenue | 38,416 | 1,068,104 | 1,000,930 | 2,107,450 |
| EBITDA | (959,545) | (73,248) | 54,670 | (978,123) |
| Depreciation and amortisation | (6,744) | (15,172) | (32,070) | (53,986) |
| Impairment of assets | - | (131,000) | (137,994) | (268,994) |
| Interest revenue | 14,630 | - | 3 | 14,633 |
| Finance costs | (6,353) | (1,429) | (27,030) | (34,812) |
| Loss before income tax expense | (958,012) | (220,849) | (142,421) | (1,321,282) |
| Income tax expense | | | | - |
| Loss after income tax expense | | | | (1,321,282) |
| Consolidated - 30 Jun 2017 | | | | |
| Assets | | | | |
| Segment assets | 320,098 | 50,787 | - | 370,885 |
| Intersegment eliminations | | | | (211,075) |
| Total assets | | | | 159,810 |
| Liabilities | | | | |
| Segment liabilities | 553,923 | 216,296 | - | 770,219 |
| Intersegment eliminations | | | | (211,075) |
| Total liabilities | | | | 559,144 |

Note 4. Revenue

| | Consolidated | |
|------------------------------------|----------------------------------|----------------------------------|
| | 6 months to 31 Dec 2017 \$ | 6 months to 31 Dec 2016 \$ |
| From continuing operations | | |
| <i>Sales revenue</i> | | |
| Sales - fresh produce | 78,694 | - |
| <i>Other revenue</i> | | |
| Interest | - | 14,630 |
| Other revenue | - | 23,786 |
| | - | 38,416 |
| Revenue from continuing operations | 78,694 | 38,416 |

Note 5. Other income

| | Consolidated | |
|---------------------------|----------------------------------|----------------------------------|
| | 6 months to 31 Dec 2017 \$ | 6 months to 31 Dec 2016 \$ |
| Gain on harvested produce | 11,271 | - |

Note 6. Discontinued operations

Description

During the financial year ended 30 June 2017, the discontinued operations for the consolidated entity represented the following:

- Disposal of the Ikkyu Ramen business for total consideration of \$19,000 on 28 January 2017;
- Disposal of 100% of the share capital in Tournet Oceania Pty Ltd for total consideration of \$10,000 on 31 March 2017; and
- Disposal of 100% of the share capital in WIN Properties Australia Pty Limited (formerly WIN A1 Pty Limited) for total consideration of \$1 on 27 June 2017.

For comparability purposes, the discontinued operations has also been reflected in the December 2016 comparatives.

Note 6. Discontinued operations (continued)

Financial performance information

| | Consolidated | |
|--|------------------------------------|------------------------------------|
| | 6 months to 31 Dec 2017 | 6 months to 31 Dec 2016 |
| | \$ | \$ |
| Rendering of services - Tourism | - | 999,516 |
| Sales of goods - food and beverage | - | 908,701 |
| Interest | - | 3 |
| Other income | - | 160,814 |
| Total revenue | - | 2,069,034 |
| Raw materials and consumables used | - | (605,330) |
| Subcontracting expense | - | (294,912) |
| Impairment of goodwill | - | (111,000) |
| Employee benefit expense | - | (920,993) |
| Professional and consultancy fees | - | (17,000) |
| Depreciation expense | - | (47,242) |
| Other expenses | - | (315,282) |
| Finance costs | - | (28,459) |
| Total expenses | - | (2,340,218) |
| Loss before income tax expense | - | (271,184) |
| Income tax expense | - | - |
| Loss after income tax expense from discontinued operations | - | (271,184) |

Note 7. Current assets - cash and cash equivalents

| | Consolidated | |
|---------------------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Cash and cash equivalents | 77,453 | 26,305 |

Note 8. Current assets - trade and other receivables

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Trade receivables | 5,000 | 5,000 |
| Receivables - joint operation | 26,527 | 35,128 |
| Receivable from Tournet Oceania Pty Limited | - | 183,724 |
| Less: Provision for impairment of receivables | (26,527) | (183,724) |
| | - | 35,128 |
| Other receivables | 294 | 294 |
| | 5,294 | 40,422 |

Note 9. Current assets - inventories

| | Consolidated | |
|------------------------------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Finished goods - harvested produce | 47,223 | - |
| Less: Provision for impairment | (47,223) | - |
| | <u>-</u> | <u>-</u> |

Note 10. Current liabilities - trade and other payables

| | Consolidated | |
|-----------------------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Trade payables | 2,683 | 19,283 |
| Other payables and accruals | 54,957 | 72,869 |
| | <u>57,640</u> | <u>92,152</u> |

Note 11. Current liabilities - borrowings

| | Consolidated | |
|----------------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Loan - Fulfillment | - | 49,080 |
| Loan - Koriyakawakyu | 373,840 | 363,254 |
| Lease liability | 7,515 | 6,670 |
| | <u>381,355</u> | <u>419,004</u> |

Loan - Koriyakawakyu

The loan from Koriyakawakyu is repayable from 31 January 2017 at the discretion of the lender. The loan is unsecured. Interest is charged at 6% per annum.

Note 12. Non-current liabilities - borrowings

| | Consolidated | |
|-----------------------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Loan - Plus JPS Pte Limited | 641,026 | - |
| Lease liability | 44,433 | 47,988 |
| | <u>685,459</u> | <u>47,988</u> |

Loan - Plus JPS Pte Limited

On 24 July 2017, the consolidated entity entered into a loan agreement with Plus JPS Pte Limited. Total facilities per the loan agreement are US\$1,000,000 of which US\$500,000 has been drawn down as at 31 December 2017. The loan is repayable on 31 July 2020. The loan is unsecured. Interest is charged at 17% per annum and is payable every 6 months.

Note 13. Equity - issued capital

| | Consolidated | | | |
|------------------------------|-----------------------|-----------------------|-------------------|-------------------|
| | 31 Dec 2017 Shares | 30 Jun 2017 Shares | 31 Dec 2017 \$ | 30 Jun 2017 \$ |
| Ordinary shares - fully paid | <u>10,807,266,550</u> | <u>10,807,266,550</u> | <u>30,378,956</u> | <u>30,378,956</u> |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 14. Equity - dividends

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

Note 15. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. The fair value is classified as level 3 due to the significant unobservable inputs used in the valuation, including credit risk.

Note 16. Contingent liabilities

There are no contingent liabilities as at 31 December 2017 and 31 December 2016.

Note 17. Interests in joint operations

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

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|----------|---|--------------------|------------------|
| | | 31 Dec 2017 % | 30 Jun 2017 % |
| Qualipac | Australia | 50.00% | 50.00% |

Note 18. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 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 19. Earnings per share

| | Consolidated | |
|--|----------------------------------|----------------------------------|
| | 6 months to 31 Dec 2017 \$ | 6 months to 31 Dec 2016 \$ |
| <i>Earnings per share for loss from continuing operations</i> | | |
| Loss after income tax attributable to the owners of A1 Investments & Resources Ltd | <u>(543,381)</u> | <u>(1,050,098)</u> |

Note 19. Earnings per share (continued)

| | Number | Number |
|---|-----------------------|-----------------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 10,807,266,550 | 10,807,266,550 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 10,807,266,550 | 10,807,266,550 |
| | Cents | Cents |
| Basic earnings per share | (0.0050) | (0.0097) |
| Diluted earnings per share | (0.0050) | (0.0097) |
| | Consolidated | Consolidated |
| | 6 months to 31 | 6 months to 31 |
| | Dec 2017 | Dec 2016 |
| | \$ | \$ |
| <i>Earnings per share for loss from discontinued operations</i> | | |
| Loss after income tax attributable to the owners of A1 Investments & Resources Ltd | - | (271,184) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 10,807,266,550 | 10,807,266,550 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 10,807,266,550 | 10,807,266,550 |
| | Cents | Cents |
| Basic earnings per share | - | (0.0025) |
| Diluted earnings per share | - | (0.0025) |
| | Consolidated | Consolidated |
| | 6 months to 31 | 6 months to 31 |
| | Dec 2017 | Dec 2016 |
| | \$ | \$ |
| <i>Earnings per share for loss</i> | | |
| Loss after income tax attributable to the owners of A1 Investments & Resources Ltd | (543,381) | (1,321,282) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 10,807,266,550 | 10,807,266,550 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 10,807,266,550 | 10,807,266,550 |
| | Cents | Cents |
| Basic earnings per share | (0.0050) | (0.0122) |
| Diluted earnings per share | (0.0050) | (0.0122) |

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Charlie Nakamura', written over a horizontal line.

Charlie Nakamura
Director

21 February 2018
Sydney

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

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

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

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

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of A1 Investments and Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of A1 Investments and Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of A1 Investments and Resources Limited's financial position as at 31 December 2017 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Half-year Financial Reporting and the Corporations Regulations 2001. As the auditor of A1 Investments and Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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A1 INVESTMENTS AND RESOURCES LIMITED
ABN 44 109 330 949
AND CONTROLLED ENTITIES

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of A1 Investments and Resources Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of A1 Investments and Resources Limited's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Group incurred a net loss after tax of \$543,381 during the half-year ended 31 December 2017 and, as of that date, the Group's total liabilities exceeded its total assets by \$942,715. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner

Dated: 21 February 2018