

**TG AGROSOLUTIONS LIMITED  
AND ITS CONTROLLED ENTITIES**

**Annual Report for the Period Ended  
31 December 2015  
ACN 603 108 925**

# **TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES**

## **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of TG AgroSolutions Limited, it is with great pleasure that I present to you the Annual Report and the Audited Financial Statements of TG AgroSolutions Limited and its controlled entities ("the Group") for the financial year ended 31 December 2015.

### Introduction

The Company is a limited company incorporated in Australia on 28 November 2014. The Company became the ultimate parent company of the Group as a result of acquiring TG AgroSolutions Sdn Bhd, a company incorporated in Malaysia, together with its wholly own subsidiary TG Agro Seedlings Sdn Bhd on 17 December 2014. TG AgroSolutions Limited has successfully listed on The National Stock Exchange of Australia ("NSX") on 16 February 2015.

### Financial Performance

TG Agro Seedlings Sdn Bhd being the operating company, recorded operating revenue of RM7.07 million (\$2.41 million) and profit after taxation of RM406,100 (\$138,521) for the year ended 31 December 2015, as compared to its preceding year's corresponding period operating revenue of RM10.22 million (\$3.55 million) and profit after tax RM3.48 million (\$1.21 million). Conversion of Profit and loss items has been performed using the average rate for the year to 31 December 2015 being 1AUD to 0.3411 (1AUD to 0.3477RMB average for the year to 31 December 2014). The lower revenue and profit after tax recorded in the current financial year was mainly due to market slowdown in Malaysia.

TG AgroSolutions Sdn Bhd and TG AgroSolutions Limited are the investment holding company in Malaysia and Australia respectively, and have incurred total expenses of \$629,907 mainly due to expenses incurred related to the NSX listing on 16 February 2015 and ongoing company maintenance fee. This resulted in group net losses of \$491,344 in 2015.

### Operations Review

TG Agro Seedlings Sdn Bhd is operating on more than 130 acres of land in Miri, Malaysia. The cultivation of rubber seedlings were conducted on an enormous scale, enabling the Company to enjoy economies of scale. In addition, the Company's highly experienced senior management and skilled work force have established effective systems in producing good quality seedlings which have a high survival rate throughout the process.

### Prospects

In the second half of the year, the Group had participated with Rubber Industry Smallholders Development Authority (RISDA) to encourage rubber smallholders to replant their aged rubber trees. RISDA committed to provide replanting grants and the Group is there to provide the contract services and supply of rubber seedlings. The Group believe the replanting program could increase rubber seedlings revenue in the 2017 year.

# **TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES**

## **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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### **CHAIRMAN'S STATEMENT (CONTINUED)**

There is unutilized state land in Sarawak, the state government is encouraging proposals to develop unutilized land, especially in the agriculture industry. The Group had conducted a feasibility study in large scale planting of various fruits and other crops in Sarawak. The Group decided to develop not only a pineapple plantation but also an integrated pineapple hub that will become an integral part of the country's pineapple industry with the capabilities of a total upstream, midstream and downstream activity. The Group also intends to develop the project into a tourism centre which in turn will attract visitors to Sarawak boosting both the agriculture and the tourism industry in Malaysia.

In January 2016, the Group presented its proposal of the Integrated Pineapple Hub together with an application of 3,000 hectares of land at Tanjung Manis, Sarawak, Malaysia, with the relevant authority.

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.

### **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



Dato' Yap Foot Loy  
Chairman

Kuala Lumpur, Malaysia, 15 March 2016

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting TG AgroSolutions Limited and its controlled entities for the financial year ended 31 December 2015. 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 TG AgroSolutions Limited during or since the end of the financial year up to the date of this report:

Dato' YAP Foot Loy

HA Bin Khean

Anson Fucong QIAO

William Keng Yaw TAN

TUNKU SYED IDRUS, Tunku Syed Razman (appointed on 15 December 2014 and resigned on 3 February 2016)

Chie Kieng NGU (appointed on 31 July 2015)

Ahmad Zamzam BIN MOHAMAD (appointed on 31 July 2015 and resigned on 29 October 2015)

YAP Way Lon (appointed on 31 July 2015)

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

##### Company secretary

Nicola Betteridge

##### Principal Activities

The Group principally engages in the business of cultivating and supplying high quality rubber and oil palm seedlings in Malaysia.

##### Review of Operations

The Group is a reputable seedlings cultivation and distribution business in the States of Sabah and Sarawak, Malaysia. The Group is operating on more than 130 acres of agriculture land in Miri, Sarawak, with the production capacity of not less than 10 million rubber and oil palm seedlings per annum to the plantation industry. The Group currently possesses committed and secured contracts from long term buyers and customers.

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

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### DIRECTORS' REPORT (CONTINUED)

#### Operating Results

The consolidation was based on TG Agro Seedlings Sdn Bhd being acquired via reverse acquisition by TG AgroSolutions Sdn Bhd which in turn was acquired by TG AgroSolutions Limited. The above transactions resulted in a reverse acquisition whereby TG Agro Seedlings Sdn Bhd was identified as the accounting acquirer of TG AgroSolutions Limited. The consolidated financial statements therefore disclose the equity values of TG Agro Seedlings Sdn Bhd.

The consolidated losses of the Group for the year ended 31 December 2015 was \$491,344 compared to \$10,511 profit for the period from 17 December 2014 to 31 December 2014 after providing for income tax.

The operating results for the accounting acquirer (TG Agro Seedlings Sdn Bhd) show a decrease of profit from RM3.48 million (\$1.21 million) (2014) to RM406,100 (\$138,521) after providing for income tax. The decline in profit of about 88% was mainly due to lower operating revenue in 2015.

#### Financial Position

The Group recorded \$5,914 cash and cash equivalent and 321,613 of term deposits while bank borrowing was \$943,300 and motor vehicle finance leases were \$189,976 as at 31 December 2015. The net tangible assets of the Group amounted to \$292,149, or equal to 0.12 cents per share as at 31 December 2015.

The Directors believe the consolidated group is in a stable financial position to maintain its current operations.

#### Significant Changes in State of Affairs

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

#### Events after Reporting Period

A new subsidiary *TG Agropine Sdn Bhd* was incorporated on 16 February 2016 with total paid up capital of 100 shares at par value of RM1.00 each, where TG AgroSolutions Sdn Bhd hold 60 shares at RM1.00 each (60%) and the balance 40 shares at 1.00 each (40%) are held by Medellin Sdn Bhd. The new company was incorporated to undertake the pineapple planting project at Tanjung Manis, Sarawak. None of the Directors or shareholders and / or persons connected to Directors and major shareholders have any interest, direct or indirect, in Medellin Sdn Bhd.

#### Future Developments, Prospects and Business Strategies

The Group positions itself in offering excellent Integrated Plantation Solutions through innovation and quality service. The Group's services range from cultivating & supplying high quality seedlings, distribution of planting materials to planting & replanting services. The Group is embarking into large scale pineapple plantation. With the introduction of pineapple plantation to the Group, the Group is looking forward to widening its revenue stream.

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.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### DIRECTORS' REPORT (CONTINUED)

#### **Future Developments, Prospects and Business Strategies (continued)**

In order to maximise the Group's profit, the Group has the following strategic focus areas:

- Enlarge the Group's market share, production capacity and market reach.
- Increase product mix by embarking into large scale pineapple plantation
- Apply for land from the state government to improve Group assets base

The following developments are intended for implementation in the near future:

- Strategic alliance with business partners who could provide technical knowledge and skills on cultivation of new crops and its downstream production lines.
- Increase Group assets base by applying for more government land

#### **Environmental Regulations**

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

#### **Dividends**

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

#### **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.

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.

# **TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES** **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015** ---

## **DIRECTORS' REPORT (CONTINUED)**

### **Information Relating to Directors and Company Secretary**

Dato' YAP Foot Loy	Dato' Yap is one of the Executive Directors and is the Chairman and Chief Executive Officer of the Company. He has more than 30 years experience in the agriculture industry and has previous business experience through founding a plant stock and landscaping business in Malaysia. He subsequently set up and was the owner of a successful business specialising in wholesale, retail and distribution of fruit tree seedlings in East Malaysia.
HA Bin Khean	Mr Ha was appointed as an Executive Director to the Board in November 2014. He has more than 20 years experience in accounting and taxation industries having worked in Malaysia and Hong Kong. He was the Head of Finance in CVM Minerals Limited, a listed company on the Hong Kong Stock Exchange. He is a member of the Institute of the Malaysian Institute of Accountants (MIA) and a fellow member of the Association of Chartered Certified Accountants (FCCA).
Anson Fucong QIAO	Mr Qiao was appointed as an Independent Non Executive Director at 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.
William Keng Yaw TAN	Mr Tan was appointed as an Independent Non Executive Director at the Company's incorporation. He is an associate member of the Institute of Chartered Accountants Australia and New Zealand with over 25 years experience and holds a Bachelor of Commerce from the University of New South Wales. He is a member of Audit & Risk Committee, the Nomination & Governance Committee and the Remuneration Committee. Mr Tan also serves as a Director of AdvanceTC Limited, a company listed on the NSX.
Chie Kieng NGU	Mr. Ngu was approved as an Independent Non-Executive Director in July 2015. Mr. Ngu holds a Bachelor of Science in Business Degree, majoring in Accounting, and a Master of Business Administration (MBA) degree in International Business (Finance) from Oklahoma City University, USA.
YAP Way Lon	Mr. Yap was appointed as Executive Director of the Company to the Board in July 2015. He hold a Bachelor Degree, majoring in Finance and Accounting from University of Hertfordshire
Nicola Betteridge (Secretary)	Ms Betteridge was appointed as Company Secretary in November 2014. She is a Chartered Company Secretary with experience in advising the Boards of both ASX listed and unlisted companies. She holds a Bachelor of Law from the University of Glasgow, Scotland and recently completed the Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.



# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### DIRECTORS' REPORT (CONTINUED)

#### Meetings of Directors

The Company held 2 Directors meetings and 1 meeting of the Audit & Risk Management Committee, Remuneration Committee, and Nomination & Governance Committee during the period.

	Directors' Meetings		Audit & Risk Management Committee		Remuneration Committee		Nomination & Governance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dato' Yap Foot Loy	2	2	-	-	1	1	-	-
Ha Bin Khean	2	2	1	1	-	-	1	1
Anson Fucong Qiao	2	2	1	1	1	1	1	1
William Keng Yaw Tan	2	2	1	1	1	1	1	1
Tunku Syed Idrus, Tunku Syed Razman	2	1	-	-	-	-	-	-
Chie Kieng Ngu	1	-	-	-	-	-	-	-
Ahmad Zamzam Bin Mohamad	1	-	-	-	-	-	-	-
Yap Way Lon	1	1	-	-	-	-	-	-

#### Non audit service

The Board of Directors, in accordance with advice from the audit & risk management committee, 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.

Fees of \$2,100 were paid or payable to Walker Wayland Services Pty Limited for taxation services provided during the year ended 31 December 2015:

#### 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 2015.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### DIRECTORS' REPORT (CONTINUED)

#### 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 TG AgroSolutions remuneration structures are equitable and aligned with the long term interest of TG AgroSolutions 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.

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

- has coherent remuneration policies and practices which enable TG AgroSolutions 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 TG AgroSolutions, 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 TG AgroSolutions 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 TG AgroSolutions 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 TG AgroSolutions 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.

**TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

**DIRECTORS' REPORT (CONTINUED)**

<b>Group KMP</b>	<b>Position Held as at 31 December 2015 and any change during the year</b>	<b>Contract details (duration &amp; termination)</b>	<b>Proportion of Remuneration not related to performance measures</b>
Tunku Syed Razman Bin TUNKU SYED IDRUS Al-Qadri	Independent Non-Executive Chairman	Appointed on 15 December 2014 and resigned on 3 February 2016	100%
Dato' YAP Foot Loy	Executive Director and Chief Executive Officer	Continue employment contract in subsidiary begin in January 2014 with 4 weeks written termination notice	100%
HA Bin Khean	Executive Director and Chief Financial Officer	Continue employment contract in subsidiary begin in December 2014 with 4 weeks written termination notice	100%
William TAN Keng Yaw	Independent Non-Executive Director	As per statutory limit for Company Director in Australia – no contract	100%
Anson QIAO Fu Cong	Independent Non-Executive Director	As per statutory limit for Company Director in Australia – no contract	100%
Chie Kieng NGU	Independent Non-Executive Director	As per statutory limit for Company Director in Australia – no contract	100%
Ahmad Zamzam BIN MOHAMAD	Independent Non-Executive Director	Appointed on 31 July 2015 and resigned on 29 October 2015	100%
YAP Way Lon	Executive Director	As per statutory limit for Company Director in Australia – no contract	100%
Nasruddin Bin Jamaludin	Head of Sales and Marketing	Continue employment contract in subsidiary begin in December 2014 and resigned on 31 January 2016	100%
Saiful Anuar Bin Samsudin	Head of Nursery Operations	Continue employment contract in subsidiary begin in January 2014 with 4 weeks written termination of employment notice	100%
Mohd Yaacob Bin Abdullah	Head of Plantation	Continue employment contract in subsidiary begin in December 2014 and resigned on 31 January 2016	100%

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### DIRECTORS' REPORT (CONTINUED)

**Table of Benefits and Payments for the year ended 31 December 2015**

Group KMP	Salary / Fees \$	Bonus \$	Pension \$	Other \$	Total \$
Tunku Syed Razman Bin Tunku Syed Idrus Al-Qadri	1,842	-	-	-	1,842
Dato' Yap Foot Loy	204,660	-	15,963	151	220,774
Ha Bin Khean	57,305	-	6,877	211	64,393
Yap Way Lon	36,839	-	4,421	211	41,471
Anson Qiao Fu Cong	7,200	-	-	-	7,200
William Tan Keng Yaw	7,200	-	-	-	7,200
Chie Kieng Ngu	3,070	-	-	-	3,070
Ahmad Zamzam Bin Mohamad	1,842	-	-	-	1,842
Nasruddin Bin Jamaludin	12,280	-	-	-	12,280
Saiful Anuar Bin Samsudin	18,419	-	2,026	211	20,656
Mohd Yaacob Bin Abdullah	20,606	-	-	-	20,606
	371,263	-	29,287	784	401,334

**Table of Benefits and Payments for the period ended 31 December 2014**

Group KMP	Salary / Fees \$	Bonus \$	Pension \$	Other \$	Total \$
Anson Qiao Fu Cong	600	-	-	-	600
Nasruddin Bin Jamaludin	-	-	-	-	-
Saiful Anuar Bin Samsudin	1,570	-	204	18	1,792
Mohd Yaacob Bin Abdullah	2,267	-	-	-	2,267
Tunku Syed Razman Bin Tunku Syed Idrus Al-Qadri	-	-	-	-	-
Dato' Yap Foot Loy	10,464	-	1,360	18	11,842
Ha Bin Khean	-	-	-	-	-
William Tan Keng Yaw	600	-	-	-	600
	15,501	-	1,564	36	17,101

### Securities Option and Right

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

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### DIRECTORS' REPORT (CONTINUED)

#### KMP Direct Shareholders

The number of ordinary shares in TG AgroSolutions Limited held by each KMP of the Group during the financial year is as follow:

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
Tunku Syed Razman Bin Tunku Syed Idrus Al-Qadri	-	-	-	-	-
Dato' Yap Foot Loy	60,000,000	-	-	-	60,000,000
Yap Way Lon	6,321,000	-	-	-	6,321,000
Ha Bin Khean	1,932,650	-	-	-	1,932,650
William Tan Keng Yaw	-	-	-	-	-
Anson Qiao Fu Cong	-	-	-	-	-
Nasruddin Bin Jamaludin	-	-	-	-	-
Saiful Anuar Bin Samsudin	10,000	-	-	-	10,000
Mohd Yaacob Bin Abdullah	-	-	-	-	-
	68,263,650	-	-	-	68,263,650

Dato' Yap Foot Loy is deemed interest in a further 38,963,000 shares by virtue of his wife's and children's direct shareholding in the Company.

**TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

**KMP Direct Shareholders (continued)**

For the year ended 31 December 2014

Group KMP	Balance at date of incorporation	Issued on acquired subsidiary on 17 December 2014	Bought / Sold during the Year	Other Changes during the Year	Balance at End of Year
Tunku Syed Razman Bin Tunku Syed Idrus Al-Qadri	-	-	-	-	-
Dato' Yap Foot Loy	-	77,111,424	(17,111,424)	-	60,000,000
Ha Bin Khean	2	-	1,932,648	-	1,932,650
William Tan Keng Yaw	-	-	-	-	-
Anson Qiao Fu Cong	-	-	-	-	-
Nasruddin Bin Jamaludin	-	-	-	-	-
Saiful Anuar Bin Samsudin	-	-	10,000	-	10,000
Mohd Yaacob Bin Abdullah	-	-	-	-	-
	2	77,111,424	(15,168,776)	-	61,942,650

Dato' Yap Foot Loy is deemed interest in a further 45,284,000 shares by virtue of his wife's and children's direct shareholding in the Company.

**Other Equity-related KMP Transactions**

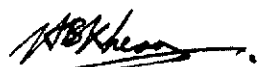
There have been no transactions involving equity instruments.

**Other transactions with KMP and/or their related parties**

Refer to Note 24 of the financial statements for other transactions with KMP and/or their related parties.

**END OF REMUNERATION REPORT**

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



Ha Bin Khean

Date: 15<sup>th</sup> March 2016



**Walker Wayland NSW**  
Chartered Accountants

ABN 55 531 152 366

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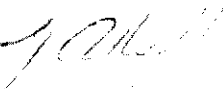
Website: www.wwnsw.com.au

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS  
ACT 2001 TO THE DIRECTORS OF TG AGROSOLUTIONS LIMITED AND CONTROLLED  
ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

  
Walker Wayland NSW  
Chartered Accountants

  
Grant Allsopp  
Partner

Dated this 15th day of March 2016, Sydney

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### CORPORATE GOVERNANCE

This statement summarises the main corporate governance practices of TG AgroSolutions 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 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 committees.

#### 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:



# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Principle	Summary of TG Agrosolution Limited's position
<b>One –</b> Lay solid foundations for management and oversight	The Board Charter sets out the separation of function and the responsibilities of the Board. There are three executive Directors who have contracts which regulate their roles within the Company. The role of Chair is currently held by the CEO and is therefore not independent. The Company considers that the Board is appropriately structured given the nature and size of the company. For this reason, the Company takes the view that it is in the best interests of members that the current executive directors be directors of the Board.
<b>Two –</b> Structure the board to add value	The Board has three independent Non Executive Directors and three Executive Directors. The Board Charter sets out the procedure for recruiting and appointing a new Director.  The current Board has the appropriate skills and experience for its size and scale.
<b>Three –</b> 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.
<b>Four –</b> 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.
<b>Five –</b> 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.
<b>Six –</b> Respect the rights of security holders	The Company has defined under its Shareholder Communications Policy how it will communicate with shareholders.
<b>Seven –</b> 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.

**TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

Principle	Summary of TG Agrosolution Limited's position
<b>Eight –</b> 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

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 December 2015 \$	28 November 2014 to 31 December 2014 \$
REVENUE FROM CONTINUING OPERATIONS	3	2,415,001	428,278
EXPENSES FROM CONTINUING OPERATIONS			
Cost of sales of goods	4	1,367,357	278,396
Employee and contractor costs	4	771,148	19,488
Occupancy expenses		26,375	213
Administration expenses		332,834	52,019
Borrowing costs	4	21,501	200
Depreciation and amortisation	4	102,177	8,060
Bad debts written off		187,147	-
Fines and Penalties		77,646	-
Other expenses from ordinary activities		61,585	38,942
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>		<b>(532,769)</b>	<b>30,960</b>
Income tax benefit / (expense)	5	41,425	(20,449)
<b>NET (LOSS)/PROFIT FOR THE YEAR</b>		<b>(491,344)</b>	<b>10,511</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
Other comprehensive income – translation of foreign subsidiaries		(14,459)	2,249
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<b>(14,459)</b>	<b>2,249</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<b>(505,803)</b>	<b>12,760</b>
<b>Net (loss)/profit attributable to:</b>			
Members of the parent entity		(491,344)	10,511
<b>Total comprehensive (loss)/income attributable to:</b>			
Members of the parent entity		(505,803)	12,760

**TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

		<b>31 December 2015 \$</b>	<b>28 November 2014 to 31 December 2014 \$</b>
<b>Earnings per share</b>			
Basic earnings per share – cents per share	8	(0.20)	0.01
Diluted earnings per share – cents per share	8	(0.20)	0.01

The accompanying notes form part of these financial statements

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 \$	2014 \$
<b>Current assets</b>			
Cash and cash equivalents	9	5,914	172,642
Trade and other receivables	10	1,880,743	1,699,881
Financial Assets	11	321,839	-
Inventories	12	994,563	862,718
Other assets	13	12,189	64,822
<b>Total current assets</b>		<b>3,215,248</b>	<b>2,800,063</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	476,077	313,853
<b>Total non-current assets</b>		<b>476,077</b>	<b>313,853</b>
<b>Total assets</b>		<b>3,691,325</b>	<b>3,113,916</b>
<b>Current liabilities</b>			
Trade and other payables	16	1,009,617	1,202,321
Borrowings	17	1,570,211	185,141
Tax liabilities	18	685,095	868,768
<b>Total current liabilities</b>		<b>3,264,923</b>	<b>2,256,230</b>
<b>Non-current liabilities</b>			
Borrowings	17	118,298	51,014
Deferred tax liabilities	18	15,955	8,720
<b>Total non-current liabilities</b>		<b>134,253</b>	<b>59,734</b>
<b>Total liabilities</b>		<b>3,399,176</b>	<b>2,315,964</b>
<b>Net assets</b>		<b>292,149</b>	<b>797,952</b>
<b>Shareholders' equity</b>			
Contributed equity	19	162,904	162,904
Retained profits		141,455	632,799
Foreign currency translation reserve	27	(12,210)	2,249
<b>Total shareholders' equity</b>		<b>292,149</b>	<b>797,952</b>

The accompanying notes form part of these financial statements

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital	Retained Profits	Reserves	Total
	\$	\$	\$	\$
<b>Balance at 17 December 2014*</b>	<b>162,904</b>	<b>622,288</b>	<b>-</b>	<b>785,192</b>
Profit for the period	-	10,511	-	10,511
Foreign Currency Translation	-	-	2,249	2,249
Total comprehensive income	-	10,511	2,249	12,760
Issue of capital	-	-	-	-
<b>Balance at 31 December 2014</b>	<b>162,904</b>	<b>632,799</b>	<b>2,249</b>	<b>797,952</b>
Loss for the year	-	(491,344)	-	(491,344)
Foreign Currency Translation	-	-	(14,459)	(14,459)
Total comprehensive loss	-	(491,344)	(14,459)	(505,803)
<b>Balance at 31 December 2015</b>	<b>162,904</b>	<b>141,455</b>	<b>(12,210)</b>	<b>292,149</b>

\*This represents the value of the Group at the date of the reverse acquisition.

The accompanying notes form part of these financial statements

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

		31 December 2015 \$	28 November 2014 to 31 December 2014 \$
	Note		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from operating activities		1,893,980	89,400
Payments to suppliers and employees		(2,924,085)	(82,419)
Interest received		2,707	-
Interest paid		(21,501)	-
Income tax paid		(67,309)	(5,009)
Net cash (used for) provided by operating activities	22	(1,116,208)	1,972
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Cash acquired as a result of business combination	14(b)	-	276,257
Term deposits acquired		(343,786)	-
Payments for property, plant and equipment		(282,630)	-
Net cash (used for) provided by investing activities		(626,416)	276,257
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds / (Repayment) from/of related parties loan		464,484	(106,170)
Proceeds / (Repayment) from/of borrowings		607,242	(1,124)
Net cash provided by (used for) financing activities		1,071,726	(107,294)
<b>NET (DECREASE) INCREASE IN CASH HELD</b>		(670,898)	170,935
Cash and cash equivalent at beginning of financial period		172,642	-
Effects of changes in exchange rates		28,674	1,707
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	9	(469,582)	172,642

The accompanying notes form part of these financial statements

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

These consolidated financial statements and notes represent those of TG AgroSolutions Limited and Controlled Entities (the "consolidated group" or "group").

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

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

The financial statements were authorised for issue on 15 March 2016 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.

The financial statements have been prepared for the year ended 31 December 2015. The comparatives are for the period from the date of incorporation on 28 November 2014 to 31 December 2014.

#### a) Going Concern Basis of Accounting

The Group has incurred a loss after tax for the year of \$491,344 (prior period \$10,811 profit). As at 31 December 2015 the Group has a net current asset deficiency of \$49,675 (31 December 2014 net current assets of \$543,833). TG AgroSeedlings Sdn Bhd has experienced a downturn in trading in the current year. Included in receivables is \$1.6 million (31 December 2014 \$677,590) owing to Risda Semain Dan Landskap (Risda) a Malaysian Government controlled entity.

These matters give rise to a material uncertainty that may cast doubt upon the Group's on going viability.

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

- Receiving amounts due from Risda
- Receiving financial support from lenders, directors and shareholders
- Receiving funds from new issue of ordinary shares and/or bonds

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 believe that the Group will be successful in the above matters and 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.



# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### b) Principles of Consolidation (continued)

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 consolidated financial statements incorporate all of the assets, liabilities and results of TG AgroSolutions 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 14.

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.

##### 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.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### c) Income tax (continued)

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 oil palm and rubber 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.

##### e) 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.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### e) Property, Plant and Equipment (continued)

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.

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.

##### f) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the lease property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expenses for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful life or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

##### g) Financial instruments

###### Initial recognition and measurement

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.

###### Classification and subsequent measurement

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

# **TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES** **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

#### **g) Financial instruments (continued)**

*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.

##### **(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.

##### **(iv) Available-for-sale investments**

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### g) Financial instruments (continued)

###### **Impairment**

A financial assets 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 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.

##### h) 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.

# **TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES** **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

#### **h) Foreign Currency Transactions and Balances (continued)**

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.

#### **i) 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.

#### **j) 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.

#### **k) 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.

#### **l) 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.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### m) 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.

##### n) 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.

##### o) 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.

##### p) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- **AASB 9: *Financial Instruments*** and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.
- **AASB 15: *Revenue from Contracts with Customers*** (applicable to annual reporting periods beginning on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### p) New Accounting Standards for Application in Future Periods (continued)

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- *AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method as per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 31 December 2015, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of the Standard.

- *AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2016).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and



# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### p) New Accounting Standards for Application in Future Periods (continued)

- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses as per AASB 3 for which gains or losses were hitherto recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2016. As at 31 December 2015, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of the standard.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### NOTE 2: PARENT INFORMATION

	2015 \$	2014 \$
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
<b>Statement of Financial Position</b>		
<b>ASSETS</b>		
Current assets	3,212,420	2,739,703
Non-current assets	967,785	330,592
<b>TOTAL ASSETS</b>	<b>4,180,205</b>	<b>3,070,295</b>
<b>LIABILITIES</b>		
Current liabilities	3,113,197	2,158,987
Non-current liabilities	134,253	59,734
<b>TOTAL LIABILITIES</b>	<b>3,247,450</b>	<b>2,218,721</b>
<b>NET ASSETS</b>	<b>932,755</b>	<b>851,574</b>
<b>EQUITY</b>		
Issued capital	169,910	169,910
Retained earnings	762,845	681,664
<b>TOTAL EQUITY</b>	<b>932,755</b>	<b>851,574</b>

<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>31 December 2015 \$</b>	<b>16 December 2014 to 31 December 2014 \$</b>
Total profit	138,521	56,966
Total comprehensive income	138,521	56,966

#### **Guarantees**

No cross guarantees existed during the period ended 31 December 2015.

#### **Contingent liabilities**

At 31 December 2015, TG AgroSolutions Limited is not responsible for any contingent liabilities of its subsidiaries.

#### **Contractual commitments**

At 31 December 2015, TG AgroSolutions Limited was not responsible for any contractual commitments of any of its subsidiaries.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

### NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	31 December 2015 \$	16 December 2014 to 31 December 2014 \$
<b>a. Revenue from continuing operations</b>		
Revenue	2,415,001	428,278
	2,415,001	428,278

### NOTE 4: EXPENSES FOR THE PERIOD

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

<b>a. Expenses</b>		
Cost of sales	1,367,357	278,396
Interest expense on borrowings		
– unrelated parties	21,501	200
Depreciation	102,177	8,060
Employee benefits expense	771,148	19,488

### NOTE 5: TAX EXPENSE

a. The components of tax (expense)/income comprise:

Current tax	(49,952)	17,023
Deferred tax	8,527	3,426
	(41,425)	20,449

b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 25%	(133,192)	7,740
Add: Tax effect of:		
– Non-allowable items	148,584	4,360
– Over provision in prior year	(111,350)	-
– Australian tax loss not recognised as deferred tax assets	54,533	8,349
Income tax attributable to entity	(41,425)	20,449
The applicable weighted average effective tax rates are:	8%	66%

# **TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES** **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 5: TAX EXPENSE (Continued)

c. Tax effects relating to each component of other comprehensive income:

	Before-tax Amount \$	Tax (Expense) Benefit \$	Net-of-tax Amount \$
<b>2015</b>			
<b>Consolidated Group</b>			
Exchange differences on translating foreign operations	(14,459)	-	(14,459)
<b>2014</b>			
<b>Consolidated Group</b>			
Exchange differences on translating foreign operations	2,249	-	2,249

### 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 2015.

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

	31 December 2015 \$	16 December 2014 to 31 December 2014 \$
Short-term employee benefits	371,263	15,501
Post-employment benefits	29,287	1,564
Other	784	18
Total KMP compensation	401,334	17,083

#### **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**

These amounts are the current-period's estimated cost of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the period and post-employment life insurance benefits.

#### **Share-based payments**

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### NOTE 7: AUDITORS' REMUNERATION

	31 December 2015	16 December 2014 to 31 December 2014
	\$	\$
Remuneration of the auditor, Walker Wayland NSW Chartered Accountants for:		
– auditing or reviewing financial statements	27,000	18,000
– taxation services	2,100	-
	<u>29,100</u>	<u>18,000</u>

#### NOTE 8: EARNINGS PER SHARE

a. Earnings used to calculate basic and diluted EPS	(491,344)	10,511
	<b>No.</b>	<b>No.</b>
b. Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	252,000,000	252,000,000
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	252,000,000	252,000,000

#### NOTE 9: CASH AND CASH EQUIVALENTS

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	\$	\$
Cash at bank and on hand	5,914	172,642

#### 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 and cash equivalents	5,914	172,642
Bank overdraft	(475,496)	-
	<u>(469,582)</u>	<u>172,642</u>

#### NOTE 10: TRADE AND OTHER RECEIVABLES CURRENT

Trade receivables	1,864,947	1,699,881
Provision for impairment	-	-
	<u>1,864,947</u>	<u>1,699,881</u>
Other receivables	15,796	-
	<u>1,880,743</u>	<u>1,699,881</u>

#### a. Provision for Impairment of Receivables

No provision for impairment of receivables exists as at 31 December 2015.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### NOTE 10: TRADE AND OTHER RECEIVABLES (CONTINUED)

##### b. Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The Group has no significant credit risk exposure in any country 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 \$	
<b>2015</b>							
Trade and term receivables	1,864,947	-	-	-	69,223	1,275,652	520,072
Total	1,864,947	-	-	-	69,223	1,275,652	520,072
<b>2014</b>							
Trade and term receivables	1,699,881	-	802,352	259,698	249,438	388,393	1,062,050
Total	1,699,881	-	802,352	259,698	249,438	388,393	1,062,050

##### c. Financial Assets Classified as Loans and Receivables

	Consolidated Group	
	2015 \$	2014 \$
Trade and other receivables:		
- total current	1,864,947	1,699,881
- total non-current	-	-
Financial assets	1,864,947	1,699,881

#### NOTE 11: FINANCIAL ASSETS

##### CURRENT

Term Deposit	321,839	-
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# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### NOTE 12: INVENTORIES

CURRENT	Consolidated Group	
	2015 \$	2015 \$
At fair value:		
Finished Goods	994,563	862,718
	<u>994,563</u>	<u>862,718</u>

#### NOTE 13: OTHER ASSETS

##### CURRENT

Deposits	9,149	60,654
Prepayments	3,040	4,168
	<u>12,189</u>	<u>64,822</u>

#### NOTE 14: PROPERTY, PLANT AND EQUIPMENT

##### Plant and equipment

At cost	114,933	101,563
Accumulated depreciation	(65,929)	(43,401)
	<u>49,004</u>	<u>58,162</u>

##### Motor Vehicles

At cost	379,589	193,981
Accumulated depreciation	(93,829)	(33,014)
	<u>285,760</u>	<u>160,967</u>

##### Office Equipment, furniture and fittings

At cost	51,521	14,309
Accumulated depreciation	(11,724)	(2,850)
	<u>39,797</u>	<u>11,459</u>

##### Leasehold improvements

At cost	132,759	104,548
Accumulated depreciation	(31,243)	(21,283)
	<u>101,516</u>	<u>83,265</u>

Total Property, Plant & Equipment	<u>476,077</u>	<u>313,853</u>
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#### a. Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment during the financial period:

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and Equipment	Motor Vehicles	Office Equipment, Furniture & Fittings	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
<b>Consolidated Group</b>					
Balance at beginning of period	58,162	160,967	11,459	83,265	313,853
Additions	13,370	185,608	37,212	28,211	264,401
Depreciation expense	(22,528)	(60,815)	(8,874)	(9,960)	(102,177)
Balance at 31 December 2015	49,004	285,760	39,797	101,516	476,077
 Balance at beginning of period	-	-	-	-	-
Additions through business combinations	59,870	165,807	11,925	84,311	321,913
Depreciation expense	(1,708)	(4,840)	(466)	(1,046)	(8,060)
Balance at 31 December 2014	58,162	160,967	11,459	83,265	313,853

NOTE 15: INTERESTS IN SUBSIDIARIES

a. **Information about Principal Subsidiaries**

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	
		2015	2014
		%	%
AgroSolutions Sdn Bhd	Malaysia	100	100
TG Agro Seedlings 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.



# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

### NOTE 15: INTERESTS IN SUBSIDIARIES (CONTINUED)

#### b. Acquisition of Controlled Entities

As part of a restructure a new Australian Public company was formed to become the legal ultimate parent entity, accordingly the following transactions occurred:

On 1 December 2014 TG AgroSolutions Sdn Bhd gained control of TG Agro Seedlings Sdn Bhd, a company incorporated in Malaysia by issuing 7 shares for every share held by the owners of TG Agro Seedlings Sdn Bhd.

On 17 December 2014 TG AgroSolutions Limited gained control of TG AgroSolutions Sdn Bhd, a company incorporated in Malaysia by issuing 72 shares for every share held by the owners of TG AgroSolutions Sdn Bhd.

The above transactions resulted in a reverse acquisition whereby TG Agro Seedlings Sdn Bhd was identified as the accounting acquirer of TG AgroSolutions Limited. The financial statements therefore disclose the equity values of TG Agro Seedlings Sdn Bhd.

\$

Purchase consideration	
Shares issued to the owner of TG AgroSolutions Sdn Bhd	791,487
Total purchase consideration	<u>791,487</u>

The assets and liabilities recognised as a result of the acquisition are as follows:	<b>Fair Value</b>
	\$
Cash	276,257
Receivables	1,365,533
Inventories	972,760
Property, plant and equipment	323,150
Payables	(953,826)
Borrowings	(333,971)
Tax liabilities	(858,416)
<b>Net identifiable assets acquired</b>	<u>791,487</u>

#### Purchase consideration – cash outflow

The acquisition was undertaken through the issue of share capital, with no consideration being paid in cash.

### NOTE 16: TRADE AND OTHER PAYABLES

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	\$	\$
<b>CURRENT</b>		
Unsecured liabilities:		
Trade payables	328,729	639,118
Sundry payables and accrued expenses	680,888	563,203
	<u>1,009,617</u>	<u>1,202,321</u>

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

### NOTE 16: TRADE AND OTHER PAYABLES (CONTINUED)

	Consolidated Group	
	2015 \$	2014 \$
a. <b>Financial liabilities at amortised cost classified as trade and other payables</b>		
Trade and other payables:		
– total current	1,009,617	1,202,321
– total non-current	-	-
Financial liabilities as trade and other payables	<u>1,009,617</u>	<u>1,202,321</u>

### NOTE 17: BORROWINGS

#### CURRENT

##### Unsecured liabilities:

Loans from Directors	555,233	138,103
Banker acceptance	467,804	-
Bank overdraft	475,496	
Lease liability	71,678	47,038
	<u>1,570,211</u>	<u>185,141</u>

#### NON CURRENT

##### Unsecured liabilities:

Lease liability	<u>118,298</u>	<u>51,014</u>
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Lease liabilities are secured by the underlying leased assets.

The Banker's acceptance and Bank overdraft are secured by:

- (i) Fixed deposit of the Group
- (ii) Jointly and severally guaranteed by the directors of TG Agro Seedlings Sdn Bhd

The interest rate of the Banker's acceptance is 1.25% (2014: Nil) per annum of the face value of each banker's acceptance

The interest rate of the bank overdraft is 1.25% (2014: Nil) per annum over the bank's Base Lending Rate (BLR)

### NOTE 18: TAX

#### CURRENT

Income tax liabilities	<u>685,095</u>	<u>868,768</u>
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#### NON-CURRENT

Deferred tax liabilities	<u>15,955</u>	<u>8,720</u>
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# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 18: TAX (CONTINUED)

DEFERRED TAX LIABILITIES

	Opening Balance	Charged to Income	Charged Directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
	\$	\$	\$	\$	\$	\$
<b>NON-CURRENT</b>						
<b>Deferred tax liabilities</b>						
Balance at beginning of year	8,720	-	-	-	-	8,720
Other	-	8,527	-	-	(1,292)	7,235
<b>Balance at 31 December 2015</b>	<b>8,720</b>	<b>8,527</b>	<b>-</b>	<b>-</b>	<b>(1,292)</b>	<b>15,955</b>
Balance at beginning of period	5,294	-	-	-	-	5,294
Other	-	3,426	-	-	-	3,426
<b>Balance at 31 December 2014</b>	<b>5,294</b>	<b>3,426</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,720</b>

NOTE 19: ISSUED CAPITAL

	2015	2014
	No.	No.
<b>Ordinary shares on issue</b>		
Balance at beginning of the period	252,000,000	2
Issue of shares to acquire TG Agrosolutions Sdn Bhd – 17 December 2014	-	251,999,998
	<u>252,000,000</u>	<u>252,000,000</u>
	\$	\$
Balance at beginning of the period	162,904	2
Issue of shares to acquire TG Agrosolutions Sdn Bhd – 17 December 2014	-	162,902
	<u>162,904</u>	<u>162,904</u>

On 1 December 2014 TG AgroSolutions Sdn Bhd gained control of TG Agro Seedlings Sdn Bhd, a company incorporated in Malaysia by issuing 7 shares for every share held by the owners of TG Agro Seedlings Sdn Bhd.

On 17 December 2014 TG AgroSolutions Limited gained control of TG AgroSolutions Sdn Bhd, a company incorporated in Malaysia by issuing 72 shares for every share held by the owners of TG AgroSolutions Sdn Bhd.

The above transactions resulted in a reverse acquisition whereby TG Agro Seedlings Sdn Bhd was identified as the accounting acquirer of TG AgroSolutions Limited. The financial statements therefore disclose the equity values of TG Agro Seedlings Sdn Bhd.

In accordance with the reverse acquisition requirements of Australian Accounting Standard AASB 3 Business Combination, the amounts of the Share disclosed includes the amounts issued by TG AgroSolutions Sdn Bhd prior to the acquisition date (17 December 2014), and the amounts issued by TG AgroSolutions Limited after that acquisition. From the date of acquisition the number of shares disclosed is the number of shares issued by TG AgroSolutions Limited.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

#### NOTE 19: ISSUED CAPITAL (CONTINUED)

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

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.

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.

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Total borrowings	1,688,509	236,155
Less cash and cash equivalents	(327,753)	(172,642)
Net debt	1,360,756	63,513
Total equity	292,149	797,952
Total capital	1,652,905	861,465
Gearing ratio	82%	7%

#### NOTE 20: CAPITAL AND LEASING COMMITMENTS

#### a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

Payable – minimum lease payments:

– not later than 12 months	68,527	49,390
– between 1 year and 5 years	290,636	145,833
– later than 5 years	13,402	75,341
	372,565	270,564

The property leases are non-cancellable leases with terms up to 5 years and with rent payable monthly in advance.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

#### NOTE 20: CAPITAL AND LEASING COMMITMENTS (Continued)

	Consolidated Group	
	2015 \$	2014 \$
<b>b. Finance Lease commitments</b>		
Payable – minimum lease payments:		
- Not later than 12 months	81,446	52,718
- Between 1 year and 2 years	70,766	31,257
- Later than five years	54,891	23,428
Minimum lease payments	207,103	107,403
Less future finance charges	(17,127)	(9,351)
	<u>189,976</u>	<u>98,052</u>

The finance lease on motor vehicles commenced in 2014, leases are for 4 to 5 years

#### NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

#### 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	
	2015 \$	2014 \$
<b>a. Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
(Loss)/Profit after income tax	(491,344)	10,511
Non-cash flows in profit:		
- Depreciation	102,177	8,060
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (Increase) in trade and term receivables	(331,169)	(334,536)
- (Increase) in other assets	35,642	(60,654)
- (Increase) in inventory	(219,459)	114,800
- Increase in trade payables and accruals	(103,321)	248,211
- Increase in income taxes payable	(108,734)	15,580
Cash flow (used in) / provided by operating activities	<u>(1,116,208)</u>	<u>1,972</u>
<b>b. Acquisition of Entities</b>		
Refer to Note 14: Interests in subsidiaries.		
<b>c. Non-cash Financing and Investing Activities</b>		
(i) Share issues:		
Refer to Note 18: Issued Capital		

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### NOTE 24: EVENTS AFTER THE REPORTING PERIOD

Other than the following no matters or circumstances have arisen since the end of the reporting period:

A new subsidiary **TG Agropine Sdn Bhd** was incorporated on 16 February 2016 with total paid up capital of 100 shares at par value of RM1.00 each, where TG Agrosolutions Sdn Bhd holds 60 shares at RM1.00 each (60%) and the balance of 40 shares at 1.00 each (40%) is hold by Medellin Sdn Bhd. The new company was incorporated to undertake the pineapple planting at Tanjung Manis, Sarawak.

#### 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 TG AgroSolutions 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.

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.

The following transactions occurred with related parties:

(i) **Transactions with directors**

Loan from director – Dato' Yap Foot Loy amounted to \$534,056.  
Loan from director – Tunku Syed Razman amounted to \$10,338.  
Loan from director – William Keng Yaw Tan amounted to \$3,600.  
Loan from director – Anson Qiao Fu Con amounted to \$3,600  
Loans from directors are interest free.

(ii) **Transactions with director related entities**

Loan from Datin' Tan Lai Choo wife of Dato' Yap Foot Loy amounted to \$3,639

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

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 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	
		2015 \$	2014 \$
<b>Financial assets</b>			
Cash and cash equivalents	9	327,753	172,642
Loans and receivables	10	1,880,743	1,699,881
<b>Total financial assets</b>		<b>2,208,496</b>	<b>1,872,523</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
– trade and other payables	15	1,009,617	1,202,321
– borrowings	16	1,688,509	236,155
<b>Total financial liabilities</b>		<b>2,698,126</b>	<b>1,438,476</b>

#### 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.

#### 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 has 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 consolidated entity has a significant receivable from Risda Semain Dan Landskap, a Malaysian Government Entity, of approx. \$1.6million (refer to Note 27). The Malaysian Government credit rating at 31 March 2015 is A- per the Standard and Poors rating agency. 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.

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015  
 NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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 2015 \$	1 to 5 Periods 2015 \$	Over 5 Periods 2015 \$	Total 2015 \$
<b>Consolidated Group</b>				
<b>Financial liabilities due for payment</b>				
Payables	1,009,617	-	-	1,009,617
Borrowings	1,570,211	118,298	-	1,688,509
Total contractual outflows	2,579,828	118,298	-	2,698,126
<b>Financial assets cash flows - realisable</b>				
Cash and cash equivalent	327,753	-	-	327,753
Receivables	1,880,743	-	-	1,880,743
	2,208,496	-	-	2,208,496
<b>Net inflow / (outflow) on financial instruments</b>	<b>(371,332)</b>	<b>(118,298)</b>	<b>-</b>	<b>(489,630)</b>

	Within 1 Period 2014 \$	1 to 5 Periods 2014 \$	Over 5 Periods 2014 \$	Total 2014 \$
<b>Consolidated Group</b>				
<b>Financial liabilities due for payment</b>				
Payables	1,202,321	-	-	1,202,321
Borrowings	185,141	51,014	-	236,155
Total contractual outflows	1,387,462	51,014	-	1,438,476
<b>Financial assets cash flows - realisable</b>				
Cash and cash equivalent	172,642	-	-	172,642
Receivables	1,699,881	-	-	1,699,881
	1,872,523	-	-	1,872,523
<b>Net inflow / (outflow) on financial instruments</b>	<b>485,061</b>	<b>(51,014)</b>	<b>-</b>	<b>434,047</b>



# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 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.

#### d. **Fair values**

The fair values of financial assets and financial liabilities at balance date equate to their carrying values. All financial assets and liabilities are categorised as Level 3 hierarchy assets and liabilities except for cash which is Level 1.

### NOTE 27: RESERVES

#### **Foreign Currency Translation Reserve**

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

### NOTE 28 ECONOMIC DEPENDENCY

TG Agro Seedlings Sdn Bhd has a significant supply arrangement with Risda Semain Dan Landskap (Risda) a Malaysian Government controlled entity. At 31 December 2015 Risda owed TG Agro Seedlings approx. 5 Million Malaysian Ringit (\$1.6 million). If this debt is not received by the Group then this may place doubt on the Group's ongoing viability.

### NOTE 29 : COMPANY DETAILS

The registered office of the company is:

TG AgroSolutions 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

Lot 189, Kampung Riam Jaya  
Airport Road, 98000 MIRI  
SARAWAK MALAYSIA

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### DIRECTORS' DECLARATION

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

1. the financial statements and notes, as set out on pages 19 to 49, 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 2015 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



Ha Bin Khean

Dated this 15th day of March 2016

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TG AGROSOLUTIONS LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of TG AgroSolutions Limited as set out on pages 19 to 49 which comprises the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *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 Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of TG AgroSolutions Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TG AGROSOLUTIONS LIMITED

### Auditors Opinion

In our opinion,:

- a. the financial report of TG AgroSolutions Limited is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 201415 and of its performance for the period ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### Emphasis of 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 is material uncertainty whether the Group can continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The ability of the Group to continue as a going concern is dependent upon the Group being successful in one or more of the following areas: receiving amounts due from Risda Semain Dan Landskap, receiving support from lenders, directors and shareholders and/or receiving funds from new issue of ordinary shares and/or bonds.

### Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 14 of the directors' report for the period ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### Auditor's Opinion

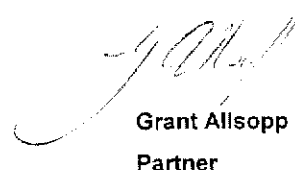
In our opinion, the remuneration report of TG AgroSolutions Limited for the period ended 31 December 2015 complies with s300A of the Corporations Act 2001



Walker Wayland NSW

Chartered Accountants

Dated in Sydney on this 15th<sup>th</sup> day of March 2015



Grant Allsopp  
Partner

# TG AGROSOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

### STOCK EXCHANGE INFORMATION

TOP 10 ORDINARY SHAREHOLDERS AS AT 7 MARCH 2016.

Shareholder	Shares	% of Issued
YAP FOOT LOY	60,000,000	23.810
TONG GEE PUN	34,043,625	13.509
TAN LAI CHOO	20,000,000	7.937
WONG KOK KEE	19,830,825	7.869
WONG MEI KWAN	7,560,000	3.000
WWK PROPERTY SDN BHD	7,560,000	3.000
YAP WAY LON	6,321,000	2.508
YAP WAY SON	6,321,000	2.508
YAP SIU XIAN	6,321,000	2.508
YAP SIU YEIN	6,321,000	2.508
CHUANG CHAU HWEE	6,300,000	2.500
	180,578,450	71.657