

A1 Investments & Resources Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity: A1 Investments & Resources Ltd
 ABN: 44 109 330 949
 Reporting period: For the half-year ended 31 December 2013
 Previous period: For the half-year ended 31 December 2012

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	145.5% to	398,894
Loss from ordinary activities after tax attributable to the owners of A1 Investments & Resources Ltd	down	23.9% to	(1,356,965)
Loss for the half-year attributable to the owners of A1 Investments & Resources Ltd	down	23.9% to	(1,356,965)

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 and non-controlling interest amounted to \$1,356,965 (31 December 2012: \$1,784,197).

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>(0.24)</u>	<u>0.48</u>

4. Control gained over entities

Name of entities (or group of entities) A1R Holdings Pte. Ltd (100% owned subsidiary incorporated in Singapore)
 HETEC Co. Ltd (99.6% owned subsidiary incorporated in Japan)

Date control gained Both entities were incorporated on 31 July 2013

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(164,588)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

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 \$
Litigation Lending Services Partnership No. 7	25.00%	25.00%	(10,290)	(48,961)
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(10,290)	(48,961)
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 independent auditors review report contains a statement of significant uncertainty in relation to going concern. A copy of the review report is attached as part of the Interim Report.

A1 Investments & Resources Ltd
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Half-year report

11. Attachments

Details of attachments (if any):

The Interim Report of A1 Investments & Resources Ltd for the half-year ended 31 December 2013 is attached.

12. Signed



Signed _____

Date: 28 February 2014

Charlie Nakamura
Director
Sydney

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A1 Investments & Resources Ltd

ABN 44 109 330 949

Interim Report - 31 December 2013

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A1 Investments & Resources Ltd**Directors' report****31 December 2013**

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 for the half-year ended 31 December 2013.

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
Dan Kao
Peter Kao (resigned on 20 November 2013)

Principal activities

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

The consolidated entity continues to hold and monitor its investments in the Australian Mining and Resources sector, and has redirected its investment focus to the healthcare sector in Australia, with the possibility of assisting its expansion into Japan.

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

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,356,965 (31 December 2012: \$1,784,197).

The directors believe that the consolidated entity is a going concern despite the following:

- Total comprehensive income attributable to A1 Investments & Resources Ltd for the half year ended 31 December 2013 was a loss of \$1,358,139;
- Net cash outflow for the half year was \$812,817; and
- The convertible note maturing on 30 September 2014 thus appearing in the accounts as a current liability.

The directors believe the consolidated entity is a going concern because:

- The holding company has secured a new project with a new investor which will provide immediate cash and a long term cash flow positive business;
- The acquisition is of a Singapore company called Marvel Seeds which has worldwide distribution rights for a new hybrid sorghum plant called Super Sorghum;
- The finalisation of the purchase is subject to numerous conditions including:
 - The secured noteholders changing their convertible securities to converting securities and approving the acquisition;
 - The shareholders of A1 Investments & Resources approving the acquisition;
 - Regulatory approval by the ASX and ASIC; and
- The new investor has agreed to fund the immediate working capital of A1 Investments & Resources Ltd and the transaction costs as part of the acquisition.

The consolidated entity's ability to continue as a going concern is contingent on the acquisition of Marvel on the above conditions. If the transaction does not eventuate there will be significant uncertainty as to the ability of the consolidated entity to continue as a going concern. It may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A1 Investments & Resources Ltd will continue to manage its other investments whilst building the Super Sorghum business in Australia and Asia. Marvel Seeds will continue to manage the business from Singapore in the short term.

Project activities

Hastings Rare Metals Limited

Hastings Rare Metals Limited ('Hastings') is a leading Australian rare earths company. Rare earths are critical in the manufacture of a wide variety of new customer and industrial technologies. These range from flat-screen TV's and energy efficient light bulbs to hybrid cars, wine turbines and military hardware.

In the past 6 months, Hastings has achieved a number of milestones:

- The completion of a Scoping Study on the Hastings heavy rare earth project;
- Exploration work indicating significant potential to add to the JORC resource through the southern extension and two new target zones;
- The signing of a Strategic Alliance with a rare earth element partner to provide for staged funding of the project with the aim of establishing commercial production;
- Work undertaken to reduce the estimated capital costs of the Hastings project to de-risk and maximize the value of the Hastings project;
- Strengthening the consolidated entity's technical and mining experience through the appointments Malcolm Mason (B.Sc (Hons) FAus IMM) and Vaz Hovanesian (B.Bus M. App Fin, ASPCA FCSA). Malcolm is a geologist with over 45 years' experience and significant experience in the field of rare earths. Vaz has over 20 years' experience in mining and exploration company management and as a director of ASX companies;
- Significant reduction in running costs of approximately \$1 million, including management and directors fees, with a focus on incentive driven remuneration, enabling the company to move its projects forward at lower cost; and
- Charles Lew was appointed as a director and Chairman of Hastings. Charles has more than 25 years of investments banking experience, including serving as Managing Director of ABN Amro's investment banking business in Singapore from 1997 to 2000.

As of 31 December 2013, A1 Investments holds 4.1% of the shares in Hastings.

PAFtec Pty Ltd

In the last 6 months, PAFtec Pty Ltd's ('PAFtec') activity and gains have been significant. A new Board and Management have been put in place and the business operations are in good shape with sufficient cash in the bank to reach its forecast of breakeven later this year and no outstanding long-term creditors.

Some of the significant changes around business operations are as follows:

- There has been a 300% increase in sales in Europe and 5 new distributor relationships, with record sales in November 2013 with a similar level of sales activity in January 2014;
- PAFtec was successful in being awarded a second Federal Government Commercialisation Australia Grant to fund the certification into the US Market;
- PAFtec exhibited at the A+A Safety and Health Trade Fair, the world's largest safety show in November 2013, and the Company is looking to open up its distribution in Germany, Switzerland, Belgium, Italy and Poland; and
- PAFtec's CleanSpace2 will begin trials in the US, preparing itself for NIOSH certification.

PAFtec continues to refine and improve its current CleanSpace2, offering more features and protection, allowing it to penetrate other markets such as EX (Intrinsically Safe) certification, opening up markets in oil & gas, petroleum and food production markets.

With the increased sales, PAFtec has launched its media and communication strategy, including deployment of an online training module for distributors and customers. This provides scalability to the sales support, training and roll out process where site access or sheer numbers make one-to-one impractical.

As of 31 December 2013, A1 Investments holds 8.1% of the shares in PAFtec.

A1 Investments & Resources Ltd
Directors' report
31 December 2013

Litigation Lending Services Partnership No.7

Litigation Lending Services Partnership No.7 ('Litigation Lending Services') is an Australian organisation providing individual tailored litigation funding solutions to a wide range of litigation requirements throughout Australia and New Zealand.

The partnership put most emphasis on the case against Bell Potter Securities Ltd, with an estimated completion in date of March 2015.

As of 31 December 2013, A1 Investments is a 25% partner of Litigation Lending Services.

Significant changes in the state of affairs

On 31 July 2013, A1 Investments & Resources Ltd ('A1') set up a 100% owned subsidiary company in Singapore and a 99.6% owned subsidiary company in Japan. The purpose of these newly formed entities is to distribute the CleanSpace2 into Japan as well as other industrial markets in Asia. A1 has been granted the distribution right of the PAFtec CleanSpace2 in Japan and the Asia region and product trials have already taken place in several large Japanese corporations. A1 believes that the market for such a device in Japan is significant, and therefore believes that by building up the distribution business in Japan, it would generate healthy cash profits for the consolidated entity.

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

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 the following page.

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

28 February 2014
Sydney



Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2013, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Dated at Sydney the 28th day of February 2014.

A handwritten signature in black ink that reads 'ESV'.

ESV

A handwritten signature in black ink that reads 'Tim Valtwies'.

Tim Valtwies
Partner

A1 Investments & Resources Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2013

	Note	Consolidated	
		31 Dec 2013	31 Dec 2012
		\$	\$
Revenue	4	398,894	162,485
Expenses			
Employee benefits expense		(217,319)	(92,459)
Depreciation expense		(8,792)	(14,286)
Consultancy and professional fees		(226,929)	(162,466)
Foreign exchange losses		(12,157)	(12,652)
Product samples		(13,994)	-
Share registry and listing expenses		(23,228)	(24,390)
Share of net losses of associated entity		(10,290)	(48,961)
Impairment of receivables		(750,000)	-
Net loss on disposal of investments		-	(6,176)
Net loss on financial assets through profit or loss		(134,472)	(1,298,086)
Other expenses		(190,922)	(115,992)
Finance costs		(168,340)	(171,214)
Loss before income tax expense		(1,357,549)	(1,784,197)
Income tax expense		-	-
Loss after income tax expense for the half-year		(1,357,549)	(1,784,197)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(1,184)	-
Other comprehensive income for the half-year, net of tax		(1,184)	-
Total comprehensive income for the half-year		<u>(1,358,733)</u>	<u>(1,784,197)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(584)	-
Owners of A1 Investments & Resources Ltd		(1,356,965)	(1,784,197)
		<u>(1,357,549)</u>	<u>(1,784,197)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(594)	-
Owners of A1 Investments & Resources Ltd		(1,358,139)	(1,784,197)
		<u>(1,358,733)</u>	<u>(1,784,197)</u>
		Cents	Cents
Basic earnings per share	11	(0.284)	(0.397)
Diluted earnings per share	11	(0.284)	(0.397)

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

A1 Investments & Resources Ltd
Statement of financial position
As at 31 December 2013

		Consolidated	
	Note	31 Dec 2013	30 Jun 2013
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		238,435	71,320
Trade and other receivables		51,363	48,024
Financial assets at fair value through profit or loss	5	414,389	1,299,445
Other		119,633	156,835
Total current assets		<u>823,820</u>	<u>1,575,624</u>
Non-current assets			
Receivables		-	750,000
Investments accounted for using the equity method		419,476	429,766
Available-for-sale financial assets		572,050	567,050
Property, plant and equipment		45,137	50,525
Total non-current assets		<u>1,036,663</u>	<u>1,797,341</u>
Total assets		<u>1,860,483</u>	<u>3,372,965</u>
Liabilities			
Current liabilities			
Trade and other payables	6	160,984	310,248
Borrowings	7	2,829,548	111,378
Total current liabilities		<u>2,990,532</u>	<u>421,626</u>
Non-current liabilities			
Convertible note payable		-	2,722,655
Total non-current liabilities		<u>-</u>	<u>2,722,655</u>
Total liabilities		<u>2,990,532</u>	<u>3,144,281</u>
Net assets/(liabilities)		<u>(1,130,049)</u>	<u>228,684</u>
Equity			
Issued capital		24,471,771	24,471,771
Reserves		1,102,046	1,103,220
Accumulated losses		(26,703,272)	(25,346,307)
Equity/(deficiency) attributable to the owners of A1 Investments & Resources Ltd		(1,129,455)	228,684
Non-controlling interest		(594)	-
Total equity/(deficiency)		<u>(1,130,049)</u>	<u>228,684</u>

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

A1 Investments & Resources Ltd
Statement of changes in equity
For the half-year ended 31 December 2013

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2012	24,358,971	1,953,773	(22,354,213)	-	3,958,531
Loss after income tax expense for the half-year	-	-	(1,784,197)	-	(1,784,197)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,784,197)	-	(1,784,197)
Balance at 31 December 2012	<u>24,358,971</u>	<u>1,953,773</u>	<u>(24,138,410)</u>	<u>-</u>	<u>2,174,334</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total deficiency \$
Balance at 1 July 2013	24,471,771	1,103,220	(25,346,307)	-	228,684
Loss after income tax expense for the half-year	-	-	(1,356,965)	(584)	(1,357,549)
Other comprehensive income for the half-year, net of tax	-	(1,174)	-	(10)	(1,184)
Total comprehensive income for the half-year	-	(1,174)	(1,356,965)	(594)	(1,358,733)
Balance at 31 December 2013	<u>24,471,771</u>	<u>1,102,046</u>	<u>(26,703,272)</u>	<u>(594)</u>	<u>(1,130,049)</u>

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

A1 Investments & Resources Ltd
Statement of cash flows
For the half-year ended 31 December 2013

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	155,005	162,485
Payments to suppliers and employees (inclusive of GST)	<u>(799,482)</u>	<u>(493,141)</u>
	(644,477)	(330,656)
Interest and other finance costs paid	<u>(168,340)</u>	<u>(171,214)</u>
Net cash used in operating activities	<u>(812,817)</u>	<u>(501,870)</u>
Cash flows from investing activities		
Payments for investments	(5,000)	(153,477)
Payments for property, plant and equipment	(3,404)	(425)
Payments for security deposits	(2,798)	-
Proceeds from sale of investments	<u>1,022,278</u>	<u>151,310</u>
Net cash from/(used in) investing activities	<u>1,011,076</u>	<u>(2,592)</u>
Cash flows from financing activities		
Repayment of borrowings	<u>(31,144)</u>	<u>(5,163)</u>
Net cash used in financing activities	<u>(31,144)</u>	<u>(5,163)</u>
Net increase/(decrease) in cash and cash equivalents	167,115	(509,625)
Cash and cash equivalents at the beginning of the financial half-year	<u>71,320</u>	<u>661,405</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>238,435</u></u>	<u><u>151,780</u></u>

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

Note 1. General information

The financial report covers A1 Investments & Resources Ltd as a consolidated entity consisting of A1 Investments & Resources Ltd and the entities it controlled. The financial report is presented in Australian dollars, which is A1 Investments & Resources Ltd's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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 report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 February 2014. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 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 2013 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.

Going concern

The directors believe that the consolidated entity is a going concern despite the following:

- Total comprehensive income attributable to A1 Investments & Resources Ltd for the half year ended 31 December 2013 was a loss of \$1,358,139;
- Net cash outflow for the half year was \$812,817; and
- The convertible note maturing on 30 September 2014 thus appearing in the accounts as a current liability.

The directors believe the consolidated entity is a going concern because:

- The holding company has secured a new project with a new investor which will provide immediate cash and a long term cash flow positive business;
- The acquisition is of a Singapore company called Marvel Seeds which has worldwide distribution rights for a new hybrid sorghum plant called Super Sorghum;
- The finalisation of the purchase is subject to numerous conditions including:
 - The secured noteholders changing their convertible securities to converting securities and approving the acquisition;
 - The shareholders of A1 Investments & Resources approving the acquisition;
 - Regulatory approval by the ASX and ASIC; and
- The new investor has agreed to fund the immediate working capital of A1 Investments & Resources Ltd and the transaction costs as part of the acquisition.

Note 2. Significant accounting policies (continued)

The consolidated entity's ability to continue as a going concern is contingent on the acquisition of Marvel on the above conditions. If the transaction does not eventuate there will be significant uncertainty as to the ability of the consolidated entity to continue as a going concern. It may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A1 Investments & Resources Ltd will continue to manage its other investments whilst building the Super Sorghum business in Australia and Asia. Marvel Seeds will continue to manage the business from Singapore in the short term.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity

The following Accounting Standards are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for the assets, liabilities, revenues and expenses in accordance with the standards applicable to the particular asset, liability, revenue or expense.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with interests in other entities: subsidiaries, joint arrangements (joint operations or joint ventures), associates and unconsolidated structured entities. It has significantly enhanced the disclosure requirements, when compared to the standards that have been replaced.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

Note 2. Significant accounting policies (continued)

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised)

AASB 128 Investments in Associates and Joint Ventures (Reissued)

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standard

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied AASB 2011-4 from 1 July 2013 and amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No. 1) now specify the KMP disclosure requirements to be included within the annual directors' report.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The consolidated entity has applied AASB 2012-5 from 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Comparatives

Comparatives in the statement of profit or loss and other comprehensive income have been reclassified, where necessary, to align with the current period presentation. There was no effect on profit or net assets.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one segment, being an investment company focusing on the mining and resources sector and healthcare sector in Australia. This is 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.

As a result of this, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

Note 4. Revenue

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$	\$
<i>Sales revenue</i>		
Sales	8,000	-
Share trading gains	134,472	159,229
Net gain on financial assets through profit or loss	137,222	-
	<u>279,694</u>	<u>159,229</u>
<i>Other revenue</i>		
Research fees	113,843	-
Dividends	50	50
Interest	1,956	376
Rent	2,273	2,727
Other revenue	1,078	103
	<u>119,200</u>	<u>3,256</u>
Revenue	<u><u>398,894</u></u>	<u><u>162,485</u></u>

Note 5. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2013	30 Jun 2013
	\$	\$
Shares in listed entities - designated at fair value through profit or loss	<u>414,389</u>	<u>1,299,445</u>

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2013	30 Jun 2013
	\$	\$
Trade payables and accruals	156,549	310,248
Payable to related parties	4,175	-
Other payables	260	-
	<u>160,984</u>	<u>310,248</u>

Note 7. Current liabilities - borrowings

	Consolidated	
	31 Dec 2013	30 Jun 2013
	\$	\$
Other loans - secured	29,498	33,528
Other loans - unsecured	77,395	77,850
Convertible notes payable	2,722,655	-
	<u>2,829,548</u>	<u>111,378</u>

Convertible notes

At a noteholder meeting held on 21 August 2012, the company received approval from noteholders to extend the maturity date of the convertible notes by two years to 30 September 2014. The holder has the right to convert at 30 September or 31 March each year. Conversion ratio is 1 / (90% x Volume-weighted average share price ('VWAP')). Convertible notes carry interest of 12% per annum, payable half yearly. No voting rights are attached to the convertible notes. As a result of this convertible notes are now classified as current.

Note 8. Equity - dividends

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

Note 9. Contingent liabilities

The consolidated entity has received a legal notice that legal proceedings from the Tokyo District Court have been taken out against the company's 100% owned subsidiary Jinji Resources Pty Ltd in relation to a breach of duty of care. The directors are seeking legal advice and will be defending the claim which is for the amount of \$816,000. No provision has been recognised in the financial statements in relation to this.

Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 11. Earnings per share

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$	\$
Loss after income tax	(1,357,549)	(1,784,197)
Non-controlling interest	584	-
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	<u>(1,356,965)</u>	<u>(1,784,197)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	478,029,040	449,762,373
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>478,029,040</u>	<u>449,762,373</u>
	Cents	Cents
Basic earnings per share	(0.284)	(0.397)
Diluted earnings per share	(0.284)	(0.397)

A1 Investments & Resources Ltd**Directors' declaration****31 December 2013**

In the directors' opinion:

- the attached financial statements and notes thereto 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 thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 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



Charlie Nakamura
Director

28 February 2014
Sydney



Independent Review Report to the members of A1 Investments & Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of A1 Investments & Resources Limited and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of profit & loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the half-year ended on that date, selected accompanying notes to the financial statements and the Director's declaration for the half-year ended on that date.

Directors' Responsibility for the Financial Report

The Directors of A1 Investments & Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 the 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 the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of A1 Investments & Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other 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*.



Independent Review Report to the members of A1 Investments & Resources Limited

Conclusion

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

- (a) giving a true and fair view of the financial position of the Group as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*,

Significant Uncertainty Regarding Going Concern

Without modifying our conclusion, we draw attention to Note 2 Going Concern in the financial report, which indicates:

- Total comprehensive income for the half year ended 31 December 2013 was a loss of \$1,358,733
- Net cash outflow from operating activities for the half year was \$812,817
- The convertible note maturing on 30 September 2014 thus appearing in the accounts as a current liability
- The acquisition of a Singapore based company Marvel and meeting the various conditions precedent in order to complete the acquisition

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Dated at Sydney the 28th day of February 2014

ESV

Tim Valtwies
Partner