

**SARAMANIS LIMITED
AND ITS CONTROLLED ENTITIES**

**Annual Report for the Year Ended
31 December 2021
ACN 603 108 925**

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Saramanis Limited, it is with great pleasure that I present to you the Annual Report and the Audited Financial Statements of Saramanis Limited and its controlled entities ("the Group") for the financial year ended 31 December 2021.

Introduction

The 2021 year has been a challenging year for the Group. The Group's operating performance has been significantly affected by the COVID-19 virus pandemic which has impacted on sales. Management and the board are currently navigating their way through the issues arising from this pandemic and specifically this involves a thorough review of the supply chain arrangements in order to preserve cash flow.

Financial Performance

Saramanis Seedlings Sdn Bhd (Formerly known as Saramanis Cultivation and Biotechnology Sdn Bhd) being the operating subsidiary company, recorded operating revenue of RM431,899 (\$138,726) and a loss after taxation of RM1,299,268 (\$417,325) for the year ended 31 December 2021, as compared to its preceding year's corresponding period operating revenue of RM288,070 (\$99,355) and loss after tax of RM168,502 (\$58,116). Conversion of Profit and loss items has been performed using the average rate for the year to 31 December 2021 of 1AUD to 0.3212MYR (1AUD to 0.3449MYR for the year 31 December 2020).

The higher revenue recorded in the current financial year was mainly due to the sales in pineapple cultivation and fair value gain on biological assets.

During the same period, Saramanis Limited being the ultimate investment holding company incurred total loss of \$160,182 due to ongoing head office expenses of \$160,182. This resulted in group net losses before tax of \$832,552 for the year ended 31 December 2021.

Operations Review

Year 2021 is a challenging year in our operations due the Covid-19 pandemic. The slow production of our product has impacted on the Group's revenue. The Group has faced a shortage of workers and this affected in the Group's operational activities (i.e: planting and harvesting). The Group went through these challenges and continued its daily activities as usual. The Group is hoping that for the coming 2022 year, business growth gets better and have brighter prospects to improve the performance of Group.

During the financial year 2021, the operation of the Group was the cultivation of pineapple on a 100-acre site in Miri, Sarawak and 37.825 hectares site in Tanjung Manis, Mukah, Sarawak. The plantation performance is still difficult despite sales revenue improving year by year.

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CHAIRMAN'S STATEMENT (CONTINUED)

For 2021, the operation of the Group was the cultivation of pineapple on a 100-acre site in Miri, Sarawak and 37.825 hectares site in Tanjung Manis, Mukah, Sarawak. The plantation performance is still difficult but improving year by year.

Prospects

The pineapple planting at the 100-acre site in Miri will continue to be a major contributor to the Group in 2022.

Together with the pineapple planting project at the 37.825 hectares site in Tanjung Manis, the Group expects pineapple related activities (supplying of pineapple suckers and fruits) to become a major contributor to the Group in 2022.

On 5 October 2018, the Company signed a Memorandum of Understanding ("MOU") with the State Government of Sarawak ("SGS") for the development of pineapple industry in Sarawak especially in contract farming and pineapple sucker supply.

Due to the longer approval process and fund allocation processing of SGS on contract farming, the project was delayed, therefore there has been negligible contribution from pineapple sales from contract farming in 2022.

The Company continues to work with SGS to secure contract farming and pineapple sucker supply contracts in 2022.

The year 2021 witnessed the international on-going COVID-19 outbreak which may affect overall economic prospects, nevertheless, the Group is geared up to face such challenges.

The Board will continue to explore other viable and synergistic business ventures especially in areas related to the agriculture industry, to improve the Group's performance.

Appreciation

I would like to take this opportunity to express my sincere gratitude to all my fellow Board members for their wise counsel and valuable support to the Group.

Acknowledgement

On behalf of the Board, I wish to express my appreciation to the management and staff for their commitment, perseverance, loyalty, and dedication during the past year. I also extend my gratitude to our shareholders, valued customers, business associates, suppliers, bankers and regulatory authorities for their invaluable and continuous support and confidence in the Group.

On behalf of the Board of Directors



Datu Robert Lian Balangalibun
Chairman

Miri, Sarawak, Malaysia, dated this 31st day of March 2022

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Saramanis Limited and its controlled entities for the financial year ended 31 December 2021. The information in the review of operations forms part of this directors' report and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of Saramanis Limited during or since the end of the financial year up to the date of this report:

Datu Robert Lian BALANGALIBUN

Tong Gee Pun (resigned as director of Saramanis on 25 June 2021)

Jason Tze Yun JONG

Mei Kwan WONG (appointed as Executive Director on 25 June 2021)

Anson Fucong QIAO

Particulars of each director's experience and qualifications are set out later in this report.

Company secretary

Aaron YEO

Principal Activities

The Group principally engages in the business of pineapple cultivating and supplying pineapple seedlings in Malaysia and other agricultural products such as coconut.

Review of Operations

The Group is a reputable seedlings and pineapple cultivation and distribution business in the States of Sabah and Sarawak, Malaysia. The Group is operating on approximately 100 acres of agriculture land in Miri, Sarawak.

In order to reduce our dependency on rubber seedlings, the Group had embarked on a pineapple pilot project in Miri by converting some of the lands to pineapple plantation since mid-2017. The pilot project has been quite encouraging. Due to the longer cycle of pineapple planting of between 12-17 months and the longer approval process and fund allocation processing of the State Government of Sarawak, there was a negligible contribution from pineapple sales in 2019.

In 2018 The Group commenced the pineapple cultivation on the 37.825 hectares site in Tanjung Manis, Mukah, Sarawak that was owned by Saramanis TGM Sdn Bhd, a wholly owned subsidiary of the Group, on 1 December 2017.

The Group has employed and developed a group of experienced and capable senior management team comprising agronomists, nursery management specialists, logistics specialists, planting and replanting management experts ready to engage in seedlings cultivation and related agricultural activities.

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT (CONTINUED)

Operating Results

The consolidated losses before tax of the Group for the year ended 31 December 2021 was \$0.832 million compared to \$0.844 million losses for the year ended 31 December 2020.

The operating results of Saramanis Seedlings Sdn Bhd (Formerly known as Saramanis Cultivation and Biotechnology Sdn Bhd) shows an increase in losses from RM168,502 (\$58,116) (2020) to RM1,254,873 (\$414,108) after providing for income tax. This result included the write back of provision in 2021 amounted to RM130,530 (\$41,926) and in 2020 of RM1,258,177 (\$433,946).

The normalised (excluding the write back of a provision) operating results of Saramanis Seedlings Sdn Bhd shows a slight increase in losses from RM1,426,679 (\$492,062) in 2020 to RM1,385,403 (\$473,432) in 2021 after providing for income tax.

Financial Position

The Group has \$12,843 in cash as at 31 December 2021. The net asset deficiency of the Group amounted to (\$1.394 million) or equal to (0.02959) cents per share as at 31 December 2021.

The Directors believe the consolidated group is in a stable financial position to maintain its current operations with the financial and operational support of major shareholders for at least a 15-month period.

Share Capital

There were no shares issued during the year ended 31 December 2021.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT (CONTINUED)

Events after Reporting Period

The Group continues to monitor the economic and financial impact that the COVID-19 pandemic can have on its operations. Since the end of the financial year, there have been no matters or circumstances directly associated with COVID-19 pandemic that had an impact on the financial statements. Therefore, no adjustments or specific disclosures have been made in this respect. It is currently unknown how long the COVID-19 pandemic will last and this might continue to have a financial impact on the Company's operations. The Group has experienced operational challenges as a result of COVID-19 during the 2021 financial year and expect the same in 2022 until COVID-19 is resolved.

The Group conducts its cultivation of pineapple fruits and pineapple suckers at 2 main locations being at Miri, Sarawak and Tanjung Manis Mukah, Sarawak. The lease agreement at Miri expires in July 2022 while the lease agreement at Tanjung Manis Mukah expires in November 2022. The Directors are currently considering whether the lease agreements will be renewed. As at the date of the signing of the financial report, the Directors have determined that it is impractical to determine the extent of losses that might impact the carrying value of the biological assets as at 31 December 2021 should the biological be transferred to another location or perished in the event that the Group is not successful in renewing both lease agreements. Therefore, no adjustment has been made to the financial statements for the year ended 31 December 2021 to this effect. Should the Group fail to renew both of the lease agreements and fail to find an alternative land for its agricultural activities, this will have a significant impact on the Group's ability to continue as a going concern.

There are no other significant events after the reporting period.

Future Developments, Prospects and Business Strategies

The Group has been positioning itself as an excellent integrated plantation solutions provider through innovation and quality service. The Group's products and services range from cultivating & supplying of high-quality seedlings, distribution of planting materials to planting & replanting services. The Group had also embarked on a pineapple plantation for both suckers and fruit production. With the introduction of pineapple plantation to the Group, the Group is looking forward to widening its revenue streams.

The Board will continue to explore other viable and synergistic business ventures especially in areas relating to the agriculture industry, to improve the Group's performance.

Environmental Regulations

The Group is not subject to environmental regulations under a law of the Commonwealth, state or territory in Australia.

To the best of our knowledge, the subsidiaries in Malaysia have complied with the environment regulations that are applicable to our operations.

Dividends

The Company has not paid any dividends and is not proposing to pay dividends.

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT (CONTINUED)

Indemnifying and insurance of officers and auditor

The Company has not, during or since the financial period, in respect of any person who is or has been an officer or the auditor of the Company:

- indemnified, or made any relevant agreement for indemnifying, against a liability that was incurred by an officer and auditor, including costs and expenses in defending legal proceedings; or
- paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer and auditor, for the costs and expenses in defending legal proceedings.

Proceedings on Behalf of 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 company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Other than what has been disclosed, the company was not a party to any such proceedings during the period.

Options

At the date of this report, there are no options over ordinary shares.

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ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT (CONTINUED)

Information Relating to Directors and Company Secretary

Dato Robert Lian BALANGALIBUN	Dato' Robert was appointed as an Independent Non-Executive Chairman on 28 October 2016. He served in the Government of Malaysia for almost four decades and on retirement has been a Director at The Immigration Department in Sarawak for 17 years. He has a Master of Business Administration from Ashfield University, Ohio, USA and a BA (Hons) (International Relations) from The University of Malaya.
Anson Fucong QIAO	Mr Qiao was appointed as an Independent Non-Executive Director since the Company's incorporation. He holds a Bachelor of Economics from Beijing Economic Science University and a Master of Business Administration from Charles Sturt University Australia. He is a Director of IFBC Pty Ltd an Australian Company where he liaises with the Company's Chinese investors. He is a member of the Audit & Risk Committee, the Nomination & Governance Committee and the Remuneration Committee.
Jason Tze Yun JONG	Mr. Jong was appointed as an Executive Director and Chief Executive Officer of the Group on 16 August 2017. Mr. Jong holds a Bachelor of Construction Degree from UNITEC Auckland, New Zealand. Prior to his current appointment, he was the Head of Business Development of Saramanis Plantation Ventures Sdn Bhd, responsible for expanding the company business offerings and monitoring of production.
Mei Kwan WONG	Ms. Wong was appointed as an Executive Director of the Group on 25 June 2021 to help turnaround the Group. She was previously a shareholder since 2018. Ms. Wong holds a Masters Degree in International Relations from Victoria University of Wellington, New Zealand.
Aaron YEO (Secretary)	Bachelor of Commerce (Accounting and Finance) at Curtin University of Technology.

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT (CONTINUED)

Meetings of Directors

Board resolutions were circulated to the member of the Board for consideration and approval.

	Directors' Meetings/Resolutions	
	Number eligible to attend	Number attended
Tong Gee PUN	2	2
Dato Robert Lian BALANGALIBUN	4	4
Anson Fucong QIAO	4	4
Jason Tze Yun JONG	4	4
Mei Kwan WONG	4	4

Non-audit service

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

The lead auditor declaration under s307C of the Corporations Act 2001 is set out on page 15 for the year ended 31 December 2021.

REMUNERATION REPORT – AUDITED

These disclosures have been audited, as required by section 308(3c) of the Corporations Act 2001.

Role of the Remuneration Committee

The Remuneration Committee is a committee of the Board, it is primarily responsible for making recommendations to the Board on:

- Ensuring Saramanis remuneration structures are equitable and aligned with the long-term interest of Saramanis and its Shareholders. The Remuneration Committee will have regard to relevant company policies in attracting and retaining skilled executive and structuring short and long-term incentives that are challenging and linked to the creation of sustainable Shareholder returns.

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT (CONTINUED)

In relation to remuneration matters, the committee's responsibilities are to ensure that Saramanis:

- has coherent remuneration policies and practices which enable Saramanis to attract and retain executives and Directors who will create value for Shareholders;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of Saramanis, the performance of the executives and the general remuneration environment; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet Saramanis needs.

The Corporate Governance Statement provides further information on the role of this committee.

The Chief Executive Officer and the Chief Financial Officer attend meetings by invitation to assist the Committee in its deliberations except on matters associated with their own remuneration.

Remuneration policy

The Constitution of the Company provides that the non-executive Directors are entitled to remuneration as determined by the Company at a general meeting to be apportioned among them in any proportions and in any manner. The Remuneration Committee was established to make recommendations to the Board regarding the remuneration of non-executive directors.

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director in addition to or instead of the remuneration referred to above. Non-executive directors shall not receive performance-based remuneration.

The Remuneration Policy of Saramanis Limited has been designed to align Key Management Personnel (KMP) to the Company's short and long-term objectives which are appropriate to the Company's circumstances and goals, by providing an appropriate balance between fixed remuneration component that is comparable with current market rates and performance-based remuneration. The Board of Saramanis Limited believes the remuneration policy to be appropriate and effective in its ability to attract, retain and motivate high-quality KMP to run and manage the Group.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT (CONTINUED)

Group KMP	Position Held as at 31 December 2021 and any change during the year	Contract details (duration & termination)	Proportion of Remuneration not related to performance measures
Datu Robert Lian BALANGALIBUN	Independent Non-Executive Director	No contract	100%
Jason Tze Yun JONG	Executive Director and Chief Executive Officer (appointed on 16 April 2018)	Contract (Include his fixed salary \$50,666 and transport allowance, no fix term)	100%
Anson Fu Cong QIAO	Independent Non-Executive Director	No contract	100%
Mei Kwan WONG	Executive Director (appointed 25 June 2021)	No contract	100%

Table of Benefits and Payments for the year ended 31 December 2021

Group KMP	Salary / Fees \$	Bonus \$	Pension \$	Other \$	Total \$
Anson Fu Cong QIAO	7,200	-	-	-	7,200
Jason Tze Yun JONG	43,555	-	-	11,563	55,118
Datu Robert Lian BALANGALIBUN	-	-	-	-	-
Mei Kwan WONG	-	-	-	-	-
	50,755	-	-	11,563	62,318

Table of Benefits and Payments for the year ended 31 December 2020

Group KMP	Salary / Fees \$	Bonus \$	Pension \$	Other \$	Total \$
Anson Fu Cong QIAO	7,200	-	-	-	7,200
Jason Tze Yun JONG	50,666	-	-	12,416	63,082
Datu Robert Lian BALANGALIBUN	-	-	-	-	-
Gee Pun TONG	-	-	-	-	-
	57,866	-	-	12,416	70,282

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT (CONTINUED)

Securities Option and Right

No member of KMP are entitled to receive securities as part of their remuneration package.

KMP Direct Shareholders

The number of ordinary shares in Saramanis Limited held by each KMP of the Group during the financial year are as follows:

31 December 2021

Group KMP	Balance at Beginning of Year	New Shares Issued during the Year	Bought / Sold during the Year	Other Changes during the Year	Balance at End of Year
Jason Tze Yun JONG	57,000,000	-	-	-	57,000,000
Mei Kwan WONG	65,049,075	-	-	-	65,049,075
Gee Pun TONG*	34,043,625	-	-	-	34,043,625
	156,092,700	-	-	-	156,092,700

*Gee Pun TONG resigned as a director on 25 June 2021.

31 December 2020

Group KMP	Balance at Beginning of Year	New Shares Issued during the Year	Bought / Sold during the Year	Other Changes during the Year	Balance at End of Year
Jason Tze Yun JONG	57,000,000	-	-	-	57,000,000
Gee Pun TONG	34,043,625	-	-	-	34,043,625
	91,043,625	-	-	-	91,043,625

Other Equity-related KMP Transactions

There have been no transactions involving equity instruments.

Other transactions with KMP and/or their related parties

Refer to Note 26 of the financial statements for other transactions with KMP and/or their related parties.

END OF REMUNERATION REPORT

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.




.....
Jason Jong Tze Yun, Miri, Sarawak, Malaysia
Dated, this 31st day of March 2022

The Directors
Saramanis Limited
Level 12, Grosvenor Place
SYDNEY NSW 2000

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

We declare that, to the best of our knowledge and belief, during the year ended 31 December 2021 there have been:

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


Walker Wayland NSW
Chartered Accountants


Wali Aziz
Partner

Dated this 31st day of March 2022, Sydney

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATE GOVERNANCE

This statement summarises the main corporate governance practices of Saramanis Limited.

The Board of Directors is primarily responsible for creating, protecting and delivering long term shareholder value. This is achieved through the application of appropriate corporate governance policies and procedures relevant to the size of the Company and the scale of its operations.

The Directors are committed to maintain a Board that is highly skilled, experienced and capable of fulfilling its obligations. The current Board reflects the appropriate balance of Executive and Non-Executive Directors to achieve effective governance and promote shareholder value. The number of Executive and Non-Executive Directors are equally balanced. The details of the Director's skills, expertise and experience are provided in the Directors Report.

To assist in fulfilling its duties and responsibilities the Board of Directors have established three standing committee. However, due to resignation of previous directors, several positions in these standing committee have yet to be filled. Going forward, the Board of Directors will be looking into filling these positions and getting these committee to function as they should.

Audit & Risk Management Committee

The Audit & Risk Management Committee comprises three Directors, the majority of whom are Independent Non-Executive Directors, and is responsible for monitoring and advising the Board on audit, risk and compliance matters. The Company has adopted an Audit & Risk Management Committee Charter setting out the composition, scope, role, function and powers of the Committee as well as its reporting obligations to the Board.

The Board, in conjunction with the Audit & Risk Management Committee, regularly monitors the business, operational and financial risk associated with the company and considers developing systems and procedures for appropriate risk management.

Remuneration Committee

The Company has established a Remuneration Committee comprising of three Directors, the majority of whom are Independent Non-Executive Directors, to assist the Board in ensuring that the Company has appropriate remuneration policies and practices.

Nomination & Governance Committee

The Nomination & Governance Committee's primary function is to assist the Board in fulfilling its responsibilities to shareholders in relation to the composition of the Board, the development and implementation of the Company's governance policies and monitoring compliance with those policies and practices.

NSX Corporate Governance

The Company recognises the importance of good corporate governance and has, where appropriate developed its policies and procedures with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Within this context, the Directors make the following disclosures in relation to the company's corporate governance framework:

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Principle	Summary of Saramanis Limited's position
One – Lay solid foundations for management and oversight	The Board Charter sets out the separation of function and the responsibilities of the Board. There are two executive Directors who are responsible for the day-to-day management of the Company. The role of Chair is currently held by an independent director. Apart from the need to have an additional independent director, the Company considers that the Board is appropriately structured given the nature and size of the company.
Two – Structure the board to add value	The Board has two independent Non-Executive Directors and two Executive Directors. The Board Charter sets out the procedure for recruiting and appointing a new Director. Apart from the need to appoint an additional independent non-executive director who is an Australian resident, the current Board has the appropriate skills and experience for its size and scale.
Three – Act ethically and responsibly	The Board has implemented a Code of Conduct (Code) to set the minimum standards of conduct expected of all Directors and employees of the Company. This includes the expectation that all employees will act honestly and fairly in all commercial dealings and conduct themselves with professional courtesy and integrity. The Code together with the Board Charter set out the Company's approach to identifying and dealing with Conflicts of Interest. The Board has also adopted a Securities Trading Policy which is appropriate for a company whose shares are admitted to trading on the NSX. The Board has also implemented a Diversity Policy as it recognises the benefits of maintaining diversity among all level in the Company.
Four – Safeguard integrity in financial reporting	The Board has established an Audit & Risk Management Committee to assist it in discharging its obligations for financial reporting, risk management and internal control. The Committee comprises of a majority of Independent Non-Executive Directors. All members of the Committee are financially literate. The Chair is independent and is not the Chair of the Board.
Five – Make timely and balanced disclosure	The Board seeks to ensure that there is informed trading in its securities and that all shareholders have equal and timely access to material information. There are also internal procedures defined in the Continuous Disclosures Policy to administer the Company's obligations in respect of reporting material information.
Six – Respect the rights of security holders	The Company has defined under its Shareholder Communications Policy how it will communicate with shareholders.
Seven – Recognise and manage risk	The Audit & Risk Management Committee oversees the Company's risk management and internal control framework. It also assists the Board with fulfilling its corporate governance and oversight responsibilities in relation to the implementation and assessment of risk management and internal control compliance.
Eight – Remunerate fairly and responsibly	The Remuneration Committee consists of two Independent Non-Executive Directors and one Executive Director. The primary function of the Committee is to assist the Board in ensuring that the Company's Remuneration Policy is appropriate to attract, retain and motivate high quality Directors and executives who will generate value for shareholder

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$	2020 \$
REVENUE FROM CONTINUING OPERATIONS			
Sales revenue	3a	147,610	100,702
Other income	3b	88,861	253,676
TOTAL REVENUE		236,471	354,378
EXPENSES FROM CONTINUING OPERATIONS			
Cost of sales of goods	4	(308,331)	(351,973)
Employee and contractor costs	4	(116,272)	(146,405)
Directors' other emoluments	6	(62,318)	(70,282)
Professional fees		(172,369)	(176,922)
NSX annual fees		(35,283)	(59,110)
Depreciation and amortisation	4	(72,910)	(61,706)
Depreciation on right use of assets	4	(91,557)	(59,680)
Doubtful debts provision	4	-	(13,376)
Impairment in biological assets	4	(104,107)	(133,586)
Travelling, accommodation and entertainment		(18,508)	(50,543)
Upkeep of machinery and motor vehicle		(27,611)	(30,834)
Lease interest over lease liabilities		(37,148)	(22,973)
Other expenses from ordinary activities		(22,609)	(20,575)
TOTAL EXPENSES		(1,069,023)	(1,197,965)
LOSS BEFORE INCOME TAX		(832,552)	(843,587)
Income tax benefit (expense)	5	-	-
NET LOSS FOR THE YEAR		(832,552)	(843,587)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income / (loss) – translation of foreign subsidiaries		35,250	26,769
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		35,250	26,769
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(797,302)	(816,818)

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Notes	2021 \$	2020 \$
Net (loss) attributable to:			
Members of the parent entity		(832,552)	(843,587)
Outside equity interests		-	-
		<u>(832,552)</u>	<u>(843,587)</u>
Total comprehensive (loss) attributable to:			
Members of the parent entity		(797,302)	(816,818)
Outside equity interests		-	-
		<u>(797,302)</u>	<u>(816,818)</u>
Loss per share			
Basic loss per share – cents per share	8	(0.16)	(0.19)
Diluted loss per share – cents per share	8	(0.16)	(0.19)

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Consolidated Group	
	Notes	2021	2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	12,843	27,166
Trade and other receivables	10	2,580	4,461
Inventories	11	10,094	15,574
Biological assets	12	296,595	244,182
Other assets	12	54,087	39,235
TOTAL CURRENT ASSETS		376,199	330,618
NON-CURRENT ASSETS			
Property, plant and equipment	13	185,829	230,436
Biological assets	12	59,946	-
Right of use assets	14	248,786	148,776
TOTAL NON-CURRENT ASSETS		494,561	379,212
TOTAL ASSETS		870,760	709,830
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	140,841	142,577
Loans and borrowings	17	1,866,693	995,391
Lease liabilities	18	76,861	70,696
TOTAL CURRENT LIABILITIES		2,084,395	1,208,664
NON-CURRENT LIABILITIES			
Lease liabilities	18	180,848	98,347
TOTAL NON-CURRENT LIABILITIES		180,848	98,347
TOTAL LIABILITIES		2,265,243	1,307,011
NET LIABILITIES		(1,394,483)	(597,181)
SHAREHOLDERS' DEFICIENCY			
Issued capital	19	4,459,950	4,459,950
Accumulated losses		(6,239,371)	(5,406,819)
Foreign currency translation reserve	28	384,938	349,688
TOTAL DEFICIENCY		(1,394,483)	(597,181)

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Contributed equity	Accumulated losses	Foreign currency Reserves	Minority interest	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2020	3,177,031	(4,558,559)	322,919	(4,673)	(1,063,282)
Loss for the period	-	(843,587)	-	-	(843,587)
Foreign Currency Translation	-	-	26,769	-	26,769
Total comprehensive loss	-	(843,587)	26,769	-	(816,818)
Issue of capital	1,282,919	-	-	-	1,282,919
Transfer from acquisition of minority interest	-	(4,673)	-	4,673	-
Balance at 31 December 2020	4,459,950	(5,406,819)	349,688	-	(597,181)
Loss for the year	-	(832,552)	-	-	(832,552)
Foreign Currency Translation	-	-	35,250	-	35,250
Total comprehensive loss	-	(832,552)	35,250	-	(797,302)
Balance at 31 December 2021	4,459,950	(6,239,371)	384,938	-	(1,394,483)

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		115,094	108,885
Payments to suppliers and employees		(750,969)	(784,805)
Payment to lease over right of use assets		(94,879)	(68,770)
Income tax paid		-	(205,390)
Net cash used in operating activities	23	(730,754)	(950,079)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(117,961)	(78,644)
Proceeds from sales of subsidiary		-	3,449
Net cash provided by / (used for) investing activities		(117,961)	(75,195)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds / (repayment) of lease liabilities		(37,148)	20,103
Net proceeds from of related parties loan		871,302	867,720
Net cash provided by financing activities		834,154	887,823
NET INCREASE/(DECREASE) IN CASH HELD			
		(14,561)	(74,805)
Cash and cash equivalent at beginning of financial period		27,166	104,065
Effects of foreign exchange rate on cash		238	(2,094)
CASH AT THE END OF THE PERIOD	9	12,843	27,166

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Saramanis Limited and Controlled Entities (the “consolidated group” or “group”).

The separate financial statements of the parent entity, Saramanis Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

Saramanis Limited is the ultimate parent entity of the Group. Saramanis Limited is a public company incorporated and domiciled in Australia.

The financial statements were authorised for issue on the date of signing by the directors of the company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Going Concern Basis of Accounting

In 2021, no exception to the rest of the world, pandemic COVID-19 continued to impact Malaysia and the effect of such a pandemic has affected the demand of products resulting from the people movement control order (MRO) and social distancing practice. The Group's performance was affected, and we believe that the situation is temporary and will recover once vaccination is in place and the situation is under control.

The Group has incurred a loss after tax for the year of \$832,552 (prior year \$843,587 loss). As at 31 December 2021 the Group has a net deficiency of \$1,394,483 (31 December 2020 net deficiency of \$597,181). As at 31 December 2021, the Group has a net current asset deficiency of \$1,708,196 (31 December 2020 net current deficiency of \$878,046). There is no debt with The Malaysian Taxation Authority as at 31 December 2021. The management had decided to pivot away from the rubber industry and focus on the pineapple industry, which requires at least 17 months gestation period.

The Group conducts its cultivation of pineapple fruits and pineapple suckers at 2 main locations being at Miri, Sarawak and Tanjung Manis Mukah, Sarawak. The lease agreement at Miri expires in July 2022 while the lease agreement at Tanjung Manis Mukah expires in November 2022. The Directors are currently considering whether the lease agreements will be renewed. As at the date of the signing of the financial report, the Directors have determined that it is impractical to determine the extent of losses that might impact the carrying value of the biological assets as at 31 December 2021 should the biological be transferred to another location or perished in the event that the Group is not successful in renewing both lease agreements. Therefore, no adjustment has been made to the financial statements for the year ended 31 December 2021 to this effect. Should the Group fail to renew both of the lease agreements and fail to find an alternative land for its agricultural activities, this will have a significant impact on the Group's ability to continue as a going concern.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Going Concern Basis of Accounting (continued)

Due to sales revenue being minimal, the Group has been heavily dependent on financial support provided by shareholders to fund working capital. The total cash reserves of the Group as at 31 December 2021 was \$12,843. These matters give rise to a material uncertainties that may cast significant doubt upon 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 all of the following areas:

- Further funding and financial support to be obtained from new or existing shareholders to assist with the repayment of short-term liabilities and operational cash outflows as and when they fall due
- Generating positive cash flows from operational activities
- The ability of the management and operational teams to be successful in pineapple plantations
- The repayment of the loans (in cash or by the issuance of shares) from Directors and Shareholders amounting to \$1,866,693 as at 31 December 2021 to be deferred until the Group has sufficient cash reserves.
- The ability of the Group to renew its existing lease agreements with respect to the 100 acres site in Miri and the 37.825 hectares at Tanjung Manis, Mukah, Sarawak which are expiring in July 2022 and November 2022 respectively or the ability of the Group to renegotiate more favourable lease terms at other locations.

Should the Group not achieve either or all of the above, this may impact the Group's ability to continue as a going concern. 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.

Notwithstanding the above, the Directors have received letters of ongoing financial support from its major shareholders and management have prepared detailed cash flow forecasts for the Group for the period to 30 June 2023 (which assumes funding provided from certain shareholders) and a detailed business plan, which indicates an improvement in operational performance resulting from pineapple plantations.

Accordingly, the directors believe that the Group is working towards positive outcomes in the matters referred to above and that the group will 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.

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.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of Saramanis Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of subsidiaries is provided in Note 15.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which the Group obtains control. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Income tax

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/ (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of pineapple seedlings includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

There were no finished goods as at year end as inventories comprised of raw materials as disclosed in note 11.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Biological Assets

Biological assets are measured at fair value less cost of disposal. Any gains or losses arising from changes in the fair value less costs of disposal are recognised in profit or loss. Fair value is determined based on the estimated market value price of the biological assets.

Where fair value of biological assets cannot be measured reliably, and the biological assets is consequently carried at cost less accumulated depreciation and any accumulated impairment losses. New planting and replanting expenditure incurred on land clearing and upkeep of biological assets up to the point of harvesting are capitalised and amortised on a straight-line basis over their estimated useful lives.

f) Property, Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of property, plant and equipment is reviewed annually by management of the Group to ensure it is not in excess of the recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20%
Motor Vehicles	20%
Office equipment, furniture and fittings	10%-50%
Leasehold improvements	10%-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

~~NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021~~

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

g) Leases

Right of use assets

The Group recognises a right of use asset and a lease liability at the commencement date of the lease (the date the underlying asset is available for use) through the adoption of AASB16 which is effective for annual periods beginning on or after 1 January 2019. AASB 16 introduces a single lessee accounting model that eliminates the requirement for lease to be classified as operating or lease leases. The Group has adopted AASB 16 from 1 January 2019 using the modified retrospective method of adoption.

The right of use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of the lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives received or receivable and variable lease payments that depend on an index or a rate. The lease payments also include any renewal option reasonably certain to be exercised by the Group. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses an appropriately considered interest rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

AASB 16 Lease Accounting

Management and the directors apply judgement when estimating the carrying values of ROAU and lease liability in particular:

- Determining an appropriate incremental borrowing rate (IBR); and
- Assessing the impact of the various terms and conditions of the lease agreements together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group's current lease agreements do not have any option terms available.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) *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 subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried an amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measure of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due to impaired have been renegotiated the group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

j) Employee entitlements

Short-term employee benefits

Provision is made for the Group's obligation for the short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the period in which the related service is performed. As required by law, companies in Malaysia make such contributions to the Employee Provident fund.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

l) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements the difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

m) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

n) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

p) Goods and services tax (GST)

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 Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Accounting estimates and Judgements

Going Concern

Management and the Directors have applied significant judgement and estimates in the preparation of cash flow forecasts as part of determining whether the going concern basis of accounting is appropriate in preparing this financial report. Significant judgement and estimates include assumptions used in cash inflows especially in relation to sales forecasts, cash outflows directly related to sales and the Group's ability to renew its 2 main lease agreements.

Useful lives of plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 13 to the financial statements.

Fair value of biological assets

The pineapple and coconut plantations are measured at fair value less costs to sell. The fair value is measured based on either the market prices as at the reporting date adjusted with reference to the species, age and growing condition to reflect differences in characteristics of the pineapple and coconut plantation; or the present value of expected net cash flow from the pineapples and coconut plantation when market prices are unavailable. Any change in the estimates may affect the fair value of the pineapple and coconut plantation significantly. The carrying amount of the pineapple and coconut plantation as at reporting date and the significant assumptions used to derive the fair value are disclosed in Note 12 to the financial statements.

Fair value estimates for biological Assets (Pineapple and coconut plantation)

The Group carries biological assets (pineapple and coconut plantation) at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for Impairment for biological assets

The carrying values of biological assets are reviewed at the end of each reporting period for impairment when there is an indication that assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amount. When the carrying amount exceeds its recoverable amount, the biological assets are written down to its recoverable amount and impairment loss shall be recognised. The recoverable amount of biological assets is measured by reference to recent transaction prices for the assets which include discounts provided. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimate the recoverable amount of cash-generating unit to which the biological assets belong. An Impairment loss is recognised in profit or loss. When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of a biological asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the biological asset that would have been determined had no impairment loss been recognised. The reversal is recognised in profit or loss immediately. During the year ended 31 December 2021, a provision for impairment of \$104,107 (2020 \$133,586) has been recognised which was measured based on recent transaction prices for those biological assets.

r) New and Revised Accounting Standards for Application to the Current Reporting

A number of new or amended standards become applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards since they did not have an impact on the Group.

The Group have not early adopted any new and revised Accounting Standards that are not yet mandatory.

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 2: PARENT INFORMATION

	2021 \$	2020 \$
The following accounting information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	360	161
Non-current assets	-	-
TOTAL ASSETS	360	161
LIABILITIES		
Current liabilities	118,440	109,731
Non-current liabilities	-	-
TOTAL LIABILITIES	118,440	109,731
NET (LIABILITIES)	(118,080)	(109,570)
EQUITY		
Issued capital	5,550,770	5,550,770
Accumulated losses	(5,668,850)	(5,660,340)
TOTAL DEFICIENCY	(118,080)	109,570
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(8,510)	(4,529,135)
Total comprehensive loss	(8,510)	(4,529,135)

GUARANTEES

No cross guarantees existed during the year ended 31 December 2021.

Contingent liabilities

At 31 December 2021, Saramanis Limited had no contingent liabilities.

Contractual commitments

At 31 December 2021, Saramanis Limited had no contractual commitments.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 3: REVENUE AND OTHER INCOME

	Notes	Consolidated Group	
		2021 \$	2020 \$
a. Revenue from continuing operations			
Sales revenue		147,610	100,702
b. Other income			
Fair value gain on biological assets		88,555	197,012
Interest income		67	176
Doubtful debt written back		239	-
Gain on disposal of subsidiary		-	18,593
Gain on disposal of fixed assets		-	1,725
Hiring income		-	19,711
Government subsidy – COVID-19		-	16,459
		88,861	253,676

NOTE 4: EXPENSES FOR THE YEAR

Loss before income tax from continuing operations includes the following expenses:

a. Expenses			
Cost of sales (i)		308,331	351,973
Employee benefits and contractor's expense		116,272	146,405
Depreciation and amortisation		72,910	61,706
Depreciation over right of use assets		91,557	59,680
Doubtful debts expense (ii)		-	13,376
Impairment in biological assets		104,107	133,586

(i) Cost of sales is mainly comprised of cost of biological assets, transportation expense and salaries, wages of direct employees and occupancy expenses.

(ii) In 2020, \$13,376 provision for impairment was made for a receivable from Pamas Sdn Bhd.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 5: TAX BENEFIT (EXPENSE)

	Consolidated Group	
	2021	2020
	\$	\$
a. The components of tax benefit / (expense) comprise:		
Current tax	-	-
Deferred tax	-	-
Prior year over / (under) provision	-	-
	<u>-</u>	<u>-</u>
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 25%	208,138	210,897
Add: Tax effect of:		
– Non-allowable items	-	-
– (Over) / Under provision in prior year	-	-
– Tax losses not recognised as deferred tax assets	(208,138)	(210,897)
Income tax attributable to entity	<u>-</u>	<u>-</u>

The Group is in the process of estimating its carried forward tax losses in Australia and Malaysia. Both jurisdictions require the satisfaction of the continuity of business test or small business test for such losses to be utilised. No deferred tax balances have been recognised for the year ended 31 December 2021 in relation to these tax losses. No temporary differences have been recognised.

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the period ended 31 December 2021.

The totals of remuneration paid to KMP of the company and the Group during the period are as follows:

	Consolidated Group	
	2021	2020
	\$	\$
Short-term employee benefits	50,755	57,866
Post-employment benefits	-	-
Other	11,563	12,416
Total KMP compensation	<u>62,318</u>	<u>70,282</u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

No amounts of post-employment benefits were received by the key management employees in 2021 and 2020, respectively.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Consolidated Group	
NOTE 7: AUDITORS' REMUNERATION	2021	2020
	\$	\$
Remuneration of the auditor, Walker Wayland NSW Chartered Accountants for:		
– auditing or reviewing financial statements	39,000	33,000
Remuneration of overseas auditor – Auditing or reviewing financial statements		
- Crowe Malaysia PLT	16,060	16,210
NOTE 8: LOSS PER SHARE		
a. Loss used to calculate basic and diluted EPS	(832,552)	(843,587)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	506,862,011	451,491,161
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	506,862,011	451,491,161
NOTE 9: CASH		
	Consolidated Group	
	2021	2020
	\$	\$
Cash at bank and on hand	12,843	27,166
Reconciliation of cash		
Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash	12,843	27,166
Bank overdraft	-	-
	12,843	27,166

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 10: TRADE AND OTHER RECEIVABLES	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Trade receivables	2,580	17,837
Provision for impairment (a)	-	(13,376)
	<u>2,580</u>	<u>4,461</u>
Other receivables	-	-
	<u>2,580</u>	<u>4,461</u>

a. Provision for Impairment of Receivables

During the year ended 31 December 2020, an allowance for doubtful receivables from Pamas Sdn Bhd of A\$13,376 was provided for as a provision for impairment on expected credit loss. Refer to Note 4.

b. Credit risk

The Group has no significant credit risk exposure in Malaysia in which the Group trades.

The balances of receivables that are within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2021							
Trade and term receivables	2,580	-	-	-	-	-	2,580
Provision for impairment	-	-	-	-	-	-	-
Total	<u>2,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,580</u>
2020							
Trade and term receivables	17,837	13,376	-	-	-	-	4,461
Provision for impairment	(13,376)	(13,376)	-	-	-	-	-
Total	<u>4,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,461</u>

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 10: TRADE AND OTHER RECEIVABLES (CONTINUED)

c. Financial Assets Classified as Loans and Receivables

	Consolidated Group	
	2021	2020
	\$	\$
Trade and other receivables:		
– total current	2,580	4,461
– total non-current	-	-
Financial assets	2,580	4,461

NOTE 11: INVENTORIES

	Consolidated Group	
CURRENT	2021	2020
	\$	\$
At cost:		
Raw materials	10,094	15,574
	10,094	15,574

Raw materials consist of consumables such as fertilizers, pesticides and other chemicals used in the production of pineapple suckers and pineapple cultivation.

No impairment of inventory was recognised in 2021 and 2020 respectively.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 12: BIOLOGICAL ASSETS AND OTHER ASSETS

	Consolidated Group	
	2021	2020
	\$	\$
Biological Assets		
Coconut	99,911	79,859
Pineapple suckers	494,325	408,504
	594,236	488,363
Provision of impairment	(237,694)	(244,181)
	356,542	244,182

Biological assets amounting to \$59,946 with a life cycle of more than 12 months have been classified as non-current. The remaining biological assets with life cycles of less than 12 months amounting to \$296,595 has been classified as current.

As disclosed in note 1(q), the pineapple and coconut plantations are measured at fair value less costs to sell and net of impairment. The fair value is measured based on the market prices as at the reporting date adjusted with reference to the species, age and growing condition to reflect differences in characteristic of the pineapple and coconut plantation.

Additionally, as disclosed under note 24 price risk, COVID-19 continued to impact Malaysia and the effect of such a pandemic has affected the demand of products resulting from the people movement control order (MRO) and social distancing practice.. This can in turn adversely impact the shelf life of pineapple and coconut, their market prices and therefore the fair value of the biological assets.

Other Assets

Deposits	39,372	13,912
Prepayments	10,742	21,426
Tax Assets	3,973	3,897
	54,087	39,235

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2021	2020
	\$	\$
Plant and equipment		
At cost	273,292	263,008
Accumulated depreciation	(215,692)	(178,164)
	<u>57,600</u>	<u>84,844</u>
Motor Vehicles		
At cost	59,849	58,706
Accumulated depreciation	(54,374)	(51,473)
	<u>5,475</u>	<u>7,233</u>
Office Equipment, furniture and fittings		
At cost	71,970	59,356
Accumulated depreciation	(35,773)	(27,772)
	<u>36,197</u>	<u>31,584</u>
Leasehold improvements		
At cost	223,154	218,894
Accumulated depreciation	(136,597)	(112,119)
	<u>86,557</u>	<u>106,775</u>
Total Property, Plant & Equipment	<u>185,829</u>	<u>230,436</u>

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and Equipment	Motor Vehicles	Office Equipment, Furniture & Fittings	Leasehold Improvements	Total
Consolidated Group	\$	\$	\$	\$	\$
Balance at beginning of period	84,844	7,233	31,584	106,775	230,436
Additions	10,283	1,142	12,618	4,260	28,303
Disposals	-	-	-	-	-
Depreciation expense	(37,527)	(2,900)	(8,005)	(24,478)	(72,910)
Balance at 31 December 2021	57,600	5,475	36,197	86,557	185,829
Balance at beginning of period	101,800	2,832	33,062	138,450	276,144
Additions	5,957	5,508	4,533	-	15,998
Disposals	-	-	-	-	-
Depreciation expense	(22,913)	(1,107)	(6,011)	(31,675)	(61,706)
Balance at 31 December 2020	84,844	7,233	31,584	106,775	230,436

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 14: RIGHT OF USE ASSETS

	Leasehold land	Machinery	Total
Consolidated Group	\$	\$	\$
Balance at beginning of period	74,109	74,667	148,776
Additions	106,212	85,355	191,567
Disposals	-	-	-
Depreciation expense	(61,570)	(30,349)	(91,557)
Balance at 31 December 2021	119,113	129,673	248,786
Balance restated for IFRS 16	128,328	17,782	145,810
Additions	-	62,646	62,646
Disposals	-	-	-
Depreciation expense	(54,219)	(5,461)	(59,680)
Balance at 31 December 2020	74,109	74,667	148,776

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 15: INTERESTS IN SUBSIDIARIES

a. Information about subsidiaries in 2021

With effect from 13 January 2021, the following subsidiaries have changed their name.

New Name	Previous Name
Saramanis Cultivation and Biotechnology Sdn Bhd	Saramanis Seedlings Sdn Bhd
Saramanis CPPC Sdn Bhd	Future Farmers Sdn Bhd
Saramanis Farming Solution Sdn Bhd	Future Yield Sdn Bhd
Saramanis Plantation Ventures Sdn Bhd	Saramanis Agropines Sdn Bhd

With effect from 27 July 2021, the following subsidiaries have changed their name.

New Name	Previous Name
Saramanis Seedlings Sdn Bhd	Saramanis Cultivation and Biotechnology Sdn Bhd

The subsidiaries listed below have share capital consisting solely of ordinary shares or which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2021	2020
		%	%
Saramanis Sdn Bhd	Malaysia	100	100
Saramanis Seedlings Sdn Bhd	Malaysia	100	100
Saramanis Plantation Ventures Sdn Bhd	Malaysia	100	100
Saramanis TGM Sdn Bhd	Malaysia	100	100
Saramanis Pacific Sdn Bhd	Malaysia	100	100
Saramanis CPPC Sdn Bhd	Malaysia	100	100
Saramanis Farming Solution Sdn Bhd	Malaysia	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2021	2020
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	11,061	19,993
Sundry payables and accrued expenses	129,780	122,584
	<u>140,841</u>	<u>142,577</u>

a. Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

– total current	140,841	142,577
– total non-current	-	-
Financial liabilities as trade and other payables	<u>140,841</u>	<u>142,577</u>

NOTE 17: LOANS AND BORROWINGS

CURRENT	Note		
Loans from Directors – unsecured	(i)	422,960	64,444
Loans from shareholders – unsecured	(ii)	1,443,733	930,947
		<u>1,866,693</u>	<u>995,391</u>

(i) Loans from directors are unsecured, non-interest bearing and have no fixed payment terms. The directors have agreed not to recall these loans in cash within 12 months from signing of the financial report.

(ii) This liability pertains to a loan from Wong Kok Kee (shareholder), Wong Mei Kwan (shareholder) and Wong Siew Chun (shareholder), amounting to RM788,990 (AUD260,367) RM3,085,957 (AUD1,018,366) and RM500,000 (AUD165,000) respectively as at 31 December 2021. These liabilities are unsecured, non-interest bearing and no fixed payment terms. The shareholders have agreed not to recall these loans in cash within 12 months from signing of the financial report.

On 6 March 2020, \$236,529 of the loan owing to Wong Mei Kwan as at 31 December 2019 was settled via issue of 14,783,075 fully paid ordinary shares at \$0.016 each.

On 19 October 2020, \$1,046,390 of the loan owing to Wong siew Chun as at 31 December 2019 was settled via issue of 66,112,436 fully paid ordinary shares at \$0.0158 each

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 18: LEASE LIABILITIES

		Consolidated Group	
		2021	2020
CURRENT	Note	\$	\$
Lease liability over right of use assets		49,637	57,137
Finance lease liability over leased assets	(i)	27,224	13,559
		<u>76,861</u>	<u>70,696</u>
NON-CURRENT			
Lease liability over right of use assets		89,905	42,970
Finance lease liability over leased assets	(i)	90,943	55,377
		<u>180,848</u>	<u>98,347</u>

(i) Finance lease liabilities are secured by the underlying leased assets as disclosed in note 13.

The accompanying notes form part of these consolidated financial statements.

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 19: CONTRIBUTED EQUITY

	2021	2020
	No.	No.
Ordinary shares on issue		
Balance at beginning of the year	506,862,011	425,966,500
Issue of shares on 6 March 2020	-	14,783,075
Issue of shares on 19 October 2020	-	66,112,436
Balance at end of the year	506,862,011	506,862,011
	\$	\$
Balance at beginning of the year	4,459,950	3,177,031
Issue of share on 6 March 2020 @ \$0.016	-	236,529
Issue of share on 19 October 2020 @ \$0.0158	-	1,046,390
Balance at end of the year	4,459,950	4,459,950

On 6 March 2020, the Company issued 14,783,075 fully paid ordinary shares valued at \$236,529 in consideration for the settlement of a loan balance from an existing shareholder amounting to \$236,529 as at 31 December 2019. Refer to note 17 (ii).

On 19 October 2020, the Company issued 66,112,436 fully paid ordinary shares valued at \$1,046,390 in consideration for the settlement of a loan balance from an existing shareholder amounting to \$1,046,390 as at 31 December 2019. Refer to note 17 (ii).

At the 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.

a. Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Consolidated Group	
	2021	2020
	\$	\$
Total interest-bearing loans and borrowings	1,866,693	995,391
Total Lease liabilities	257,709	169,043
Less: cash	(12,843)	(27,166)
Net debt	2,011,559	1,137,268
Total equity	(1,394,483)	(597,181)
Gearing ratio	(144) %	(190) %

NOTE 20: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
a. Operating Lease Commitments	2021	2020
	\$	\$
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
– not later than 12 months	-	-
– between 1 year and 5 years	-	-
– later than 5 years	-	-
	-	-

The property leases are non-cancellable leases with terms up to 5 years and with rent payable monthly in advance. Following the adoption of AASB 16 *Leases* on 1 January 2019, all operating leases have been recognised in the Statement of Financial Position as Right of use assets with their respective corresponding lease liabilities. There are no operating lease commitments as at 31 December 2021.

NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at the date of this annual report.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 22: OPERATING SEGMENTS

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

NOTE 23: CASH FLOW INFORMATION

	Consolidated Group	
	2021	2020
	\$	\$
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(832,552)	(843,587)
Non-cash flows in profit:		
- Depreciation and amortisation	72,910	61,706
- Depreciation over right use assets	91,557	59,680
- Provision of doubtful debt	29,572	13,376
- Profit from the sale of fixed asset	-	(1,725)
- Profit from disposal of subsidiary	-	(18,593)
- Fair value loss on biological assets	4,541	(197,012)
- Provision in impairment	104,107	133,586
- Lease interest over lease liabilities	37,148	22,973
- Other	(117,074)	(55,301)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- Decrease / (Increase) in trade and term receivables	(27,691)	(11,176)
- Decrease / (Increase) in other assets	14,852	5,783
- (Increase) / Decrease in inventory	(5,480)	(3,237)
- (Increase)/ Decrease in biological assets	(100,908)	77,299
- Increase / (Decrease) in trade payables and accruals	(1,736)	11,539
- (Decrease) in income taxes payable	-	(205,390)
Cash flow (used in) operating activities	<u>(730,754)</u>	<u>(950,079)</u>

c. Non-cash Financing and Investing Activities

- (i) There were none during the year.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 24: EVENTS AFTER THE REPORTING PERIOD

The Group continues to monitor the economic and financial impact that the COVID-19 pandemic can have on its operations. Since the end of the financial year, there have been no matters or circumstances directly associated with COVID-19 pandemic that had an impact on the financial statements. Therefore, no adjustments or specific disclosures have been made in this respect. It is currently unknown how long the COVID-19 pandemic will last and this might continue to have a financial impact on the Company's operations. The Group has experienced operational challenges as a result of COVID-19 during the 2021 financial year and expect the same in 2022 until COVID-19 is resolved.

The Group conducts its cultivation of pineapple fruits and pineapple suckers at 2 main locations being at Miri, Sarawak and Tanjung Manis Mukah, Sarawak. The lease agreement at Miri expires in July 2022 while the lease agreement at Tanjung Manis Mukah expires in November 2022. The Directors are currently considering whether the lease agreements will be renewed. As at the date of the signing of the financial report, the Directors have determined that it is impractical to determine the extent of losses that might impact the carrying value of the biological assets as at 31 December 2021 should the biological be transferred to another location or perished in the event that the Group is not successful in renewing both lease agreements. Therefore, no adjustment has been made to the financial statements for the year ended 31 December 2021 to this effect. Should the Group fail to renew both of the lease agreements and fail to find an alternative land for its agricultural activities, this will have a significant impact on the Group's ability to continue as a going concern.

No other significant events after the reporting period.

NOTE 25: RELATED PARTY TRANSACTIONS

Related Parties

a. The Group's main related parties are as follows:

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is Saramanis Limited, which is incorporated in Australia.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer Note 6.

(iii) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

Related Parties (continued)

b. Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year, one of the Group's subsidiaries sold 50,000 units of MD2 Pineapple suckers to Mr Jason Jong Tze Yun for a total consideration of RM125,000 (AUD41,250). This sale was made on normal commercial terms and conditions. The proceeds from the sale of pineapple suckers was deducted from the loan payable to Mr Jason Jong. Therefore, this did not result from a cash inflow to the Group during the year.

The following transactions occurred with related parties:

- (i) Transactions with directors, refer Note 17
 - Hiring charges paid to director-Jason Jong Tze Yun amounted to \$11,563 (2020: \$12,416)
 - Loan from shareholder – Wong Mei Kwan amounted to \$1,018,366 (2020: \$833,837)
 - Loan from shareholder – Wong Kok Kee amounted to \$260,367 (2020: \$0)
 - Loan from shareholder – Wong Siew Chun amounted to \$165,000 (2020: \$97,110)
 - Loan from director – Tong Gee Pun amounted to \$0 (2020: \$45,318)
 - Loan from director – Jason Jong Tze Yun amounted to \$422,960 (2020: \$19,126)

Loans from shareholders and directors are non-interest bearing, unsecured and no fixed payment terms, however the loan providers have confirmed that they will not recall the loans in cash 12 months from year end.

Apart from the above there are no other transactions with director related entities.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 26: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2021	2020
		\$	\$
Financial assets			
Cash and cash equivalents	9	12,843	27,166
Trade and other receivables	10	2,580	4,461
Total financial assets		15,423	31,627
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	16	140,841	142,577
– director and shareholder loans	17	1,866,693	995,391
– lease liabilities	18	257,709	169,043
Total financial liabilities		2,265,243	1,307,011

Financial Risk Management Policies

The Audit Committee has the responsibility of managing the financial risk exposures of the consolidated group. The consolidated entity's activities expose it to a variety of financial risks: market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the consolidated group. The consolidated groups have adopted a policy of generally dealing with reputable counterparties as a means of mitigating the risk of financial loss from defaults

Trade receivables consist of a large number of customers and ongoing credit evaluation is performed on the accounts regularly. The carrying amounts of financial assets recorded in the financial statements, net of any allowance for losses, represent the consolidated entity's maximum exposure to credit risk. Covid-19 has also contributed to increasing the non-collection risk of these financial assets.

b. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets with financial liabilities.

	Within 1 Period	1 to 5 Periods	Over 5 Periods	Total
	2021	2021	2021	2021
	\$	\$	\$	\$
Consolidated Group				
Financial liabilities due for payment				
Payables	140,841	-	-	140,841
Loan and borrowings	1,866,693	-	-	1,866,693
Lease liabilities	76,861	180,848		257,709
Total contractual outflows	2,084,395	180,848	-	2,265,243
Financial assets cash flows - realisable				
Cash and cash equivalents	12,843	-	-	12,843
Receivables	2,580	-	-	2,580
	15,423	-	-	15,423
Net inflow / (outflow) on financial instruments	(2,068,972)	(180,848)	-	(2,249,820)

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Within 1 Period	1 to 5	Over 5	Total
	2020	Periods	Periods	2020
	\$	2020	2020	\$
Consolidated Group				
Financial liabilities due for payment				
Payables	142,577	-	-	142,577
Loan and borrowings	995,391	-	-	995,391
Lease liabilities	70,696	98,347		169,043
Total contractual outflows	1,208,664	98,347	-	1,307,011
Financial assets cash flows – realisable				
Cash and cash equivalent	27,166	-	-	27,166
Receivables	4,461	-	-	4,461
	31,627	-	-	31,627
Net inflow / (outflow) on financial instruments	(1,177,037)	(98,347)	-	(1,275,384)

Loan and borrowings are unsecured, non-interest bearing and no fixed payment terms. These loans can be settled via cash or equity.

c. Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. Interest rate risks on interest earning cash balances are not considered material.

(ii) Foreign exchange risk

The consolidated group is mainly exposed to Ringgit Malaysia (RM), as a result of operation of its subsidiaries in those markets or trade in the Malaysian market. Foreign currency risk arises when future commercial transactions are recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As there is no material exposure to foreign currency risk within the financial assets and financial liabilities outside of each operating entity's functional currency, no sensitivity analysis has been prepared.

(iii) Foreign exchange risk

The group's operation is exposed to price risk in relation to its sales of pineapple and coconut. Price risk arises from price fluctuations. For the year ended 31 December 2021, a provision for impairment of \$104,107 has been recognised which was measured based on recent transaction prices for those biological assets. These recent transactions included discounts provided for quick sales.

The group's operation and its ability to achieve its desired sales price is impacted by the consequences of COVID-19.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTA 28: RESERVES

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 29: ECONOMIC DEPENDENCY

As stated in note 1(a) Going Concern Basis of Accounting, the Group is heavily dependent on funding from existing shareholders.

NOTE 30: COMPANY DETAILS

The registered office of the company is:

Saramanis Limited
Level 12, Grosvenor Place, 225 George Street
SYDNEY NSW 2000

The principal places of business are:

Level 12, Grosvenor Place, 225 George Street
SYDNEY, NSW 2000

No 2, Jalan Setia Raja
98000 MIRI
SARAWAK MALAYSIA

NOTE 31: DIFFERENCES IN LOSS REPORTED COMPARED TO PRELIMINARY FINANCIAL REPORT

The preliminary financial report lodged on 16 March 2022 on the NSX included a net loss after tax of \$859,370 and a net liability position of \$1,446,807. This 30 June 2021 Annual report discloses a net loss after tax of \$832,552 and a net liability position of \$1,394,483. The differences are mainly due to an additional leased asset recognised pursuant to AASB 16 *Leases*.

The accompanying notes form part of these consolidated financial statements

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Saramanis Limited and its controlled entities, the directors of the Group declare that:

1. the financial statements and notes, as set out on pages 18 to 56, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 31 December 2021 and of the performance for the period ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



Director

.....

Jason Jong Tze Yun

Dated this 31st day of March 2022, Miri, Sarawak, Malaysia

INDEPENDENT AUDIT REPORT TO THE SHAREHOLDERS OF SARAMANIS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

We have audited the financial report of Saramanis Limited and its Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 year then ended, comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at year end or from time to time during the financial year.

In our opinion:

(a) 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 2021 and of its performance for the year then ended; and
- II. complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Group in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to Note 24 of the financial report, which notes that the Group's two main lease agreements expire in July 2022 and November 2022. Should the Group fail to renew both of the lease agreements or fail to find an alternative land for its agricultural activities, this will have a significant impact on the carrying value of the biological assets and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MATERIAL UNCERTAINTY REGARDING GOING CONCERN

Without modifying our opinion, we draw attention to the following matter. As a result of the matters disclosed in Note 1 a) "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 Group is also impacted by the effect of COVID-19 and the consequences it has on the Group's operations. The Group's ability to continue as a going concern is heavily dependent on its ability to receive financial support from new and existing shareholders via future capital raisings, existing shareholders not recalling loans for a period of at least 12 months from the signing date of this financial report (as disclosed in Note 17) continually funding the operating expenses, the Group generating positive operational cash flows and the directors successfully renegotiating the leases with the land owners or sourcing alternative land locations.

KEY AUDIT MATTERS

The key audit matters are the matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters have been 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.

<u>Key audit matter</u>	<u>How our audit addressed the key audit matter</u>
<p>Accounting for Biological Assets – Valuation (Refer to Note 12)</p> <p>The Group held biological assets of \$356,541 as at 31 December 2021 which includes a provision for impairment of \$237,694. The biological assets comprise mainly of pineapple plantations but also include an immaterial amount of coconut plantations.</p> <p>Australian Accounting Standard AASB 141 <i>Agriculture</i> requires biological assets to be measured at fair value less costs to sell or, in the absence of a fair value, at cost less impairment. The Group has measured each of the biological assets at fair value.</p> <p>We considered the valuation of the biological assets to be a key audit matter due to the significant judgement involved in estimating:</p>	<p>Audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • Considering the valuation methodology against AASB 141. • Testing the mathematical accuracy of Management's calculations. • Verifying the physical existence through stock take procedures. • Verifying the market prices of the biological assets to an independent source, the Malaysian Pineapple Industry Board.

<u>Key audit matter</u>	<u>How our audit addressed the key audit matter</u>
<ul style="list-style-type: none"> Expected unproductive rate for each type of pineapple; The quantum of the lifecycle of the plants; The market value of the completed pineapple stock; The provision for impairment. 	<ul style="list-style-type: none"> Verifying the appropriateness of the provision for impairment recognised against the fair value of biological assets. Considering the potential impact of COVID-19 on the fair value of the biological assets.

The COVID-19 pandemic has also had an impact on increasing our audit risk assessment on the biological assets.

<u>Key audit matter</u>	<u>How our audit addressed the key audit matter</u>
Going concern basis of accounting (Refer to Note 1a Going Concern Basis of Accounting)	
<p>The Group has incurred a loss after tax for the year of \$832,552 (prior year \$843,587 loss). As at 31 December 2021 the Group has a net deficiency of \$1,394,483 (31 December 2020 net deficiency of \$597,181). As at 31 December 2021, the Group has a net current asset deficiency of \$1,708,196 (31 December 2020 net current asset deficiency of \$878,046).</p> <p>The Group's use of the going concern basis of accounting and the associated extent of uncertainty is considered to be a key audit matter due to the high level of judgement required by management in assessing whether the group is a going concern.</p> <p>The directors have determined that the use of the going concern basis of accounting is appropriate based on the cash flow forecasts provided and the confirmed financial support from multiple investors and loan providers. The directors have determined that the matters disclosed in Note 1a give rise to material uncertainties that cast significant doubt over the ability of the group to continue as a going concern for a period of up to 12 months from sign-off of the financial report.</p> <p>Further to the above, the COVID-19 pandemic has also created an additional material uncertainty that is somewhat difficult to quantify in relation to its effect on the Group's business operations in future periods.</p>	<p>Audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> Obtaining and reviewing managements cash flow forecasts to assess whether current cash levels can sustain operations for a period of 15 months from the proposed date of signing the financial statements. Agreeing year end cash balances to third party confirmations received to gain comfort on the opening balances used in the cash flow forecast. Assessing the Group's current level of income and expenditure against managements forecasts for consistency of relationships and trends to the historical results, results since year end and our understanding of the industry and economic conditions of the group. Obtaining signed letters of support from multiple investors and loan providers in order to confirm their intention to provide financial support for a period of at least 12 months from the signing of the financial report in order to allow the group to continue as going concern. Assessing the financial capability and capacity of the investors and loan providers to provide such financial support.

Key audit matter	How our audit addressed the key audit matter
ASA 600 <i>Special Considerations - Audits of a Group Financial Report</i> (Work of Component Auditors)	
<p>The Group comprises of one Australian incorporated parent entity which is listed on the National Stock Exchange of Australia (NSX) and seven Malaysian incorporated subsidiaries (note 15). The Group's principal activities are conducted in Malaysia and transactions are reported in their respective Malaysian subsidiaries' financial statements.</p>	<p>Audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • We instructed the component auditor as to the significant areas to be covered, including the relevant risks detailed above as Key Audit Matters and the information to be reported to us.
<p>As part of our audit procedures and as Group Auditors pursuant to ASA 600 <i>Special Considerations - Audits of a Group Financial Report</i>, we have engaged and used the work of component auditors based in Malaysia to audit the financial statements of the Malaysian subsidiaries. The audit of the parent entity was performed by us in Australia.</p>	<ul style="list-style-type: none"> • We conducted regular meetings with the component audit team throughout all phases of the audit to oversee the component audit procedures. • The Group audit team performed a remote file review of the working papers of the component auditors on all areas of the financial statements.
<p>We have considered our audit procedures pursuant to ASA 600 as a key audit matter as the majority of the assets and operations of the Group are held in Malaysia, being a foreign jurisdiction with different laws, regulations as well as a different political and economic environment to that of Australia.</p>	<ul style="list-style-type: none"> • We tested the Group's consolidation process and carried out analytical procedures to confirm that there were no significant risks of material misstatement within the audited and signed financial statements for each Malaysian subsidiary. • We have specifically requested the component auditor to attend stocktakes and site visits to confirm inventories and biological assets and provide us with photographs of the assets for our audit file. • Where additional information or audit evidences were required, we conducted our own audit procedures to obtain reasonable and appropriate audit evidence to allow us to form our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2021 but does not include the financial report and our auditor's report thereon. Other information are namely Directors Report, Management Commentary, Corporate Governance Statement and NSX additional information.

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.

DIRECTORS' RESPONSIBILITY 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 Australia Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparations of the financial report that give a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

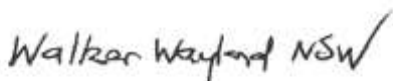
We have audited the Remuneration Report included the Directors' Report for the year ended 31 December 2021. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted with Australian Auditing Standards.

OPINION

In our opinion, the Remuneration Report of Saramanis Limited for the year ended 31 December 2021, complies with Section 300A of the Corporations Act 2001, as set out on page 10 to 13 of the Directors' Report.

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 Australia Auditing Standards.



Walker Wayland NSW
Chartered Accountants



Wali Aziz
Partner

Dated this 31st day of March 2022, Sydney

SHAREHOLDING INFORMATION

TOP 10 ORDINARY SHAREHOLDERS AS AT 31 DECEMBER 2021.

Shareholder	Shares	% of Issued
SIEW CHUN WONG	71,908,436	14.187
WONG KOK KEE	69,821,325	13.775
WONG MEI KWAN	65,049,075	12.834
JASON JONG TZE YUN	57,000,000	11.246
EAST MALAYSIA SARAWAK PLANTATION CO	43,470,000	8.576
TONG GEE PUN	34,043,625	6.717
LOKE JIA JIE	19,472,100	3.842
YEE ZI XIANG	14,000,000	2.762
YOKE YEE LEE	14,000,000	2.762
KIAT CHENG CHOO	13,769,466	2.717
	402,534,027	79.417