



Aquis Entertainment Limited – Preliminary Final Report Appendix 4E

1. Company Details

Name of entity:	Aquis Entertainment Limited
ABN:	48 147 411 881
Reporting period:	For the year ended 31 December 2019
Previous period:	For the year ended 31 December 2018

2. Results for announcement to the market

Results in accordance with Australian Accounting Standards

					\$
Revenue from operations	decreased	5.9%	to		24,801,354
Loss from ordinary activities after tax attributable to the owners of Aquis Entertainment Limited	Increased	16.5%	to		(3,957,193)
Loss for the year attributable to the owners of Aquis Entertainment Limited	increased	16.5%	to		(3,957,193)

() = Loss

Comments on Results

The operating result for the consolidated entity for the year to 31 December 2019 was a loss of \$3,957,193 (2018: loss \$3,396,832).

Operating revenue for the year amounted to \$24,433,082, a 6.14% decrease from the 2018 result (\$26,032,797). Earnings before Interest Tax Depreciation and Amortisation (EBITDA) for the year was a profit of \$72,244 (2018: profit \$625,885).

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 and to streamline expenditure on profitable revenue streams within the gaming department;
- Continuing to improve the operations of Casino Canberra by engaging experienced management who are focussed on improving revenue and customer service standards;
- Continuation of a cost control program to minimise expenditure and streamline efficiencies in business processes to improve economies of scale;
- Ongoing consideration of alternative and complementary business lines; and
- Approval of a share sale transaction to allow a new majority shareholder to enter the arena, with the intention of progressing with the development of a world-class integrated entertainment precinct in the heart of Canberra's CBD. The current status of this transaction is discussed further in the Future Developments, Prospects and Business Strategies section of this report.

Operations

Revenue from operations for the year decreased 6.14% from the prior year to \$24,433,082 in 2019 compared to \$26,032,797 in 2018. The result was driven by a 6.58% decrease in gaming revenue and a 1.69% decrease in food and beverage and other sales. Operating expenses including payroll related expenses decreased by 4.24% for the year, with the major decreases being in payroll and marketing expenses. The reduction in payroll expenditure was a result of more efficient use of the workforce, combined with inter-departmental restructuring to better align teams to leaders, as well as the absorption of several roles following the resignation of the incumbent employees. The marketing reduction was a result of refinement of the operation of our VIP program expenses, with greater focus placed on profitable sectors, refinement of promotions following a period of trial and more personalised offers to VIP players.

The first half of the year saw reduced revenues due to the local effects of the international VIP market reduction, however strong cost control ensured that the effects were minimised.

The second half of the year saw an increase in revenues, as our marketing efforts assisted in stabilising VIP visitation and reducing volatility and produced an overall improvement in hold rates, which is expected to continue and stabilise over the coming year with further refinements being made on an ongoing basis, depending on the market status as time goes by.

Financial position

At 31 December 2019, the Group had cash reserves of \$5,105,943 (2018: \$4,676,086) and unused borrowing facilities of \$3,071,317. 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 2019 shows a net asset deficit of \$20,608,884 (2018: \$16,651,690 deficit) as a result of the loss incurred during the financial year.



Outlook

Directors are confident of the outlook for Aquis. The casino's highly experienced operations leadership team continue to execute the vision of attracting and servicing quality players from Australia and overseas. Several further internal restructures to improve the alignment of teams within the group has resulted in better efficiency in our workforce, in addition to the absorption of several roles on resignation of incumbent employees. Our Business Development team have focused on mining of the existing customer database over the year, solidifying the efforts of the past several years which were spent building its size and quality. This focus allowed for a decrease in expenditure, resulting in a profitable VIP sector for the year. Customised offers to individual members have proved very successful in maximising revenues while minimising costs, as all expenditure has been effective.

In late 2018, the Board agreed to and recommended to shareholders a transaction for the major shareholder to sell the majority of their shares to a new investor; this transaction was in progress throughout the full 2019 year and is discussed in further detail in the Significant Events After Balance Date section of this report.

Legislation was enacted in the prior year to allow 200 electronic gaming machines (EGM's) to operate within the casino. During 2019 the planning for the redevelopment of Casino Canberra and further discussions with the Government were on hold due to the execution of the share sale transaction. With this transaction now terminated, focus will return to future plans for redevelopment and discussions surrounding the details of the legislated requirements for the EGM's will recommence to enable planning for the future.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.10)	(0.09)

4. Control gained over entities

No entities were acquired during the period

5. Loss of control over entities

Not applicable



6. Dividends

No dividends were paid or declared during the period

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Other than wholly owned subsidiaries, the company had no associates or joint ventures.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued.

11. Attachments

Details of attachments (if any):

The financial statements of Aquis Entertainment Limited for the year ended 31 December 2019 are attached.

12. Signed

A handwritten signature in black ink, appearing to read "Allison Gallagher", is written above a solid horizontal line.

Allison Gallagher

Director

Canberra

28 February 2020