

1. Company details

Name of entity:	A1 Investments & Resources Ltd
ABN:	44 109 330 949
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

				\$
Revenues from ordinary activities	up	61.8%	to	435,541
Loss from ordinary activities after tax attributable to the owners of A1 Investments & Resources Ltd	down	55.6%	to	(1,143,320)
Loss for the year attributable to the owners of A1 Investments & Resources Ltd	down	55.6%	to	(1,143,320)

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 \$1,143,320 (30 June 2019: \$2,575,682).

Refer to 'Review of operations' in the Directors' report for further commentary on the results of the consolidated entity for the year ended 30 June 2020.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.001	0.001

4. Control gained over entities

Name of entities (or group of entities)	Blue Ocean Japan Co., Limited
Date control gained	31 January 2020

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(62,005)
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
	%	%	\$	\$
Tidal Moon Australia Pty Ltd	49.00%	-	(49)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(49)	-
Income tax on operating activities			-	-

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued. The auditor's report contains a paragraph addressing material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The Annual Report of A1 Investments & Resources Ltd for the year ended 30 June 2020 is attached.

12. Signed

As authorised by the Board of Directors

Signed 

Date: 28 August 2020

Charlie Nakamura
Director
Sydney

A1 Investments & Resources Ltd and its controlled entities

ABN 44 109 330 949

Annual Report - 30 June 2020

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Directors	Charlie Nakamura Peter Ashcroft Takashi Araya Masahiro Ito
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: 11:00 AM on Thursday, 19 November 2020 Location: the offices of Hall Chadwick Chartered Accountants and Business Advisors Level 40, 2 Park Street Sydney NSW 2000
Registered office	Suite 606 / 37 Bligh Street Sydney NSW 2000 Australia Tel: +61 2 9114 6888 Fax: +61 2 9232 8883
Principal place of business	Suite 606 / 37 Bligh Street Sydney NSW 2000 Australia
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Tel: 1300 787 272 Fax: +61 3 9473 2500
Auditor	Hall Chadwick Chartered Accountants and Business Advisors Level 40 2 - 26 Park Street Sydney NSW 2000
Stock exchange listing	A1 Investments & Resources Ltd shares are listed on the Australian Securities Exchange (ASX code: AYI)
Website	www.a1investments.com.au
Corporate Governance Statement	<p>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 (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, was approved by the Board of Directors at the same time as the Annual Report and can be found on the Investor Relations page at www.a1investments.com.au</p>

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 2020.

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
Takashi Araya
Masahiro Ito

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.

In September 2019 the company entered an agreement with Tidal Moon Pty Limited ('TM') to commence a sea cucumber harvesting, processing, sales and exporting business of dried sea cucumber ('the Sea Cucumber Project'). The company acquired Blue Ocean Japan Co., Ltd ('BOJ') in January 2020 as part of the Sea Cucumber Project. BOJ will undertake the further processing of dried sea cucumber exported by the company from Australia and sourced from TM. BOJ will sell the further processed sea cucumber primarily in Japan and the People's Republic of China ('PRC'), whilst exploring sales in other Asian markets.

The consolidated entity will continue to focus on the food and farming sectors in Australia in the next financial year, and the sale of the processed sea cucumber in Japan and the PRC.

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 \$1,143,320 (30 June 2019: \$2,575,682).

Throughout the year to 30 June 2020 the consolidated entity remained focused on food production businesses and general investments and this will continue to be the focus of the consolidated entity for the future.

1. The consolidated entity to manage farming properties

The consolidated entity ceased managing Hirschbrooke in southern Queensland when the property settled in late December 2019. The company is continuing to seek a substitute property for leasing to continue the operational joint venture with the Qualipac group. The Coronavirus ('COVID-19') restrictions have effectively made the continuation of this goal very difficult over the past 5 months, and the company has put on hold a program to secure a further property, until the restrictions are lifted and the COVID-19 pandemic has become more manageable. In July 2020 the company has determined that attempting to manage a property in Queensland cannot be justified at this time. The consolidated entity intends to pursue further farming opportunities with Qualipac or other successful operators when the COVID-19 problem has become more manageable. The strategy will continue to focus on vegetable production as part of the consolidated entity's primary business focus, the production of food.

2. Joint Venture with Qualipac

The joint venture ceased operating in December 2019 with sale of Hirschbrooke and the leasing of any further properties has been placed on hold at this time.

The consolidated entity remains committed to the continuation of the A1 Qualipac joint venture in future years.

3. Sea Cucumber Business

The company entered an agreement with Tidal Moon Pty Limited ('TM') in September 2019 (see ASX release 30 September 2019) whereby the parties would collectively develop a new sea cucumber business based in Western Australia. TM has the rights to harvest sea cucumbers along 1200 km of Western Australian coastline from Shark Bay to Onslow.

TM and the company agreed to form a new company that will undertake the processing of the sea cucumbers from a new factory at Denham on the shores of Shark Bay in Western Australia. The company arranged the incorporation of Tidal Moon Australia Pty Limited ('TMA') which is owned 51% by TM and 49% by the company, although the company has rights of veto in respect to capital expenditure. The agreement between the three companies is that TM will sell 100% of the harvested sea cucumbers to TMA at cost plus 20%, and TMA will sell 80% of the processed sea cucumber to Blue Ocean Health an operating division of the company, at cost plus 20%.

The agreements are that the consolidated entity will control the costs of the project both in respect to TM and TMA. Both companies must provide the company with an open accounting book and must always drive their respective operating costs down.

The operations of both TM and TMA are designed to be as environmentally neutral as possible. The factory includes a new state of the art solar powered drying room.

The consolidated entity has only recently received its first delivery of dried product from TMA, which is several months behind our original plans. The impact of COVID-19 has meant delays in the construction of the factory, some boat fit out delays and more difficult employee management strategies as part of a COVID-19 management plan.

Final approvals to permit the export of the product to the company's primary customers in Asia are yet to be received, however final approvals are expected to be received during September 2020.

The consolidated entity reasonably expects to be exporting or having available for export up to 1 tonne of dried sea cucumber per month to Japan by December 2020. The offshore transport of the product remains a major unresolved issue for the company because of COVID-19. Cargo space, both air freight and sea freight remains a major problem to all Australian exporters.

The consolidated entity has acquired a subsidiary in Japan called Blue Ocean Japan which will acquire all of the exported sea cucumber from TMA, primarily for the manufacture of a health food supplement to be primarily marketed in Japan and the PRC.

As part of the program of TMA in Denham, the company is supporting a research and development program by TMA into the breeding of Australian sea cucumbers. The company has guaranteed the performance of TMA in respect to agreements with Curtin University in Western Australia to support the breeding and hatchery program.

4. The Food Business of the consolidated entity 2020 and beyond

The consolidated entity is continuing to examine opportunities as they may be presented. Set out below are the consolidated entity's primary business focus.

Additional to the existing food businesses the consolidated entity is examining and has committed to the following expanded food industry business in the next financial year. A significant amount of planning has taken place in the year to 30 June 2020. The consolidated entity's primary business focus includes:

- the management of Bundybunna in Western Australia, including expanding wheat production, commencing livestock production and seeking strategic alliances with other producers and marketers.
- the production of dried sea cucumber from other producers both within Australia, the Pacific or Asia to support the supplement business in Japan.

Refer to the 'Likely developments and expected results of operations' section in the Directors' report for details of the consolidated entity's primary business focus.

4. General Investments of the consolidated entity 2020 and beyond

The consolidated entity is continuing to examine general investment opportunities as they may be presented.

The consolidated entity is examining the potential to invest in Indonesia in a waste management project operated by the Aura Green Energy Group. Any direct investment will take place in the year to 30 June 2021. This is an investment only. All operating and management will be undertaken by non-associated independent contractors.

The company is examining providing management advice to a proposed limited partnership in Japan which would invest in renewable energy projects in Asia. Any management will take place in the year to 30 June 2021.

Significant changes in the state of affairs

The company raised, by way of placements, \$595,223 which was wholly converted to ordinary shares in the company at the company AGM in November 2019. \$100,100 of funds were received after the 90 day period from the 2019 AGM. The funds had been the subject of shareholder approval at the AGM but the shares could no longer be issued. The Board issued shares at \$0.00014 per share being the same amount as approved by the shareholders pursuant to the company's general placing capacity under the ASX Listing Rules. The company issued the shares on 16 March 2020. On 12 March 2020 the company entered into a secured loan facility agreement for \$2,000,000 for a term of 3 years.

The consolidated entity has throughout the financial year to 30 June 2020 provided funds to TM and TMA by way of payments for product in advance of its delivery. At 30 June 2020 this sum amounted to \$641,271. Deliveries of dried sea cucumber have now commenced, and the company anticipates the first export of the product to Japan in August 2020.

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

The impact of the COVID-19 pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity is continuing to examine opportunities as they may be presented.

The consolidated entity has determined that its primary focus will be food production businesses in Australia, including export food businesses. A1 will remain focused on the following industry sectors:

1. Wholesale Food businesses

- the supply of vegetables to Asia, primarily Singapore, Taiwan and Japan;
- the supply of vegetables, grains, meat and potentially wool to the Australian domestic market, and to Asia, with a focus on China (meat and wool), Japan, Singapore and Taiwan (meat and vegetables);
- the expansion of the A1 Qualipac joint venture to further producing properties, primarily in southern Queensland and southern Australia;
- the management of Bundybunna in Western Australia, including expanding wheat production, commencing livestock production and seeking strategic alliances with other producers and marketers;
- the supply of livestock for meat production;
- the harvesting, processing, sale and export of sea cucumbers;
- the breeding of sea cucumbers;
- undertaking and supporting research into sea cucumbers;
- undertaking aquaculture sea cucumber projects in Australia and Asia; and
- the production of sea cucumber supplements, its sale and marketing in Asia.

2. Food industry investment opportunities

- the consolidated entity is examining other food industry investment opportunities including the possibility of acquiring a substantial interest in an existing successful wholesale food business; and
- the acquisition and operation of sea cucumber production facilities and operations in Australia and/or Japan and other places in Asia.

3. Other investments

- The consolidated entity is examining the potential to invest in Indonesia in a waste management project operated by the Aura Green Energy Group. Any direct investment will take place in the year to 30 June 2021. This is an investment only. All operating and management will be undertaken by non-associated independent contractors.
- The consolidated entity is examining providing management advice to a proposed limited partnership in Japan which would invest in renewable energy projects in Asia. Any management will take place in the year to 30 June 2021.
- The consolidated entity is examining the potential to invest and/or manage part of the funding for a renewable energy project in Sri Lanka promoted by the Aura Green Energy Group. Any funds for this project will be raised in Japan.

Environmental regulation

The consolidated entity was not subject to any significant environmental regulation under Australian or State law in the year to 30 June 2020.

In respect to the year to 30 June 2021 the consolidated entity received confirmation that its operations at Bundybunna will be subject to strict environmental regulation for operations in the and around the Irwin River of which the upper reaches flow through the property. TMA is not part of the consolidated entity nor is it a related company. However, TMA is a major operating part of the Sea Cucumber Project in Western Australia and operates its food processing facility in accordance with strict environmental regulations. During the course of the year to 30 June 2021 the consolidated entity anticipates that TMA will build and commence operating a sea cucumber hatchery as part of the Sea Cucumber Project and such hatchery will be bound by strict environmental regulation particularly in that it will operate within the boundaries of the Shark Bay World Heritage Area.

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: 146,881,362 ordinary shares

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: 834,285,714 ordinary shares

Interests in rights: None

Name: Takashi Araya
Title: Non-Executive Director
Qualifications: Master degree Department of Chinese (Peking University China)
Experience and expertise: Takashi has over 25 years' experience in Human Resources ('HR') in the Asia Region. Being a HR professional in Singapore, Takashi is well-versed in the current trend of work pass and labour issues. Having numerous connections with various Japanese, MNC and local companies, he also serves as a member of a wage survey committee for the Japanese Chamber of Commerce & Industry Singapore (JCCI). Takashi is a managing director of FIND Pte Ltd in Singapore, a position he has held since 2017.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: None

Interests in options: None

Name:	Masahiro Ito
Title:	Non-Executive Director
Experience and expertise:	Masahiro brings a wealth of trading and experience to the Board of the company. Masahiro has been the managing director of a substantial private trading company, A Product Co. Ltd in Tokyo, which operates divisions centred on importing, wholesaling and retail. His association with Australia commenced in 1997 when he was the marketing manager in Australia of Bentine Pty Limited and thereafter he was marketing manager of Tourism Queensland from 1987 to 1997.
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

'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 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Charlie Nakamura	13	13
Peter Ashcroft	13	13
Takashi Araya	12	13
Masahiro Ito	13	13

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
- 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
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may seek the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market (see 'use of remuneration consultants' section below). The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 25 November 2011, where the shareholders approved an aggregate remuneration of \$90,867.

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

Long-term incentives ('LTI') include long service leave and share-based payments. The shareholders approved a performance rights plan at the 2015 AGM. Performance rights are awarded to executives over a period of up to three years based on long-term incentive measures, as well as continued employment. Long-term incentive measures include financial performance of the consolidated entity, increases in shareholder value relative to the entire market and an increase in shareholder value relative to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. Incentive payments are dependent on defined earnings before interest, tax, depreciation and amortisation ('EBITDA') targets being met.

Use of remuneration consultants

During the financial year ended 30 June 2020, 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 2019 Annual General Meeting ('AGM')

At the last AGM 100% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2019. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in this section.

The key management personnel of the consolidated entity consisted of the following directors of A1 Investments & Resources Ltd:

- Charlie Nakamura - Managing Director and Chief Executive Officer
- Peter Ashcroft - Executive Chairperson
- Takashi Araya - Non-Executive Director
- Masahiro Ito - Non-Executive Director

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Non-monetary	Super-annuation	Employee leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$
2020						
<i>Non-Executive Directors:</i>						
Takashi Araya	-	-	-	-	-	-
Masahiro Ito	15,000	-	-	-	-	15,000
<i>Executive Directors:</i>						
Charlie Nakamura	150,000	-	14,250	30,178	-	194,428
Peter Ashcroft	100,000	-	9,500	10,000	-	119,500
	<u>265,000</u>	<u>-</u>	<u>23,750</u>	<u>40,178</u>	<u>-</u>	<u>328,928</u>

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Other*	Non-monetary	Super-annuation	Employee leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2019							
<i>Non-Executive Directors:</i>							
Takashi Araya	-	-	-	-	-	-	-
Masahiro Ito	-	-	-	-	-	-	-
<i>Executive Directors:</i>							
Charlie Nakamura	-	150,000	-	14,250	-	-	164,250
Peter Ashcroft	30,000	70,000	-	9,500	-	-	109,500
	30,000	220,000	-	23,750	-	-	273,750

* this represent accrued remuneration which was not yet paid at 30 June 2019.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<i>Non-Executive Directors:</i>						
Takashi Araya	-	-	-	-	-	-
Masahiro Ito	100%	-	-	-	-	-
<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: 2 months' notice required to terminate. Entitled to 6 months gross salary.

Name: Peter Ashcroft
Title: Executive Chairperson
Agreement commenced: 6 July 2018
Term of agreement: 3 years
Details: 2 months' notice required to terminate. Entitled to 6 months gross salary.

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

On 6 July 2018, the company resolved to extend the contracts of Charlie Nakamura and Peter Ashcroft for a further 3 years to 5 July 2021. The company further resolved the salary of Charlie would be \$150,000 per annum and that of Peter would be \$100,000 per annum, whilst noting that neither had received their full salary entitlement in the year to 30 June 2019. The company further resolved to review the salaries for the year beginning 1 July 2020, subject to the consolidated entity having funds to pay any increased review amount.

The consolidated entity has accrued the unpaid salaries of Charlie Nakamura and Peter Ashcroft in the year to 30 June 2019. During the year ended 30 June 2021, it is expected that both directors will receive ordinary shares in the company in lieu of unpaid salaries.

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 2020.

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 2020. 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 2020.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date*
12/11/2015	30/09/2019	30/09/2019	\$0.000

* The vesting condition required a certain performance by the consolidated entity to 30 June 2019 which has not been achieved and the rights were forfeited in the ordinary course on 30 September 2019.

Performance rights granted carry no dividend or voting rights.

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	146,881,362	-	-	-	146,881,362
Peter Ashcroft	120,000,000	-	714,285,714	-	834,285,714
	266,881,362	-	714,285,714	-	981,167,076

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*	100,000,000	-	-	(100,000,000)	-
Peter Ashcroft*	100,000,000	-	-	(100,000,000)	-
	200,000,000	-	-	(200,000,000)	-

* The vesting condition required a certain performance by the consolidated entity to 30 June 2019 which has not been achieved and the rights were forfeited on 30 September 2019.

Other transactions with key management personnel and their related parties

During the year ended 30 June 2019, the consolidated entity obtained a loan of \$179,067 from Director related entities, comprising of \$174,067 from Charlie Nakamura and his director related entities and \$5,000 from Peter Ashcroft and his director related entities. The loan from Charlie Nakamura and his director related entities was payable within 12 months, incurs interest at between zero and 25% per annum and is unsecured. The loan incurred interest of \$10,260 (2019: \$24,328) during the year ended 30 June 2020. The loan was repaid during the year ended 30 June 2020 and there are no outstanding amounts at 30 June 2020. The loan from Peter Ashcroft has no interest and is repayable on demand. Subject to shareholder approval Mr Ashcroft has agreed to convert this loan to ordinary shares at the 2019 AGM of the company. As at 30 June 2020, the loan balance is \$5,000 (2019: \$5,000).

During the year ended 30 June 2020, the consolidated entity generated revenue of \$220,000 (2019: \$200,000) from a Director related entity, in respect of management fees. An amount of \$nil, inclusive of GST, was outstanding at 30 June 2020 (2019: \$421,000).

During the year 30 June 2020, the consolidated entity incurred remuneration expenses totalling \$nil (2019: \$35,000) from a close family member of a key management personnel for services rendered.

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 2020 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 2020 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Hall Chadwick Chartered Accountants and Business Advisors

There are no officers of the company who are former partners of Hall Chadwick Chartered Accountants and Business Advisors.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Hall Chadwick Chartered Accountants and Business Advisors continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Charlie Nakamura
Director

28 August 2020
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**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

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

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 2020, 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



DREW TOWNSEND
Partner
Dated: 28 August 2020

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Accounting Firms

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A1 Investments & Resources Ltd and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020



		Consolidated	
	Note	2020	2019
		\$	\$
Revenue	5	428,540	268,799
Share of losses of associates accounted for using the equity method		(49)	-
Other income	6	97,632	233,457
Interest revenue calculated using the effective interest method		7,001	313
Expenses			
Raw materials and consumables used		(36,242)	(7,333)
Subcontracting expense		(127,734)	(27,643)
Acquisition costs in relation to supply agreement	20	(140,000)	-
Employee benefits expense	7	(314,746)	(312,075)
Occupancy expenses		(5,921)	(60,861)
Depreciation expense	7	(47,793)	(36,638)
Impairment of goodwill	30	(15,254)	-
Consultancy and professional fees		(286,525)	(359,030)
Net foreign exchange losses		-	(34,574)
Travel expenses		(94,977)	(60,988)
Share registry and listing expenses		(61,559)	(63,229)
Write off of receivables		(66,000)	-
Impairment of inventories		(57,663)	-
Impairment of deposits	14	(260,000)	-
Other expenses		(103,768)	(72,831)
Loss on conversion of loans to equity	7	-	(1,913,753)
Finance costs	7	(58,262)	(129,296)
Loss before income tax expense		(1,143,320)	(2,575,682)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of A1 Investments & Resources Ltd		(1,143,320)	(2,575,682)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(2,450)	-
Other comprehensive income for the year, net of tax		(2,450)	-
Total comprehensive income for the year attributable to the owners of A1 Investments & Resources Ltd		(1,145,770)	(2,575,682)
		Cents	Cents
Basic earnings per share	37	(0.004)	(0.021)
Diluted earnings per share	37	(0.004)	(0.021)

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 2020



	Note	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	9	2,234,632	472,866
Trade and other receivables	10	31,158	422,230
Inventories		2,583	-
Other current assets	11	543,009	14,000
Total current assets		2,811,382	909,096
Non-current assets			
Property, plant and equipment	12	24,484	226,348
Right-of-use assets	13	73,817	-
Other non-current assets	14	161,271	260,000
Total non-current assets		259,572	486,348
Total assets		3,070,954	1,395,444
Liabilities			
Current liabilities			
Trade and other payables	15	153,860	80,932
Borrowings	16	5,000	226,047
Lease liabilities		36,778	-
Other current liabilities	17	80,000	264,690
Total current liabilities		275,638	571,669
Non-current liabilities			
Payables	18	370,475	370,475
Borrowings	19	2,027,915	146,263
Lease liabilities		39,469	-
Employee benefits		40,177	-
Total non-current liabilities		2,478,036	516,738
Total liabilities		2,753,674	1,088,407
Net assets		317,280	307,037
Equity			
Issued capital	20	35,894,730	34,738,717
Reserves	21	817,252	819,702
Accumulated losses		(36,394,702)	(35,251,382)
Total equity		317,280	307,037

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 2020



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	30,378,956	819,702	(32,675,700)	(1,477,042)
Loss after income tax expense for the year	-	-	(2,575,682)	(2,575,682)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,575,682)	(2,575,682)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 20)	4,359,761	-	-	4,359,761
Balance at 30 June 2019	<u>34,738,717</u>	<u>819,702</u>	<u>(35,251,382)</u>	<u>307,037</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	34,738,717	819,702	(35,251,382)	307,037
Loss after income tax expense for the year	-	-	(1,143,320)	(1,143,320)
Other comprehensive income for the year, net of tax	-	(2,450)	-	(2,450)
Total comprehensive income for the year	-	(2,450)	(1,143,320)	(1,145,770)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 20)	1,156,013	-	-	1,156,013
Balance at 30 June 2020	<u>35,894,730</u>	<u>817,252</u>	<u>(36,394,702)</u>	<u>317,280</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 2020



		Consolidated	
	Note	2020	2019
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		812,269	63,091
Payments to suppliers and employees (inclusive of GST)		(1,512,077)	(645,758)
		(699,808)	(582,667)
Interest received		7,001	313
Government grant		38,975	-
Interest and other finance costs paid		(58,262)	(20,664)
Net cash used in operating activities	34	(712,094)	(603,018)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	30	18,305	-
Payments for investments in associate		(49)	-
Payment of deposit		-	(260,000)
Payments for property, plant and equipment		(26,448)	(178)
Proceeds from disposal of investment in associate		-	10
Proceeds from disposal of property, plant and equipment		180,001	49,109
Net cash from/(used in) investing activities		171,809	(211,059)
Cash flows from financing activities			
Proceeds from issue of shares	20	695,323	918,172
Proceeds received for shares yet to be issued		-	264,690
Proceeds from borrowings		2,000,000	146,019
Repayment of borrowings		(367,310)	(44,742)
Repayment of lease liabilities		(25,962)	(48,566)
Net cash from financing activities		2,302,051	1,235,573
Net increase in cash and cash equivalents		1,761,766	421,496
Cash and cash equivalents at the beginning of the financial year		472,866	51,370
Cash and cash equivalents at the end of the financial year	9	<u>2,234,632</u>	<u>472,866</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 year. The financial statements are presented in Australian dollars, which is A1 Investments & Resources Ltd's functional and presentation currency.

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

Suite 606 / 37 Bligh Street
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2020. 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.

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

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

Interpretation 23 Uncertainty over Income Tax

The consolidated entity has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exist. The interpretation requires: the consolidated entity to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the consolidated entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the consolidated entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2019.

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 'Leases' has been applied retrospectively, with the cumulative effect of initially applying the standard recognised as a restatement to the opening balance of accumulated losses at 1 July 2019.

The effect on accumulated losses at 1 July 2019 was nil. On the 1 July 2019, the consolidated entity had entered into one lease agreement which had a remaining term of less than 12 months as at 30 June 2019.

Note 2. Significant accounting policies (continued)

In applying AASB 16 for the first time, the consolidated entity applied the practical expedient in relation to leases that have a remaining lease term of less than 12 months as at 1 July 2019. As such, no right-of-use asset and no corresponding lease liability was recognised at 1 July 2019. Instead, the leases have been accounted for in the same way as short term leases and all rental payments have been expensed.

Subsequent to 1 July 2019, the consolidated entity entered into a new lease in the reporting period which has been accounted for under AASB 16.

Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The consolidated entity has positive working capital as at 30 June 2020 where current assets exceed current liabilities by \$2,535,744 (2019: 337,427). The consolidated entity made a loss after tax of \$1,143,320 (2019: \$2,575,682) during the financial year and generated net operating cash outflows of \$712,094 (2019: \$603,018). The cash balance as at 30 June 2020 was \$2,234,632 (30 June 2019: \$472,866).

The directors recognise the on-going cash requirements of the consolidated entity including the need to further fund the Sea Cucumber Project in Western Australia and Japan. The directors will use the funding from WIN Properties to fund the cash short fall of the consolidated entity for the next 12 months. The directors reasonably anticipate that the consolidated entity will have sufficient cash flow to meet all the obligations in the WIN Properties loan including either its full repayment on maturity, its roll over either partially or wholly, or the refinance of the loan, again either partially or wholly, including by another lender or by raising equity on or about the maturity date.

The financial statements have therefore 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.

Basis of preparation

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

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

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 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 2020 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.

Note 2. Significant accounting policies (continued)

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 entity'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.

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.

Note 2. Significant accounting policies (continued)

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

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.

Note 2. Significant accounting policies (continued)

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

Inventories

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.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

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.

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.

Property, plant and equipment

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

Note 2. Significant accounting policies (continued)

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.

Goodwill

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

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

Impairment of non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 2. Significant accounting policies (continued)

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.

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 using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on 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.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

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.

Note 2. Significant accounting policies (continued)

Business combinations

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

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of A1 Investments & Resources Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

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

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

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

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 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 2. Significant accounting policies (continued)

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

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 lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Joint arrangements

The consolidated entity holds a 50% interest in the A1 Qualipac Agriculture joint venture. The partnership agreements require unanimous consent from all parties for all relevant activities. The two partners own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the consolidated entity recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 2.

Note 4. Operating segments

Identification of reportable operating segments

During the years ended 30 June 2020 and 30 June 2019, the consolidated entity was 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 at least a monthly basis.

Types of products and services

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

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

Major customers

During the year ended 30 June 2020 1 customer (2019: 1 customer) contributed more than 10% to the external revenue of the consolidated entity. These customer contributed 51% (2019: 1 customers contributed 74%) of the consolidated entity's external revenue.

Note 4. Operating segments (continued)

Operating segment information

	General investment \$	Food \$	Total \$
Consolidated - 2020			
Revenue			
Sales to external customers	220,000	208,540	428,540
Interest	7,001	-	7,001
Total revenue	<u>227,001</u>	<u>208,540</u>	<u>435,541</u>
EBITDA	(751,190)	(277,822)	(1,029,012)
Depreciation and amortisation	(36,894)	(10,899)	(47,793)
Impairment of goodwill	-	(15,254)	(15,254)
Interest revenue	7,001	-	7,001
Finance costs	(45,897)	(12,365)	(58,262)
Loss before income tax expense	<u>(826,980)</u>	<u>(316,340)</u>	<u>(1,143,320)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,143,320)</u>
Assets			
Segment assets	3,573,590	86,517	3,660,107
Intersegment eliminations			(589,153)
Total assets			<u>3,070,954</u>
Liabilities			
Segment liabilities	2,660,141	682,686	3,342,827
Intersegment eliminations			(589,153)
Total liabilities			<u>2,753,674</u>
Consolidated - 2019			
Revenue			
Sales to external customers	244,091	24,708	268,799
Interest	313	-	313
Total revenue	<u>244,404</u>	<u>24,708</u>	<u>269,112</u>
EBITDA*	(2,339,466)	(70,595)	(2,410,061)
Depreciation and amortisation	(12,891)	(23,747)	(36,638)
Interest revenue	313	-	313
Finance costs	(123,975)	(5,321)	(129,296)
Loss before income tax expense	<u>(2,476,019)</u>	<u>(99,663)</u>	<u>(2,575,682)</u>
Income tax expense			-
Loss after income tax expense			<u>(2,575,682)</u>
Assets			
Segment assets	1,676,995	237,283	1,914,278
Intersegment eliminations			(518,834)
Total assets			<u>1,395,444</u>
Liabilities			
Segment liabilities	898,818	708,423	1,607,241
Intersegment eliminations			(518,834)
Total liabilities			<u>1,088,407</u>

Note 4. Operating segments (continued)

* EBITDA for General investment operating segment includes a loss on conversion of loans to equity of \$1,913,753.

Note 5. Revenue

	Consolidated	
	2020	2019
	\$	\$
Sales of goods - fresh produce and seafood	208,540	24,708
Consulting fees	-	44,091
Management fees	220,000	200,000
Revenue	<u>428,540</u>	<u>268,799</u>

Disaggregation of revenue

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

	Consolidated	
	2020	2019
	\$	\$
<i>Geographical regions</i>		
Australia	406,978	268,799
Japan	21,562	-
	<u>428,540</u>	<u>268,799</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	208,540	68,799
Services transferred over time	220,000	200,000
	<u>428,540</u>	<u>268,799</u>

All revenue from contracts with customers is generated from three major product lines, being sales of fresh produce and research, management services and consulting income as presented above.

Note 6. Other income

	Consolidated	
	2020	2019
	\$	\$
Net foreign exchange gain	14,549	-
Net gain on disposal of interest in associate	-	10
Government grants	65,267	-
Net gain on reversal of allowance for expected credit losses	-	227,527
Other income	17,816	5,920
	<u>97,632</u>	<u>233,457</u>
Other income	<u>97,632</u>	<u>233,457</u>

Government grants comprise of the following:

- During the year the consolidated entity received payments from the Australian Government amounting to \$45,338 as part of its 'Boosting Cash Flow for Employers' scheme in response to the COVID-19 pandemic. These non-tax amounts have been recognised as government grants and recognised as other income once there is reasonable assurance that the consolidated entity will comply with any conditions attached.
- During the COVID-19 pandemic, the consolidated entity has received JobKeeper support payments from the Australian Government amounting to \$19,929 which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense. The JobKeeper payment scheme in its current form runs for the fortnights from 30 March until 27 September 2020. The consolidated entity is eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

Note 7. Expenses

	Consolidated	
	2020	2019
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	19,401	32,068
Motor vehicles	-	4,570
Buildings right-of-use assets	28,392	-
Total depreciation	<u>47,793</u>	<u>36,638</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	53,730	129,296
Interest and finance charges paid/payable on lease liabilities	4,532	-
Finance costs expensed	<u>58,262</u>	<u>129,296</u>
Loss on conversion of loans to equity	<u>-</u>	<u>1,913,753</u>
<i>Leases</i>		
Minimum lease payments (AASB 117)	<u>-</u>	<u>35,561</u>
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	23,750	27,075
Employee benefits expense	<u>290,996</u>	<u>285,000</u>
Total employee benefits expense	<u>314,746</u>	<u>312,075</u>

Note 8. Income tax expense

	Consolidated	
	2020	2019
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,143,320)	(2,575,682)
Tax at the statutory tax rate of 27.5%	(314,413)	(708,313)
Current year tax losses not recognised	314,413	708,313
Income tax expense	-	-

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 9. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	\$	\$
Cash and cash equivalents	227,728	472,866
Cash on deposit	2,006,904	-
	<u>2,234,632</u>	<u>472,866</u>

Note 10. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	\$	\$
Trade receivables	-	421,000
Receivables - joint operation	-	936
Other receivable	31,158	294
	<u>31,158</u>	<u>422,230</u>

Allowance for expected credit losses

The consolidated entity has recognised a net expense of \$nil (2019: net gain of \$227,527) in profit or loss in respect of allowance for expected credit losses for the year ended 30 June 2020.

The consolidated entity has recognised an expense of \$66,000 (2019: \$nil) in profit or loss in respect of receivables written off during the year ended 30 June 2020.

Note 10. Current assets - trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2020	2019	2020	2019	2020	2019
Consolidated	%	%	\$	\$	\$	\$
Not overdue	-	-	-	220,936	-	-
0 to 3 months overdue	-	-	-	-	-	-
3 to 6 months overdue	-	-	-	-	-	-
Over 6 months overdue	-	-	-	201,000	-	-
			-	421,936	-	-

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2020	2019
	\$	\$
Opening balance	-	227,527
Additional provisions recognised	66,000	-
Receivables written off during the year as uncollectable	(66,000)	-
Unused amounts reversed	-	(227,527)
Closing balance	-	-

Note 11. Current assets - other current assets

	Consolidated	
	2020	2019
	\$	\$
Prepayments	480,000	-
Deposits	63,009	14,000
	543,009	14,000

Prepayments

The consolidated entity made payments to Tidal Moon Australia Pty Limited ('TMA') by way of advance payments for dried sea cucumbers for the sum of \$641,271.

The full amount of the prepayment will not be recovered from deliveries of dried sea cucumber to the consolidated entity in the year to 30 June 2021 (See the Directors' 'Report Review of Operations', Item 3 Sea Cucumber Business). The consolidated entity is of the reasonable opinion that TMA will deliver 12 tonnes of product in the period ending 30 June 2021 at a cost to the consolidated entity of not more than \$480,000, leaving a balance of \$161,271 to be recovered in the year ending 30 June 2022 which is included in note 14.

Throughout the year to 30 June 2021 the consolidated entity will be encouraging TMA to deliver in excess of 12 tonnes of product. Subject to the difficulties caused by COVID-19 the company is of the opinion that TMA will have the capacity to exceed deliveries of 12 tonnes to 30 June 2021.

The consolidated entity is of the opinion the full amount of the non current prepayment will be fully recovered on or before 30 June 2022.

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2020	2019
	\$	\$
Plant and equipment - at cost	51,991	286,205
Less: Accumulated depreciation	(27,507)	(59,857)
	<u>24,484</u>	<u>226,348</u>

Reconciliations

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

Consolidated	Plant and equipment	Motor vehicles	Total
	\$	\$	\$
Balance at 1 July 2018	258,238	53,904	312,142
Additions	178	-	178
Disposals	-	(49,334)	(49,334)
Depreciation expense	(32,068)	(4,570)	(36,638)
Balance at 30 June 2019	226,348	-	226,348
Additions	26,448	-	26,448
Disposals	(208,911)	-	(208,911)
Depreciation expense	(19,401)	-	(19,401)
Balance at 30 June 2020	<u>24,484</u>	<u>-</u>	<u>24,484</u>

Note 13. Non-current assets - right-of-use assets

	Consolidated	
	2020	2019
	\$	\$
Land and buildings - right-of-use	102,209	-
Less: Accumulated depreciation	(28,392)	-
	<u>73,817</u>	<u>-</u>

The consolidated entity leases land and buildings for its offices under agreements 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.

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 2018	-
Balance at 30 June 2019	-
Additions	102,209
Depreciation expense	(28,392)
Balance at 30 June 2020	<u>73,817</u>

Note 14. Non-current assets - other non-current assets

	Consolidated	
	2020	2019
	\$	\$
Prepayments	161,271	-
Deposits	260,000	260,000
Less: Provision for impairment	(260,000)	-
	<u>161,271</u>	<u>260,000</u>

Prepayments

Refer to note 11 for further details.

Deposits

Deposits represent deposits for the purchase of Resi Property Holdings ('Resi'). Resi holds the right to enter into a 10 year property lease with a 10 year option for a property known as Bundybunna, subject to Bunnybunna Aboriginal Corporation (in liquidation) ('BbAC') having its liquidation terminated.

The consolidated entity undertook a review of the process to terminate the winding up of BbAC. The consolidated entity has determined that it is appropriate to fully provide for the payment made on behalf of Resi as at 30 June 2020 as no final date for the termination has been determined. COVID-19 has delayed all court proceedings in Western Australia and no final date has yet been received for final submissions. All material matters have been attended to provide for the termination of the winding up and the company expects the winding up to be terminated before 31 December 2020.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	\$	\$
Trade payables	71,742	53,209
Other payables and accruals	82,118	27,723
	<u>153,860</u>	<u>80,932</u>

Refer to note 23 for further information on financial instruments.

Note 16. Current liabilities - borrowings

	Consolidated	
	2020	2019
	\$	\$
Loan from Director related entities	5,000	179,067
Loan - Chattel Mortgage	-	46,980
	<u>5,000</u>	<u>226,047</u>

Refer to note 23 for further information on financial instruments.

Loans from Director related entity

The loans from Director related entities are payable within 12 months, incur interest of 0% per annum (30 June 2019: 0% - 25% per annum) and are unsecured.

Chattel Mortgage

During the financial year ended 30 June 2020, the loan was repaid in full. As at 30 June 2019, the loan was secured over the mortgaged assets and interest was charged at 4.89% per annum.

Note 17. Current liabilities - other current liabilities

	Consolidated	
	2020	2019
	\$	\$
Subscriptions received in advance	80,000	264,690

Subscriptions received in advance represents funds received for ordinary shares which were not issued at 30 June 2020

Note 18. Non-current liabilities - payables

	Consolidated	
	2020	2019
	\$	\$
Accrued expenses	370,475	370,475

Note 19. Non-current liabilities - borrowings

	Consolidated	
	2020	2019
	\$	\$
Loan from WIN Properties Australia Pty Limited	2,000,000	-
Loan - other	27,915	-
Loan - Chattel Mortgage	-	146,263
	<u>2,027,915</u>	<u>146,263</u>

Refer to note 23 for further information on financial instruments.

Loan from WIN Properties Australia Pty Limited

The loan from WIN Properties Australia Pty Limited, incurs 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 is secured over all the asset of the consolidated entity which are located in Australia. The loan is repayable on 11 March 2023.

Loan - other

The loan is unsecured and incurs interest of 2% per annum.

Chattel Mortgage

During the financial year ended 30 June 2020, the loan was repaid in full. As at 30 June 2019, the loan was secured over the mortgaged assets and interest was charged at 4.89% per annum.

Total secured liabilities

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

	Consolidated	
	2020	2019
	\$	\$
Loan from WIN Properties Australia Pty Limited	2,000,000	-
Loan - Chattel Mortgage	-	193,243
	<u>2,000,000</u>	<u>193,243</u>

Assets pledged as security

The loan from WIN Properties Australia Pty Limited is secured over all the assets of the consolidated entity which are located in Australia.

Note 19. Non-current liabilities - borrowings (continued)

During the year ended 30 June 2019, the chattel mortgage was secured over the mortgaged assets (farm equipment) with a carrying value of \$219,809.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2020	2019
	\$	\$
Total facilities		
Chattel mortgage	-	193,243
Used at the reporting date		
Chattel mortgage	-	193,243
Unused at the reporting date		
Chattel mortgage	-	-

Note 20. Equity - issued capital

	Consolidated			
	2020	2019	2020	2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	30,612,464,161	22,355,228,735	35,894,730	34,738,717

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	10,807,266,550		30,378,956
Issue of shares	12 April 2019	3,754,458,425	\$0.0001	525,624
Issue of shares	12 April 2019	3,189,589,475	\$0.0010	3,189,589
Issue of shares	12 June 2019	4,603,914,285	\$0.0001	644,548
Balance	30 June 2019	22,355,228,735		34,738,717
Issue of shares	4 July 2019	1,660,371,429	\$0.0001	232,452
Acquisition of subsidiary	31 January 2020	400,000,000	\$0.0001	56,000
Issue of shares	17 February 2020	4,481,863,997	\$0.0001	627,461
Issue of shares	17 February 2020	1,000,000,000	\$0.0001	140,000
Issue of shares	16 March 2020	715,000,000	\$0.0001	100,100
Balance	30 June 2020	30,612,464,161		35,894,730

Ordinary shares

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

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

Funds totalling \$264,690 for ordinary shares issued during the year ended 30 June 2020 were received during the year ended 30 June 2019. As at 30 June 2019, these funds were included in other current liabilities (refer to note 17) and comprise of:

- \$232,452 was received during the year ended 30 June 2019 for shares issued on 4 July 2019; and
- \$32,238 was received during the year ended 30 June 2019 for shares issued on 17 February 2020 which was part of the \$627,461 issuance.

Note 20. Equity - issued capital (continued)

Included in the ordinary shares is \$56,000 of ordinary shares which were issued for the acquisition of Blue Ocean Japan Co, Limited. Refer to note 30 for details.

Included in ordinary shares issued on 17 February 2020 is \$140,000 of ordinary shares issued in lieu of the consolidated entity entering into a supply agreement with Tidal Moon Pty Limited. This amount was expensed in the statement of profit or loss and other comprehensive income during the financial year ended 30 June 2020 (1,000,000,000 ordinary shares at \$0.00014).

Included in ordinary shares issued on 12 June 2019, is \$252,000 of ordinary shares issued in exchange for consultancy services received by the consolidated entity during the financial year ended 30 June 2019 (1,800,000,000 ordinary shares at \$0.00014).

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 2019 Annual Report.

Note 21. Equity - reserves

	Consolidated 2020 \$	2019 \$
Foreign currency reserve	(2,450)	-
Other reserves	819,702	819,702
	<u>817,252</u>	<u>819,702</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.

Other reserves

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

Consolidated	Foreign currency translation \$	Other \$	Total \$
Balance at 1 July 2018	-	819,702	819,702
Balance at 30 June 2019	-	819,702	819,702
Foreign currency translation	(2,450)	-	(2,450)
Balance at 30 June 2020	<u>(2,450)</u>	<u>819,702</u>	<u>817,252</u>

Note 22. Equity - 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 2020 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:

	Assets		Liabilities	
	2020 \$	2019 \$	2020 \$	2019 \$
Consolidated				
US dollars	6,938	6,728	-	-
Japanese yen	84,018	229,384	-	-
	<u>90,956</u>	<u>236,112</u>	<u>-</u>	<u>-</u>

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

Consolidated - 2020	% change	AUD strengthened Effect on profit before tax	Effect on equity	% change	AUD weakened Effect on profit before tax	Effect on equity
US dollar	5%	(330)	-	5%	365	-
Japanese Yen	5%	(4,000)	-	5%	4,422	-
		<u>(4,330)</u>	<u>-</u>		<u>4,787</u>	<u>-</u>
Consolidated - 2019	% change	AUD strengthened Effect on profit before tax	Effect on equity	% change	AUD weakened Effect on profit before tax	Effect on equity
US dollar	5%	(320)	-	5%	354	-
Japanese Yen	5%	(10,923)	-	5%	12,073	-
		<u>(11,243)</u>	<u>-</u>		<u>12,427</u>	<u>-</u>

Price risk

As at 30 June 2020 the consolidated entity is not exposed to any significant price risk.

Note 23. Financial instruments (continued)

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, the consolidated entity's borrowings are issued at fixed interest rates therefore the consolidated entity has no significant exposure to interest rate risk.

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

	2020		2019	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Loan - WIN Properties Australia Pty Limited	2.50%	2,000,000	-	-
Loan - other	2.00%	27,915	-	-
Chattel mortgage	-	-	4.89%	193,243
Loans from Director related entities	-	-	25.00%	111,867
Lease liabilities	6.00%	76,247	-	-
Net exposure to cash flow interest rate risk		<u>2,104,162</u>		<u>305,110</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.

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.

Note 23. Financial instruments (continued)

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 - 2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	71,742	-	-	-	71,742
Other payables	-	82,118	370,475	-	-	452,593
Loan from Director related entities	-	5,000	-	-	-	5,000
<i>Interest-bearing - fixed rate</i>						
Loan from WIN Properties	2.50%	50,000	50,000	2,025,205	-	2,125,205
Loan - other	2.00%	558	27,915	-	-	28,473
Lease liabilities	6.00%	37,507	37,718	6,287	-	81,512
Total non-derivatives		246,925	486,108	2,031,492	-	2,764,525

	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 - 2019						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	53,209	-	-	-	53,209
Other payables	-	27,723	-	370,475	-	398,198
Loan from Director related entities	-	67,200	-	-	-	67,200
<i>Interest-bearing - fixed rate</i>						
Chattel mortgage	4.89%	55,386	55,386	101,574	-	212,346
Loan from Director related entities	25.00%	111,867	-	-	-	111,867
Total non-derivatives		315,385	55,386	472,049	-	842,820

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	
	2020	2019
	\$	\$
Short-term employee benefits	265,000	250,000
Post-employment benefits	23,750	23,750
Long-term benefits	40,178	-
	<u>328,928</u>	<u>273,750</u>

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	
	2020	2019
	\$	\$
<i>Audit services - Hall Chadwick Chartered Accountants and Business Advisors</i>		
Audit or review of the financial statements	<u>37,500</u>	<u>37,000</u>

Note 27. Contingent liabilities

As at 30 June 2020, the consolidated entity has provided financial guarantees of \$114,000 (30 June 2019: \$nil).

Note 28. Related party transactions

Parent entity

A1 Investments & Resources Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Associates

Interests in associates are set out in note 32.

Joint operations

Interests in joint operations are set out in note 33.

Key management personnel

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

Note 28. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	2019
	\$	\$
Sale of goods and services:		
Management fee revenue from director related entity	220,000	200,000
Research and consulting revenue from director related entity	-	44,090
Payment for goods and services:		
Payment for consultancy fee expenses from Director related entity	-	10,000
Payment for other expenses:		
Interest paid/(payable) to director related entities	10,260	24,328

Receivable from and payable to related parties

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

	Consolidated	
	2020	2019
	\$	\$
Current receivables:		
Trade receivable from Director related entity	-	421,000

Loans to/from related parties

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

	Consolidated	
	2020	2019
	\$	\$
Current borrowings:		
Loan from Director related entities	5,000	179,067

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	
	2020	2019
	\$	\$
Loss after income tax	(964,740)	(2,476,020)
Total comprehensive income	(964,740)	(2,476,020)

Note 29. Parent entity information (continued)

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	3,314,019	1,410,456
Total assets	3,629,592	1,676,996
Total current liabilities	210,020	528,344
Total liabilities	2,660,141	898,819
Equity		
Issued capital	35,894,730	34,738,717
Other reserves	819,702	819,702
Accumulated losses	(35,744,981)	(34,780,242)
Total equity	969,451	778,177

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 2020 and 30 June 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Business combinations

Acquisition of Blue Ocean Japan Co., Limited

On 31 January 2020, the consolidated entity acquired 100% of the issued share capital in Blue Ocean Japan Co., Limited ('Blue Ocean') for \$56,000 by way of issue of shares in the company at an issue price of \$0.00014 per share. This is a company with a business of arranging the manufacture of health food supplements from the dried sea cucumber imported from Australia which are supplied by the consolidated entity, and thereafter the sales and marketing of such supplements as part of the overall Sea Cucumber Project. The acquired business contributed revenues of \$21,562 and a loss after tax of \$62,005 to the consolidated entity for the period from 31 January 2019 to 30 June 2020. If the acquisition occurred on 1 July 2019, the full year contributions would have been revenues of \$51,749 and a loss after tax of \$68,084. The values identified in relation to the acquisition of Blue Ocean are final as at 30 June 2020.

Note 30. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	18,305
Inventories	53,470
Other current assets	68,490
Trade payables	(67,301)
Other payables	(1,230)
Loans	(30,988)
Net assets acquired	40,746
Goodwill	15,254
Acquisition-date fair value of the total consideration transferred	<u>56,000</u>
Representing:	
A1 Investments & Resources Ltd shares issued to vendor shareholders	<u>56,000</u>

Following the acquisition, management have assessed and reconsidered the current deterioration in the global economy due to COVID-19. Combined with the risk that the economic impacts of COVID-19 could further deteriorate and become more prolonged, management have determined that it has become very difficult to predict economic outcomes. As a result of this assessment, management have fully impaired the goodwill of \$15,254 during the financial year ended 30 June 2020.

Note 31. 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	
		2020 %	2019 %
China Century Capital (HK) Limited	Hong Kong	100.00%	100.00%
A1 Investments Operations Pty Limited (formerly WIN A1 Food Platform Services Pty Limited)	Australia	100.00%	100.00%
Blue Ocean Japan Co., Limited	Japan	100.00%	-

Note 32. Interests in associates

Interests in associates are accounted for using the equity method of accounting are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Tidal Moon Australia Pty Limited	Australia	49.00%	-

For the purpose of this financial report the interest in the associate company is not material.

Note 33. Interests in joint operations

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
A1 Qualipac Joint Venture	Australia	50.00%	50.00%

Note 34. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020 \$	2019 \$
Loss after income tax expense for the year	(1,143,320)	(2,575,682)
Adjustments for:		
Net loss on disposal of property, plant and equipment	28,910	215
Share of loss - associates	49	-
Share-based payments	140,000	-
Depreciation	47,793	36,638
Impairment of goodwill	15,254	-
Impairment of deposits	260,000	-
Impairment of inventories	57,663	-
Foreign exchange differences	(5,523)	-
Impairment/write off of receivables	66,000	(227,527)
Net gain on disposal of subsidiaries investment in associate	-	(10)
Non-cash expenses - loss on conversion of loans to equity	-	1,913,753
Non-cash expenses - shares issued in lieu of payment for expenses	-	252,000
Non-cash finance costs	-	108,632
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	344,553	(159,689)
Increase in inventories	(6,776)	-
Increase in prepayments	(641,271)	-
Increase in trade and other payables	84,397	48,652
Increase in employee benefits	40,177	-
Net cash used in operating activities	<u>(712,094)</u>	<u>(603,018)</u>

Note 35. Non-cash investing and financing activities

	Consolidated	
	2020 \$	2019 \$
Shares issued in relation to business combinations	56,000	-
Shares issued as settlement of loan from Plus JPS Pte Limited	-	2,204,071
Shares issued as settlement of loan from Koriyakawakyu	-	985,518
Shares issued as settlement of trade payable	-	252,000
Non-cash subscriptions for ordinary shares received in advance	80,000	-
	<u>136,000</u>	<u>3,441,589</u>

Note 36. Changes in liabilities arising from financing activities

Consolidated	Loan - chattel mortgage \$	Loan from Director related entities \$	Loan - Koriyak-awakyu \$	Loan from WIN Properties \$	Loan - Plus JPS Pte Limited \$	Loan - other \$	Lease liability \$	Total \$
Balance at 1 July 2018	237,985	139,500	384,254	-	676,498	-	48,566	1,486,803
Net cash from/(used in) financing activities	(44,742)	14,214	-	-	131,805	-	(48,566)	52,711
Loans converted to ordinary shares	-	-	(394,207)	-	(881,629)	-	-	(1,275,836)
Other changes	-	25,353	9,953	-	73,326	-	-	108,632
Balance at 30 June 2019	193,243	179,067	-	-	-	-	-	372,310
Net cash from/(used in) financing activities	(193,243)	(174,067)	-	2,000,000	-	-	(25,962)	1,606,728
Additions	-	-	-	-	-	-	102,209	102,209
Changes through business combinations (note 30)	-	-	-	-	-	30,988	-	30,988
Exchange differences	-	-	-	-	-	(3,073)	-	(3,073)
Balance at 30 June 2020	-	5,000	-	2,000,000	-	27,915	76,247	2,109,162

Note 37. Earnings per share

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax attributable to the owners of A1 Investments & Resources Ltd	(1,143,320)	(2,575,682)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	26,399,139,850	12,537,267,210
Weighted average number of ordinary shares used in calculating diluted earnings per share	26,399,139,850	12,537,267,210
	Cents	Cents
Basic earnings per share	(0.004)	(0.021)
Diluted earnings per share	(0.004)	(0.021)

Note 38. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 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 2020 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

28 August 2020
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 and its Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of 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 A1 Investments & Resources Ltd and its Controlled Entities is in accordance with *Corporations Act 2001*, including;

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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.

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 after tax of \$1,143,320 and had net operating cash outflows of \$712,094 for the year ended 30 June 2020. 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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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2020. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Recoverability of Other Assets Refer to Notes 11 & 14 "Other current assets"	
<p>As at 30 June 2020, the group had other assets of \$641,271. This is in relation to advances and deposits paid during the year for inventories.</p> <p>This is a key audit matter because the balance is material to the financial statements and significant judgement is applied in determining whether this balance is recoverable.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We performed tests of details of the advances and deposits to supporting documentation • We assessed whether the advances are recoverable through: <ul style="list-style-type: none"> - Discussions with management regarding the Group's forecast and underlying assumptions for receiving inventory and recovering the advance payments - Agreeing this to executed agreements - Confirmations with suppliers regarding the balances.

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 2020 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.
- 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 7 to 11 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of A1 Investments & Resources Limited for the year ended 30 June 2020 complies with s 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 s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



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



DREW TOWNSEND
Partner
Dated: 28 August 2020

The shareholder information set out below was applicable as at 26 August 2020.

Distribution of equitable securities

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

	Number of holders of ordinary shares
1 to 1,000	36
1,001 to 5,000	48
5,001 to 10,000	260
10,001 to 100,000	441
100,001 and over	453
	<u>1,238</u>
Holding less than a marketable parcel	<u>867</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	4,880,681,873	15.94
Global Dish Co Limited	4,244,415,249	13.86
MSK Holdings Co Limited	3,142,186,032	10.26
Green Eco Energy Asset Management Co Ltd	2,915,621,142	9.52
Sakura Research Institute Co Ltd	2,232,142,857	7.29
Plus JPS Pte Ltd	2,204,071,475	7.20
King Fame Group Limited	2,125,000,000	6.94
King Fame Group Limited	1,800,000,000	5.88
Kooriya Kawakyu Co Ltd	985,518,000	3.22
Sarlat Securities Pty Ltd	714,285,714	2.33
Marvel Green Power Energy Pte Ltd	500,000,000	1.63
Tidal Moon Pty Ltd	500,000,000	1.63
Sonoko Kawagoe	320,000,000	1.05
Super Sorghum Asia Holdings Pte Ltd	250,000,000	0.82
PT Gistec Prima Energindo	226,957,142	0.74
Citicorp Nominees Pty Limited	215,855,785	0.71
Mr Bao-Guey Lin	199,394,167	0.65
Yamagen Securities Co Ltd	179,397,000	0.59
Mr Charlie Nakamura	126,287,500	0.41
Ausnom Pty Ltd, Elmoson Pty Ltd, Nalkari Investments Pty Ltd and Shazmar Super Pty Ltd*	500,000,000	1.63
	<u>28,261,813,936</u>	<u>92.30</u>

* each holder owns 125,000,000 ordinary shares

Unquoted equity securities

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
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	4,880,681,873	15.94
Global Dish Co Limited	4,244,415,249	13.86
MSK Holdings Co Limited	3,142,186,032	10.26
Green Eco Energy Asset Management Co Ltd	2,915,621,142	9.52
Sakura Research Institute Co Ltd	2,232,142,857	7.29
Plus JPS Pte Ltd	2,204,071,475	7.20
King Fame Group Limited	2,125,000,000	6.94
King Fame Group Limited	1,800,000,000	5.88

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.