



AQUIS ENTERTAINMENT LIMITED
ABN 48 147 411 881

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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AQUIS ENTERTAINMENT LIMITED

ABN 48 147 411 881

**Financial Statements
for the Financial Year Ended 31 December 2017**

AQIS ENTERTAINMENT LIMITED

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements for the financial year ended 31 December 2017. 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").

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 (Resigned 31 December 2017)
Justin Fung	Non-Executive Director
Alex Chow	Non-Executive Director
Russell Shields	Non-Executive Director
Jessica Mellor	Executive Director & 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.

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, as well as the Remuneration and Nomination 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 Eclix 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.

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 played a 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. 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 Company Matters practitioner, Louise Sheppard. Louise is an experienced company secretary whose professional experience spans three decades. Louise's commercial career began at AMP where she worked both in Australia and the UK across several financial services finance and project roles. Thereafter she worked for ABN AMRO in what would today be recognised as an AML/CTF equivalent compliance officer role. Louise has also held compliance and company secretarial roles at Babcock & Brown, and most recently was the Secretarial Governance Manager at Origin Energy Limited.

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	163,871,874	-
R Or Ching Fai	-	-
J Fung ¹	163,871,874	-
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 2017 was a loss of \$13,811,804 (2016: loss \$7,680,683). Included in the 2017 loss is a \$5,498,173 write down of deferred tax assets. Net of this write down, the comparable loss would have been \$8,313,631.

Operating revenue for the year amounted to \$26,150,567, an 8% increase over the 2016 result (\$24,212,531). Earnings before Interest Tax Depreciation and Amortisation (EBITDA) for the year was a loss of \$4,702,327 (2016: loss \$5,933,573) an improvement of 21%.

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:

- Focused marketing activities to capitalise on the refurbishment of the Casino Canberra property in 2016;
- Continuing to improve the operations of Casino Canberra by engaging experienced management who are focussed on improving revenue and customer service standards;

- Implementation of a cost control program to reduce expenditure and streamline efficiencies in business processes to improve economies of scale;
- Ongoing consideration of alternative and complementary business lines; and
- Ongoing liaison with the ACT Government, in relation to the proposal 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, Prospects and Business Strategies section of this report.

Operations

Revenue from operations for the year increased 8% over the prior year to \$26,150,567 in 2017 compared to \$24,212,531 in 2016. The result was driven by a 7% increase in gaming revenue and a 26% increase in food and beverage and other sales. Operating expenses including payroll related expenses increased by 3.7% for the year, with the major increases being in payroll and marketing expenses. Increased payroll expenses arose from insourcing of functions including legal and cleaning, which were offset by reductions in contract expenses. Marketing expenditure increased as a result of the full year of VIP program expenses.

2017 saw the first full year of operation of the refurbished gaming floor. Throughout the year, Casino Canberra maintained its focus on improving awareness the brand to increase visitation, improving VIP offerings to increase market share, together with a cost reduction program to increase profitability.

Toward the end of the year, the increase in visitation rates as a result of the marketing efforts reduced volatility and produced an overall improvement in hold rates, which is expected to continue and stabilise over the coming year as record visitation rates are maintained via new and continuing marketing initiatives.

Financial Position

At 31 December 2017, the Group had cash reserves of \$4,658,166 (2016: \$5,184,389) and unused borrowing facilities of \$1,771,317. Following the end of the financial year no further drawdowns have been made and the group has forecast a positive net cashflow for the financial year. The balance sheet at 31 December 2017 shows a net asset deficit of \$13,254,858 (2016: \$14,341 deficit) as a result of the loss incurred during the financial year and the de-recognition of the deferred tax asset representing carry forward tax losses.

Outlook

Directors are confident of the outlook for Aquis. The completion of the refurbishment of Casino Canberra has proven the ability 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 commencement of Qatar Airways flights direct to Canberra this week, further international visitation should be achieved in the coming year.

The casino's highly experienced operations leadership team continue to execute the vision of attracting and servicing quality players from Australia and overseas. A changeover in Business Development staff recently will assist in bringing new VIP players to Casino Canberra to provide the critical mass needed to manage the volatility and generate additional revenue. Mining of the existing customer database will also be a focus for the next year, to solidify the efforts of the past several years spent building its size and quality.

Legislation has been enacted to allow 200 electronic gaming machines (EGM's) to operate within the casino; planning continues for the redevelopment of Casino Canberra into a world class multi faceted establishment and discussions with the Government will continue throughout 2018 surrounding the details of the legislated requirements for the EGM's.

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 258

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 & Nomination	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
T Fung	3	3	n/a	n/a	n/a	n/a
R Or Ching Fai ¹	3	2	n/a	n/a	2	2
J Fung	3	2	2	1	n/a	n/a
A Chow	3	3	2	2	2	2
R Shields	3	3	2	2	2	2
J Mellor	3	3	n/a	n/a	n/a	n/a

¹Resigned 31 December 2017

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 2017, 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.

During the year, legislation was passed in the ACT to allow the Casino to operate electronic gaming products, including up to 200 EGM's, on the basis that a redevelopment of the Casino is undertaken and various harm minimisation measures are implemented. While the legislation provides a framework for the introduction of electronic gaming products into the Casino in the ACT, the specific detail in respect of the redevelopment milestones and practical application of the measures being proposed is yet to be quantified. Therefore, it is anticipated that the Company will be continuing discussions with the ACT government throughout 2018 to further progress the redevelopment plans.

SHARE OPTIONS

As at the date of this report, there were no unissued ordinary Aquis shares under option (2016: nil). 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
J Fung	Non-Executive Director
A Chow	Non-Executive Director
R Shields	Non-Executive Director

Current Executives

Name	Role	Relevant Dates
J Mellor	Chief Executive Officer	
A Gallagher	Financial Controller	Appointed 24 March 2017
R Bach	Vice President & General Manager	

Previous Directors and Executives

Name	Role	Relevant Dates
G Gill	Chief Financial Officer and Company Secretary	Resigned as Company Secretary 11 April 2017 & CFO 12 May 2017
R Or Ching Fai	Vice Chairman	Resigned 31 December 2017

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 remuneration structure 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's. For the 2017 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.

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	Remuneration at Risk - STI
	Fees and/or Salary	Cash, Profit Sharing / Other Bonuses	Other					
	\$	\$	\$	\$	\$	\$	%	%
2017								
T Fung	-	-	-	-	-	-	-	-
R Or Ching Fai ¹	-	-	-	-	-	-	-	-
J Fung	-	-	-	-	-	-	-	-
A Chow	104,583	-	-	-	-	104,583	-	-
R Shields	103,750	-	-	9,856	-	113,606	-	-
J Mellor	368,754	112,500	62,400	34,712	-	578,366	19%	19%
R Bach	250,000	62,500	52,157	19,616	-	384,273	16%	16%
G Gill ²	107,787	-	10,878	8,034	-	126,699	-	-
A Gallagher ³	114,423	18,862	-	10,870	-	144,155	13%	13%
Totals	1,049,297	193,862	125,435	83,088	-	1,451,682		

¹ Resigned 31 December 2017

² Resigned 12 May 2017

³ Appointed 24 March 2017

Key Management Personnel	Short-term Benefits			Post-Employment Benefits Super-annuation	Share Based Payment	Total	Performance based remuneration	Remuneration 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	39,785	19,780	-	378,450	16%	16%
G Gill ¹	240,501	-	17,577	19,321	-	277,399	-	-
K Chapman ²	88,375	-	-	7,564	-	95,939	-	-
A Gomes ³	568,037	-	-	27,778	-	595,815	-	-
Totals	1,568,995	79,247	57,362⁴	100,202	-	1,805,806		

¹ Resigned 12 May 2017

² Resigned 3 November 2016

³ Resigned 3 October 2016

⁴ Amendments made to include other benefits which were paid, but omitted from the prior year report

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 Title	Jessica Mellor Chief Executive Officer	Rhiannon Bach VP and General Manager	Garry Gill Chief Financial Officer and Company Secretary	Allison Gallagher Financial Controller
Commencement Date	23 December 2014	23 April 2015	14 September 2015	24 March 2017
Term of Agreement	Open	Open	Open	Open
Annual Salary	\$450,000	\$250,000	\$240,000	\$175,000
Superannuation	Statutory superannuation	Statutory superannuation	Statutory superannuation	Statutory superannuation
Bonus	<p>Maximum annual bonus = 50% of Remuneration comprising:</p> <ul style="list-style-type: none"> • 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 to 12 months and for various regions			
Termination Period	6 months either party	3 months either party	6 months either party	2 months either party
Resigned 12 May 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	Opening Balance ¹	Acquired on Market	Disposed	Closing Balance ²
2017				
T Fung	163,871,874	-	-	163,871,874
J Fung ³	163,871,874	-	-	163,871,874

Name	Opening Balance ¹	Acquired on Market	Disposed	Closing Balance ²
2016				
T Fung	163,871,874 ⁴	-	-	163,871,874 ⁵
J Fung ³	163,871,874 ⁴	-	-	163,871,874 ⁵

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

⁴ Opening balance for 2016 was incorrectly noted as 153,871,874 due to an administrative error

⁵ Closing balance for 2016 was incorrectly noted as 153,871,874 due to an administrative error

Other than as detailed in the table above, no shares were held in the Company either directly, indirectly or beneficially by any key management personnel.

b) Movement in option holdings

There were no options over ordinary shares in the Company held directly, indirectly or beneficially by key management personnel.

Loans to directors and executives

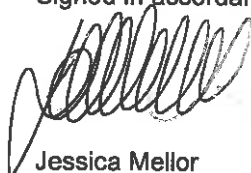
There were no loans to directors or executives at balance date.

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 \$36.8 million (2016: \$32.3 million) inclusive of accrued interest.

End of audited Remuneration Report

Signed in accordance with a resolution of the directors



Jessica Mellor
Director

Canberra

26 February 2018

AQUIS ENTERTAINMENT LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
for the year ended 31 December 2017

	Note	Consolidated	
		2017	2016
		\$	\$
Revenue and Other Income			
Revenue	3	26,150,567	24,212,531
Other income	3	473,710	240,368
Total Revenue and Other Income		26,624,277	24,452,899
Expenses from Continuing Operations:			
Casino taxes		(2,669,047)	(2,513,822)
Employee benefit expenses		(18,500,315)	(17,322,296)
Other operating expenses	4	(10,157,242)	(10,371,434)
Finance charges	4	(1,834,813)	(1,665,960)
Depreciation	4	(1,750,856)	(1,118,217)
Loss on disposal of fixed assets		-	(178,920)
Amortisation	4	(25,635)	(25,635)
Loss before income tax		(8,313,631)	(8,743,385)
Income tax expense / (benefit)	5	(5,498,173)	1,062,702
Loss attributable to members of the consolidated entity		(13,811,804)	(7,680,683)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the members of the consolidated entity		(13,811,804)	(7,680,683)
Basic and diluted earnings per share (cents per share)	6	(7.46)	(4.14)

The accompanying notes form part of these financial statements.

AQUIS ENTERTAINMENT LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

	Note	Consolidated	
		2017	2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	4,658,166	5,184,389
Trade and other receivables	8	58,910	85,092
Inventories	9	335,634	665,708
Other current assets	10	1,299,615	1,317,219
Total Current Assets		6,352,325	7,252,408
NON-CURRENT ASSETS			
Property, plant and equipment	11	13,433,742	14,751,809
Intangible assets	12	1,893,812	1,919,447
Available for sale financial asset	13	4,106	4,106
Deferred tax assets	5	-	5,498,003
Other non-current assets	10	966,200	1,858,079
Total Non-Current Assets		16,297,860	24,031,444
TOTAL ASSETS		22,650,185	31,283,852
CURRENT LIABILITIES			
Trade and other payables	14	4,452,358	4,246,136
Employee benefit provisions	15	719,911	689,250
Loans and borrowings	16	-	753,378
Total Current Liabilities		5,172,269	5,688,764
NON-CURRENT LIABILITIES			
Employee benefit provisions	15	27,579	13,348
Loans and borrowings	16	30,705,195	25,596,081
Total Non-Current Liabilities		30,732,774	25,609,429
TOTAL LIABILITIES		35,905,043	31,298,193
NET ASSETS		(13,254,858)	(14,341)
EQUITY			
Contributed equity	17	4,167,952	4,167,952
Reserve	17	6,939,271	6,367,984
Accumulated losses	18	(24,362,081)	(10,550,277)
TOTAL EQUITY		(13,254,858)	(14,341)

The accompanying notes form part of these financial statements

AQUIS ENTERTAINMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Share Capital	Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
2016				
Balance at 1 January 2016	4,167,952	-	(2,869,594)	1,298,358
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)
2017				
Equity component of convertible debt	-	571,287	-	571,287
Loss attributable to members of the company	-	-	(13,811,804)	(13,811,804)
Balance at 31 December 2017	4,167,952	6,939,271	(24,362,081)	(13,254,858)

The accompanying notes form part of these financial statements

AQUIS ENTERTAINMENT LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

		Consolidated	
		2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
		26,602,924	24,310,837
		(29,835,937)	(28,432,182)
		47,190	90,866
		(7,789)	(7,519)
		<u>(3,193,612)</u>	<u>(4,037,998)</u>
19			
CASH FLOWS FROM INVESTING ACTIVITIES			
		(432,789)	(10,532,803)
		-	455
		178	265
		<u>(432,611)</u>	<u>(10,532,083)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		4,100,000	12,950,000
		(1,000,000)	-
		<u>3,100,000</u>	<u>12,950,000</u>
		(526,223)	(1,620,081)
		<u>5,184,389</u>	<u>6,804,470</u>
		<u>4,658,166</u>	<u>5,184,389</u>
7			

The accompanying notes form part of these financial statements

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

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 (ASX: 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.

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 25. 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.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Statement of Significant Accounting Policies (continued)

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.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Statement of Significant Accounting Policies (continued)

(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.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Statement of Significant Accounting Policies (continued)

(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	10-40 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 20. 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.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Statement of Significant Accounting Policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities. 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.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Statement of Significant Accounting Policies (continued)

(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) 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.

(s) 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 2017. 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.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Statement of Significant Accounting Policies (continued)

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, the impact of its adoption is not expected to be material.

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, the impact of its adoption is not expected to be material.

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

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. Statement of Significant Accounting Policies (continued)

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, the impact of its adoption is not expected to be material.

(t) 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 \$13,811,804 (2016: \$7,680,683 loss), had net cash outflows from operating activities of \$3,193,612 (2016: \$4,037,998) and negative net assets of \$13,254,858 for the year ended 31 December 2017.

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 \$1.77 million at the balance date. This facility is sufficient to meet the cash flow requirements for the consolidated group.
- The equipment refreshment and refurbishment project which was completed in June 2016 has enhanced the consolidated entity's ability to generate revenue, profit and cash flow to meet its future ongoing commitments.
- The 2018 budget for revenue and expenditure has been prepared on a conservative basis, accounting for similar revenues to 2017, achieved at lower rates of expenditure. The lower expenditure program was implemented in the latter part of 2017 and has proven that the business can sustain itself from its own revenues.
- The Company's major shareholder (Aquis Capital H K Limited through Aquis Canberra Holdings Pty Ltd) has provided the Directors with an undertaking to provide financial support to the consolidated entity should it be required; a current approved facility is in place with the shareholder as detailed above for this purpose.

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.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

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 12.

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	
	2017	2016
	\$	\$
3. Revenue and Other Income		
Revenue		
Revenue from services	23,495,712	21,961,684
Revenue from sale of goods	2,654,855	2,250,847
Total Revenue	26,150,567	24,212,531
Other Income		
Interest	47,190	90,866
Other revenue	426,520	149,502
Total Other Income	473,710	240,368

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

4. Expenses from Continuing Operations	Consolidated	
	2017	2016
	\$	\$
(a) Other operating expenses		
Cost of sales	826,433	690,512
Annual casino licence fee	891,877	891,877
Repairs & maintenance	375,085	302,467
Utilities	461,177	419,063
Insurance	169,510	186,447
Printing & stationery	53,152	77,927
Marketing, promotion and associated costs	4,960,377	4,140,376
Legal, accounting and consultants	288,520	816,568
Travel and associated costs	114,071	182,764
Gaming supplies	238,536	237,568
Rates and taxes	135,470	126,975
Computer supplies	240,070	169,104
Contracts	133,768	726,649
Uniform replacement and cleaning	78,522	187,236
Other expenses	1,190,674	1,215,901
Total Other Operating Expenses	10,157,242	10,371,434
(b) Finance charges		
Interest – 3 rd parties	7,789	7,519
Interest – related parties	1,827,024	1,658,441
Total Finance Charges	1,834,813	1,665,960
(c) Depreciation		
Buildings	1,047,599	714,335
Plant and equipment	703,257	403,882
Total Depreciation	1,750,856	1,118,217
(d) Amortisation		
Casino licence and fees	25,635	25,635

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

5. Income Tax	Consolidated	
	2017	2016
<i>(a) The components of income tax expense comprise</i>	\$	\$
Current tax	5,498,173	(1,199,357)
Deferred tax	-	132,585
Adjustment recognised for prior periods	-	4,070
	5,498,173	(1,062,702)
 <i>(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:</i>		
Net profit/(loss)	(8,313,631)	(8,743,385)
Prima facie income tax on the loss from		
Ordinary activities at 30% (2016: 30%)	(2,494,089)	(2,623,016)
Tax effect of permanent differences:		
Non-deductible amortisation	7,691	7,691
Non-deductible interest expense	267,336	172,761
Sundry items	17,708	45,236
De-recognition of DTA on Accruals	9,973	9,310
De-recognition of DTA on CY tax losses	1,628,018	1,241,656
De-recognition of DTA on arising from tax consolidation	521,890	79,590
De-recognition of DTA on prior year tax losses	5,498,173	-
Adjustment recognised for prior periods	41,473	4,070
Income tax attributable to entity	5,498,173	(1,062,702)
 <i>(c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%</i>		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Property, plant and equipment	-	2,511,179
Accruals	-	16,603
Employee benefits	-	524,056
Tax losses	-	3,618,152
Net deferred tax assets	-	6,669,990
Set-off deferred tax liabilities pursuant to set-off provisions		
Amounts recognised in profit or loss		
Accruals other	-	(1,171,987)
Net deferred tax assets	-	5,498,003
Net deferred tax assets at beginning	5,498,003	4,435,051
Charged to income statement current year	(5,498,003)	(132,335)
Prior period tax adjustment	-	(4,070)
Current period tax adjustment	-	1,199,357
Net deferred tax assets at end of the year	-	5,498,003

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

6. Earnings Per Share	2017	2016
	No.	No.
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted EPS	185,141,050	185,141,050

Options are considered potential ordinary shares. For the years ended 31 December 2017 and 31 December 2016, 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.

	Consolidated	
	2017	2016
	\$	\$
7. Cash and Cash Equivalents		
Cash at bank and on hand	4,658,166	5,184,389

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	46,021	49,458
Other receivables	12,889	35,634
Total	58,910	85,092

9. Inventories

Consumable stores - at cost	206,471	568,406
Goods for resale – at cost	129,163	97,302
Total	335,634	665,708

Gaming chips in use have previously been classed as inventories – consumable stores. During 2017, gaming chips in use have been more appropriately reclassified as Property & Plant & Equipment.

10. Other Assets

Current

Prepaid casino licence fee	891,877	891,877
Prepayments and deferrals	329,883	388,134
Other	77,855	37,208
	1,299,615	1,317,219

Non-current

Prepaid casino licence fee	966,200	1,858,079
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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 12).

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

11. Property Plant and Equipment	Consolidated	
	2017	2016
	\$	\$
<i>Building and leasehold improvements</i>		
Building at cost	28,196,319	28,196,319
Accumulated depreciation	(10,047,159)	(8,999,561)
Accumulated impairment	(8,223,418)	(8,223,418)
	9,925,742	10,973,340
<i>Plant and equipment</i>		
Plant and equipment at cost	5,158,846	4,682,153
Accumulated depreciation	(1,512,742)	(765,580)
Accumulated impairment	(138,104)	(138,104)
	3,508,000	3,778,469
Balance	13,433,742	14,751,809
Movements in property plant and equipment:		
<i>Building and leasehold improvements</i>		
Opening written down value	10,973,340	3,516,807
Additions	-	8,325,601
Depreciation	(1,047,598)	(869,068)
Carrying value at 31 December	9,925,742	10,973,340
<i>Plant and equipment</i>		
Opening written down value	3,778,469	312,413
Additions	67,726	3,894,581
Transfer Cost of Chips to PP&E *	365,063	-
Loss on disposal of plant and equipment	-	178,920
Disposals and zero value assets written off	-	(1,022,473)
Depreciation expense	(703,258)	(401,138)
Depreciation written back on disposal or write off of zero value assets	-	816,166
Carrying value at 31 December	3,508,000	3,778,469

* Gaming chips in use have previously been classed as inventories – consumable stores. During 2017, gaming chips in use have been more appropriately reclassified as Property & Plant & Equipment.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

	Consolidated	
12. Intangible assets	2017	2016
	\$	\$
Casino Licence and associated costs		
At cost	19,000,000	19,000,000
Accumulated amortisation and impairment	(17,106,188)	(17,080,553)
Carrying value at 31 December	1,893,812	1,919,447
Movements in intangible assets		
Opening written down value	1,919,447	1,945,082
Amortisation	(25,635)	(25,635)
Carrying value at 31 December	1,893,812	1,919,447

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 2017 of \$16,275,879 (2016: \$18,483,337) 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% (2016: 2 – 2.5%).

A post-tax discount rate of 13.1% (2016:13.22%) 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 based on actual results achieved during the first full year of operations post refurbishment of the casino.

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:

- o Revenue would need to decrease by more than 6% (2016: 5%) from the forecast levels (with all other assumptions remaining constant) before the carrying value of the CGU would need to be impaired,
- o Expenses would need to increase by more than 6% (2016: 5%) from the forecast levels (with all other assumptions remaining constant) before the carrying value of the CGU would need to be impaired,
- o The discount rate would be required to increase to approximately 15% (2016: 44%) (with all other assumptions remaining constant) before the carrying value of the CGU would need to be impaired.

13. Available for Sale Financial Assets

Listed equities – at fair value	4,106	4,106
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The fair values of listed investments are determined by reference to published price quotations in an active market.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

	Consolidated	
	2017	2016
14. Trade and Other Payables		
Current unsecured:	\$	\$
Trade payables	467,524	804,829
Annual Leave	1,060,494	811,626
Sundry payables and accrued expenses	2,924,340	2,629,681
Total payables (unsecured)	4,452,358	4,246,136

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.

15. Employee Benefit Provisions

<i>Long Service Leave</i>	747,490	702,598
<hr/>		
Movement in the provision was as follows:		
Opening balances:	702,598	694,500
Add: Entitlements	100,834	47,199
Less: Payments	(55,942)	(39,101)
Closing balances:	747,490	702,598
Presented in the statement of financial position as:		
Current	719,911	689,250
Non-current	27,579	13,348
Total	747,490	702,598

16. Loans and Borrowings

Current		
Interest bearing loans from related party (unsecured)	-	753,378
Closing balance	-	753,378
<hr/>		
Non- Current		
Interest bearing loans from related party (unsecured)	30,705,195	25,596,081
Closing balance	30,705,195	25,596,081
Total Loans	30,705,195	26,349,459

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

16. Loans and Borrowings (continued)

The fair value of the Loan has been divided into its debt and equity component as follows:

	Consolidated	
	2017	2016
Presented in the statement of financial position as:	\$	\$
Borrowings	30,705,195	26,349,459
Equity	6,939,271	6,367,984
	<u>37,644,466</u>	<u>32,717,443</u>

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 2016 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 for a capital value \$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.
- Capitalised interest is in addition to the capital value of the facility (i.e. the accrued interest does not form part of the balance of the facility limit).
- 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%;
 - 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 facility limit is \$36,450,000 in principal; interest is capitalised in addition to the facility limit.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

16. Loans and Borrowings (continued)

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

	Consolidated	
	2017	2016
	\$	\$
Breakdown of the financing facilities:		
Principal (limit \$36,450,000)	34,678,683	31,578,683
Interest capitalised	2,965,783	1,138,760
	37,644,466	32,717,443
Movement during the year:		
Balance at the beginning of the year	32,717,443	-
Drawdowns	4,100,000	31,578,683
Repayments	(1,000,000)	-
Interest	1,827,023	1,138,760
Balance at the end of the year	37,644,466	32,717,443

17. Contributed Equity

	Consolidated	
	2017	2016
	\$	\$
(a) Fully paid ordinary shares	4,167,952	4,167,952
	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 and end of the reporting date	4,167,952	4,167,952
	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.

	Consolidated	
	2017	2016
	No.	No.
Balance at the beginning and end of the reporting date	185,141,050	185,141,050
	185,141,050	185,141,050

(b) Reserves

	Consolidated	
	2017	2016
	\$	\$
Opening balance	6,367,984	-
Equity component of convertible debt	571,287	6,367,984
Balance at 31 December	6,939,271	6,367,984

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

18. Accumulated Losses

	Consolidated	
	2017	2016
	\$	\$
Opening balance	(10,550,277)	(2,869,594)
Comprehensive loss for the period	(13,811,804)	(7,680,683)
Balance at 31 December	(24,362,081)	(10,550,277)

19. Cash Flow Information

	Consolidated	
	2017	2016
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Loss from ordinary activities after income tax	(13,811,804)	(7,680,683)
Non-cash flows in profit from ordinary activities:		
Depreciation and amortisation	1,776,491	1,143,852
Loss on disposal		178,920
Interest on loan	1,827,023	1,658,441
Casino licences	891,879	891,875
Dividends received	(178)	(265)
Employee provisions - current	30,661	37,758
Employee provisions – non-current	14,231	(29,660)
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	26,182	(50,678)
(Increase)/Decrease in inventory	330,074	(79,431)
Decrease / (Increase) in other assets	17,604	(158,333)
Decrease / (Increase) in deferred tax asset	5,498,003	(1,062,952)
(Decrease)/Increase in creditors and accruals	206,222	1,113,158
Cash flows from operations	(3,193,612)	(4,037,998)

20. 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 policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

20. Financial Instruments (continued)

(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,

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

	Consolidated	
	2017	2016
	\$	\$
Cash at bank	4,658,166	5,184,389
Trade and other receivables	58,910	85,092
	4,717,076	5,269,481

(c) Liquidity risk

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

Maturity Analysis - 2017

	Carrying amount	< 6 months	6-12 months	1-3 years	> 3 years
	\$	\$	\$	\$	\$
Financial Liabilities					
Trade Creditors	467,524	467,524			
Loans and borrowings	30,705,195	-		-	30,705,195
Other creditors and accruals	2,924,340	2,924,340			
Total	34,097,059	3,391,864	-	-	30,705,195

Intercompany working capital loans have no fixed repayment date. Parties to the loans have agreed that repayments will not be called to the detriment of any other group company and at the date of this report no notices have been issued in relation to repayment of any working capital loans. Parties have agreed that there will be no repayments called within the next 13 months.

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

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

20. Financial Instruments (continued)

(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 16 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:

	Weighted Average Effective Interest Rate	Amount	Fixed / Floating Interest Rate Maturing			Total
			Within 1 Year	1 to 5 Years	Non- Interest Bearing	
At 31 December 2017	%	\$	\$	\$	\$	\$
Financial Assets						
Cash & Cash Equivalents	1.5%	4,658,166	3,294,955	-	1,363,211	4,658,166
Trade & Other Receivable		58,910	-	-	58,910	58,910
Total Financial Assets		4,717,076	3,294,955	-	1,422,121	4,717,076
Financial Liabilities						
Trade Creditors		467,524	-	-	467,524	467,524
Loans and borrowings	5%	30,705,195	-	30,705,195	-	30,705,195
Total Financial Liabilities		31,172,719	-	30,705,195	467,524	31,172,719
At 31 December 2016						
	%	\$	\$	\$	\$	\$
Financials 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

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

20. Financial Instruments (continued)

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.

Interest Rate Sensitivity Analysis

At 31 December 2017, 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	
	2017	2016
	\$	\$
Change in profit:		
Increase in interest rate by 2%	(548,205)	(549,711)
Decrease in interest rate by 2%	614,104	631,574
Change in Equity		
Increase in interest rate by 2%	(548,205)	(549,711)
Decrease in interest rate by 2%	614,104	631,574

(ii) Other Price Risk

The Company is not subject to other price risk

21. Key Management Personnel Disclosures

(a) Key Management Personnel

Directors

T Fung	Chairman (Appointed 7 Aug 2016)
R Or Ching Fai	Vice Chairman (Appointed 7 Aug 2016, resigned 31 Dec 2017)
J Fung	Non-Executive Director (Appointed 7 Aug 2016)
A Chow	Non-Executive Director (Appointed 7 Sept 2016)
R Shields	Non-Executive Director (Appointed 7 Aug 2016)
K Chapman	Non-Executive Director (Appointed 14 Aug 2016)
J Mellor	Executive Director (Appointed 14 Aug 2016)

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, resigned 12 May 2017)
R Bach	VP and General Manager appointed 2 July 2015
A Gallaugher	Financial Controller appointed 24 March 2017

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

21. Key Management Personnel Disclosures (continued)

Transactions with Key Management Personnel

Key management personnel remuneration includes the following:

	Consolidated	
	2017	2016
	\$	\$
Short term employee benefits:	1,243,159	1,648,242
Other benefits	125,435	57,362
Post-employment benefits:	83,088	100,202
Total remuneration	1,451,682	1,805,806

Further details are included in the Remuneration Report.

22. 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 Canberra Holdings (Aus) Pty Ltd

(b) Key Management Personnel

Disclosures relating to KMP are included in Note 21 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 16.

23. 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.

24. 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	
			2017	2016
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

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

25. Parent Entity Information

	2017	2016
	\$	\$
Statement of Financial Position		
Current assets	32,456,965	102,451
Non-current assets	13,658	30,668,762
Total assets	32,470,623	30,771,213
Current liabilities	(157,256)	(1,005,800)
Non-current liabilities	(30,705,195)	(25,596,081)
Total liabilities	(30,862,451)	(26,601,881)
Net assets	1,608,172	4,169,332
Equity		
Issued capital	4,727,776	4,727,776
Reserves	7,066,984	6,495,697
Accumulated losses	(10,186,588)	(7,054,141)
Total equity	1,608,172	4,169,332
Statement of Profit or Loss and Other Comprehensive Income		
Income	1,112	28,757
(Loss) for the year	(3,132,448)	(4,275,487)

Commitments for the parent entity are the same as those for the consolidated entity and are set out at Note 21.

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

26. 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.

27. 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.

AQUIS ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

28. Auditor Information

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

	2017	2016
	\$	\$
Audit of the Financial Statements		
RSM Australia Partners	141,730	157,000
	<u>141,730</u>	<u>157,000</u>

29. Company Information

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

21 Binara Street
Canberra ACT 2601

30. Authorisation of Financial Statements

The consolidated financial statements for the year ended 31 December 2017 (including comparatives) were approved and authorised for issue by the Board of Directors on 26 February 2018.

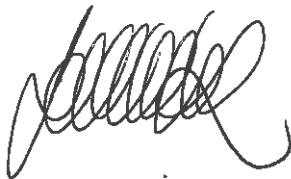
AQUIS ENTERTAINMENT LIMITED

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 Financial Controller 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
26 February 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aquis Entertainment Limited for the period ended 31 December 2017, 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



RODNEY MILLER
Partner

Canberra, Australia Capital Territory
Dated: 26 February 2018

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RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**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 2017, 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 2017 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	
<p>Revenue for the year ended 31 December 2017 was \$26.1million.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> • 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.
Recoverability of Deferred Tax Assets – Note 5 in the financial statements	
<p>As disclosed in Note 5, the Group has derecognised a deferred tax asset of \$7.0 million, which had previously been recognised in the financial statements. This asset was primarily the result of tax losses and timing differences previously sustained by the Group’s subsidiary, Casino Canberra Limited.</p> <p>The treatment of this deferred tax asset is considered a key audit matter due to the inherent uncertainty in management forecasting whether or not sufficient profits will be available in future to utilise the tax losses.</p>	<p>Our audit procedures in relation to the recoverability of the deferred tax asset included:</p> <ul style="list-style-type: none"> • Evaluating management’s assessment that sufficient taxable profit will not be available to support recognition of the deferred tax assets. • Obtaining management’s forecasts of future taxable profits and critically reviewing and challenging key assumptions within those forecasts. Key assumptions included the revenue growth rate, gross margins achieved and future tax rates. • Comparing management’s forecasts to historical performance to assess the consistency and accuracy of management’s forecasting process.

Key Audit Matter	How our audit addressed this matter
Impairment of Intangible Assets - Note 12 in the financial statements	
<p>At 31 December 2017 the Group has intangible assets with a carrying value of \$1.9 million. This is the Casino licence and its associated costs.</p> <p>We focused on this area due to the size of the intangible balance, and because the directors' assessment of the 'fair value less cost to sell' 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.</p> <p>For the year ended 31 December 2017 management have performed an impairment assessment over the intangible balance by:</p> <ul style="list-style-type: none"> calculating the fair value less cost to sell 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 fair value less cost to sell of the Casino to the respective book value. <p>Management also performed a sensitivity analysis over the calculations, by varying the assumptions used (growth rates, terminal growth rate and WACC) to assess the impact on the valuations.</p>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> 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 2017, 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/auditors_responsibilities/ar2.pdf.

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 7 to 11 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Aquis Entertainment Limited, for the year ended 31 December 2017, 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.

A handwritten signature in black ink, appearing to read 'RSM', is positioned above the printed name of Rodney Miller.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'Rodney Miller', is positioned above the printed name of Rodney Miller.

RODNEY MILLER
Partner

Canberra, Australia Capital Territory
Dated: 26 February 2018

AQUIS ENTERTAINMENT LIMITED

ACN 147 411 881

(Company)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 27 April 2018 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 (3 RD EDITION)	COMPLY	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
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)

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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 of it; and
- (c) disclose as at the end of each reporting period:

Yes - Partly

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.

Yes

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 (3 RD EDITION)	COMPLY	EXPLANATION																								
<p>(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</p> <p>(ii) either:</p> <p>(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</p> <p>(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.</p>	Yes	<p>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.</p> <p>At 31 March 2018, the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation were as follows:</p> <table border="1" data-bbox="1189 539 2049 794"> <thead> <tr> <th></th> <th>Female</th> <th>Male</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Board (including Executive Directors)</td> <td>1</td> <td>4</td> <td>5</td> </tr> <tr> <td>Senior Executives (excl. Executive Directors)¹</td> <td>1</td> <td>0</td> <td>1</td> </tr> <tr> <td>Management – Casino Canberra (excl. Exec Directors and Senior Executives)</td> <td>5</td> <td>4</td> <td>9</td> </tr> <tr> <td>Staff</td> <td>87</td> <td>164</td> <td>251</td> </tr> <tr> <td>Total</td> <td>94</td> <td>174</td> <td>268</td> </tr> </tbody> </table> <p>¹ For the purposes of this statement, Senior Executives are defined as Key Management Personnel (excluding Directors).</p>		Female	Male	Total	Board (including Executive Directors)	1	4	5	Senior Executives (excl. Executive Directors) ¹	1	0	1	Management – Casino Canberra (excl. Exec Directors and Senior Executives)	5	4	9	Staff	87	164	251	Total	94	174	268
	Female	Male	Total																							
Board (including Executive Directors)	1	4	5																							
Senior Executives (excl. Executive Directors) ¹	1	0	1																							
Management – Casino Canberra (excl. Exec Directors and Senior Executives)	5	4	9																							
Staff	87	164	251																							
Total	94	174	268																							
<p>Recommendation 1.6</p>																										
<p>A listed entity should:</p>																										
<p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p>	Yes	<p>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.</p>																								
<p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>A Board performance evaluation was undertaken during the 2017 financial year.</p>																								

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>Recommendation 1.7</p> <p>A listed entity should:</p>		
<p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p>	Yes	<p>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.</p>
<p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>A performance evaluation of executives against KPI's set for the 2017 financial year has been conducted.</p>
<p>Principle 2: Structure the Board to add value</p>		
<p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p>		
<p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(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,</p>	Yes	<p>The Remuneration and Nomination Committee has three members the majority of whom are independent Directors. The Committee is chaired by an independent Director.</p> <p>The names of the Committee Members are as follows:</p> <ul style="list-style-type: none"> • Mr Russell Shields (Chair) • Mr Alex Chow • Mr Justin Fung <p>A copy of the Committee Charter may be viewed on the Company website.</p> <p>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.</p>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		
<p>Recommendation 2.2</p>		
<p>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.</p>	<p>Yes</p>	<p>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.</p> <p>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.</p>
<p>Recommendation 2.3</p>		
<p>A listed entity should disclose:</p>		
<p>(a) the names of the Directors considered by the Board to be independent Directors;</p>	<p>Yes</p>	<p>The names of the Directors considered to be independent are as follows:</p> <ul style="list-style-type: none"> • Mr Alex Chow and • Mr Russell Shields
<p>(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</p>	<p>Yes</p>	<p>The names of the Directors who are not considered independent are:</p> <ul style="list-style-type: none"> • Mr Tony Fung • Mr Justin Fung

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>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</p> <p>(c) the length of service of each Director</p>	Yes	<ul style="list-style-type: none"> • Ms Jessica Mellor <p>Ms Mellor was appointed on 14 August 2015.</p> <p>Mr Chow was formally appointed on 7 September 2015.</p> <p>All other Directors were appointed with affect from 7 August 2015.</p>
<p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	Yes	<p>At the date of this report, the Board comprises 5 members, 2 of whom are independent and 3 of whom are non-independent Directors.</p> <p>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 Director, who is not considered independent.</p>
<p>Recommendation 2.5</p> <p>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.</p>	No	<p>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.</p>
<p>Recommendation 2.6</p> <p>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.</p>	Yes	<p>The Company has an induction program for new Directors and encourages ongoing professional development of directors and senior management.</p>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 3: Act ethically and responsibly		
Recommendation 3.1		
A listed entity should:		
(a) have a code of conduct for its Directors, senior executives and employees; and	Yes	The Company has a Code of Conduct for its Directors, senior executives and employees.
(b) disclose that code or a summary of it.		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:	Yes	
(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and		The Audit and Risk Management Committee has three members the majority of whom are independent Directors. The Committee is chaired by an independent Director.
(ii) is chaired by an independent Director, who is not the Chair of the Board,		The names of the Committee Members are as follows: <ul style="list-style-type: none"> • Mr Alex Chow (Chair) • Mr Russell Shields and • Mr Justin Fung
and disclose:		
(iii) the charter of the committee;		
(iv) the relevant qualifications and experience of the members of the committee; and		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.
(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		

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		
<p>Recommendation 4.2</p> <p>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.</p>	<p>Yes</p>	<p>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.</p>
<p>Recommendation 4.3</p> <p>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.</p>	<p>Yes</p>	<p>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.</p>

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1		
<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>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.</p> <p>A copy of the Policy may be viewed on the Company's website.</p>
Principle 6: Respect the rights of security holders		
Recommendation 6.1		
<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>The Company's Corporate Governance Statement, Charters and Corporate Governance Policies are included on its website.</p>
Recommendation 6.2		
<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>The Company has a Shareholder Communication policy which is aimed at facilitating effective two-way communication with investors. A copy of the Policy can be viewed on the Company's website.</p>
Recommendation 6.3		
<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>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.</p>

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.

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)

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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 completed a 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 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.

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 Alex Chow
- 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.

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 (3 RD EDITION)	COMPLY	EXPLANATION
reflected in the level and composition of their remuneration.		These policies and practices are disclosed in the Company's Annual Report.
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>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.</p> <p>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.</p> <p>A copy of the Securities Trading Policy can be viewed on the Company's website.</p>

SHAREHOLDER INFORMATION AT 26 APRIL 2018

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below.

1. Twenty Largest Shareholders

Name	No. of Shares	%
AQUIS CANBERRA HOLDINGS (AUS) PTY LTD	163,871,874	88.512%
MR PAUL JOSEPH MANKA	1,325,079	0.716%
MR THOMAS JON PICKETT	1,200,000	0.648%
MR HONGHAO SUN	1,186,000	0.641%
RIVA ADMINISTRATION PTY LTD	797,999	0.431%
TARALAKE PTY LTD	790,329	0.427%
LANDSEC PTY LTD	646,800	0.349%
LIFE IN VERSE PTY LTD <JA & TD DAY FAMILY A/C>	545,153	0.294%
MR DENIS MUDDLE	500,000	0.270%
CHANCERY HOLDINGS PTY LTD <MCKENZIE NO 1 SUPER FUND A/C>	500,000	0.270%
MR JOHN HAMILTON	449,000	0.243%
MRS JODIE LEE MAXTED	437,154	0.236%
CONFIDO SUPERANNUATION PTY LTD <CHAPMAN FAMILY SUPER A/C>	260,000	0.140%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	231,879	0.125%
MR GARY STANLEY SWIFT & MRS KAYLEEN LESLIE SWIFT <THE SWIFT SUPER FUND A/C>	220,000	0.119%
MR ANTHONY JOHN THOMAS DENNIS & MRS SELINA JAY DENNIS <DENNIS FAMILY SUPER FUND A/C>	200,000	0.108%
MR ROBERT CAMERON GALBRAITH	200,000	0.108%
BARCLAY WELLS LTD <SELL ONLY NOMINEE A/C>	180,000	0.097%
AE ELECTRONICS PTY LTD <A&E GIANNAKIS FAMILY A/C>	160,000	0.086%
ANOUS PTY LIMITED <ANOUS SUPER FUND A/C>	140,000	0.076%
TOTAL	173,841,267	93.897%

2. Distribution of Shareholders

Quoted Securities

Range	Total Holders	Shares	% Issued Capital
1-1,000	5	1,234	0.001
1,001-5,000	8	26,170	0.014
5,001-10,000	103	1,001,486	0.541
10,001-100,000	353	9,917,893	5.357
100,001 and above	23	174,194,267	94.087
Totals	492	185,141,050	100.000

3. Substantial Shareholders

The number of securities held by substantial shareholders and their associates are set out below:

Fully paid Ordinary Shares

Name	Number	%
AQUIS CANBERRA HOLDINGS (AUS) PTY LTD	163,871,874	88.512%

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. 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 wagering 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
Facsimilie: +61 2 6257 7079

Directors

Mr Tony Fung (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