

**1. Company details**

Name of entity:	A1 Investments & Resources Ltd
ABN:	44 109 330 949
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	down	12.6% to	68,799
Loss from ordinary activities after tax attributable to the owners of A1 Investments & Resources Ltd	down	28.5% to	(388,746)
Loss for the half-year attributable to the owners of A1 Investments & Resources Ltd	down	28.5% to	(388,746)

*Dividends*

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

*Comments*

The loss for the consolidated entity after providing for income tax amounted to \$388,746 (31 December 2017: \$543,381).

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

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.02)</u>	<u>(0.01)</u>

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**6. Dividends***Current period*

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

*Previous period*

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

**7. Dividend reinvestment plans**

Not applicable.

## 8. Details of associates and joint venture entities

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

## 9. Foreign entities

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

Not applicable.

## 10. Audit qualification or review

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

The interim financial statements were subject to a review by the auditors and the review report, which contains an Emphasis of Matter section relating to going concern, is attached thereto.

## 11. Attachments

*Details of attachments (if any):*

The Interim Report of A1 Investments & Resources Ltd for the half-year ended 31 December 2018 is attached.

## 12. Signed

Signed 

Date: 19 February 2019

Charlie Nakamura  
Director  
Sydney

# **A1 Investments & Resources Ltd and its controlled entities**

**ABN 44 109 330 949**

**Interim Report - 31 December 2018**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of A1 Investments & Resources Ltd (referred to hereafter as the 'A1', 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

#### **Directors**

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

Charlie Nakamura  
Peter Ashcroft  
Takashi Araya

#### **Principal activities**

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

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

#### **Dividends**

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

#### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$388,746 (31 December 2017: \$543,381).

There have been no significant changes to the Company's operations since the annual general meeting of the Company on 29 November 2018 and shareholders and investors are directed to the Chairman's address released to the Exchange on the date of the meeting.

The weather on the Darling Downs during the financial half-year ended 31 December 2018 was hotter than the average by several degrees and rainfall was less than average. Those conditions have persisted for the past two months with average rainfall less than 50% in November 2018 but near average in December and January 2019. Temperatures have remained hot and evaporation rates high making farming challenging. Our operational plans are not unduly affected by these conditions in early 2019.

The consolidated entity's farming strategy is to be conservative but practical and to be overall positive about the weather and the future. This strategy sees Hirschbrooke currently having 60% of its area under sweet sorghum and ready for harvest in February or early March 2019. We are also planning to plant barley in February 2019.

This approach sees the property being farmed in the first three months of the year rather than left fallow because of the hot weather.

Medium and long term predictions for the weather in the region show a return to usual averages over the coming months. The consolidated entity looks forward to a general return to average weather conditions for 2019.

In the three months to 31 December 2018 the consolidated entity had successful crops of sweet corn, onions and sorghum. All harvesting and revenue will be recognised in the first quarter of 2019.

The consolidated entity was also seeking further funds throughout 2018. The financial half-year ended 31 December 2018 was particularly difficult in Australian capital markets and the Company did not succeed until late December 2018 in raising further funds. On 26 December 2018 the consolidated entity signed a loan agreement for 40 million Japanese Yen ('JPY ') and those funds (being AUD\$526,000 when converted) were received on 4 January 2019, at which point all outstanding trade creditors were immediately paid.

The consolidated entity has since 31 December 2018 reached a conditional agreement with its two largest lenders, Plus JPS and Koriyakawakyu, that each will convert their debt (a total of \$1,275,737) to ordinary shares in the Company at the next general meeting. The conversion of the loans to shares is conditional upon receipt of the funds from the 26 December 2018 loan (now received), receipt of two further placements of 25 million JPY each (estimated at \$312,000 each) in the first 6 months of 2019, and related shareholders' approval of such arrangements. The Company anticipates calling a Special General Meeting during the first quarter of 2019 to seek shareholders' approval to the above proposals. The financial statements to 31 December 2018 provide that the debt due to Plus JPS in the sum of \$881,629 is a non-current as Plus JPS has agreed to provide at least 12 months' notice for calling for repayment.

**A1 Agricultural business**

- to expand its operations with Qualipac in southern Queensland and to new areas in southern Australia, in the production of vegetables for domestic and international consumption;
- to undertake farming and livestock production on the property known as Bundybunna at Mullewa in Western Australia;
- to undertake a detailed feasibility study of entering the market for the production, drying and manufacture of sea cucumbers in Australia for export; and
- to engage in sales and marketing joint ventures for Australian agricultural products produced by the company in Australia and offshore.

**A1 Investments business**

- to continue to examine investment opportunities that are presented to the consolidated entity.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year, except for the execution of the loan for 40 million Japanese Yen signed on 26 December 2018. Refer to 'Review of operations' section for further details.

**Matters subsequent to the end of the financial half-year**

Other than the conditional agreement reached with the Company's two largest lenders as referred to in the 'Review of operations' section of the Directors' report, no other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

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

On behalf of the directors



Charlie Nakamura  
Director

19 February 2019  
Sydney

**A1 INVESTMENTS AND RESOURCES LIMITED  
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 AND RESOURCES LTD**

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia  
Ph: (612) 9263 2600  
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 there have been no contraventions of:

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



HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
**Partner**  
Date: 19 February 2019

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Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Directors' declaration	17
Independent auditor's review report to the members of A1 Investments & Resources Ltd	18

**A1 Investments & Resources Ltd and its controlled entities**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**



		<b>Consolidated</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	68,799	78,694
Other income	5	36,670	11,271
<b>Expenses</b>			
Raw materials and consumables used		(938)	(31,428)
Subcontracting expense		(25,893)	(53,241)
Employee benefits expense		(175,200)	(109,800)
Occupancy expenses		(17,798)	(73,442)
Depreciation expense		(20,539)	(10,191)
Consultancy and professional fees		(4,985)	(89,890)
Foreign exchange losses		(28,648)	(8,911)
Travel expenses		(13,064)	(15,937)
Share registry expenses		(38,882)	(51,914)
Impairment of receivables		(5,500)	(26,527)
Impairment of inventories		-	(47,223)
Other expenses		(52,781)	(43,339)
Finance costs		(109,987)	(71,503)
<b>Loss before income tax expense</b>		(388,746)	(543,381)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of A1 Investments &amp; Resources Ltd</b>		(388,746)	(543,381)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income/(loss) for the half-year attributable to the owners of A1 Investments &amp; Resources Ltd</b>		<u>(388,746)</u>	<u>(543,381)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	14	(0.0036)	(0.0050)
Diluted earnings per share	14	(0.0036)	(0.0050)

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



**A1 Investments & Resources Ltd and its controlled entities**  
**Consolidated statement of financial position**  
**As at 31 December 2018**



	<b>Note</b>	<b>Consolidated 2018 \$</b>	<b>2017 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,185	51,370
Trade and other receivables	6	994	35,014
Other		14,000	14,000
Total current assets		<u>16,179</u>	<u>100,384</u>
<b>Non-current assets</b>			
Property, plant and equipment		286,348	312,142
Total non-current assets		<u>286,348</u>	<u>312,142</u>
<b>Total assets</b>		<u>302,527</u>	<u>412,526</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	458,896	402,765
Borrowings	8	<u>447,667</u>	<u>576,339</u>
Total current liabilities		<u>906,563</u>	<u>979,104</u>
<b>Non-current liabilities</b>			
Borrowings	9	<u>1,261,752</u>	<u>910,464</u>
Total non-current liabilities		<u>1,261,752</u>	<u>910,464</u>
<b>Total liabilities</b>		<u>2,168,315</u>	<u>1,889,568</u>
<b>Net liabilities</b>		<u>(1,865,788)</u>	<u>(1,477,042)</u>
<b>Equity</b>			
Issued capital	10	30,378,956	30,378,956
Reserves		819,702	819,702
Accumulated losses		<u>(33,064,446)</u>	<u>(32,675,700)</u>
<b>Total deficiency in equity</b>		<u>(1,865,788)</u>	<u>(1,477,042)</u>

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

**A1 Investments & Resources Ltd and its controlled entities**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2018**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2017	30,378,956	819,702	(31,597,992)	(399,334)
Loss after income tax expense for the half-year	-	-	(543,381)	(543,381)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the half-year	-	-	(543,381)	(543,381)
Balance at 31 December 2017	<u>30,378,956</u>	<u>819,702</u>	<u>(32,141,373)</u>	<u>(942,715)</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2018	30,378,956	819,702	(32,675,700)	(1,477,042)
Loss after income tax expense for the half-year	-	-	(388,746)	(388,746)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the half-year	-	-	(388,746)	(388,746)
Balance at 31 December 2018	<u>30,378,956</u>	<u>819,702</u>	<u>(33,064,446)</u>	<u>(1,865,788)</u>

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

**A1 Investments & Resources Ltd and its controlled entities**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2018**



	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	63,091	113,822
Payments to suppliers and employees	(244,215)	(638,632)
	(181,124)	(524,810)
Interest and other finance costs paid	(109,987)	(23,864)
Net cash used in operating activities	(291,111)	(548,674)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	18,310	-
Net cash from investing activities	18,310	-
<b>Cash flows from financing activities</b>		
Proceeds from loans	226,678	602,532
Repayment of lease liability	(4,062)	(2,710)
Net cash from financing activities	222,616	599,822
Net increase/(decrease) in cash and cash equivalents	(50,185)	51,148
Cash and cash equivalents at the beginning of the financial half-year	51,370	26,305
Cash and cash equivalents at the end of the financial half-year	<u>1,185</u>	<u>77,453</u>

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

## **Note 1. General information**

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

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

Suite 606 / 37 Bligh Street  
Sydney NSW 2000  
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 February 2019. The directors have the power to amend and reissue the financial statements.

## **Note 2. Basis of preparation and significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

### **New or amended Accounting Standards and Interpretations adopted**

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

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

### **AASB 9 Financial Instruments**

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

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

*AASB 15 Revenue from Contracts with Customers*

The consolidated entity has adopted AASB 15 from 1 July 2018 on a modified retrospective approach. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a deferred maintenance revenue, work in progress, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2018 and are not expected to have any significant impact for the full financial year ending 30 June 2019.

**Going concern**

The financial statements have been prepared on a going concern basis notwithstanding that the financial position of the consolidated entity may cast significant doubt on the consolidated entity's ability to continue as a going concern. In this regard, consolidated entity maintains a cash balance at 31 December 2018 of \$1,185 (30 June 2018: \$51,370) and has net liabilities of \$1,865,788 at 31 December 2018 (30 June 2018: \$1,477,042). The unpaid trade creditors of the consolidated entity at 31 December 2018 were \$128,264.

On 26 December 2018 the consolidated entity signed a loan agreement for 40 million Japanese Yen ('JPY') (AUD\$526,000) which was drawn down on 4 January 2019, at which point all outstanding trade creditors (amounting to \$177,335) were settled. The balance of funds available of \$348,665 is available for on-going working capital requirements of the consolidated entity. The directors recognise that without further cash injected into the consolidated entity, it may not be able to continue to meet its debts as and when they fall due after the expenditure of this cash.

The consolidated entity has since 31 December 2018 reached a conditional agreement with its two largest lenders, Plus JPS and Koriyakawakyu, that each will convert their debt (a total of \$1,275,737) to ordinary shares in the Company at the next general meeting. The conversion of the loans to shares is conditional upon receipt of the funds from the 26 December 2018 loan (now received), receipt of two further placements of 25 million JPY each (estimated at \$312,000 each) in the first 6 months of 2019, and shareholders' approval of such arrangements. These amounts will provide sufficient working capital for the consolidated entity for a period of at least 12 months from the date of this report. Subject to the approval of the shareholders at a proposed Special General Meeting the company plans and anticipates to be held in early April 2019 the company notes the loan dated 26 December 2018 and the loans from Plus JPS and Koriyakawakyu will be converted to equity, and the two above referred to cash placements. There can be no guarantee the resolutions will all be passed, however the Board has a reasonable expectation based on objective criteria that the relevant proposed resolutions all of which are dependent on each other will be passed at the proposed SGM.

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

**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 initially recognised as deferred revenue in the form of a separate refund liability.

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

*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 time of delivery.

*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.

**Trade and other receivables**

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

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

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

**Note 3. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into two operating segments:

- General investment; and
- Food

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

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

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

*Types of products and services*

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

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

*Major customers*

No single customer contributed 10% or more to the Group's external revenue during the half years ended 31 December 2018 and 31 December 2017.

**Note 3. Operating segments (continued)**

*Operating segment information*

	General investment \$	Food \$	Total \$
<b>Consolidated - 2018</b>			
<b>Revenue</b>			
Sales to external customers	44,091	24,708	68,799
<b>Total revenue</b>	<u>44,091</u>	<u>24,708</u>	<u>68,799</u>
<b>EBITDA</b>	(243,272)	(14,948)	(258,220)
Depreciation and amortisation	(8,261)	(12,278)	(20,539)
Finance costs	(108,085)	(1,902)	(109,987)
<b>Loss before income tax expense</b>	<u>(359,618)</u>	<u>(29,128)</u>	<u>(388,746)</u>
Income tax expense			-
<b>Loss after income tax expense</b>			<u>(388,746)</u>
<b>Assets</b>			
Segment assets	458,967	246,316	705,283
Intersegment eliminations			(402,756)
<b>Total assets</b>			<u>302,527</u>
<b>Liabilities</b>			
Segment liabilities	1,924,147	646,924	2,571,071
Intersegment eliminations			(402,756)
<b>Total liabilities</b>			<u>2,168,315</u>
<b>Consolidated - 2017</b>			
<b>Revenue</b>			
Sales to external customers	-	78,694	78,694
<b>Total revenue</b>	<u>-</u>	<u>78,694</u>	<u>78,694</u>
<b>EBITDA</b>	(336,516)	(51,422)	(387,938)
Depreciation and amortisation	(8,546)	(1,644)	(10,190)
Impairment of assets	-	(73,750)	(73,750)
Finance costs	(71,503)	-	(71,503)
<b>Loss before income tax expense</b>	<u>(416,565)</u>	<u>(126,816)</u>	<u>(543,381)</u>
Income tax expense			-
<b>Loss after income tax expense</b>			<u>(543,381)</u>
<b>Consolidated - 2017</b>			
<b>Assets</b>			
Segment assets	496,299	279,961	776,260
Intersegment eliminations			(363,734)
<b>Total assets</b>			<u>412,526</u>
<b>Liabilities</b>			
Segment liabilities	1,601,863	651,439	2,253,302
Intersegment eliminations			(363,734)
<b>Total liabilities</b>			<u>1,889,568</u>

**Note 4. Revenue**

	Consolidated	
	2018	2017
	\$	\$
<i>Sales revenue</i>		
Sales - fresh produce	24,708	78,694
<i>Other revenue</i>		
Research and consulting income	44,091	-
Revenue	<u>68,799</u>	<u>78,694</u>

*Disaggregation of revenue*

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

**Note 5. Other income**

	Consolidated	
	2018	2017
	\$	\$
Net gain on disposal of property, plant and equipment	13,055	-
Gain on harvested produce	-	11,271
Net gain on reversal of allowance for expected credit losses	23,615	-
Other income	<u>36,670</u>	<u>11,271</u>

**Note 6. Current assets - trade and other receivables**

	Consolidated	
	2018	2017
	\$	\$
Trade receivables	5,500	225,500
Less: Allowance for expected credit losses	(5,500)	(201,000)
	<u>-</u>	<u>24,500</u>
Receivables - joint operation	-	36,747
Less: Allowance for expected credit losses	-	(26,527)
	<u>-</u>	<u>10,220</u>
Other receivables	294	294
Receivable from WIN Properties	700	-
	<u>994</u>	<u>35,014</u>



**Note 7. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade payables	128,264	116,641
Other payables and accruals	330,632	243,014
Payables - joint operation	-	43,110
	<u>458,896</u>	<u>402,765</u>

**Note 8. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loan - chattel mortgage	44,953	44,742
Loans from Director related entities	-	139,500
Loan - Koriyakawakyu	394,208	384,254
Lease liability	8,506	7,843
	<u>447,667</u>	<u>576,339</u>

*Chattel Mortgage*

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

*Loan - Koriyakawakyu*

The loan is unsecured. Interest is charged at 6% per annum. As at the 30 June 2018, the loan was included in current liabilities on the basis that the loan was repayable at the discretion of the lender at any time from 31 January 2017. The consolidated entity has reached a conditional agreement with the lender that the lender will convert its debt to ordinary shares in the Company at the next general meeting of the Company.

*Lease liability*

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

**Note 9. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loan - chattel mortgage	174,655	193,243
Loan - Plus JPS Pte Limited	881,629	676,498
Loan from Director related entities	132,867	-
Loan from CFG	36,603	-
Lease liability	35,998	40,723
	<u>1,261,752</u>	<u>910,464</u>

*Chattel Mortgage*

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

*Loan - Plus JPS Pte Limited*

On 24 July 2017, the consolidated entity entered into a loan agreement with Plus JPS Pte Limited. Total available facilities are US\$500,000 which are fully drawn down as at 31 December 2018. The loan is repayable on 31 July 2020. The loan is unsecured. Interest is charged at 17% per annum and is payable every 6 months. The consolidated entity has reached a conditional agreement with the lender that the lender will convert its debt to ordinary shares in the Company at the next general meeting of the Company.

**Note 9. Non-current liabilities - borrowings (continued)**

*Loans from Director related entity*

The loans from Director related entities, are repayable upon 12 months notice by the lender, incur interest between 0% and 25% per annum (30 June 2018: 25% per annum) and are unsecured.

*Loan - CFG*

The loan from CFG is repayable upon 12 months notice by the lender, incurs no interest and is unsecured.

*Lease liability*

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

**Note 10. Equity - issued capital**

	Consolidated		
	2018 Shares	2017 Shares	2018 \$
			2017 \$
Ordinary shares - fully paid	10,807,266,550	10,807,266,550	30,378,956
			30,378,956

*Share buy-back*

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

**Note 11. Equity - dividends**

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

**Note 12. Fair value measurement**

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

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

**Note 13. Contingent liabilities**

There are no contingent liabilities as at 31 December 2018 and 30 June 2018.

**Note 14. Earnings per share**

	Consolidated	
	2018 \$	2017 \$
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	(388,746)	(543,381)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	10,807,266,550	10,807,266,550
Weighted average number of ordinary shares used in calculating diluted earnings per share	10,807,266,550	10,807,266,550
	Cents	Cents
Basic earnings per share	(0.0036)	(0.0050)
Diluted earnings per share	(0.0036)	(0.0050)

**Note 15. Events after the reporting period**

Other than the conditional agreement reached with the Company's two largest lenders as referred to in the 'Review of operations' section of the Directors' report, no other matter or circumstance has arisen since 31 December 2018 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, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

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

Charlie Nakamura  
Director

19 February 2019  
Sydney

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

**SYDNEY**

Level 40  
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Australia

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
A1 INVESTMENTS & RESOURCES LTD AND CONTROLLED ENTITIES**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of A1 Investments & Resources Ltd, which comprises the consolidated statement of financial position as at 31 December 2018, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

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

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of A1 Investments & Resources Ltd's financial position as at 31 December 2018 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of A1 Investments & Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

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

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

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
A1 INVESTMENTS & RESOURCES LTD AND CONTROLLED ENTITIES**

**Conclusion**

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

- (i) giving a true and fair view of A1 Investments & Resources Ltd's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the half-year financial report, which indicates that the Group incurred a net loss after tax of \$388,746 during the half-year ended 31 December 2018 and, as of that date, the Group's total liabilities exceeded its total assets by \$1,865,788. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
**Partner**

Dated: 19 February 2019