

SARAMANIS LIMITED AND CONTROLLED ENTITIES

A.C.N 603108925

Interim Financial Report

APPENDIX 3 - INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2018

Result for Announcement to the Market

Reporting Period: Half year from 1 January 2018 to 30 June 2018
Previous Corresponding Period: Half year from 1 January 2017 to 30 June 2017

Key Information

		Half-year Ended 30 June 2018 \$
Revenue from ordinary activities	Down	98% to 13,048
Loss after tax from ordinary activities	Decreased 59% to	(323,450)
Loss attributable to members of the parent	Decreased 58% to	(322,746)

There were no dividends paid or proposed during the period ended in June 2018.

Explanation of Key Information and Dividends

With effect from 13 June 2018, the name of the Company was changed from TG Agrosolutions Limited to Saramanis Limited.

The Group's revenue for the 6 months ended 30 June 2018 was \$13,048 which was \$653,332 or 98% lower than the 30 June 2017 half year period. Saramanis Seedlings Sdn Bhd being the main operational company reported a 6 months loss after tax of \$270,326. During the same period, Saramanis Sdn Bhd and Saramanis Limited being the investment holding companies in Malaysia and Australia respectively, incurred total expenses of \$43,206 and Saramanis TGM Sdn Bhd and TG Agropine Sdn Bhd incurred total expenses of \$9,918 mainly due to ongoing company half yearly expenses as well as ongoing NSX expenses. This resulted in a group net loss of \$323,450 for the half year ended 30 June 2018.

The Group was taken over by new management as of 24 April 2018 which resulted in the change of business strategy. Previously, the Group was focused on the planting of pineapple fruits to generate income while suckers are used to refresh the plantation upon the harvesting of mature fruits. The Group has decided to focus on suckers production in the short term to cater to future expansion plans of the plantation which would lower the cost of production significantly, as well as the selling of excess suckers which would yield higher profit margins if sold to third parties. As such, the revenue of the group for the first 6 months of this year was depressed compared to previous year but the Group expects revenue to increase significantly in 2019 from the sale of fruits as well as excess suckers.

Net Tangible Assets per Share

Half-year Ended 30 June 2018 cents/Share	Half-year Ended 30 June 2017 cents/Share
(0.51)	(0.69)

Dividend Reinvestment Plans

The Group does not have any dividend reinvestment plans.

Review of Financials

The attached financial statements have been reviewed for the period ended 30 June 2018. The review report is attached at page 14.

Attachment

The half year financial report of Saramanis Limited and its controlled entities is attached.

**SARAMANIS LIMITED
AND ITS CONTROLLED ENTITIES**



**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

SARAMANIS LIMITED AND CONTROLLED ENTITIES

A.C.N 603108925

DIRECTOR'S REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting Saramanis Limited and its controlled entities for the half year ended 30 June 2018.

Directors

The names of directors who held office during or since the end of the half-year:

Datu Robert Lian Balangalibun

Jason Jong Tze Yun

Anson Fucong Qiao

Tong Gee Pun (appointed 23 April 2018)

Ngu Chie Kieng (resigned 23 April 2018)

Principal Activities

The Group principally engages in the business of cultivating and supplying high quality pineapple fruits and suckers in Malaysia.

Review of Operations

The Group's revenue for the 6 months ended 30 June 2018 was \$13,048 which was \$653,332 or 98% lower than the 30 June 2017 half year period. Saramanis Seedlings Sdn Bhd being the main operational company reported a 6 months loss after tax of \$270,326. During the same period, Saramanis Sdn Bhd and Saramanis Limited being the investment holding companies in Malaysia and Australia respectively, incurred total expenses of \$43,206 and Saramanis TGM Sdn Bhd and TG Agropine Sdn Bhd incurred total expenses of \$9,918 mainly due to ongoing company half yearly expenses as well as ongoing NSX expenses. This resulted in a group net loss of \$323,450 for the half year ended 30 June 2018.

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Auditor's Independence Declaration

The lead auditor's independence declaration pursuant to Section 307C of the Corporations Act 2001 is set out on page 3 for the half-year ended 30 June 2018.

This director's report is signed in accordance with a resolution of the Board of Directors.



Director: Jason Jong Tze Yun

Dated this 13th day of September 2018, Malaysia

**AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SARAMANIS LIMITED**

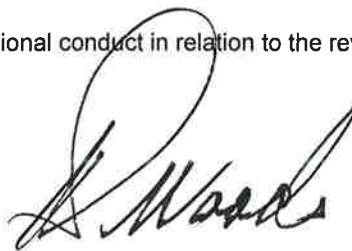
We declare that, to the best of our knowledge and belief, during the half year ended 30 June 2018 there have been:

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



Walker Wayland NSW
Chartered Accountants

Dated this 13th day of September 2018
Sydney



Richard Woods
Consultant – Registered Company Auditor

SARAMANIS LIMITED AND CONTROLLED ENTITIES
A.C.N 603108925

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE HALF-YEAR ENDED 30 JUNE 2018**

	Note	Consolidated Group	
		Half-year Ended 30-Jun-18	Half-year Ended 30-Jun-17
		\$	\$
Revenue		13,048	666,380
Interest income		15,345	3,516
Cost of goods sold		(25,817)	(949,879)
Employee and contractor expense		(32,649)	(55,035)
Director's other emoluments		(25,397)	(48,639)
Impairment of receivables	3	(127,659)	-
Professional fees		(23,986)	(4,565)
NSX Listing fees		(21,071)	(35,625)
Depreciation and amortisation expense		(24,080)	(58,885)
Entertainment		(6,489)	(1,451)
Petrol, parking and tolls		(10,022)	(37,365)
Accommodation		(3,010)	(192)
Upkeep of machinery		(4,282)	(5,438)
Upkeep of motor vehicles		(8,624)	(9,970)
Upkeep of buildings		(5,084)	(25,317)
Secretarial fees		(13,556)	(7,030)
Finance costs		(516)	(191,318)
Other expenses		(22,448)	(34,371)
Loss before income tax		(326,297)	(795,184)
Income tax benefit		2,847	-
Loss from continuing operations		(323,450)	(795,184)
Loss for the period		(323,450)	(795,184)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss, when specific conditions are met			
Movement in the foreign currency translation reserve		(84,000)	11,160
Other comprehensive (loss)/income for the period		(84,000)	11,160
Total comprehensive loss for the period		(407,450)	(784,024)

SARAMANIS LIMITED AND CONTROLLED ENTITIES
A.C.N 603108925

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE HALF-YEAR ENDED 30 JUNE 2018**

	Consolidated Group	
	Half-year Ended 30-Jun-18	Half-year Ended 30-Jun-17
	\$	\$
Loss attributable to:		
- members of the parent entity	(322,746)	(775,564)
- outside equity interests	(704)	(19,620)
	(323,450)	(795,184)
Total comprehensive loss attributable to:		
- members of the parent entity	(406,746)	(764,404)
- outside equity interests	(704)	(19,620)
	(407,450)	(784,024)
Earnings per share		
From continuing and discontinued operations:		
- Basic earnings per share (cents)	(0.12)	(0.3)
- Diluted earnings per share (cents)	(0.12)	(0.3)

SARAMANIS LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Consolidated Group	
	Note	As at 30-Jun 2018 \$	As at 31-Dec 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	14,217	276,232
Trade and other receivables		55,541	161,924
Inventories		46,185	25,847
Biological Assets		262,116	60,528
Other Assets		48,303	33,079
TOTAL CURRENT ASSETS		426,362	557,610
NON-CURRENT ASSETS			
Property, plant and equipment		252,140	308,267
TOTAL NON-CURRENT ASSETS		252,140	308,267
TOTAL ASSETS		678,502	865,877
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4	1,541,330	1,148,344
Borrowings	5	-	87,097
Current tax liabilities	6	823,998	877,973
TOTAL CURRENT LIABILITIES		2,365,328	2,113,414
NON-CURRENT LIABILITIES			
Borrowings	5	-	31,839
TOTAL NON-CURRENT LIABILITIES		-	31,839
TOTAL LIABILITIES		2,365,328	2,145,253
NET LIABILITIES		(1,686,826)	(1,279,376)
EQUITY			
Issued capital	7	1,451,796	1,451,796
Accumulated losses		(3,182,915)	(2,860,169)
Minority interest		(3,924)	(3,220)
Foreign currency translation reserve		48,217	132,217
TOTAL DEFICIENCY		(1,686,826)	(1,279,376)

SARAMANIS LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2018

Consolidated Group	Ordinary Share Capital \$	Accumulated losses \$	Foreign Currency Translation Reserve \$	Minority Interest \$	Total \$
Balance at 1 January 2017	491,766	(1,745,240)	28,268	(1,225)	(1,226,431)
Comprehensive income					
Loss for the period	-	(775,564)	-	(19,620)	(795,184)
Foreign currency translation	-	-	11,160		11,160
Total comprehensive (loss)/income for the period	-	(775,564)	11,160	(19,620)	(784,024)
Balance at 30 June 2017	491,766	(2,520,804)	39,428	(20,845)	(2,010,455)
 Balance at 1 January 2018	 1,451,796	 (2,860,169)	 132,217	 (3,220)	 (1,279,376)
Comprehensive income					
Loss for the period	-	(322,746)	-	(704)	(323,450)
Foreign currency translation	-	-	(84,000)	-	(84,000)
Total comprehensive loss for the period	-	(322,746)	(84,000)	(704)	(407,450)
Balance at 30 June 2018	1,451,796	(3,182,915)	48,217	(3,924)	(1,686,826)

SARAMANIS LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2018

Consolidated Group	Notes	Half-Year Ended 30 June 2018 \$	Half-Year Ended 30 June 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		47,248	986,183
Payments to suppliers and employees		(701,724)	(976,103)
Interest received		15,345	3,516
Interest paid		(516)	(191,318)
Income tax paid		(96,563)	(3,625)
Net cash used in operating activities		(736,210)	(181,347)
CASH FLOWS FROM INVESTING ACTIVITIES			
Term deposits acquired		-	(3,516)
Proceeds from property, plant and equipment		111,912	-
Payments for property, plant and equipment		(115,638)	(29,979)
Net cash used in investing activities		(3,726)	(33,495)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (repayment)/proceeds from related parties loan		566,821	(151,212)
Net (repayment)/proceeds from borrowings		(89,014)	327,835
Net cash provided by financing activities		477,807	176,623
NET DECREASE IN CASH HELD		(262,129)	(38,219)
Cash and cash equivalents at beginning of period		276,232	(377,622)
Effects of changes in exchange rates		114	5,475
Cash and cash equivalents at end of period	8	14,217	(410,366)

SARAMANIS LIMITED AND CONTROLLED ENTITIES

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 30 June 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the annual financial statements of Saramanis Limited and its controlled entities (referred to as the "consolidated group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2017, together with any public announcements made during the half-year.

These interim financial statements were authorised for issue on 13th September 2018.

b. Going Concern Basis of Accounting

The Group has incurred a loss after tax for the period of \$323,450 (30 June 2017: loss of \$795,184 loss). The Group has also incurred operating cash outflow of \$736,210 (30 June 2017: cash outflow of \$181,347). As at 30 June 2018 the Group has net current asset deficiency of \$1,686,826 (31 December 2017: deficiency of \$1,279,376). Saramanis Seedlings Sdn Bhd has experienced a downturn in revenue compared to the 30 June 2017 half-year period as the new Group management have decided to pivot away from the rubber industry and focus on the pineapple industry, which requires at least one year gestation period. The Group also has \$823,998 (31 December 2017: \$877,973) in estimated tax liabilities which have been successfully restructured into a repayment plan in January 2018.

The above matters give rise to significant material uncertainties with regards to the Group's ability to continue as a going concern.

The continuing viability of the Group and its ability to meet its debts and commitments as they fall due is dependent upon the Group being successful in one or more of the following areas:

- Management being successful in operating pineapple plantations and managing to generate positive cash flows from operational activities in future periods,
- Retaining support from directors and shareholders and/or receiving funds from the issue of ordinary shares, and
- meeting the payment terms of the Malaysian tax debt.

Should the Group not achieve either or all of the above, this may impact the Group's ability to continue as a going concern, and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report.

Notwithstanding the above, the directors believe that the Group will be successful in the above matters as it has received a letter of ongoing financial support for its major shareholder and will therefore be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the financial report has been prepared on a going concern basis.

SARAMANIS LIMITED AND CONTROLLED ENTITIES

A.C.N 603108925

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. Going Concern Basis of Accounting (cont.)

In the event that the Group does not achieve the conditions stated by the Directors, the ability of the Company and therefore the Group to continue as a Going Concern may be impacted and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Group and company not continue as going concerns.

c. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

NOTE 2: DIVIDENDS

No dividends have been paid or declared during the period.

NOTE 3: PROVISION FOR IMPAIRMENT OF RECEIVABLES

During the half-year ended 30 June 2018 a \$127,659 impairment provision in relation to Risda Semain Dan Landskap (Risda) was recognised.

NOTE 4: TRADE AND OTHER PAYABLES

	30 June 2018	31 Dec 2017
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	144,841	179,789
Sundry payables and accrued expenses	317,878	439,748
Payable to directors	79,378	68,365
Payable to shareholder	999,233	460,442
	<u>1,541,330</u>	<u>1,148,344</u>

SARAMANIS LIMITED AND CONTROLLED ENTITIES
A.C.N 603108925

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 5: BORROWINGS

	30 June 2018	31 Dec 2017
	\$	\$
CURRENT		
Unsecured non-interest bearing liability	-	29,818
Lease liability	-	57,279
	-	87,097
NON CURRENT		
Lease liability	-	31,839

The lease liabilities are secured by the underlying leased assets.

The Group has settled all bank borrowings and leases as at 30 June 2018 and does not have any borrowings from external financial institutions.

NOTE 6: CURRENT TAX LIABILITIES

	30 June 2018	31 Dec 2017
	\$	\$
CURRENT		
Income tax liabilities	823,998	877,973

On 22 January 2018, the Group entered into a consent judgement with the Malaysian Tax Authorities to pay the income tax arising from the years of assessment of 2013 and 2014 over a period to 31 July 2020.

On 29 August 2018, the Group entered into a consent judgement with the Malaysian Tax Authorities to pay the income tax arising from the year of assessment of 2015 over a period to 15 July 2020.

NOTE 7: ISSUED CAPITAL

	30 June 2018	31 Dec 2017
	No.	No.
Ordinary shares on issue		
Balance at beginning of the period	333,270,000	289,800,000
Issue of shares 21 Dec 2017	-	43,470,000
Balance at end of the period	333,270,000	333,270,000
	\$	\$
Balance at beginning of the period	1,451,796	491,766
Issue of shares on 21 Dec 2017 at \$0.0087	-	882,441
Foreign exchange	-	77,589
Balance at end of the period	1,451,796	1,451,796

SARAMANIS LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 8: CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows are made up as follows

	30 June 2018	31 Dec 2017
	\$	\$
Cash and cash equivalents	<u>14,217</u>	<u>276,232</u>

NOTE 9: CONTINGENT LIABILITIES

There have been no changes to contingent liabilities since the last annual reporting period.

NOTE 10: EVENTS OCCURRING AFTER BALANCE SHEET DATE

No matters have arisen since 30 June 2018 that have significantly affected the Group operations in future financial years, the result of those operations in future financial years or the Group state of affairs in future financial years.

NOTE 11: RELATED PARTY TRANSACTIONS

A related party shareholder loaned the Group \$538,791, increasing their total loan balance to \$999,233, in the half-year ended 30 June 2018. The balance is interest free and unsecured. The transaction is on terms favourable to the Group.

NOTE 12: OPERATING SEGMENTS

The Group has only one (1) reportable business segment, which is the pineapple plantation in Miri, Sarawak, Malaysia.

SARAMANIS LIMITED AND CONTROLLED ENTITIES
A.C.N 603108925

DIRECTOR'S DECLARATION

In accordance with a resolution of the directors of Saramanis Limited, the directors of the company declare that;

1. The financial statements and notes, as set out on pages 4 to 12, are in accordance with the *Corporations Act 2001*, including;
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date.
2. In the director's opinion there are reasonable grounds to believe that the company and consolidated entity will be able to pay their debts as and when they become due and payable.



Jason Jong Tze Yun
Director

Dated this 13th day of September 2018
Malaysia

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
SARAMANIS LIMITED**

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Saramanis Limited and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a description of significant accounting policies, other selected explanatory notes and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty regarding Going Concern

Without modifying our conclusion, we draw attention to the following matter. As a result of the matters disclosed in Note 1b) "Going Concern basis of accounting" of the financial report, there are significant material uncertainties as to whether the Group can continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The ability of the Group to continue as a going concern is dependent upon the Group being successful in one or more of the following areas:

- a) management being successful in operating pineapple plantations and managing to generate positive cash flows from operational activities in future periods,
- b) retaining support from directors and shareholders and/or receiving funds from the issue of ordinary shares, and
- c) meeting the payment terms of the Malaysian tax debt.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not presented fairly, in all material respects, in accordance with the *Corporations Act 2001*. As the auditor of Saramanis Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

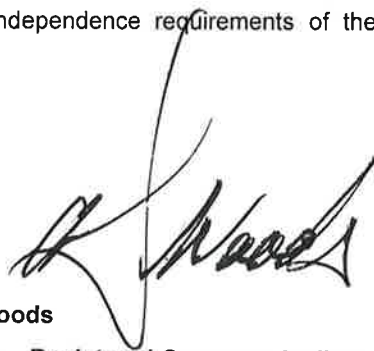
Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.



Walker Wayland NSW
Chartered Accountants

Dated this 13th day of September 2018
Sydney



Richard Woods
Consultant – Registered Company Auditor