

A1 Investments & Resources Ltd and its controlled entities

ABN 44 109 330 949

Annual Report - 30 June 2023

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Directors	Charlie Nakamura Peter Ashcroft Akira Sunaga Greg Poole (appointed on 10 November 2023)
Company secretary	Peter Ashcroft
Notice of annual general meeting	A tentative date and place have been arranged for the annual general meeting of A1 Investments & Resources Ltd as follows: Date: Wednesday, 27 November 2024 Time: 11 am (EDST Sydney) Location: Level 40, 2 Park St, Sydney NSW 2000
Registered office	Ground floor, 465 Victoria St Chatswood, NSW 2067 Australia Tel +61 1300 318 680
Principal place of business	Ground floor, 465 Victoria St Chatswood NSW 2067 Australia Tel +61 1300 318 680
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 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 directors and management are committed to conducting the business of A1 Investments & Resources Ltd in an ethical manner and in accordance with the highest standards of corporate governance. A1 Investments & Resources Ltd has adopted and substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Company filed a Corporate Governance Statement, appendix 4G with ASX on 30 August 2024. This Corporate Governance Statement is the most recent updated statement by the Company and is applicable as at 30 August 2024.

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 2023.

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
Akira Sunaga
Greg Poole (appointed 10 November 2023)

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$746,879 (30 June 2022: \$1,003,922).

Debt reduction

The consolidated entity focused upon a strategy of improving the balance sheet of the group as at 30 June 2023. The consolidated entity recognised the need to improve the balance sheet in order to permit the consolidated entity to examine Australian based investments and raising capital to support such possible investments. This strategy was designed to de-risk the investment base of the consolidated entity.

On 10 November 2022, the consolidated entity's secured loan was successfully discharged, whereby the lender accepted ordinary shares in the consolidated entity to fully discharge the debt.

Accrued outstanding salaries of \$448,000 have been fully reversed with the consent of the employee directors who will not pursue the accruals. This was undertaken to improve the balance sheet as at 30 June 2023.

Further loans of \$421,097 from shareholders have also been discharged in January 2023 by converting such debt to equity (see note 18).

The above debt reduction has substantially improved the balance sheet of the consolidated entity as at 30 June 2023, and has led to further discussions and negotiations with new potential investors. The improved balance sheet has permitted these negotiations.

The consolidated entity does not need to remind its shareholders of the hardships of the three previous financial years. The coronavirus has had a significant impact on the Company's operations over the past 3 years to 30 June 2023. The Japanese domestic consumer economy remained stagnant throughout this period. No post Olympics recovery took place in Japan. Japan remained the primary market for the consolidated entity's products.

The Company has throughout the third and fourth quarters of financial year to 30 June 2023, continued to examine other associated and non-associated business opportunities.

Blue Ocean Japan ('BOJ')

During the year to 30 June 2023, the consolidated entity substantially ceased to undertake the sea cucumber business and examined numerous new business opportunities. In mid-June 2023, the consolidated entity sold Blue Ocean Japan Co., Ltd ('BOJ') in Japan, which resulted in a loss on disposal of \$66,015.

The consolidated entity has written-off the unprocessed sea cucumber. This was undertaken to fully reflect the value of the stock of BOJ, and the likelihood that the unprocessed sea cucumber was either damaged or its reasonable shelf life was due to expire. Commensurate with the consolidated entity's decision to hold further production of sea cucumber products, two deposits one for further Peruvian sea cucumber and one for a production project have been fully written-off.

Blue Ocean Health ('BOH')

Problems associated with COVID in both Australia, Peru and South Korea resulted in the operations of BOH being suspended during the last quarter of FY2022 and no activities took place in the reporting period. A review of the operations has determined that no further return to this business is feasible in the short or medium term.

Sandalwood project

The consolidated entity closed its trial production during the last quarter of the year to 30 June 2022. No sales of the remaining product was made and the company has written off the product. The Company has ceased further examination of possible sandalwood project. The consolidated entity had previously advised its intention determined to cease this business at its 2022 Annual General Meeting.

The remaining stock of sandalwood oil has been fully written-off as the likelihood of its sale in the short or medium term is small.

Bundybunna

The coronavirus delayed the finalisation of the termination of the winding up of Bundybunna Aboriginal Corporation ('BbAC') until December 2022. BbAC has failed to acknowledge and accept the debt provided to the company in liquidation. In the year to 30 June 2023, the Company entered into discussions with several energy project managers in respect to the further utilisation of the property subject to finalising a lease. As at 30 June 2023, the consolidated entity has assessed the prospect of settlement of the lease as unlikely.

New funding

During the year 30 June 2023, the consolidated entity sought to raise further funds, but no further funds have been raised.

Immediate future

The consolidated entity anticipates FY2023-24 to be no less challenging than the last three years have proven to be. The consolidated entity is, however, examining other opportunities that are less dependent on a worldwide production and sales scheme that is vulnerable to separate problems of supply and demand in various countries.

The consolidated entity will keep shareholders and investors apprised of all future developments and new projects.

Material risks

As with any organisation, our future prospects may be impacted by risks. The impact may be positive or negative, depending on whether the risks materialise or recede. The following are thought to be the more relevant risks, although it is the view of the directors that none of these specific risks, nor any other potential risks, are of special significance at this point in time.

Market supply and demand tensions create both challenges and opportunities for our business model. Sourcing product and producing finished goods in Japan to supply the demands for our products can create challenges in fulfilment, but the scarcity of comparable products, in many ways, drives the demand from our customers.

The Company has acknowledged the material risks of operations in Japan and indeed anywhere outside Australia where we do not have direct management control or supervision. The Company managed this risk throughout the year to 30 June 2023 by having either Mr Nakmaura or Mr Sunga in Japan supervising our operations.

Stock and fraud risks have been substantially reduced by the directors being in Japan during the financial year to 30 June 2023.

Significant changes in the state of affairs

During the year to 30 June 2023, the consolidated entity substantially ceased to undertake the sea cucumber business and examined numerous new business opportunities. In mid-June 2023, the consolidated entity sold Blue Ocean Japan Co., Ltd ('BOJ') in Japan, which resulted in a loss on disposal of \$66,015.

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 2023 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

Likely developments in the operation of the consolidated entity and the expected results of those operations in subsequent financial years have been discussed where appropriate in the 'Review of operations'.

There are no further developments that the directors are aware of which could be expected to affect the results of the consolidated entity's operations in subsequent financial years other than the information contained in the 'Review of operations'.

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 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: 73,440,681 ordinary shares

Interests in options: None

Interests in rights: None

Name: Peter Ashcroft
Title: Executive Chairperson
Qualifications: LLB (University of Sydney), Solicitor of the Supreme Court of NSW and High Court of Australia (no longer practicing)
Experience and expertise: Peter was a commercial law specialist with over 35 years' experience. He has assisted various companies in recent years to list, finance their operations with both debt and equity as well as manage their legal risks. Peter has worked with development and investment companies throughout Australia and has advised on joint ventures in Indonesia, New Zealand, the Philippines, India, USA, Sweden, Ghana, Canada and Madagascar. Peter has for many years lectured on natural resource law, trade practices, company law and corporate governance and compliance.

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

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Company Secretary

Interests in shares: 1,538,968,253 ordinary shares

Interests in rights: None

Name: Akira Sunaga
Title: Non-Executive Director
Experience and expertise: Akira has been a long term business consultant and corporate advisor for the Company. He splits his time between Australia and Japan but has resided in Japan for the past 2 years. The consolidated entity's operations in Japan require a director in Japan to oversee and assist these operations.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: None

Interests in options: None

Interests in rights: None

Name: Greg Poole
Title: Non-Executive director from appointment on 10 November 2023
Experience and expertise: Greg is an experienced company director who brings further and independent strategic, financial and business expertise to the Board.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: New business developments (Australia)

Interests in shares: None

Interests in options: None

Interests in rights: None

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

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

Company secretary

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

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Charlie Nakamura	12	12
Peter Ashcroft	12	12
Akira Sunaga	12	12

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

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

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's 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; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity 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.

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; and
- 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; and
- providing a clear structure for earning rewards.

The Board determined that until further fund raising took place and was approved by the shareholders the directors would receive no remuneration.

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 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;
- long-term incentives; and
- 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 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 2023, 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 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 95% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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 for the period to 30 June 2023 are set out in this section.

The key management personnel of the consolidated entity for the period to 30 June 2023 consisted of the following directors of A1 Investments & Resources Ltd:

- Charlie Nakamura - Managing Director and Chief Executive Officer
- Peter Ashcroft - Executive Chairperson
- Akira Sunaga - Non-Executive Director

Note all executive directors released the Company from outstanding and unpaid salary. No further salary or payments have been agreed or approved.

2023	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Non-monetary \$	Super-annuation \$	Employee leave \$	Equity-settled \$	
<i>Non-Executive Directors:</i>						
Akira Sunaga	50,000	-	5,250	-	-	55,250
<i>Executive Directors:</i>						
Charlie Nakamura	81,667	-	10,617	5,602	-	97,886
Peter Ashcroft	66,667	-	8,667	9,041	-	84,375
	<u>198,334</u>	<u>-</u>	<u>24,534</u>	<u>14,643</u>	<u>-</u>	<u>237,511</u>

2022	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Non-monetary \$	Super-annuation \$	Employee leave \$	Equity-settled \$	
<i>Non-Executive Directors:</i>						
Akira Sunaga	-	-	-	-	-	-
<i>Executive Directors:</i>						
Charlie Nakamura	78,750	-	9,844	1,000	-	89,594
Peter Ashcroft	120,000	-	15,000	2,000	-	137,000
	<u>198,750</u>	<u>-</u>	<u>24,844</u>	<u>3,000</u>	<u>-</u>	<u>226,594</u>

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
Akira Sunaga	-	-	-	-	-	-
<i>Executive Directors:</i>						
Charlie Nakamura	100%	100%	-	-	-	-
Peter Ashcroft	100%	100%	-	-	-	-

Service agreements

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

Name: Charlie Nakamura
 Title: Executive Director and Chief Executive Officer
 Agreement commenced: 6 July 2018
 Term of agreement: 3 years
 Details: Based salary of \$150,000 plus superannuation. 2 months' notice required to terminate. Entitled to 6 months gross salary.
 Variation: No further long term remuneration agreement was entered after the agreement commencing 6 July 2018. The parties agreed and accepted that after the expiration of this agreement, the agreement proceeded month to month, subject only to the termination period continuing. On 1 September 2022, the parties agreed to an arrangement whereby Mr Nakamura's salary would be \$100,000 (on an annualised basis) and that payments would be made monthly from October 2022 to May 2023. Mr Nakamura acknowledged that he had been paid \$5,000 per month from July to September 2022 inclusive. The parties agreed that no payment would be made if the Company's cash position was insufficient as determined by the Board. Mr Nakamura was paid a total of \$81,667 in FY23 in full settlement of his entitlement under this arrangement.
 Continuation of agreement: The current service agreement in respect to Mr Nakamura's salary has been fully suspended by mutual agreement since May 2023 because of the financial position of the Company. No payment of any remuneration will be made to Mr Nakamura until the board determine the Company has a capacity to pay.

Name: Peter Ashcroft
 Title: Executive Chairperson
 Agreement commenced: 6 July 2018
 Term of agreement: 3 years
 Details: Based salary of \$100,000 plus superannuation. 2 months' notice required to terminate. Entitled to 6 months gross salary.
 Variation: No further long term remuneration agreement was entered after the agreement commencing 6 July 2018. The parties agreed and accepted that after the expiration of this agreement, the agreement proceeded month to month, subject only to the termination period continuing. On 1 September 2022 the parties agreed to an arrangement whereby Mr Ashcroft's salary would be \$100,000 (on an annualised basis) and that payments would be made monthly from October 2022 to May 2023. The parties agreed that no payment would be made if the Company's cash position was insufficient as determined by the Board. Mr Ashcroft was paid a total of \$66,667 in FY23 in full settlement of his entitlement under this arrangement.
 Continuation of agreement: The current service agreement in respect to Mr Ashcroft's salary has been fully suspended by mutual agreement since May 2023 because of the financial position of the Company. No payment of any remuneration will be made to Mr Ashcroft until the board determine the Company has a capacity to pay.

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 2023.

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 2023. 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 2023.

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:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
Charlie Nakamura	100,000,000	5 March 2021	30 June 2022	30 June 2022	\$0.001
	100,000,000	5 March 2021	31 December 2022	31 December 2022	\$0.001
	100,000,000	5 March 2021	31 December 2023	31 December 2023	\$0.001
Peter Ashcroft	100,000,000	5 March 2021	30 June 2022	30 June 2022	\$0.001
	100,000,000	5 March 2021	31 December 2022	31 December 2022	\$0.001
	100,000,000	5 March 2021	31 December 2023	31 December 2023	\$0.001

The performance rights are subject to performance criteria and will be evaluated in three tranches. For each director, details of the tranches and performance hurdles are follows:

- Tranche A - if the consolidated entity acquires or produces 10 tonnes of dried sea cucumber for the production of supplements, 100,000,000 of rights will vest. The expiry date is 30 June 2022.
- Tranche B - if the consolidated entity generates \$5,000,000 in revenue from the sale of sea cucumber products, 100,000,000 of rights will vest. The expiry date is 31 December 2022.
- Tranche C - if the consolidated entity generates \$10,000,000 in revenue from the sale of all products, 100,000,000 of rights will vest. The expiry date is 31 December 2023.

The performance rights are not subject to an exercise price.

Performance rights granted carry no dividend or voting rights.

The performance criteria were approved by the shareholders at the 26 November 2020 AGM. The Board, at the date the performance rights were granted (5 March 2021), did not reasonably expect that the performance criteria could be met and the initial rights would vest. Trading conditions and the general performance of the consolidated entity deteriorated from October 2020 through to March 2021 and indeed through to 30 June 2022. The Board has reasonably determined as of 30 June 2022 that the performance criteria in respect to of each Tranche is unlikely to be achieved and the performance rights are therefore, unlikely to vest. As of 30 June 2022 production was small, sales of the manufactured product had not commenced, and any revenue of the consolidated entity was limited to the on sale of wholesale sea cucumber. COVID continued to impact the performance of the consolidated entity in Peru and Japan, delaying production throughout June.

No performance rights were issued to any participant in the scheme in the year to 30 June 2023.

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	73,440,681	-	-	-	73,440,681
Peter Ashcroft	1,538,968,253	-	-	-	1,538,968,253
	<u>1,612,408,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,612,408,934</u>

Performance rights holding

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

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Charlie Nakamura	200,000,000	-	-	(200,000,000)	-
Peter Ashcroft	200,000,000	-	-	(200,000,000)	-
	<u>400,000,000</u>	<u>-</u>	<u>-</u>	<u>(400,000,000)</u>	<u>-</u>

Other transactions with key management personnel and their related parties

The consolidated entity has a loan payable to Peter Ashcroft. The loan incurs no interest and is repayable on demand. As at 30 June 2023, the loan balance is \$10,000 (2022: \$10,000).

During the year 30 June 2023, the consolidated entity paid rent of \$5,194 (2022: \$961) to Akira Sunaga, Non-Executive Director.

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

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

Shares issued on the exercise of options

There were no ordinary shares of A1 Investments & Resources Ltd issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of A1 Investments & Resources Ltd issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The Company has no directors and officers insurance however the Board has agreed to indemnify the directors against any liability in respect to matters directly related to the Company's business and where the director has not engaged in reckless or intentional default or fraud.

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 26 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 26 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 (including Independence Standards) 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.

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 2024
Sydney

SYDNEY

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

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

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of A1 Investments & Resources Ltd. As the lead audit partner for the audit of the financial report of A1 Investments & Resources Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



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



Stewart Thompson
Partner

Dated: 30 September 2024

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An Association of Independent
Accounting Firms



A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023



	Note	Consolidated	
		2023 \$	2022 \$
Revenue from continuing operations	5	-	107,889
Other income	6	479,800	47,224
Interest revenue		40	283
Expenses			
Raw materials and consumables used		-	(6,020)
Employee benefits expense	7	(222,378)	(218,903)
Occupancy expenses		(11,247)	(52,239)
Depreciation and amortisation expenses	7	(10,037)	(48,765)
Consultancy and professional fees		(273,497)	(235,576)
Net foreign exchange gain/(loss)		19,090	(66,700)
Travel expenses		(53,327)	(48,648)
Share registry and listing expenses		(68,296)	(58,039)
Impairment of inventories	7	(99,800)	(86,757)
Impairment of receivables		(16,329)	-
Impairment of property, plant and equipment and intangibles		(7,253)	(25,982)
Loss on disposal of plant and equipment		(290)	(23,292)
Other expenses		(105,814)	(49,277)
Finance costs	7	(32,282)	(53,375)
Loss before income tax expense from continuing operations		(401,620)	(818,177)
Income tax expense	9	-	-
Loss after income tax expense from continuing operations		(401,620)	(818,177)
Loss after income tax expense from discontinued operations	8	(345,259)	(185,745)
Loss after income tax expense for the year attributable to the owners of A1 Investments & Resources Ltd		(746,879)	(1,003,922)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(4,646)	14,060
Other comprehensive (loss)/income for the year, net of tax		(4,646)	14,060
Total comprehensive loss for the year attributable to the owners of A1 Investments & Resources Ltd		<u>(751,525)</u>	<u>(989,862)</u>
Total comprehensive loss for the year is attributable to:			
Continuing operations		(751,525)	(989,862)
Discontinued operations		-	-
		<u>(751,525)</u>	<u>(989,862)</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 2023



		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of A1 Investments & Resources Ltd			
Basic earnings per share	34	(0.0022)	(0.0050)
Diluted earnings per share	34	(0.0022)	(0.0050)
Earnings per share for loss from discontinued operations attributable to the owners of A1 Investments & Resources Ltd			
Basic earnings per share	34	(0.0019)	(0.0011)
Diluted earnings per share	34	(0.0019)	(0.0011)
Earnings per share for loss attributable to the owners of A1 Investments & Resources Ltd			
Basic earnings per share	34	(0.0041)	(0.0061)
Diluted earnings per share	34	(0.0041)	(0.0061)

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

A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of financial position
As at 30 June 2023



	Note	Consolidated	
		2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	10	49,671	788,990
Trade and other receivables	11	9,959	21,060
Inventories	12	-	326,452
Other current assets	13	-	56,408
Total current assets		<u>59,630</u>	<u>1,192,910</u>
Non-current assets			
Plant and equipment	14	2,964	29,262
Intangibles	15	-	21,029
Right-of-use assets	16	-	5,681
Total non-current assets		<u>2,964</u>	<u>55,972</u>
Total assets		<u>62,594</u>	<u>1,248,882</u>
Liabilities			
Current liabilities			
Trade and other payables	17	98,956	105,377
Borrowings	18	121,498	564,492
Lease liabilities		-	6,241
Employee benefits	19	28,490	22,888
Total current liabilities		<u>248,944</u>	<u>698,998</u>
Non-current liabilities			
Trade and other payables	17	-	410,900
Borrowings	18	-	2,000,000
Employee benefits	19	16,224	7,182
Total non-current liabilities		<u>16,224</u>	<u>2,418,082</u>
Total liabilities		<u>265,168</u>	<u>3,117,080</u>
Net liabilities		<u>(202,574)</u>	<u>(1,868,198)</u>
Equity			
Issued capital	20	38,628,328	36,207,230
Foreign currency reserve	21	-	8,595
Accumulated losses		(38,830,902)	(38,084,023)
Total equity		<u>(202,574)</u>	<u>(1,868,198)</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 2023



Consolidated	Issued capital \$	Foreign currency reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	36,207,230	(5,465)	(37,080,101)	(878,336)
Loss after income tax expense for the year	-	-	(1,003,922)	(1,003,922)
Other comprehensive income for the year, net of tax	-	14,060	-	14,060
Total comprehensive income/(loss) for the year	-	14,060	(1,003,922)	(989,862)
Balance at 30 June 2022	<u>36,207,230</u>	<u>8,595</u>	<u>(38,084,023)</u>	<u>(1,868,198)</u>

Consolidated	Issued capital \$	Foreign currency reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	36,207,230	8,595	(38,084,023)	(1,868,198)
Loss after income tax expense for the year	-	-	(746,879)	(746,879)
Other comprehensive loss for the year, net of tax	-	(4,646)	-	(4,646)
Total comprehensive loss for the year	-	(4,646)	(746,879)	(751,525)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 20)	2,421,098	-	-	2,421,098
Derecognition of foreign currency reserves on disposal of subsidiary	-	(3,949)	-	(3,949)
Balance at 30 June 2023	<u>38,628,328</u>	<u>-</u>	<u>(38,830,902)</u>	<u>(202,574)</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 2023



	Note	Consolidated	
		2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		52,887	96,904
Payments to suppliers and employees (inclusive of GST)		(784,857)	(1,120,397)
		(731,970)	(1,023,493)
Interest received		40	283
Government grants		-	46,250
Interest and other finance costs paid		(25,112)	(53,375)
Net cash used in operating activities	31	(757,042)	(1,030,335)
Cash flows from investing activities			
Payments for property, plant and equipment		(603)	(7,673)
Payments for intangibles		-	(13,043)
Proceeds from sale of investments		473	-
Proceeds from disposal of property, plant and equipment		-	6,200
Proceeds from release of security deposits		-	50,870
Net cash (used in)/from investing activities		(130)	36,354
Cash flows from financing activities			
Proceeds from issue of convertible notes		-	532,595
Proceeds from borrowings		-	5,000
Repayment of borrowings		-	(3,654)
Repayment of amounts advanced		10,644	-
Repayment of lease liabilities		-	(36,157)
Net cash from financing activities		10,644	497,784
Net decrease in cash and cash equivalents		(746,528)	(496,197)
Cash and cash equivalents at the beginning of the financial year		786,944	1,286,614
Effects of exchange rate changes on cash and cash equivalents		9,255	(3,473)
Cash and cash equivalents at the end of the financial year	10	49,671	786,944

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:

Ground floor, 465 Victoria Street
Chatswood NSW 2067

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 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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 the settlement of liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity had a negative working capital as at 30 June 2023 where current liabilities exceeds current assets by \$189,314 (2022: positive working capital where current assets exceeds current liabilities by \$493,912), it had a deficiency of net assets of \$202,574 (2022: net liabilities of \$1,868,198). In addition, the consolidated entity made a loss after tax of \$746,879 (2022: \$1,003,922) during the financial year and generated net operating cash outflows of \$757,042 (2022: \$1,030,335). The cash balance as at 30 June 2023 was \$49,671 (2022: \$788,990).

The consolidated entity has received further funding and commitments to further funding in the period to 30 September 2024.

The financial statements have therefore been prepared on a going concern basis. Accordingly, the financial statements have not been prepared including any adjustments relating to recoverability and re-classification of recorded assets or to the amounts and classifications of liabilities that might be necessary if the consolidated entity should not continue as a going concern.

Basis of preparation

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

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

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

Historical cost convention

The financial statements have been prepared under the historical cost convention.

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.

Comparative information

Certain comparatives in statement of financial position and profit or loss have been reclassified to align with the current year presentation. There has been no effect on the net asset or net result for the year as a result of these reclassifications.

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of A1 Investments & Resources Ltd ('Company' or 'parent entity') as at 30 June 2023 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 the Company's functional currency 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.

Note 2. Significant accounting policies (continued)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

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

Sale of goods

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

Rendering of services

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

Dividend revenue

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

Management fee income

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

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.

Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the consolidated entity will comply with all attached conditions.

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.

Note 2. Significant accounting policies (continued)

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 include 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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

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

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

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.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of 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.

Investments and other financial assets

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

Note 2. Significant accounting policies (continued)

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

Financial assets at amortised cost

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

Impairment of financial assets

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

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

Plant and equipment

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

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

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

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

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

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

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

Note 2. Significant accounting policies (continued)

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.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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

Trade and other payables 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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

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

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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.

Note 2. Significant accounting policies (continued)

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 at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

Share-based payments

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

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.

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

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

Note 2. Significant accounting policies (continued)

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 additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets

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

Impairment of property, plant and equipment

The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may trigger an impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models, 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 two operating segments:

- General investment; and
- Food products and supplements.

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.

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

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

Types of products and services

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

General investment	investment operations focusing on diversified investment portfolios
Food products and supplements	the sale of dried seafood products and supplements

Intersegment transactions

Intersegment transactions were made at market rates. The General investment operating segment purchases dried seafood products and supplements which it sells to the Food products and supplements operating segment. Intersegment transactions are eliminated on consolidation.

Note 4. Operating segments (continued)

Major customers

No single customer contributed 10% or more to the consolidated entity's external revenue during the year ended 30 June 2023 (2022: 1 customer). During the year to 30 June 2022, 1 customer contributed 87% of the consolidated entity's external revenue.

Operating segment information

	General investment \$	Food products and supplements \$	Total \$
Consolidated - 2023			
Revenue			
Sales to external customers	-	17,375	17,375
Interest	40	-	40
Total revenue	<u>40</u>	<u>17,375</u>	<u>17,415</u>
EBITDA			
Depreciation and amortisation	(698,280)	-	(698,280)
Depreciation and amortisation	(16,357)	-	(16,357)
Interest revenue	40	-	40
Finance costs	(32,282)	-	(32,282)
Loss before income tax expense	<u>(746,879)</u>	<u>-</u>	<u>(746,879)</u>
Income tax expense			-
Loss after income tax expense			<u>(746,879)</u>
Assets			
Segment assets	<u>62,594</u>	-	62,594
Intersegment eliminations			-
Total assets			<u>62,594</u>
Liabilities			
Segment liabilities	<u>265,168</u>	-	265,168
Intersegment eliminations			-
Total liabilities			<u>265,168</u>

Note 4. Operating segments (continued)

	General investment \$	Food products and supplements \$	Total \$
Consolidated - 2022			
Revenue			
Sales to external customers	-	107,889	107,889
Interest	268	15	283
Total revenue	268	107,904	108,172
EBITDA			
Depreciation and amortisation	(736,058)	(159,305)	(895,363)
Interest revenue	(48,764)	(6,703)	(55,467)
Finance costs	268	15	283
	(53,375)	-	(53,375)
Loss before income tax expense	(837,929)	(165,993)	(1,003,922)
Income tax expense			-
Loss after income tax expense			(1,003,922)
Assets			
Segment assets	1,988,855	308,393	2,297,248
Intersegment eliminations			(1,048,366)
Total assets			1,248,882
Liabilities			
Segment liabilities	3,105,895	1,059,551	4,165,446
Intersegment eliminations			(1,048,366)
Total liabilities			3,117,080

Geographical information

	Sales to external customers		Geographical non-current assets	
	2023 \$	2022 \$	2023 \$	2022 \$
Australia	-	-	69,847	45,601
Japan	17,375	13,935	-	10,371
	17,375	13,935	69,847	55,972

Note 5. Revenue

	Consolidated	
	2023 \$	2022 \$
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sale of goods - dried seafood and supplements and fresh food	-	13,941
<i>Other revenue</i>		
Commission	-	93,948
Revenue from continuing operations	-	107,889

Note 5. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2023	2022
	\$	\$
<i>Geographical regions</i>		
Japan	-	13,941
	<u>-</u>	<u>13,941</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	-	13,941
	<u>-</u>	<u>13,941</u>

During the year ended 30 June 2023 and 30 June 2022, all revenue from contracts with customers is generated from one major product line, being the sale of dried seafood products and supplements.

Commission

During the year ended 30 June 2023 and 30 June 2022, the consolidated entity negotiated sales of wholesale sea cucumber to third party buyers for commission.

Note 6. Other income

	Consolidated	
	2023	2022
	\$	\$
Government grants	-	46,250
Reversal of directors' salaries accruals	444,800	-
Other income	35,000	974
	<u>479,800</u>	<u>47,224</u>

Reversal of directors' salaries accruals

During the year ended 30 June 2023, accrued expense on director's salaries totalling to \$403,333 and accrued superannuation totalling to \$41,467 were reversed as the directors' consent to not pursue the accruals (note 17).

Note 7. Expenses

	Consolidated	
	2023	2022
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	-	6,020
<i>Depreciation</i>		
Plant and equipment	3,933	11,600
Motor vehicles	-	3,104
Right-of-use assets - depreciation	5,681	34,068
Total depreciation	9,614	48,772
<i>Amortisation</i>		
Website	423	6,695
Total depreciation and amortisation	10,037	55,467
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	32,235	51,814
Interest and finance charges paid/payable on lease liabilities	47	1,561
Finance costs expensed	32,282	53,375
<i>Impairment and write-off of inventories</i>		
Impairment of inventories (note a)	99,800	86,757
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	28,434	24,844
Employee benefits expense excluding superannuation	193,944	194,059
Total employee benefits expense	222,378	218,903

Notes:

- (a) During the year ended 30 June 2023 and 30 June 2022, impairment of inventories represents the impairment of the consolidated entity's sandalwood oil inventory.

Note 8. Discontinued operations

Description

On 15 June 2023, the consolidated entity sold Blue Ocean Japan Co., Ltd ('BOJ') (incorporated in Japan) for consideration of \$473 resulting in a loss on disposal before income tax of \$66,015. BOJ's geographical isolation meant that it was difficult to incorporate into the consolidated entity's long-term strategy and the directors decided to dispose of it. The food products and supplements operating segment was comprised of BOJ.

Note 8. Discontinued operations (continued)

Financial performance information

	2023	2022
	\$	\$
Sale of goods	17,375	-
Raw materials and consumables used	(6,853)	-
Employee benefits expense	-	(38,188)
Occupancy expenses	(6,554)	(2,774)
Depreciation and amortisation expenses	(2,930)	(6,703)
Consultancy and professional fees	(34,062)	(87,411)
Travel expenses	(1,609)	(4,137)
Write-off of inventories	(170,671)	(20,007)
Other expenses	(73,940)	(26,525)
Total expenses	<u>(296,619)</u>	<u>(185,745)</u>
Loss before income tax expense	(279,244)	(185,745)
Income tax expense	-	-
Loss after income tax expense	<u>(279,244)</u>	<u>(185,745)</u>
Loss on disposal of Blue Ocean Japan Co., Limited	(66,015)	-
Income tax expense	-	-
Loss on disposal after income tax expense	<u>(66,015)</u>	-
Loss after income tax expense from discontinued operations	<u><u>(345,259)</u></u>	<u><u>(185,745)</u></u>

Cash flow information

	2023
	\$
Net cash used in operating activities	(74,255)
Net cash used in investing activities	(5,214)
Net cash from financing activities	<u>78,737</u>
Net decrease in cash and cash equivalents from discontinued operations	<u><u>(732)</u></u>

Note 8. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	2023
	\$
Cash and cash equivalents	5,214
Trade and other receivables	819
Inventories	53,525
Other current assets	834
Property, plant and equipment	7,480
Total assets	<u>67,872</u>
Trade and other payables	<u>1,384</u>
Total liabilities	<u>1,384</u>
Net assets	<u><u>66,488</u></u>

Details of the disposal

	2023
	\$
Total sale consideration	473
Carrying amount of net assets disposed	<u>(66,488)</u>
Loss on disposal before income tax	<u>(66,015)</u>
Loss on disposal after income tax	<u><u>(66,015)</u></u>

Note 9. Income tax expense

	Consolidated	
	2023	2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations	(401,620)	(818,177)
Loss before income tax expense from discontinued operations	<u>(345,259)</u>	<u>(185,745)</u>
	<u>(746,879)</u>	<u>(1,003,922)</u>
Tax at the statutory tax rate of 25%	(186,720)	(250,981)
Current year tax losses not recognised	<u>186,720</u>	<u>250,981</u>
Income tax expense	<u><u>-</u></u>	<u><u>-</u></u>

Any potential tax benefit for tax losses has not been recognised in the statement of financial position. Tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 10. Cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Cash and cash equivalents	49,671	548,829
Cash on deposit	-	240,161
	49,671	788,990

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	49,671	788,990
Bank overdraft (note 18)	-	(2,046)
	49,671	786,944

Note 11. Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	-	1,309
Receivables - Tidal Moon Pty Ltd	-	10,788
Less: Allowance for expected credit losses	-	(10,788)
	-	-
Short-term loans	-	10,644
Other receivables	-	3,054
GST receivable	9,959	6,053
	9,959	21,060

During the year ended 30 June 2023, the short-term loans was fully repaid. The receivables from Tidal Moon Pty Ltd, which was fully impaired during the financial year ended 30 June 2021, was written-off during the year ended 30 June 2023.

Note 12. Inventories

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Raw materials - at cost	-	11,716
Stock on hand - at cost	-	401,493
Less: Provision for impairment	-	(86,757)
	-	314,736
	-	326,452

Note 12. Inventories (continued)

During the year ended 30 June 2023, sandalwood oil inventory of \$99,800 was written-off to profit or loss (continuing) as the likelihood of its sale in the short or medium term is small. Unprocessed sea cucumber inventory (net of provision) of \$170,671 was written-off profit or loss (discontinued) due to damage or its reasonable shelf life was due to expire.

Note 13. Other current assets

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Prepayments	-	8,017
Deposits	-	48,391
	-	56,408
<i>Non-current assets</i>		
Prepayments	-	520,034
Less: Provision for impairment	-	(520,034)
Deposits	-	260,000
Less: Provision for impairment	-	(260,000)
	-	-

During the year end 30 June 2023, deposits paid for Peruvian sea cucumber and production project totalling to \$48,391 was fully impaired due to the consolidated entity's decision to hold further production of sea cucumber products.

Non-current assets - prepayments

Prepayment represents payments made to Tidal Moon Pty Limited ('TM') and its subsidiary Tidal Moon Australia Pty Limited ('TMA') during the years ended 30 June 2020 and 30 June 2021 for dried sea cucumbers. At 30 June 2022, the remaining balance of \$520,034 due from TM was no longer deemed to be reasonably recoverable from deliveries of dried sea cucumbers and was therefore impaired in full.

Non-current assets - deposits

Bundybunna Aboriginal Corporation ('BbAC') was restored to the register in December 2022 on the application of interested members of the Company. BbAC has not thereafter entered any agreement with the consolidated entity in respect to the debt. The Board despite significant efforts has determined any further likelihood of the debt being acknowledged and/or accepted by the restored BbAC as extremely unlikely. The debt has been fully written off.

Note 14. Plant and equipment

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	7,014	23,192
Less: Accumulated depreciation	(4,050)	(12,954)
	2,964	10,238
Motor vehicles - at cost	-	22,727
Less: Accumulated depreciation	-	(3,703)
	-	19,024
	2,964	29,262

Note 14. 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	Plant and equipment \$	Motor Vehicles \$	Capital works in progress \$	Total \$
Balance at 1 July 2021	14,341	25,637	51,965	91,943
Additions	7,673	-	-	7,673
Disposals	(25,983)	(3,509)	-	(29,492)
Exchange differences	(176)	-	-	(176)
Impairment of assets	(25,982)	-	-	(25,982)
Transfers in/(out)	51,965	-	(51,965)	-
Depreciation expense	(11,600)	(3,104)	-	(14,704)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	10,238	19,024	-	29,262
Additions	-	-	-	-
Disposals	(3,374)	(19,024)	-	(22,398)
Exchange differences	33	-	-	33
Depreciation expense	(3,933)	-	-	(3,933)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2023	<u>2,964</u>	<u>-</u>	<u>-</u>	<u>2,964</u>

Note 15. Intangibles

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	-	15,254
Less: Impairment	-	(15,254)
	<hr/>	<hr/>
	-	-
Software - at cost	-	34,153
Less: Accumulated amortisation	-	(13,124)
	<hr/>	<hr/>
	-	21,029
	<hr/>	<hr/>
	-	21,029
	<hr/>	<hr/>

Reconciliations

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

Consolidated	Software \$
Balance at 1 July 2021	15,681
Additions	13,043
Exchange differences	(1,000)
Amortisation expense	(6,695)
	<hr/>
Balance at 30 June 2022	21,029
Disposals	(13,353)
Impairment of assets	(7,253)
Amortisation expense	(423)
	<hr/>
Balance at 30 June 2023	<u>-</u>

Note 16. Right-of-use assets

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	-	102,209
Less: Accumulated depreciation	-	(96,528)
	-	5,681
	-	5,681

The consolidated entity leases land and buildings for its office under agreement of between 1 to 3 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The office lease was terminated during the financial year ended 30 June 2023.

Reconciliations

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

Consolidated	Land and buildings \$
Balance at 1 July 2021	39,749
Depreciation expense	(34,068)
Balance at 30 June 2022	5,681
Depreciation expense	(5,681)
Balance at 30 June 2023	-

Note 17. Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	23,848	24,973
Other payables and accruals	75,108	80,404
	98,956	105,377
<i>Non-current liabilities</i>		
Accrued expenses - directors' salaries	-	410,900

Refer to note 23 for further information on financial instruments.

During the year ended 30 June 2023, accrued expense on directors' salaries totalling to \$403,333 and accrued superannuation totalling to \$41,467 were reversed to other income (note 6) as the directors' consent to not pursue the accruals.

Note 18. Borrowings

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Bank overdraft	-	2,046
Converting loan notes payable	111,498	532,595
Loan from director related entity	10,000	10,000
Motor vehicle loan	-	19,851
	121,498	564,492
<i>Non-current liabilities</i>		
Loan from WIN Properties Australia Pty Limited	-	2,000,000
	-	2,000,000

Refer to note 23 for further information on financial instruments.

Converting loan notes payable

Converting loan notes totalling \$532,595, comprising of 2 converting notes of 25,000,000 Japanese Yen each, were issued on 23 June 2022. The notes had a maturity date of 30 June 2023 with an interest rate of 2% per annum, payable in arrears on the maturity date. The notes were unsecured. On 2 February 2023, the Company issued 2,105,486,605 shares to partially discharge \$421,097 of the debt. The remainder of the debt of \$111,498 will be converted at the next general meeting of the Company.

Loan from director related entity

The loan from director related entity is payable within 12 months, is interest free and is unsecured.

Motor vehicle loan

The motor vehicle was disposed during the financial year and the corresponding motor vehicle loan repaid.

Loan from WIN Properties Australia Pty Limited

The loan from WIN Properties Australia Pty Limited incurred interest of 5% per annum, payable six monthly in advance or if paid on time, the interest rate reduces to 2.5% per annum.

The loan was converted into shares during the year ended 30 June 2023.

Note 19. Employee benefits

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Long service leave	28,490	22,888
<i>Non-current liabilities</i>		
Long service leave	16,224	7,182
	16,224	7,182

Note 20. Issued capital

	Consolidated			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	20,527,433,025	16,421,946,420	38,628,328	36,207,230
	20,527,433,025	16,421,946,420	38,628,328	36,207,230

Note 20. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	<u>16,421,946,420</u>		<u>36,207,230</u>
Balance	30 June 2022	16,421,946,420		36,207,230
Issue of shares on conversion of loan	23 December 2022	2,000,000,000	\$0.0010	2,000,000
Issue of shares on conversion of loan	2 February 2023	<u>2,105,486,605</u>	\$0.0002	<u>421,098</u>
Balance	30 June 2023	<u><u>20,527,433,025</u></u>		<u><u>38,628,328</u></u>

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. 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 return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Note 21. Foreign currency reserve

	Consolidated	
	2023	2022
	\$	\$
Foreign currency reserve	-	<u>8,595</u>

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.

Note 21. Foreign currency reserve (continued)

Movements in reserve

Movements in foreign currency reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation \$
Balance at 1 July 2021	(5,465)
Foreign currency translation	<u>14,060</u>
Balance at 30 June 2022	8,595
Foreign currency translation	(4,646)
Derecognition of foreign currency translation reserve on disposal of subsidiary	<u>(3,949)</u>
Balance at 30 June 2023	<u><u>-</u></u>

Note 22. Dividends

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

Note 23. Financial instruments

Financial risk management objectives

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

Risk management is carried out 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.

Market risk

Foreign currency risk

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

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

The consolidated entity does not have a hedging policy.

At 30 June 2023, the consolidated entity is not exposed to any significant foreign currency risk.

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

Consolidated	Assets		Liabilities	
	2023	2022	2023	2022
	\$	\$	\$	\$
US dollars	102	100	-	-
Japanese yen	<u>41,106</u>	<u>532,370</u>	<u>111,498</u>	<u>532,595</u>
	<u><u>41,208</u></u>	<u><u>532,470</u></u>	<u><u>111,498</u></u>	<u><u>532,595</u></u>

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

Note 23. Financial instruments (continued)

Consolidated - 2023	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
US dollar	-	-	-	-	-	-
Japanese Yen	-	-	-	-	-	-
		<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
Consolidated - 2022	% 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%	(5)	-	5%	5	-
Japanese Yen	5%	11	-	5%	(11)	-
		<u>6</u>	<u>-</u>		<u>(6)</u>	<u>-</u>

Price risk

As at 30 June 2023, the consolidated entity is not exposed to any significant price risk.

Interest rate risk

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

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

	2023		2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank overdraft	-	<u>-</u>	8.19%	<u>2,046</u>

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

Consolidated	2023		2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Loan - WIN Properties Australia Pty Limited	-	-	2.50%	2,000,000
Converting loan notes	2.00%	111,498	2.00%	532,595
Motor vehicle loan	-	-	3.89%	19,851
Lease liabilities	-	-	6.00%	6,241
Net exposure to cash flow interest rate risk		<u>111,498</u>		<u>2,558,687</u>

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

Credit risk

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

Note 23. Financial instruments (continued)

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

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

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

Liquidity risk

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

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

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 - 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	23,848	-	-	-	23,848
Other payables	-	75,108	-	-	-	75,108
Loan from director related entities	-	10,000	-	-	-	10,000
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	2.00%	111,498	-	-	-	111,498
Total non-derivatives		220,454	-	-	-	220,454

	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 - 2022						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	24,973	-	-	-	24,973
Other payables	-	80,404	410,900	-	-	491,304
Loan from director related entities	-	10,000	-	-	-	10,000
<i>Interest-bearing - variable</i>						
Bank overdraft	8.19%	2,046	-	-	-	2,046
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	2.00%	543,247	-	-	-	543,247
Loan from WIN Properties	2.50%	50,000	50,000	150,000	2,410,137	2,660,137
Motor vehicle loan	3.89%	6,511	13,025	1,628	-	21,164
Lease liabilities	4.20%	6,287	-	-	-	6,287
Total non-derivatives		723,468	473,925	151,628	2,410,137	3,759,158

Note 23. Financial instruments (continued)

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 24. Fair value measurement

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

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 25. 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	
	2023	2022*
	\$	\$
Short-term employee benefits	198,334	198,750
Post-employment benefits	24,534	24,844
Long-term benefits	14,643	3,000
	<u>237,511</u>	<u>226,594</u>

* During the year ended 30 June 2023, \$70,000 of the compensation relating to FY22 was reversed.

Note 26. 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	
	2023	2022
	\$	\$
<i>Audit services - Hall Chadwick Chartered Accountants and Business Advisors</i>		
Audit or review of the financial statements	49,633	43,218
<i>Other services - Hall Chadwick Chartered Accountants and Business Advisors</i>		
Taxation services	3,500	3,500
	<u>53,133</u>	<u>46,718</u>

Note 27. Contingent liabilities

As at 30 June 2023, the consolidated entity has provided financial guarantees of \$nil (2022: \$114,000).

Note 28. Related party transactions

Parent entity

A1 Investments & Resources Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Note 28. Related party transactions (continued)

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	\$	\$
Payment for other expenses:		
Interest paid/payable to director related entities	-	50,000
Rent paid/payable to key management personnel	5,194	961

Receivable from and payable to related parties

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

Loans to/from related parties

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

	Consolidated	
	2023	2022
	\$	\$
Current borrowings:		
Loan from director related entity	10,000	10,000
Non-current borrowings:		
Loans from director related entity	-	2,000,000

Significant transactions with related parties

Messrs Nakamura and Ashcroft fully released the consolidated entity from their respective accrued unpaid salaries in a total of \$444,800.

Terms and conditions

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

Note 29. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	(1,562,634)	(797,503)
Total comprehensive loss	(1,562,634)	(797,503)

Note 29. Parent entity information (continued)

Statement of financial position

	Parent	
	2023 \$	2022 \$
Total current assets	59,630	1,943,254
Total assets	62,595	2,044,853
Total current liabilities	248,948	687,813
Total liabilities	265,172	3,105,894
Equity		
Issued capital	38,628,328	36,207,230
Accumulated losses	(38,830,905)	(37,268,271)
Total equity	<u>(202,577)</u>	<u>(1,061,041)</u>

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities

As at 30 June 2023 and 30 June 2022, the parent entity had contingent liabilities as detailed in note 27.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2023 and 30 June 2022.

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.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
China Century Capital (HK) Limited	Hong Kong	100%	100%
A1 Investments Operations Pty Limited (formerly WIN A1 Food Platform Services Pty Limited)*	Australia	100%	100%
Blue Ocean Japan Co., Limited**	Japan	-	100%

* This entity is dormant.

** On 15 June 2023, Blue Ocean Japan Co., Ltd was sold to a third party in Japan.

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax expense for the year	(746,879)	(1,003,922)
Adjustments for:		
Debt forgiveness	(589,812)	-
Depreciation and amortisation expenses	16,357	55,467
Net loss on disposal of plant and equipment	290	23,292
Impairment of property, plant and equipment and intangibles	7,253	25,982
Write-off of inventories	-	20,007
Impairment of inventories	99,800	86,757
Foreign exchange differences	(12,250)	18,709
Loss on disposal of a subsidiary	66,015	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	11,101	(10,466)
Decrease/(increase) in inventories	326,452	(320,883)
Decrease/(increase) in prepayments	56,408	(6,900)
(Decrease)/increase in trade and other payables	(6,421)	84,069
Increase/(decrease) in employee benefits	14,644	(2,447)
Net cash used in operating activities	<u>(757,042)</u>	<u>(1,030,335)</u>

Note 32. Non-cash investing and financing activities

	Consolidated	
	2023	2022
	\$	\$
Shares issued as settlement of loan	<u>2,421,098</u>	<u>-</u>

Note 33. Changes in liabilities arising from financing activities

Consolidated	Converting loan	Loan from	Loan from WIN	Motor vehicle	Lease	Total
	notes	director related	Properties	loan	liability	\$
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	-	5,000	2,000,000	23,505	42,398	2,070,903
Net cash from/(used in) financing activities	532,595	5,000	-	(3,654)	(36,157)	497,784
Balance at 30 June 2022	532,595	10,000	2,000,000	19,851	6,241	2,568,687
Net cash from financing activities	-	-	-	-	-	-
Loans converted to ordinary shares	(421,097)	-	(2,000,000)	-	-	(2,421,097)
Discharge of lease	-	-	-	-	(6,241)	(6,241)
Repayment of loan	-	-	-	(19,851)	-	(19,851)
Balance at 30 June 2023	<u>111,498</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,498</u>

Note 34. Earnings per share

	Consolidated	
	2023	2022
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	<u>(401,620)</u>	<u>(818,177)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>18,161,025,542</u>	<u>16,421,946,420</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>18,161,025,542</u>	<u>16,421,946,420</u>
	Cents	Cents
Basic earnings per share	(0.0022)	(0.0050)
Diluted earnings per share	(0.0022)	(0.0050)

	Consolidated	
	2023	2022
	\$	\$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	<u>(345,259)</u>	<u>(185,745)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>18,161,025,542</u>	<u>16,421,946,420</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>18,161,025,542</u>	<u>16,421,946,420</u>
	Cents	Cents
Basic earnings per share	(0.0019)	(0.0011)
Diluted earnings per share	(0.0019)	(0.0011)

	Consolidated	
	2023	2022
	\$	\$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	<u>(746,879)</u>	<u>(1,003,922)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>18,161,025,542</u>	<u>16,421,946,420</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>18,161,025,542</u>	<u>16,421,946,420</u>
	Cents	Cents
Basic earnings per share	(0.0041)	(0.0061)
Diluted earnings per share	(0.0041)	(0.0061)

Performance rights have been excluded from the above calculations as they were anti-dilutive.

Note 35. Share-based payments

Performance rights

On 5 March 2021, 600,000,000 performance rights were granted to directors, Charlie Nakamura and Peter Ashcroft. Each director received 300,000,000 performance rights. The performance rights are subject to performance criteria and are to be evaluated in three tranches. For each directors, details of the tranches and performance hurdles are follows:

- Tranche A - if the consolidated entity acquires or produces 10 tonnes of dried sea cucumber for the production of supplements, 100,000,000 of rights will vest. The expiry date is 30 June 2022.
- Tranche B - if the consolidated entity generates \$5,000,000 in revenue from the sale of sea cucumber products, 100,000,000 of rights will vest. The expiry date is 31 December 2022.
- Tranche C - if the consolidated entity generates \$10,000,000 in revenue from the sale of all products, 100,000,000 of rights will vest. The expiry date is 31 December 2023.

The share-based payment expense for the financial year ended 30 June 2023 was \$nil based on the probability that the vesting conditions will not be achieved (2022: \$nil).

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

2023

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
05/03/2021	31/12/2022	\$0.0000	200,000,000	-	-	(200,000,000)	-
05/03/2021	31/12/2023	\$0.0000	200,000,000	-	-	(200,000,000)	-
			400,000,000	-	-	(400,000,000)	-

2022

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
05/03/2021	30/06/2022	\$0.0000	200,000,000	-	-	(200,000,000)	-
05/03/2021	31/12/2022	\$0.0000	200,000,000	-	-	-	200,000,000
05/03/2021	31/12/2023	\$0.0000	200,000,000	-	-	-	200,000,000
			600,000,000	-	-	(200,000,000)	400,000,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was nil years (2022: 1.0 years).

Note 36. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Charlie Nakamura
Director

30 September 2024
Sydney

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

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

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
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Report on the Financial Report

Opinion

We have audited the financial report of A1 Investments & Resources Ltd (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with *Corporations Act 2001*, including;

- a. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Boards APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were most significant in our audit of the financial report for the year ended 30 June 2023. We did not identify any key audit matters for the Group for the year ended 30 June 2023.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$746,879 during the year ended 30 June 2023 and as of that date, the group's total liabilities exceeded its total assets by \$202,579. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of A1 Investments & Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



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



Stewart Thompson
Partner

Dated: 30 September 2024

The shareholder information set out below was applicable as at 23 September 2024.

Distribution of equitable securities

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

	Ordinary shares		Performance rights over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total rights issued
1 to 1,000	45	-	-	-
1,001 to 5,000	293	0.01	-	-
5,001 to 10,000	194	0.01	-	-
10,001 to 100,000	277	0.04	-	-
100,001 and over	452	99.94	-	-
	1,261	100.00	-	-
Holding less than a marketable parcel	-	-	-	-

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
Kubota Honten Co Ltd	3,994,634,980	19.46
THEG Pte Ltd	3,994,634,980	19.46
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRPI)	3,586,265,563	17.47
King Fame Group Limited	3,585,486,195	17.47
Sarlat Securities Pty Ltd	1,071,428,571	5.22
Shinseiki Co Limited	500,000,000	2.44
Kooriya Kawakyu Co Ltd	492,759,000	2.40
Ashware Holdings Pty Ltd	363,253,968	1.77
Mr Katsuya Isono	357,805,358	1.74
Marvel Green Power Energy Pte Ltd	250,000,000	1.22
Tidal Moon Pty Ltd	250,000,000	1.22
Super Sorghum Asia Holdings Pte Ltd	125,000,000	0.61
PT Gistec Prima Energindo	113,478,571	0.55
Citicorp Nominees Pty Limited	108,693,633	0.53
Mr Bao-Guey Lin	99,697,084	0.49
Yamagen Securities Co Ltd	89,698,500	0.44
Mr Charlie Nakamura	63,636,250	0.31
Ausnom Pty Ltd	62,500,000	0.30
Elmoson Pty Ltd	62,500,000	0.30
Nalkari Investments Pty Ltd (McKeown Family A/C)	62,500,000	0.30
	19,233,972,653	93.70

There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Kubota Honten Co Ltd	3,994,634,980	19.46
THEG Pte Ltd	3,994,634,980	19.46
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRPI)	3,586,265,563	17.47
King Fame Group Limited	3,585,486,195	17.47
Sarlat Securities Pty Ltd	1,071,428,571	5.22

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.

There are no other classes of equity securities.