AQUIS ENTERTAINMENT LIMITED

ABN 48 147 411 881

Annual Report
for the Year Ended 31 December 2016

CONTENTS

AQUIS ENTERTAINMENT LIMITED

ABN 48 147 411 881

Financial Statements
for the Financial Year Ended 31 December 2016

The Directors present their report together with the consolidated financial statements for the financial year ended 31 December 2016. The consolidated financial statements comprise the financial statements of Aquis Entertainment Limited ("Aquis" or "Company") and its controlled entities (together referred to as the "Group" or "Consolidated Entity").

On 25 August 2015, the Company advised the ASX that it had changed its accounting year end from June to December. Accordingly, except where otherwise stated, this report considers the activities of the Group from the end of the previous financial year (30 June 2015) to 31 December 2015.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below:

Tony Fung	Chairman
Raymond Or Ching Fai	Vice Chairman
Justin Fung	Non-Executive Director
Alex Chow	Non-Executive Director
Russell Shields	Non-Executive Director
Jessica Mellor	Executive Director & CEO (from 4 October)
Dr Ken Chapman	Non-Executive Director (Resigned 3 November 2016)
Aaron Gomes	Executive Director (from 31 May to 3 October) & CEO

Current Directors

Tony Fung (Chairman)

Mr Tony Fung is the ultimate owner and controller of the Aquis Group. He has significant experience in corporate finance and company administration, including running Sun Hung Kai & Co. Ltd, a leading Hong Kong-based non-bank financial and securities holding company. Mr Fung has significant property investments in Hong Kong and also in Australia.

Raymond Or Ching-Fai (Deputy Chairman)

Mr Or Ching-Fai is Chairman and Chief Executive of China Strategic Holdings Limited. Mr Or has had a long career in banking and insurance including as the Chairman of HSBC Insurance Limited, Vice-Chairman and Chief Executive of Hang Seng Bank, Chairman of Hang Seng Insurance Co Limited and currently he is a director of Industrial and Commercial Bank of China Limited. Mr Or was previously a director of Cathay Pacific Airways Limited and Hutchison Whampoa Limited. He was (among other roles) the Vice President and a Council Member of the Hong Kong Institute of Bankers. He has a bachelor's degree in economics and psychology from the University of Hong Kong.

Mr Or is a member of the Remuneration and Nomination Committee.

Justin Fung (non-Executive Director)

Mr Justin Fung is Mr Tony Fung's son. He plays a lead role in day to day operational, management and strategic decisions of the Aquis Group. Mr Fung has an arts degree from Duke University, North Carolina and a law degree from Loyola University, Los Angeles and has previously worked in the Fung family's property/development businesses.

Mr Fung is a member of the Audit and Risk Committee.

Alex Chow (Independent Non-Executive Director)

Mr Chow Yu Chun, Alexander, is a senior non-executive director with over 35 years of experience in commercial, financial and investment management in Hong Kong and Mainland China. He has served as an Independent Non-executive Director of Top Form International Limited since February 1993 and is a Certified Public Accountant of the Hong Kong institute of Certified Public Accountants. Mr. Chow is also currently an independent non-executive director of Playmates Toys Limited, China Strategic Holdings Limited and Symphony Holdings Ltd, each of which are listed on the Hong Kong Stock Exchange.

Mr Chow is the Chair of the Audit and Risk Committee And a member of the Remuneration and Nomination Committee.

Russell Shields (Independent Non-Executive Director)

Russell Shields is a senior non-executive director with more than 35 years' experience in the financial services industry. He was Chairman Queensland and Northern Territory of ANZ Bank for 6 years. Prior to joining ANZ, Mr Shields held senior executive roles in Australia and Asia with HSBC including Managing Director Asia Pacific – Transport, Construction and Infrastructure and State Manager Queensland, HSBC Bank Australia. He is currently a non-executive director of ASX-listed Eclipx Group Limited, is a non-executive director of Retail Food Group Limited (since December 2015) and was Chairman of Onyx Property Group Limited until December 2015. Mr Shields is the Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee

Jessica Mellor (Executive Director & CEO)

Jessica Mellor is a seasoned project manager with experience spanning major infrastructure projects, residential and commercial development and funds management Jess is responsible for Strategy and Project Development for the Company.

Ms Mellor was involved in major infrastructure projects with Leighton Contractors in Queensland before moving into residential development and later funds management. Ms Mellor joined the greater Aquis Group in 2013 where she a played key leadership role in the groups' ambitious Yorkeys Knob project in Cairns and following the acquisition of Casino Canberra was appointed as Executive Director, Strategy and Project Development with responsibility for new projects strategy and growth. Ms Mellor was appointed as Chief Executive Officer of Aquis Entertainment Limited and Casino Canberra on 4 October 2016.

Company Secretary

The Company Secretary in office at the end of the reporting period was Garry Gill. He has more than 30 years' experience in all facets of corporate financial and administrative functions and has served in Chief Financial Officer and Company Secretarial positions at a number of listed and unlisted public companies, private companies and statutory authorities. Garry is a member of Chartered Accountants Australia and New Zealand, a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators and a member of the Australian Institute of Company Directors. On 11 January 2017, Mr Gill resigned from the Company with effect from 11 April 2017.

INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the Directors in the ordinary shares of Aquis were:

Directors	Ordinary Shares	Unlisted Options
T Fung	153,871,874	-
R Or Ching Fai	-	-
J Fung[1]	153,871,874	-
A Chow	-	-
R Shields	-	-
J Mellor	-	-

[1] Interest held as related party to Mr T Fung

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the year was entertainment, gaming and leisure through the ownership of Casino Canberra.

OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

The operating result for the consolidated entity for the year to 31 December 2016 was a loss of $7,680,683 (2015:loss $6,019,882). Operating revenue for the year amounted to $24,212,531 a 21.7% increase over the 2015 result ($19,887,113). Earnings before Interest Tax Depreciation and Amortisation (EBITDA) for the year was a loss of $5,933,573 (2015: loss $6,194,301) an improvement of 4.2% notwithstanding that operations were considerably restricted during the 4 month period during which Casino Canberra was refurbished.

Strategy

Aquis has a clear strategy to develop and manage quality destination integrated resorts in underserved areas of Australia. Casino Canberra is the first such investment and has been used to demonstrate the Company's ability to significantly improve an underperforming operation by a combination of leadership and targeted investment in the business.

Aquis advanced its strategy during the year by:

- Completing the refurbishment of the Casino Canberra property on time and at lower than budget cost
- Continuing to improve the operations of Casino Canberra by engaging experienced management who are focussed on improving revenue and customer service standard and
- Lodging the detailed business case with the ACT Government, for the development of a world-class integrated entertainment precinct in the heart of Canberra's CBD. This is discussed further in the Future Developments, Prosects and Business Strategies section of this report.

Refurbishment of Casino Canberra

Between February and early June of 2016, Casino Canberra underwent an extensive remodelling and refurbishment of its gaming and public spaces. The project featured an enhanced arrival experience, a new gaming floor including two new VIP gaming rooms and a separate high limits gaming area along with new food and beverage offerings; The Chandelier Bar, Onyx Lounge and Natural 9 restaurant. New state of the art gaming equipment was installed as part of the refurbishment, including 50 gaming terminals in the first ever live stadium gaming experience in the ACT. A sports bar and a new poker lounge, the Lotus Room, were also added.

Operations

Revenue from operations for the year increased 21.7% over the prior year to $24,212,531 in 2016 compared to $19,887,113 in 2015. The result was driven by a 21.0% increase gaming revenue and a 29.2% increase in food and beverage and other sales. Operating expenses including payroll related expenses increased by 20.0% for the year with the major increases being in payroll and marketing related expenses.

During the refurbishment period, the gaming operations were moved to a first floor temporary gaming area which had earlier undergone minor refreshment. The temporary facility featured 16 gaming tables and minimal food and beverage service. The limited facilities along with the normal disruption resulting from substantial construction activities affected the financial results for the first half of the financial year. While revenue during this period was higher than the previous corresponding period, the marketing and other costs of generating and servicing the revenue was higher than the prior year.

Throughout the 2016 year, Casino Canberra maintained its focus on improving operating and service standards and implementing new marketing initiatives. To this end, the management team was further strengthened by adding experienced leaders to the gaming, cash desk and marketing departments. These team leaders with their experience in both Macau and Australia are assisting with the transition process commenced last year and made possible through the refurbishment.

The marketing focus following the refurbishment was firstly to reacquaint Canberra with its casino through a series of television, radio and print advertisements and features and then to actively seek to attract VIP players to the casino. This process, which remains in its infancy, generated early success with record revenues being achieved in a number of months. The introduction of VIP players has increased the volatility being experienced and affected overall hold rates. As the volume of VIP play grows over the coming periods, it is expected that this volatility will be able to be better managed.

Financial Position

At 31 December 2016, the Group had cash reserves of $5,184,389 (2015: $6,804,470) and unused borrowing facilities of $4,871,318. Following the end of the financial year the Group drew down a further $1 million under the facility. The balance sheet at 31 December 2016 shows a net tangible asset deficit of $14,341 (2015: $1,298,358 positive) as a result of the loss incurred during the financial year.

At the Company's Annual General Meeting on 31 May 2016, shareholders passed a resolution to enter into the Amended Loan Conversion Deed between the Company and major shareholder Aquis Canberra Holdings Pty Ltd. The Deed (and related amended loan agreements entered into by the Company) consolidated all existing loans from multiple lenders into a single loan. The new loan provided the Group with a new Facility Limit of $36.45 million and a more advantageous interest rate of the lower of BBSY +2% and the RBA indicator rate for small business loans.

Outlook

Directors are confident of the outlook for Aquis. With the completion of the refurbishment of Casino Canberra the Group now has a high quality facility to attract new and existing customers. Since September 2016, Canberra has been receiving direct flights from Singapore and already visitors from Singapore have attended the casino.

With the arrival of a new Director of Marketing in January, the casino now has compiled a highly experienced operations leadership team which can execute the vision of attracting and servicing players from Australia and overseas. Additional Business Development staff are also being engaged to assist in bringing VIP players to Casino Canberra to provide the critical mass needed to manage the volatility and generate additional revenue.

Planning continues for the redevelopment of Casino Canberra into a world class multi faceted establishment and discussions with the Government will continue throughout 2017.

The Board will also continue to investigate new investment opportunities in line with the Group's broader vision and strategy.

Employees

The number of people employed by the Consolidated Entity at the reporting date was 255.

DIVIDENDS

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Directors' and Committee Meetings

The number of meetings of the Company's Board of Directors held during the period and the number of meetings attended by each Director was:

Director	Board Meetings		Audit & Risk		Remuneration and Nomination	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
T Fung	6	6	n/a	n/a	n/a	n/a
R Or Ching Fai	6	5	n/a	n/a	1	1
J Fung	6	5	n/a	n/a	n/a	n/a
A Chow	6	5	1	1	n/a	n/a
R Shields	6	5	1	1	1	1
J Mellor	6	6	n/a	n/a	n/a	n/a
K Chapman[1]	5	5	1	1	1	1
A Gomes[2]	1	1	n/a	n/a	n/a	n/a

[1]Resigned 3 November 2016
[2]Resigned 3 October 2016

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year, other than disclosed in this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Other than as set out in this report and the attached financial statements, no matters or circumstances have arisen since 31 December 2016, which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

INDEMNIFICATION OF OFFICERS

The Company is required to indemnify Directors, and other officers of the Company against certain liabilities which they may incur as a result of or by reason of (whether solely or in part) being or acting as an officer of the Company.

During the financial year, the Company paid a premium to insure the Directors against potential liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director of the Company other than conduct involving wilful breach of duty in relation to the Company. The amount of the premium is not disclosed as it is considered confidential.

The Company provides no indemnity to any auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity or any part of those proceedings.

ENVIRONMENTAL REGULATIONS

The Directors are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment.

There have been no known breaches of any environmental regulation by the Consolidated Entity during the financial period.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Aquis is an entertainment, gaming and leisure company which currently operates a casino business in Canberra.

On 17 June 2016, the Company announced that in response to an invitation from the ACT Government it had lodged a detailed business case, progressing the bid for development of a world-class integrated entertainment precinct in the heart of Canberra's CBD.

The business case bid proposes a $307 million redevelopment to transform the current Casino Canberra and surrounding area into a comprehensive first-tier leisure and nightlife precinct. Plans include complete modernisation and upscaling of the casino, as well as building a critical mass of world-class restaurants, bars, retail boutiques, accommodation and entertainment options across City Walk in Canberra's CBD.

It is currently contemplated that the Proposed Redevelopment will be undertaken in two stages across a five-year development period.

The Company will require funding in addition to its current cash at hand and funding facilities in order to complete the proposed redevelopment.

SHARE OPTIONS

As at the date of this report, there were no unissued ordinary Aquis shares under option (2015:5,000,000). During the financial year ended 31 December 2016 the 5,000,000 options on issue expired unexercised. Accordingly during the financial year and to the date of this report no options were exercised

No options have been issued in the period since year end to the date of this report.

INDEPENDENT PROFESSIONAL ADVICE

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Company's expense obtain independent professional advice to properly discharge their responsibilities.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditors, RSM Australia Pty Ltd during the financial year.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

REMUNERATION REPORT (AUDITED)

This Remuneration Report forms part of the Directors' Report and has been prepared in accordance with Section 300A of the *Corporations Act 2001*and has been audited as required by Section 308(3C) of that Act.

The Remuneration Report is set out under the following key headings:

- A Introduction
- B Principles used to determine the nature and amount of remuneration
- C Remuneration details
- D Service agreements
- E Other KMP disclosures

A. Introduction

The Remuneration Report sets out information relating to the remuneration of the non-executive Directors, executive Directors and senior management of the Company - collectively termed Key Management Personnel (KMP). The KMP are the persons primarily accountable for planning, directing and controlling the affairs of the Company. For the purposes of this report the executive Directors and senior management are referred to as Executives.

Details of KMP for whom remuneration disclosures are included in this Report are as follows:

Current Non-Executive Directors

T Fung	Chairman
R Or Ching Fai	Vice Chairman
J Fung	Non-Executive Director
A Chow	Non-Executive Director
R Shields	Non-Executive Director

Current Executives

Name	Role	Relevant Dates
J Mellor	Executive Director Appointed Chief Executive Officer	 4 October 2016
G Gill	Chief Financial Officer and Company Secretary	Announced resignation on 11 January 2017
R Bach	Vice President & General Manager	

Previous Directors and Executives

Name	Role	Relevant Dates
K Chapman	Non-Executive Director	Resigned 3 November 2016
A Gomes	CEO and Executive Director	Appointed as Director 31 May 2016 Resigned 3 October 2016

Except where otherwise stated, KMP held office from the commencement of the year.

B. Principles used to determine the nature and amount of remuneration

Aquis' corporate goal is to develop and manage quality integrated resorts in Australia. To achieve this, the Group has sought to engage and retain experienced and talented Directors and Executives. The Group therefore aims to offer Directors and Executives a competitive remuneration package which reflects individual duties and responsibilities. The remuneration approach seeks to align Executive reward with the achievement of strategic objectives and the creation of value for shareholders.

The Remuneration Committee will be responsible for determining and reviewing on-going remuneration arrangements for its Directors and Executives. This Committee may seek advice of external remuneration consultants in conducting its duties. Further information regarding the Committee is set out in the Corporate Governance Statement.

The Group has established differing remuneration structures for Non-Executive Directors and Executives.

Non-Executive Directors

Fees and payments to the Non-Executive Directors reflect the demands which are made on, and the responsibilities of, these Directors. Non-Executive Director fees comprise a base salary plus statutory superannuation. Non-Executive Directors are not entitled to receive share based payments or other performance based incentives.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 26 November 2015, where the shareholders approved an aggregate remuneration pool of $600,000.

Executives

Aquis aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

Fixed remuneration

Fixed remuneration aims to provide a base level of remuneration and is determined with reference to available market data, the scope of the executive's responsibilities and their experience and qualifications.

Fixed remuneration, consists of base salary, superannuation and complementary privileges at Casino Canberra, and may include other benefits where Executives may elect to sacrifice part of their salary to be contributed towards any non-cash benefit including motor vehicles, accommodation costs etc.

Fixed remuneration for Executives is reviewed annually and approved by the Remuneration Committee.

Performance based remuneration

Short Term Incentives

The performance based component of Executive remuneration aligns the strategies set by the Board with the individual targets of the Executives responsible for implementing those strategies.

Executives are entitled to receive short term incentives based on service and on the achievement of Key Performance Indicators.

Long Term Incentive Plan

At the Annual General Meeting of the Company held on 31 May 2016, Shareholders approved the implementation of the Aquis Entertainment Limited Share Rights Plan (Plan). Under the Plan, Participants may become entitled to receive Rights (which are entitlements on vesting to fully paid ordinary shares in Aquis Entertainment Limited). The Rights would be granted for no monetary consideration and have no exercise price, unless otherwise determined by the Board. One vested Right is an entitlement to one Share.

The Plan allows for three kinds of Rights, being:

- Performance Rights which vest when performance conditions have been satisfied,
- Retention Rights which vest after the completion of a period of service, and
- Restricted Rights which are vested but subject to disposal restrictions.

At the date of this report, no Rights have been issued pursuant to the Plan.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to performance of the consolidated entity. A portion of short term incentive payments are dependent on achieving defined KPI. For the 2016 year, the KPI's were set by the Board and related to the achievement of revenue and profitability outcomes. These outcomes were to be driven by the Board's strategy to improve the overall product offered to customers including service standards and marketing programs. Improvements in revenue generating capability and profitability will form the basis of providing long term earnings growth for Casino Canberra and consequently for shareholder value growth.

Use of remuneration consultants

During the period ended 31 December 2016, the consolidated entity engaged a remuneration consultant to assist with the development of the Long Term Incentive Plan. The Consolidated Entity did not engage other remuneration consultants.

C. Details of Remuneration

Remuneration received or receivable by Key Management Personnel during the reporting period was as follows.

Key Management Personnel	Short-term Benefits			Post-Employment Benefits Super - annuation	Share Based Payment	Total	Performance based remuneration	Remun-eration at Risk - STI
	Fees and/or Salary	Cash, Profit Sharing / Other Bonuses	Other					
	$	$	$	$	$	$	%	%
2016								
T Fung	-	-	-	-	-	-	-	-
R Or Ching Fai	-	-	-	-	-	-	-	-
J Fung	-	-	-	-	-	-	-	-
A Chow	100,000	-	-	-	-	100,000		-
R Shields	90,000	-	-	7,838	-	97,838		-
J Mellor	225,022	17,423	-	17,921	-	260,366	7%	7%
R Bach	257,061	61,824	-	19,780	-	338,665	18%	18%
G Gill	240,501	-	-	19,321	-	259,821		-
K Chapman[1]	88,375	-	-	7,564	-	95,939		-
A Gomes[2]	568,037		-	27,778	-	595,815		-
Totals	**1,568,995**	**79,247**		**100,202**	**-**	**1,748,444**		

[1] Resigned 3 November 2016
[2] Resigned 3 October 2016

Key Management Personnel	Short-term Benefits			Post-Employment Benefits Super - annuation	Share Based Payment	Total	Performance based remuneration	Remun-eration at Risk - STI
	Fees and/or Salary	Cash, Profit Sharing / Other Bonuses	Other Benefits					
	$	$	$	$	$	$	%	%
2015								
T Fung	-	-	-	-	-	-	-	-
R Or Ching Fai	-	-	-	-	-	-	-	-
J Fung[1]	51,560		-	4,898	-	56,458	-	-
A Chow	31,667		-	3,008	-	34,675	-	-
R Shields	36,048		-	3,425	-	39,473	-	-
K Chapman	40,081		-	3,808	-	43,888	-	-
J Mellor	118,462	84,063	-	11,254	-	213,778	39%	39%
A Gomes	82,083		-	7,798	-	89,881	-	-
R Bach	102,525	39,148	-	9,740	-	151,413	26%	26%
G Gill[2]	78,768	17,918	-	6,577	-	103,263	17%	17%
G Andres[3]	328,932	-	-	31,249	-	360,181	-	-
T Adcock[4, 5]	2,083	-	-	-	-	2,083	-	-
J Puckridge[4,5]	16,660	-	-	-	-	16,660	-	-
T Pickett[4, 5]	2,083	-	-	-	-	2,083	-	-
A Wilbers[4]	7,000	-	-	-	-	7,000	-	-
Totals	**870,126**	**141,128**	**-**	**81,756**	**-**	**1,093,010**		

[1] Represents salary and benefits received as Managing Director from 1 July 2015 to 25 August 2015. Mr Fung receives no salary as a non-executive Director.
[2] Includes fees received as Company Secretary prior to being engaged as an employee
[3] Resigned 13 November 2015
[4] Resigned 7 August 2015
[5] At the EGM on 10 July 2015, Shareholders voted to make the following share issues to Messrs Adcock, Pickett and Puckridge:

- *250,000 shares valued at $50,000 at an issue price of $0.20 each to Messrs Adcock and Pickett in consideration of them resigning as Directors and*
- *1,000,000 shares valued at $200,000 at an issue price of $0.20 each in consideration of his assistance in implementing the acquisition of ACPL / CCL*

The shares are to be issued within 3 Business Days of

- *The successful submission of the Redevelopment Proposal, provided the 30 day VWAP as at the date immediately prior to the submission is at least $A0.25 or*
- *Such later date within 12 months of the submission of the Redevelopment Proposal on which the 30 day VWAP as at the date immediately prior to the issue is at least $A0.25.*

At the date of this report no shares have been issued.

D. Service Agreements

Non-Executive Directors

Each Director has signed a letter of appointment which sets out the conditions of the appointment including the remuneration for the position.

The Chairman, Vice Chairman and Mr Justin Fung have each elected to receive no remuneration for performing their Director roles..

The remaining Non-Executive Directors are entitled to the following remuneration:

- A base fee of $80,000 per annum
- $20,000 per annum for acting as the Chair of a Board Committee and
- $5,000 per annum for serving on a Board Committee.
- Statutory superannuation where required by law.

Executives

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

Name	**Jessica Mellor**	**Rhiannon Bach**	**Garry Gill**
Title	Executive Director	VP and General Manager	Chief Financial Officer and Company Secretary
Commencement Date	23 December 2014	23 April 2015	14 September 2015
Term of Agreement	Open	Open	Open
Annual Salary	$380,000[1]	$250,000	$240,000
Superannuation	Statutory superannuation	Statutory superannuation	Statutory superannuation
Bonus	Maximum annual bonus = 50% of Remuneration comprising: • Guaranteed amount of 50% of the maximum annual potential bonus and • Amount up to 50% of the maximum annual potential bonus as determined at the absolute discretion of the Board subject to KPI's agreed between the Executive and the Chair of the Remuneration Committee. • No bonus payment if Executive gives notice of termination prior to the payment date or if terminated for cause		
Post-employment restraint	Company may impose restraint for various periods up to12 months and for various regions		
Termination Period	6 months either party	3 months either party	6 months either party

[1] Increased to $380,000 from 16 November 2016 following assumption of role of full time CEO. Annual salary will increase to $450,000 on completion of probation on 1 April 2017.

E. Other KMP disclosures

Movements in share holdings

The movement during the year in the number of ordinary shares in the Company held directly, indirectly or beneficially by each key management person, including their related parties, follows:

Name 2016	Opening Balance[1]	Acquired on Market	Disposed	Closing Balance[2]
T Fung	153,871,874	-	-	153,871,874
J Fung[3]	153,871,874	-	-	153,871,874
K Chapman (resigned 3 November 2016)	10,000	250,000	-	260,000

Name 2015	Opening Balance[1]	Acquired on Market	Disposed	Closing Balance[2]
T Fung	153,871,874	-	-	153,871,874
J Fung[3]	153,871,874	-	-	153,871,874
K Chapman	-	10,000	-	10,000

[1] *Opening balance includes balance at beginning of the period or at date of appointment*
[2] *Closing balance includes balance at end of the period or at date of resignation*
[3] *Interest held as related party to Mr T Fung*

Other than included in the table above, no key management person held in the Company held directly, indirectly or beneficially

b) Movement in option holdings

The movement during the year in the number of options over ordinary shares in the Company held directly, indirectly or beneficially by each key management person, including their related parties, was as follows:

Name 2016	Opening Balance[1]	Acquired	Lapsed	Closing Balance[2]
T Fung	5,000,000	-	(5,000,000)	-
J Fung[3]	5,000,000	-	(5,000,000)	-

Name 2015	Opening Balance[1]	Acquired	Disposed	Closing Balance[2]
T Fung	5,000,000	-	-	5,000,000
J Fung[3]	5,000,000	-	-	5,000,000

[1] *Opening balance includes balance at beginning of the period or at date of appointment*
[2] *Closing balance includes balance at end of the period or at date of resignation*
[3] *Interest held as related party to Mr T Fung*

Other than included in the table above, no key management person held options over ordinary shares in the Company directly, indirectly or beneficially

Loans to directors and executives

There were no loans to directors or executives at balance date.

Other transactions and balances with directors and executives

There were no other transactions with Directors or executives during the financial year. At the reporting date, the Group had loans outstanding from entities related to Mr Tony Fung totalling $32.3 million (2015: $18.01 million).

End of audited Remuneration Report

Signed in accordance with a resolution of the directors:

Jessica Mellor
Director
Canberra
28 February 2017

AQUIS ENTERTAINMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Note	Consolidated 2016 $	2015 $
Revenue and Other Income			
Revenue	3	24,212,531	19,887,113
Other income	3	240,368	236,659
Total Revenue and Other Income		**24,452,899**	**20,123,772**
Expenses from Continuing Operations:			
Casino taxes		(2,513,822)	(2,127,173)
Employee benefit expenses		(17,322,296)	(16,286,276)
Share based payment expense	21	-	(1,119,940)
Other operating expenses	4	(10,371,434)	(6,784,684)
Finance charges	4	(1,665,960)	(672,335)
Depreciation	4	(1,118,217)	(493,814)
Loss on disposal of fixed assets	4	(178,920)	-
Amortisation	4	(25,635)	(25,635)
Loss before income tax expense		**(8,743,385)**	**(7,386,085)**
Income tax benefit	5	**1,062,702**	**1,366,203**
Loss attributable to members of the consolidated entity		**(7,680,683)**	**(6,019,882)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the members of the consolidated entity		**(7,680,683)**	**(6,019,882)**
Basic and diluted earnings per share (cents per share)	6	(4.14)	(3.66)

The accompanying notes form part of these financial statements.

AQUIS ENTERTAINMENT LIMITED

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	Consolidated 2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	7	5,184,389	6,804,470
Trade and other receivables	8	85,092	34,414
Inventories	9	665,708	586,277
Other current assets	10	1,317,219	1,158,886
Total Current Assets		**7,252,408**	**8,584,047**
NON-CURRENT ASSETS			
Property, plant and equipment	11	14,751,809	3,829,220
Capital work-in-progress	12	-	1,590,710
Intangible assets	13	1,919,447	1,945,082
Available for sale financial asset	14	4,106	4,106
Deferred tax assets	5	5,498,003	4,435,051
Other non-current assets	10	1,858,079	2,749,954
Total Non-Current Assets		**24,031,444**	**14,554,123**
TOTAL ASSETS		**31,283,852**	**23,138,170**
CURRENT LIABILITIES			
Trade and other payables	15	4,246,136	3,132,978
Employee benefit provisions	16	689,250	651,492
Loans and borrowings	17	753,378	1,630,940
Total Current Liabilities		**5,688,764**	**5,415,410**
NON-CURRENT LIABILITIES			
Employee benefit provisions	16	13,348	43,008
Loans and borrowings	17	25,596,081	16,381,394
Total Non-Current Liabilities		**25,609,429**	**16,424,402**
TOTAL LIABILITIES		**31,298,193**	**21,839,812**
NET ASSETS		**(14,341)**	**1,298,358**
EQUITY			
Contributed equity	18	4,167,952	4,167,952
Reserve	19	6,367,984	-
Accumulated losses	20	(10,550,277)	(2,869,594)
TOTAL EQUITY		**(14,341)**	**1,298,358**

The accompanying notes form part of these financial statements

AQUIS ENTERTAINMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Share Capital	Reserve	Accumulated Losses	Total
	$	**$**	**$**	**$**
2015				
Balance at 1 January 2015			3,150,288	
Shares issued on acquisition	2,167,951	-	-	2,167,951
Shares issued during the period	2,000,000	-	-	2,000,000
Total transactions with owners	**4,167,951**	**-**		**4,167,951**
Loss attributable to members of the company	-	-	(6,019,882)	(6,019,882)
Balance at 31 December 2015	**4,167,952**	**-**	**(2,869,594)**	**1,298,358**
2016				
Equity component of convertible debt		6,367,984	-	6,367,984
Loss attributable to members of the company	-	-	(7,680,683)	(7,680,683)
Balance at 31 December 2016	**4,167,952**	**6,367,984**	**(10,550,277)**	**(14,341)**

The accompanying notes form part of these financial statements

AQUIS ENTERTAINMENT LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Note	Consolidated 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		24,310,837	22,046,377
Payments to suppliers and employees		(28,432,182)	(25,265,891)
Interest received		90,866	89,503
Interest and other costs of finance paid		-	
Interest paid		(7,519)	-
Net cash provided by (used in) operating activities	22	**(4,037,998)**	**(3,130,011)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Plant and equipment		(10,532,803)	(220,790)
Proceeds from sale of assets		455	-
Payments for capital work-in-progress		-	(1,590,710)
Payments in respect of licenses		-	(4,459,385)
Dividend received		265	
Investments		-	(4,106)
Net proceeds from acquisition of controlled entities		-	1,048,010
Net cash provided by (used in) investing activities		**(10,532,083)**	**(5,226,981)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,000,000
Proceeds from borrowings		12,950,000	8,090,000
Net cash provided by (used in) financing activities		**12,950,000**	**10,090,000**
Net increase (decrease) in cash held		(1,620,081)	1,733,008
Cash at beginning of the period		6,804,470	5,071,462
Cash at end of the period	7	**5,184,389**	**6,804,470**

The accompanying notes form part of these financial statements

1. Statement of Significant Accounting Policies

The financial report covers the consolidated group of Aquis Entertainment Limited (“Aquis” or “Company”) and its controlled entities (together referred to as the “Consolidated Entity” or “Group). Aquis is a for-profit company limited by shares incorporated and domiciled in Australia. The Company’s shares are publicly traded on the Australian Securities Exchange (AQS).

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

Basis of Preparation

This general purpose financial report has been prepared on a going concern basis in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis of Accounting

These financial statements have been prepared on an accruals basis under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgements 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 2

Functional and Presentation Currency

The Company’s functional and presentation currency is Australian dollars.

Capital Restructure

On 7 August 2015, Aquis acquired all of the shares in Aquis Canberra Pty Limited (ACPL) the owner of Casino Canberra Limited (CCL) by issuing 149,421,874 shares in Aquis to ACPL’s shareholder. The acquisition of Aquis by ACPL cannot be considered to be a business combination, as Aquis could not be considered to be a business under AASB 3 “Business Combinations”. Thus for accounting purposes, the consolidation of the two companies was performed on the basis of the continuation of ACPL with no fair value adjustments, whereby ACPL was deemed to be the accounting parent and Aquis the subsidiary. Accordingly, the comparative information for Aquis is that of ACPL for the period.

The transaction has therefore been treated as a share based payment under AASB 2 “Share Based Payments”, whereby ACPL is deemed to have issued shares in exchange for the net assets and listing status of Aquis. As the deemed acquirer, ACPL has acquisition accounted for Aquis as at the date of the acquisition (7 August 2015 - the “Transaction Date”). Refer note 21 for further details on the acquisition accounting treatment.

Summary of Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the Financial Statements.

(a) Principles of Consolidation

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. A list of subsidiaries is contained at Note 28. All controlled entities have a December year end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Gaming Revenue

Gaming Revenue is the net of gaming wins and losses.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract.

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.

(c) Income Tax

The charge for current income tax expense is based on the result for the period adjusted for non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. 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.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Goods & Services Tax (GST) receivable from, or payable to, the Australian Taxation Office has been accounted for and included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis except for the GST component of investing activities, which are disclosed as an operating cash flow.

e) 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 current when: it is expected to be realised or intended to be sold or consumed in 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 current when: it is expected to be settled in 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.

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

g) 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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(i) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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

Depreciation

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

Buildings	40 years
Plant and equipment	3-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Leasehold improvements 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 asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

(j) Capital Work in Progress

Capital work in progress represents expenditure on the refurbishment and equipment refreshment project. No depreciation is charged against the assets until such time as they are available for use.

(k) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Details of financial instruments are set out in Note 23. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as being at fair value through the Statement of Profit or Loss and Other Comprehensive Income. Transaction costs related to instruments classified as at fair value through profit or loss are expensed through the Statement of Profit or Loss and Other Comprehensive Income immediately. Financial instruments are classified and measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities y. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

(l) 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 de-recognition 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.

(m) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. 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.

(n) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be wholly settled within one year, together with entitlements arising from wages and salaries and annual leave, which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

(o) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company

(p) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowing using the effective interest rate method.

(q) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received.

Any transaction costs arising on the issue of shares are recognised (net of tax) directly in equity as a reduction of the share proceeds received.

(r) 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 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.

(s) Earnings per Share (EPS)

***Basic earnings per* Share**

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than shares, by the weighted average number of shares outstanding during the financial year, adjusted for any bonus elements in Shares issued during the 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 shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares**.**

(t) New Accounting Standards for First Time Application in Subsequent Periods

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 31 December 2016. 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.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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 will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the consolidated entity

(u) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $7,680,683 (2015: $6,019,882 loss), had net cash outflows from operating activities of $4,037,999 (2015: $3,130,011) and negative net assets of $14,341 for the year ended 31 December 2016.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The consolidated entity has unused financing facilities of $4.9 million at the balance date.
- The equipment refreshment and refurbishment project which was completed in June 2016 is expected to significantly enhance the consolidated entity’s ability to generate revenue, profit and cash flow to meet its future ongoing commitments.
- The current loan facilities are sufficient to meet the consolidated entity’s obligations until the consolidated entity becomes cash positive.
- The Company’s major shareholder (Aquis Canberra Holdings Pty Ltd) has provided the Directors with an undertaking to provide financial support to the consolidated entity should it be required.

Accordingly, the Directors believe that the going concern basis is the appropriate basis for the preparation of the financial report. If for any reason the consolidated entity is unable to continue as a going concern, it would impact on the consolidated entity’s ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

2. 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

Impairment of Intangibles

The consolidated entity assesses impairment of intangible assets at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating unit to which the intangible is allocated. The assumptions and methodology used to assess the recoverable amount are set out in Note 13.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be wholly settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	Consolidated 2016 $	2015 $
3. Revenue and Other Income		
Revenue		
Revenue from services	21,961,684	18,144,522
Revenue from sale of goods	2,250,847	1,742,591
Total Revenue	**24,212,531**	**19,887,113**
Other Income		
Interest	90,866	89,503
Other revenue	149,502	147,156
Total Other Income	**240,368**	**236,659**
4. Expenses from Continuing Operations		
(a) Other operating expenses		
Cost of sales	690,512	534,513
Annual casino licence fee	891,877	891,877
Stamp Duty	-	385,540
Repairs & Maintenance	302,467	361,047
Utilities	419,063	364,035
Insurance	186,447	215,213
Printing & Stationery	77,927	75,868
Marketing, promotion and associated costs	4,140,376	1,829,183
Legal, accounting and consultants	816,568	314,012
Travel and associated costs	182,764	127,520
Gaming supplies	237,568	165,999
Rates and taxes	126,975	119,103
Computer supplies	169,104	33,044
Contracts	726,649	592,573
Uniform replacement and cleaning	187,236	116,546
Other expenses	1,215,901	658,611
Total Other Operating Expenses	**10,371,434**	**6,784,684**
(b) Finance charges		
Interest – 3rd parties	7,519	-
Interest – related parties	1,658,441	672,335
Total Finance Charges	**1,665,960**	**672,335**
(c) Depreciation		
Buildings	714,335	268,834
Plant and equipment	403,882	224,980
Total Depreciation	**1,118,217**	**493,814**
(d) Amortisation		
Casino licence and fees	**25,635**	**25,635**

	Consolidated 2016 $	2015 $
5. Income Tax		
(a) The components of income tax expense comprise		
Current tax	(1,199,356)	(2,398,723)
Deferred tax	132,584	1,035,553
Adjustment recognised for prior periods	4,070	(3,033)
	(1,062,702)	**(1,366,203)**
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Net profit/(loss)	(8,743,385)	(7,386,085)
Prima facie income tax on the loss from		
Ordinary activities at 30% (2015: 30%)	(2,623,016)	(2,215,826)
Tax effect of permanent differences:		
Non-deductible amortisation	7,691	7,691
Non-deductible interest expense	172,761	-
Sundry items	45,236	419,620
De-recognition of DTA on Accruals	9,310	-
De-recognition of DTA on CY tax losses	1,241,656	425,345
De-recognition of DTA on arising from tax consolidation	79,590	-
Adjustment recognised for prior periods	4,070	(3,033)
Income tax attributable to entity	**(1,062,702)**	**(1,366,203)**
(***c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%***		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Property, plant and equipment	2,511,179	2,722,627
Accruals	16,603	103,433
Employee benefits	524,056	456,764
Tax losses	3,618,152	2,422,616
Net deferred tax assets	**6,669,990**	**5,705,440**
Set-off deferred tax liabilities pursuant to set-off provisions		
Amounts recognised in profit or loss		
Accruals other	(1,171,987)	(1,270,389)
Net deferred tax assets	**5,498,003**	**4,435,051**
Net deferred tax assets at beginning	4,435,051	3,068,849
Charged to income statement current year	(132,335)	(1,035,552)
Prior period tax adjustment	(4,070)	2,832
Current period tax adjustment	1,199,357	2,398,922
Net deferred tax assets at end of the year	**5,498,003**	**4,435,051**

	Consolidated 2016 $	2015 $
6. Earnings Per Share		
	No.	**No.**
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted EPS	**185,141,050**	**164,300,556**

Options are considered potential ordinary shares. For the years ended 31 December 2016 and 31 December 2015, their conversion to ordinary shares would have had the effect of reducing the loss per share (from continuing operations). Accordingly the options were not included in the determination of diluted earnings per share for that period. Details relating to options are set out at note 18(b).

7. Cash and Cash Equivalents

Cash at bank and on hand	**5,184,389**	**6,804,470**

Pursuant to the Deed between the ACT Gambling and Racing Commission, the Company and the Australian Capital Territory dated 23 December 2014, the Company is required to maintain at all times a minimum of $3 million in liquid assets that are not otherwise used in the day to day operations of the business unless with the prior written consent of the Commission.

8. Trade and Other Receivables

Trade receivables	**49,458**	**25,982**
Other receivables	**35,634**	**8,432**
Total	**85,092**	**34,414**

9. Inventories

Consumable stores - at cost	**568,406**	**516,416**
Goods for resale – at cost	**97,302**	**69,861**
Total	**665,708**	**586,277**

10. Other Assets

Current		
Prepaid casino licence fee	891,877	891,877
Prepayments and deferrals	388,134	261,974
Other	37,208	5,035
	1,317,219	**1,158,886**
Non-current		
Prepaid casino licence fee	**1,858,079**	**2,749,954**

In February 2015, the consolidated entity prepaid 5 years of annual casino licence fees to the ACT Gambling and Racing Commission. The fees totalled $4,459,385 and are amortised on a straight line basis. The amount of the prepayment that is to be amortised over the following 12 months is treated as a current asset. The remainder of the prepayment is treated as a non-current asset. The recoverable value of the prepayment is reviewed annually for potential impairment (refer Note 13).

	Consolidated 2016 $	2015 $
11. Property Plant and Equipment		
Building and leasehold improvements		
Building at cost	28,196,319	20,764,271
Accumulated depreciation	(8,999,561)	(8,828,885)
Accumulated impairment	(8,223,418)	(8,418,579)
	10,973,340	3,516,807
Plant and equipment		
Plant and equipment at cost	4,682,153	889,562
Accumulated depreciation	(765,580)	(439,045)
Accumulated impairment	(138,104)	(138,104)
	3,778,469	312,413
Balance	**14,751,809**	**3,829,220**
Movements in property plant and equipment:		
Building and leasehold improvements		
Opening written down value	3,516,807	3,694,294
Additions	8,325,601	91,346
Depreciation	(869,068)	(268,833)
Carrying value at 31 December	**10,973,340**	**3,516,807**
Plant and equipment		
Opening written down value	312,413	408,481
Additions	3,894,581	129,443
Loss on disposal of plant and equipment	178,920	(531)
Disposals and zero value assets written off	(1,022,473)	(4,533,360)
Depreciation expense	(401,138)	(143,727)
Depreciation written back on disposal or write off of zero value assets	816,166	4,452,107
Carrying value at 31 December	**3,778,469**	**312,413**
12. Capital work-in-progress		
Refurbishment and equipment refreshment project at cost	-	1,590,710
13. Intangible assets		
Casino Licence and associated costs		
At cost	19,000,000	19,000,000
Accumulated amortisation and impairment	(17,080,553)	(17,054,918)
Carrying value at 31 December	**1,919,447**	**1,945,082**
Movements in intangible assets		
Opening written down value	1,945,082	1,970,717
Amortisation	(25,635)	(25,635)
Carrying value at 31 December	**1,919,447**	**1,945,082**

	Consolidated	
	2016	2015
	$	$

13. Intangible assets (continued)

The Casino Canberra licence is tested annually for impairment.

Casino Canberra is considered a cash-generating unit (CGU) for the purpose of impairment testing. The recoverable value of the casino CGU was based on its fair value less costs to sell. The fair value less costs to sell of the CGU was determined to be higher than its carrying value at 31 December 2016 of $18,483,337 (2015:$10,062,309) and accordingly no impairment loss was recognised.

Fair value less costs to sell was determined by discounting the future cash flows generated from the continuing use of the CGU for five years and a terminal growth rate thereafter and adjusting the result for the likely costs to sell the CGU. The calculation of the fair value less costs of disposal was based on the following key assumptions.

Cash flows are based primarily on a five year forecast extrapolated using average annual growth rates of approximately 2 – 2.5% (2015: 2 – 2.5%).

A post-tax discount rate of 13.22% (2015:12.27%) was applied in determining the recoverable amount of the unit. The discount rate was determined by using the weighted average cost of capital applicable to the CGU.

Forecast after tax cash flow was based on expectations of future outcomes taking into account the likely effects of the refurbishment and equipment renewal project completed during the reporting period.

Sensitivity

Judgements and estimates have been applied in respect of impairment testing of the CGU. Should these judgements and estimates not occur the resulting carrying amount may decrease. The key sensitivities are as follows:

- Revenue would need to decrease by more than 5% (2015: 1%) from the forecast levels (with all other assumptions remaining constant) before the carrying value of the CGU would need to be impaired,
- Expenses would need to increase by more than 5% (2015: 1%) from the forecast levels (with all other assumptions remaining constant) before the carrying value of the CGU would need to be impaired,
- The discount rate would be required to increase to approximately 44% (2015: 13.6%) (with all other assumptions remaining constant) before the carrying value of the CGU would need to be impaired,

14. Available for Sale Financial Assets

Listed equities – at fair value	**4,106**	**4,106**

The fair values of listed investments are determined by reference to published price quotations in an active market.

15. Trade and Other Payables

Current unsecured:		
Trade payables	804,829	364,741
Annual Leave	811,626	791,604
Sundry payables and accrued expenses	2,629,681	1,976,633
Total payables (unsecured)	**4,246,136**	**3,132,978**

Trade and other payables are non-interest bearing and have maturity dates of less than 90 days. The fair value of the liabilities is determined in accordance with the accounting policies disclosed in Note 1.

	Consolidated	
	2016	2015
	$	$
16. Employee Benefit Provisions		
Long Service Leave	**702,598**	**694,500**
Movement in the provision was as follows:		
Opening balances:		
Current	651,492	613,422
Non-Current	43,008	52,346
Entitlements	7,199	37,941
Payments	(39,101)	(9,209)
Closing balances:		
Current	689,250	651,492
Non-Current	13,348	43,008
17. Loans and Borrowings		
Current		
Interest bearing loans from related party (unsecured)	753,378	1,630,940
Closing balance	**753,378**	**1,630,940**
Non- Current		
Interest bearing loans from related party (unsecured)	**25,596,081**	**16,381,394**
Closing balance	**25,596,081**	**18,012,334**

Financing Facilities:

At the Company’s Annual General Meeting on 31 May 2016, shareholders passed a resolution to enter into the Amended Loan Conversion Deed between the Company and major shareholder Aquis Canberra Holdings Pty Ltd. The Deed (and related amended loan agreements entered into by the Company) consolidated all existing loans from multiple lenders into a single loan. As a result of entering into the deed, all loan facilities on foot at 31 May are now classified as non-current in the Company’s Statement of Financial Position.

Key terms of the financing facility are as follows:

- Facility limit is $36,450,000
- The Loan Agreement matures on 25 August 2024 (Maturity Date);
- Interest is payable on the balance of the new loan at an interest rate of the lower of: BSY + 2% per annum; and the Reserve Bank of Australia's indicator lending rate for small business; variable; residential secured and term rates.
- Interest will accrue monthly and will be capitalised on the last day of each month.
- Repayment/conversion: the outstanding amount under the loan agreement may be repaid in any of the following ways:
  - at the sole election of Aquis Canberra Holdings under the Amended Loan Conversion Deed, by conversion into Shares at a conversion price of $0.20 per Share, provided that the Company is not required to issue Shares to the extent that conversion would result in either:
    - the issue of greater than 250,000,000 Shares; or
    - Aquis Canberra Holdings and its associates having voting power in the Company in excess of 89.59%;

	Consolidated	
	2016	2015
	$	$

17. Loans and Borrowings (continued)

- the Company prepays to Aquis Canberra Holdings all or any part of the amount outstanding on the new loan in cash at any time up to the date that is 5 Business Days before the Maturity Date

The Loan represents a compound financial instrument comprising elements of debt (the contractual obligation to pay cash to the lender) and equity (the lender's option to convert the liability into fully paid ordinary shares). Accordingly the initial carrying amount of the loan has been allocated to its debt and equity components by assigning to equity the residual amount after deducting the amount separately determined for the carrying value of the liability from the fair value of the instrument as a whole. The carrying amount of the liability has been determined by measuring the fair value of a similar liability that does not have an associated equity component.

The fair value of the non current balance of the Loan has been divided into its debt and equity components as follows:

	$
Carrying value of the Loan	25,596,081
Equity component of convertible debt	6,367,984
Less equity component of the loan amortised to Comprehensive and Other /income	(385,383)
Fair Value of Loan	**31,578,682**

18. Contributed Equity

	Consolidated	
	2016	2015
	$	$
(a) Fully paid ordinary shares	**4,167,952**	**4,167,952**

The share capital of the Company consists only of fully paid ordinary shares, which do not have a par value. All shareholders participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Balance at the beginning of the reporting period	**4,167,952**	1
Reverse acquisition refer Note 20	-	2,167,951
Issued for $0.20 each pursuant to underwritten Rights Issue	-	2,000,000
Total shares issued during the financial year	-	4,167,952
Balance at reporting date	**4,167,952**	**4,167,952**

In accordance with the reverse acquisition procedure, the equity balance recognised in the consolidated financial statements in 2015 was the equity balance of the legal subsidiary Aquis Canberra Pty Ltd immediately before the business combination. The amount recognised as contributed equity in the consolidated financial statements in 2015 was determined by adding the cost of the acquisition to the contributed equity of the legal subsidiary ACPL.

18. Contributed Equity (continued)

	Consolidated	
	2016	2015
	No.	No.
Number at the beginning of the reporting period	**185,141,050**	25,719,176
Reverse acquisition refer Note 20	-	149,421,874
Issued for $0.20 each pursuant to underwritten Rights Issue	-	10,000,000
Balance at reporting date	**185,141,050**	**185,141,050**

(b) Unlisted Options

	Consolidated	
	2016	2015
	No.	No.
Balance at the beginning and end of the reporting period	**-**	**5,000,000**

The options expired on 27 September 2016.

Opening balance	-	-
Equity component of convertible debt	6,367,984	-
Balance at 31 December	**6,367,984**	**-**

20. Accumulated Losses

Opening balance	(2,869,594)	3,150,288
Comprehensive loss for the period	(7,680,683)	(6,019,882)
Balance at 31 December	**(10,550,277)**	**(2,869,594)**

21. Acquisition of Controlled Entities (2015)

Aquis / ACPL (2015)

On 7 August 2015, Aquis (formerly Discovery Resources Limited), the legal parent and legal acquirer, completed the acquisition of ACPL. The acquisition did not meet the definition of a business combination in accordance with AASB 3: Business Combinations. Instead the acquisition has been treated as a share based payment under AASB 2 “Share Based Payments to be the accounting parent whereby ACPL is deemed to have issued shares to Aquis Shareholders in exchange for the net assets held by Aquis. The transaction is measured at the fair value of the equity instruments that would have been given by ACPL to have exactly the same percentage holding in the new structure at the date of the transaction which was assessed at $2,167,952.

The excess of the deemed consideration over the pre-acquisition equity balances of Aquis was deemed to be the amount paid for the listing status of Aquis, being $1,119,941 (recognised as a share based payment in the statement of profit or loss) as set out below:

21. Acquisition of Controlled Entities (2015) (continued)

	$
Purchase consideration -149,421,874 shares issued at fair value	2,167,952
Less	
Cash and cash equivalents	1,137,888
Trade and other receivables	15,458
Other current assets	1,703
Trade and other payables	(107,038)
Identifiable net assets	1,048,010
Share based payment expense	**1,119,941**

The equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Aquis, including the equity instruments issued by Aquis to effect the acquisition.

The results for the year ended 31 December 2014 and 31 December 2015 comprise the results of ACPL and the results of Aquis subsequent to the acquisition.

The fair value of the assets and liabilities of CCL at the acquisition date were as follows:

	$
Purchase consideration	6,000,000
Less	
Cash and cash equivalents	1,859,350
Trade and other receivables	38,044
Inventory	139,632
Other current assets	286,801
Property, Plant and Equipment	4,111,886
Intangible assets	1,971,337
Deferred tax assets	3,046,924
Trade and other payables	(1,005,669)
Provisions	(1,257,789)
Identified assets acquired and liabilities assumed	9,190,516
Discount on acquisition	**3,190,516**

	Consolidated 2016 $	2015 $
22. Cash Flow Information		
Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Loss from ordinary activities after income tax	(7,680,683)	(6,019,882)
Non-cash flows in profit from ordinary activities:		
Depreciation and amortisation	1,143,852	519,980
Loss on disposal	178,920	-
Interest on loan	1,658,441	672,335
Casino licences	891,875	817,554
Dividends received	(265)	-
Share based payment	-	1,119,940
Employee provisions - current	37,758	38,070
Employee provisions – non current	(29,660)	(9,338)
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(50,678)	(4,446)
(Increase)/Decrease in inventory	(79,431)	(448,740)
Decrease / (Increase) in other assets	(158,333)	(16,534)
Decrease / (Increase) in deferred tax asset	(1,062,952)	(1,366,202)
(Decrease)/Increase in creditors and accruals	1,113,158	1,567,252
Cash flows from operations	**(4,037,998)**	**(3,130,011)**

23. Financial Instruments

a) General objectives, policies and processes

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and loans from related parties. The consolidated entity's business exposes it to market risk (interest rates), credit risk and liquidity risk.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management objectives are therefore designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material. The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

(b) Credit Risk

The Company has exposure to credit risk on the receivables in the balance sheet. However the Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, and as such collateral is not requested. Cash at bank is held with the ANZ Banking Group Limited,

23. Financial Instruments (continued)

The maximum exposure to credit risk at balance date is as follows:

	2016 $	2015 $
Cash at bank	**5,184,389**	5,341,342
Trade and other receivables	**85,092**	34,414
	5,269,481	**5,375,756**

(c) Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows.

Maturity Analysis - 2016

	Carrying amount $	< 6 months $	6-12 months $	1-3 years $	> 3 years $
Financial Liabilities					
Trade Creditors	804,829	804,829	-	-	-
Loans and borrowings	26,349,459	-	753,378	-	25,596,081
Other creditors and accruals	2,629,681	2,629,681	-	-	-
Total	**29,783,969**	**3,434,510**	**753,378**	**-**	**25,596,081**

Intercompany loans are repayable within 6 months of receipt of written notice. At the date of this report no notice had been received

Maturity Analysis - 2015

	Carrying amount $	< 6 months $	6-12 months $	1-3 years $	> 3 years $
Financial Liabilities					
Trade Creditors	364,741	364,741	–	–	–
Loans and borrowings	18,012,334	–	1,630,940	–	16,381,394
Other creditors and accruals	1,976,633	1,976,633	–	–	–
Total	**20,353,708**	**2,341,374**	**1,630,940**	–	**16,381,394**

(d) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Interest rate risk

The Company's exposure to market interest rates relates to both the Company's long-term (interest bearing) loan obligation as set out in note 17 and the company's future cash flows from its cash holdings. The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

23. Financial Instruments (continued)

			Fixed / Floating Interest Rate Maturing			
	Weighted Average Effective Interest Rate	Amount	Within 1 Year	1 to 5 Years	Non-Interest Bearing	Total
At 31 December 2016	**%**	**$**	**$**	**$**	**$**	**$**
Financial Assets						
Cash & Cash Equivalents	**1.6%**	5,184,389	4,093,114	-	1,091,275	**5,184,389**
Trade & Other Receivable		85,092	-	-	85,092	**85,092**
Total Financial Assets		**5,269,481**	**4,093,114**	**-**	**1,176,367**	**5,269,481**
Financial Liabilities						
Trade Creditors		804,829	-	-	804,829	**804,829**
Loans and borrowings	**5%**	26,349,459	-	26,349,459	-	**26,349,459**
Total Financial Liabilities		**27,154,288**	**-**	**26,349,459**	**804,829**	**27,154,288**
At 31 December 2015	**%**	**$**	**$**	**$**	**$**	**$**
Financials Assets						
Cash & Cash Equivalents	**1.9%**	6,804,470	5,295,487	-	1,508,983	**6,804,470**
Trade & Other Receivable		34,414	-	-	34,414	**34,414**
Total Financial Assets		**6,838,884**	**5,295,487**	**-**	**1,543,397**	**6,838,884**
Financial Liabilities						
Trade Creditors		364,741	-	-	364,741	**364,741**
Shareholder loan	**8%**	14,195,656	-	14,195,656	-	**14,195,656**
Newberth loan	**8%**	736,148	736,148	-	-	**736,148**
Newberth loan	**8%**	2,185,738	-	2,185,738	-	**2,185,738**
Working capital facility	**4.3%**	894,792	894,792	-	-	**894,792**
Total Financial Liabilities		**18,377,075**	**1,630,940**	**16,381,394**	**364,741**	**18,377,075**

ii) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

iii) Sensitivity Analysis

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

23. Financial Instruments (continued)

Interest Rate Sensitivity Analysis

At 31 December 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2016	**2015**
	$	**$**
Change in profit:		
Increase in interest rate by 2%	(549,711)	(254,337)
Decrease in interest rate by 2%	631,574	259,632
Change in Equity		
Increase in interest rate by 2%	(549,711)	(254,337)
Decrease in interest rate by 2%	631,574	259,632

(ii) Other Price Risk

The Company is not subject to other price risk

24. Key Management Personnel Disclosures

(a) Key Management Personnel

Directors

T Fung	Chairman (Appointed 7 Aug 2015)
R Or Ching Fai	Vice Chairman (Appointed 7 Aug 2015)
J Fung	Non-Executive Director (Appointed 7 Aug 2015)
A Chow	Non-Executive Director (Appointed 7 Sept 2015)
R Shields	Non-Executive Director (Appointed 7 Aug 2015)
K Chapman	Non-Executive Director (Appointed 14 Aug 2015)
J Mellor	Executive Director (Appointed 14 Aug 2015)
G Andres	Executive Director and CEO (Appointed 7 Aug 2015 – Resigned 13 Nov 2015)
T Adcock	Non-Executive Chairman (Resigned 7 Aug 2015)
J Puckridge	Executive Director/Chief Executive Officer (Resigned 7 Aug 2015)
T Pickett	Non-Executive Director (Resigned 7 Aug 2015)

Executives

A Gomes	CEO (Appointed 16 November 2015, - Resigned 3 October 2016)
J Mellor	Senior Executive to 14 July 2015, appointed CEO 4 October 2016
G Gill	CFO and Company Secretary appointed 7 August 2015
R Bach	VP and General Manager appointed 2 July 2015
A Wilbers	Company Secretary resigned 7 August 2015

24. Key Management Personnel Disclosures (continued)

Transactions with Key Management Personnel

Key management personnel remuneration includes the following:

	2016 $	2015 $
Short term employee benefits:	1,648,242	1,011,254
Post-employment benefits:	100,202	81,756
Total remuneration	**1,748,444**	**1,093,010**

Further details are included in the Remuneration Report.

25 Related Party Transactions

(a) Controlling entities

The ultimate parent is TF Reef – Canberra Holdings Limited (incorporated in BVI. The ultimate Australian parent entity is Aquis Entertainment Canberra Holdings (Aus) Pty Ltd

(b) Key Management Personnel

Disclosures relating to KMP are included in Note 23 and the Remuneration report.

(c) Transaction with Related Parties

The Group received loans from related parties during the year. Details of the loans are set out at Note 17.

26. Expenditure Commitments

Capital Expenditure Commitments

	2016 $	2015 $
Not later than one year	nil	11,707,484

27. Contingent Liabilities

Pursuant to the Deed between the ACT Gambling and Racing Commission, CCL and the Australian Capital Territory dated 23 December 2014, CCL granted the Commission and the Territory:

- First ranking mortgage over the casino land and
- First ranking security interest over all other property.

CCL can replace the mortgage with a bank guarantee for $3 million should it raise debt finance in connection with improvements or redevelopment of the business.

28. Investment in Controlled Entities

Interests in controlled entities are set out below. All entities are incorporated and domiciled in Australia.

Name	Principal Activity	Incorporated	Ownership Interest	
			2016	2015
Aquis Canberra Pty Ltd	Gaming and entertainment	Australia	100%	100%
Casino Canberra Limited[1]	Gaming and entertainment	Australia	100%	100%

[1] Shares held by ACPL

For details of the acquisition of controlled entities refer Note 21.

29. Parent Entity Information

	2016 $	2015 $
Statement of Financial Position		
Current assets	102,451	1,947,835
Non-current assets	30,668,762	1,305,089
Total assets	**30,771,213**	**3,252,924**
Current liabilities	(1,005,800)	(281,297)
Non-current liabilities	(25,596,081)	(894,792)
Total liabilities	(26,601,881)	(1,176,089)
Net assets	**4,169,332**	**2,076,835**
Equity		
Issued capital	4,727,776	4,727,776
Reserves	6,495,697	127,713
Accumulated losses	(7,054,141)	(2,778,654)
Total equity	**4,169,332**	**2,076,835**
Statement of Profit or Loss and Other Comprehensive Income		
Income	28,757	17,397
(Loss) for the year	**(4,275,487)**	**(971,175)**

Commitments for the parent entity are the same as those for the consolidated entity and are set out at Note 25.

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year end.

30. Subsequent Events

Other than as disclosed in this report, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the entity, the results of those operations or the state of affairs of the Company in future financial years.

31. Segment Information

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity operates in a single operating segment: that of the gaming and entertainment industry in Australia.

32. Auditor Information

The following fees were paid or payable for services provided by the Group's auditors:

	2016 $	2015 $
Audit of the Financial Statements		
RSM Australia Partners	205,580	53,750

33. Company Information

The registered office and principal place of business is as follows:

21 Binara Street
Canberra ACT 2601

34. Authorisation of Financial Statements

The consolidated financial statements for the year ended 31 December 2016 (including comparatives) were approved and authorised for issue by the Board of Directors on 28 February 2017.

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   b. give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year ended on that date of the company and consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

   a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards

Signed in accordance with a resolution of the Directors.

Jessica Mellor
Director
Canberra
28 February 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AQUIS ENTERTAINMENT LIMITED

Opinion

We have audited the financial report of Aquis Entertainment Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2016, 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 financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. 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 this matter
Recognition of Revenue - Note 3 in the financial statements	
Revenue for the year ended 31 December 2016 was $24.2 million. Revenue is considered to be a Key Audit Matter because, while it is not judgmental, it involves the transfer of significant volumes of cash in circumstances where there is no immediate paper trail. There is potential for management override to achieve revenue targets via manual journal entries posted to revenue. Revenue could be inaccurately stated as a result. Our procedures were designed to corroborate our assessment that revenue should be closely aligned to cash banked and identify manual adjustments that are made to revenue for further testing.	Our audit procedures in relation to the recognition of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards. • Evaluating the operating effectiveness, of management's controls related to revenue recognition. • Using data extracted from the accounting system, we tested the appropriateness of journal entries impacting revenue. • We verified the recognition and measurement of revenue by tracing a sample of transactions throughout the year from the table performance reports to the monthly summary reports and then back to the cash desk, to verify the accuracy of reported revenue.
Impairment of Intangible Assets - Note 13 in the financial statements	
At 31 December 2016 the Group has intangible assets with a carrying value of $1.9 million. This is the Casino licence and its associated costs. We focused on this area due to the size of the intangible balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU"), Casino Canberra (Casino) involves judgements about the future underlying cash flows of the business and the discount rates applied to them. For the year ended 31 December 2016 management have performed an impairment assessment over the intangible balance by: • calculating the value in use for the Casino using a discounted cash flow model. This model used cash flows (revenues, expenses and capital expenditure) for the Casino for 5 years, with a terminal growth rate applied to the 5th year. These cash flows were then discounted to net present value using the Group's weighted average cost of capital (WACC); and • comparing the resulting value in use of the Casino to the respective book value. Management also performed a sensitivity analysis over the value in use calculations, by varying the assumptions used (growth rates, terminal growth rate and WACC) to assess the impact on the valuations.	Our audit procedures in relation to management's impairment assessment included: • Updating our understanding of management's annual impairment testing process. • Assessing management's determination that the intangible asset should be allocated to a single CGU, the Casino, based on the nature of the Group's business and the manner in which results are monitored and reported. • We assessed the forecasts underlying the impairment review and agreed to budgets approved by the Board, reviewing these against actual performance and historic accuracy of forecasting. We also performed sensitivity analysis on earnings multiples and growth rates applied to cash flows to determine the extent of headroom for the Casino. • We agreed other key assumptions such as discount rates and revenue growth to supporting evidence and corroborated these to industry averages/trends. • We compared the cash flow projections to historic performance and observable trends and corroborated the reasons for deviations to third party evidence as appropriate.

Other Information

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 31 December 2016, but does not include the financial report and the 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 has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Aquis Entertainment Limited, for the year ended 31 December 2016, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Rodney Miller
RSM Australia Partners
Canberra, Australian Capital Territory
Date: 28 February 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aquis Entertainment Limited for the year ended 31 December 2016, 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.

RSM Australia Partners

RSM AUSTRALIA PARTNERS

RODNEY MILLER
Partner

Canberra, Australian Capital Territory
Dated: 28 February 2017

AQUIS ENTERTAINMENT LIMITED

ACN 147 411 881

(Company)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 20 April 2017 and has been approved by the Board of Directors on that date.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory; however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

The Company's Corporate Governance Plan is available on the Company's website at **www.aquisentertainment.com.**

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	Yes	The Company has a Board Charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management. A copy of the Charter can be viewed on the Company's website.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	Yes	The Company: • undertakes appropriate checks including character references, criminal history and insolvency checks before appointing or putting forward to security holders a candidate for election, as a Director • security holders are provided with all material information relevant to a decision on whether or not to elect or re-elect a Director. The information is included in the Company's Annual Reports, Notices of Meeting and website.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Yes	The Company has written agreements with each Director and senior executive setting out the terms of their appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Yes	The Board Charter establishes that the Company Secretary is accountable directly to the Board through the Chair on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period:	Yes - Partly Yes	Aquis Entertainment acknowledges the positive outcomes that can be achieved through a diverse workforce and recognises and utilises the diverse skills and talent from its directors, officers and employees. To this end the Company has developed a diversity policy which can be viewed on the Company's website. The Remuneration & Nomination Committee is responsible for reviewing and making recommendations to the Board on the effectiveness of the Diversity Policy. If the Committee considers necessary, it will advise the Board on the establishment of

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.	Yes	measurable objectives set to achieve gender diversity to enable the Board to annually assess and report the Company's progress in achievement of its objectives. If developed, the measurable objectives will be included in either the Annual Corporate Governance Statement or the Company's Annual Report. At 31 March 2017, the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation were as follows:

	Female	Male	Total
Board (including Executive Directors)	1	6	7
Senior Executives (excl. Executive Directors)[1]	1	1	2
Management – Casino Canberra (excl. Exec Directors and Senior Executives)	5	4	9
Staff	87	164	251
Total	**94**	**174**	**268**

[1] For the purposes of this statement, Senior Executives are defined as Key Management Personnel (excluding Directors).

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes Yes	The Board Charter establishes the requirement and process to conduct an annual evaluation of the performance of the Board, its committees and individual Directors. The Remuneration & Nomination Committee is responsible for the conduct of the evaluation. At the time of approving this statement a performance evaluation for the 2016 year is being conducted.
Recommendation 1.7		

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes	The Board is responsible for reviewing the performance of senior management against strategies established by the Board. To this end the Board has established KPI's against which the performance of its senior executives are assessed.
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	A performance evaluation of executives against KPI's set for the 2016 financial year has been conducted.
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience,	Yes	The Remuneration and Nomination Committee has three members the majority of whom are independent Directors. The Committee is chaired by an independent Director. The names of the Committee Members are as follows: • Mr Russell Shields (Chair) • Mr Raymond Or Ching-Fai • Mr Alex Chow A copy of the Committee Charter may be viewed on the Company website. The qualifications and experience of the members of the Committee are set out on the Company's website and in the Annual Reports. The number of times the committee met throughout a period and the individual attendances of the members at those meetings are disclosed in the Annual Report.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.		
Recommendation 2.2 A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes	The Remuneration and Nomination Committee has developed a Board Skills Matrix to assist in identifying the experience, skills, expertise and diversity required for the Board to discharge its mandate to maintain the necessary mix of expertise. Key skills held by Board members include: corporate financing and administration, banking, finance, property development, business strategy and business management. The Board is of the view that at this stage of its development the current directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the company's strategic priorities. To the extent that skills are not directly represented on the Board, they are augmented through management and external advisors.
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the	Yes Yes	The names of the Directors considered to be independent are as follows: • Mr Alex Chow and • Mr Russell Shields The names of the Directors who are not considered independent are: • Mr Tony Fung • Mr Raymond Or Ching-Fai

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	Yes	• Mr Justin Fung • Ms Jessica Mellor Ms Mellor was appointed on 14 August 2015. Mr Chow was formally appointed on 7 September 2015. All other Directors were appointed with affect from 7 August 2015.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	Yes	At the date of this report, the Board comprises 6 members, 2 of whom are independent and 4 of whom are non-independent Directors. The Company considers this to be an appropriate balance given its majority shareholder and the importance to the company at this time to have the Chief Executive Officer who is an Executive Directors, who is not considered independent.
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	No	The Chair of the Board is Mr Tony Fung who is also the owner of the majority shareholder and therefore is not independent. Mr Fung is a highly experienced Director and Chairman. The Company considers that, reflective of the majority shareholding, the Board will function more effectively with Mr Fung as Chairman.
Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	Yes	The Company has an induction program for new Directors and encourages ongoing professional development of directors and senior management.
Principle 3: Act ethically and responsibly		

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes	The Company has a Code of Conduct for its Directors, senior executives and employees. A copy of the Code of Conduct may be viewed on the Company's website.
Principle 4: *Safeguard integrity in financial reporting*		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial	Yes	The Audit and Risk Management Committee has three members the majority of whom are independent Directors. The Committee is chaired by an independent Director. The names of the Committee Members are as follows: • Mr Alex Chow (Chair) • Mr Russell Shields and • Mr Justin Fung A copy of the Committee Charter may be viewed on the Company website. The qualifications and experience of the members of the Committee are set out on the Company's website and in the Annual Report. The number of times the committee met throughout a period and the individual attendances of the members at those meetings are disclosed in the Annual Report.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Audit and Risk Management Charter requires the CEO and CFO to provide to the Board prior to the Company's financial statements being approved, a declaration that the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Shareholder Communications Policy of the Company states that the external auditor will attend the AGM and will be available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1		

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	The Company has a Disclosure Policy which sets out the process by which the Company complies with its continuous disclosure obligations under the Listing Rules. A copy of the Policy may be viewed on the Company's website.
Principle 6: *Respect the rights of security holders*		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company's Corporate Governance Statement, Charters and Corporate Governance Policies are included on its website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has a Shareholder Communication policy which is aimed at to facilitating effective two-way communication with investors. A copy of the Policy can be viewed on the Company's website.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Shareholder Communications Policy sets out the policies and processes the Company's has in place to facilitate and encourage participation at meetings of security holders.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Shareholder Communications Policy establishes the Company's commitment to receive communications from, and send communications to, the entity and its security registry electronically.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	Yes	The Audit and Risk Management Committee has three members the majority of whom are independent Directors. The Committee is chaired by an independent Director. A copy of the Committee Charter may be viewed on the Company website. The names of the Committee Members are as follows: • Mr Alex Chow (Chair) • Mr Russell Shields and • Mr Justin Fung The qualifications and experience of the members of the Committee are set out on the Company's website and in the Annual Report. The number of times the committee met throughout a period and the individual attendances of the members at those meetings are disclosed in the Annual Report.
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and (b) disclose in relation to each reporting period, whether such a review has taken place.	Yes	The Audit and Risk Management Committee Charter tasks the Committee with the responsibility for reviewing and monitoring the Company's risk management framework to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Charter requires the Committee to undertake a review of the Company's risk management framework with management (at least once annually) to satisfy

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
		itself that Aquis Entertainment's risk management framework continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain with the risk appetite set by the Board. During the year the Audit Committee conducted various risk reviews of aspects of the operations and commenced an overall review of the Company's risk management framework and risk registers.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	The Company does not, at this stage, have an Internal Audit function. The Board is of the view that the Company's' size and scale does not currently support an independent internal audit function. The Board from time to time may utilise external parties to undertake internal audit control reviews. The Audit and Risk Management Committee Charter sets out the processes the Committee employs to oversee the Company's risk management framework. The Company's proposed operational subsidiary, Casino Canberra Limited, also maintains a robust risk management framework related to all operational matters as required under the relevant casino legislation. This includes the maintenance of a risk register identifying relevant operational risks and recording proposed solutions and risk management procedures where appropriate.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Company's exposure to economic, environmental and social sustainability risks and the way it manages or intends to manage mitigate those risks is set out in the Annual Report.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		The Remuneration and Nomination Committee has three members the majority of whom are independent Directors. The Committee is chaired by an independent Director. The names of the Committee Members are as follows: • Mr Russell Shields (Chair) • Mr Raymond Or Ching-Fai • Mr Alex Chow A copy of the Committee Charter may be viewed on the Company website. The qualifications and experience of the members of the Committee are set out on the Company's website and in the Annual Report. The number of times the committee met throughout a period and the individual attendances of the members at those meetings are disclosed in the Annual Report.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are	Yes	The Remuneration and Nomination Committee is tasked with developing policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.

RECOMMENDATIONS (3RD EDITION)	COMPLY	EXPLANATION
reflected in the level and composition of their remuneration.		These policies and practices are disclosed in the Company's Annual Report.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	The Company has established an equity–based remuneration scheme (Plan). The Plan rules specifically prohibit participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Plan. The Company's Securities Trading Policy also prohibits participants in any such scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. A copy of the Securities Trading Policy can be viewed on the Company's website.

SHAREHOLDER INFORMATION AT 28 MARCH 2017

1. TWENTY LARGEST SHAREHOLDERS

	Holder Name	Shares	%
1	AQUIS CANBERRA HOLDINGS (AUS) PTY LTD	163,871,874	88.51%
2	MR PAUL JOSEPH MANKA	1,325,079	0.72%
3	MR THOMAS JON PICKETT	1,200,000	0.65%
4	RIVA ADMINISTRATION PTY LTD	797,999	0.43%
5	TARALAKE PTY LTD	790,329	0.43%
6	MR HONGHAO SUN	700,000	0.38%
7	LANDSEC PTY LTD	646,800	0.35%
8	PROSPERO CAPITAL PTY LTD <PROSPERO GROWTH FUND A/C>	551,838	0.30%
9	LIFE IN VERSE PTY LTD <JA & TD DAY FAMILY A/C>	545,153	0.29%
10	CHANCERY HOLDINGS PTY LTD <MCKENZIE NO 1 SUPER FUND A/C>	500,000	0.27%
11	MR JOHN HAMILTON	449,000	0.24%
12	MRS JODIE LEE MAXTED	437,154	0.24%
13	MR ANTHONY MICHAEL MALYNIAK <EJM A/C>	300,000	0.16%
14	CONFIDO SUPERANNUATION PTY LTD <CHAPMAN FAMILY SUPER A/C>	260,000	0.14%
15	MRS EMILY ELIZABETH HAINSWORTH	250,000	0.14%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	231,879	0.13%
17	MR GARY STANLEY SWIFT & MRS KAYLEEN LESLIE SWIFT <THE SWIFT SUPER FUND A/C>	220,000	0.12%
18	MR ANTHONY JOHN THOMAS DENNIS & MRS SELINA JAY DENNIS <DENNIS FAMILY SUPER FUND A/C>	200,000	0.11%
19	MR ROBERT CAMERON GALBRAITH	200,000	0.11%
20	BARCLAY WELLS LTD <SELL ONLY NOMINEE A/C>	180,000	0.10%
	Total	173,657,105	93.80%

2. DISTRIBUTION OF SHAREHOLDERS

Range	Total Holders	Shares	% Issued Capital
1 – 1,000	6	1,242	0.00%
1,001 – 5,000	6	22,611	0.01%
5,001 – 10,000	106	1,030,902	0.56%
10,001 – 100,000	360	9,888,190	5.34%
100,001 and above	25	174,198,105	94.09%
Total	**503**	**185,141,050**	**100.00%**
Unmarketable Parcels	23	104,755	0.06%

3. SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	% Issued Capital
Aquis Canberra Holdings (Aus) Pty Ltd	163,871,874	88.51

4. VOTING RIGHTS

Ordinary Shares

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

5. RESTRICTED SECURITIES

Security	Number of Restricted Securities	Date of Cessation of Restriction
Ordinary Shares	149,421,874	25 August 2017

6. USE OF CASH AND CONVERTIBLE ASSETS

During the period from admission to the official list of the Australian Stock Exchange to the date of this statement, the company has used cash and assets readily convertible to cash in a manner consistent with its business activities. The company is involved in the ownership and management of gaming and waging assets in Australia.

CORPORATE DIRECTORY

Company
Aquis Entertainment Limited
ABN 48 147 411 881
21 Binara Street
Canberra ACT 2601
www.aquisentertainment.com

Registered Office and Place of Business
21 Binara Street
CANBERRA ACT 2601
Telephone: +61 2 6257 7074
Facsimile: +61 2 6257 7079

Directors
Mr Tony Fung (Chairman)
Mr Raymond Or Ching-Fai (Deputy Chairman)
Mr Justin Fung (Non-executive Director)
Mr Alex Chow (Independent Non-executive Director)
Mr Russell Shields (Independent Non-executive Director)
Ms Jessica Mellor (Chief Executive Officer & Executive Director)

Company Secretary
Ms Louise Sheppard

Auditors
RSM Australia Partners
GPO Box 200
Canberra ACT 2601

Share Registry
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Stock Exchange Listing
Australian Securities Exchange Limited
Home Exchange – Melbourne
ASX code: AQS