

SARAMANIS LIMITED AND ITS CONTROLLED ENTITIES

A.C.N. 603 108 925

PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

1. Results for announcement to the market

Reporting Period: 1 January 2019 – 31 December 2019

Previous Corresponding Period: 1 January 2018 – 31 December 2018

2. Key Information

	Year ended 31 Dec 2019 \$	Year ended 31 Dec 2018 \$	% change
Revenue from ordinary activities	283,028	198,525	+42.5
Loss after tax from ordinary activities attributable to members	(852,192)	(860,199)	+0.9
Net loss attributable to members	(860,331)	(642,888)	-33.8

There were no dividends paid or proposed during the year ended 31 December 2019

3. Financial Result

Saramanis Limited acquired the remaining 40% of shareholding in Saramanis Agropine Sdn Bhd for a nominal consideration and incorporated two new subsidiaries of Saramanis Pacific Sdn Bhd and Superior Sutera Sdn Bhd.

Saramanis Seedlings Sdn Bhd being the operating subsidiary company, recorded operating revenue of RM215,102 (\$74,705) and a loss after taxation of RM605,734 (\$210,371) for the year ended 31 December 2019, as compared to its preceding year's corresponding period operating revenue of RM155,517 (\$49,268) and loss after tax of RM4.046 million (\$1.282 million). Conversion of Profit and loss items has been performed using the average rate for the year to 31 December 2019 of 1AUD to 0.3473MYR (1AUD to 0.3167MYR for the year 31 December 2018).

The higher revenue recorded in the current financial year was mainly due to the higher sales in pineapple cultivation.

The above operating results of Saramanis Seedlings Sdn Bhd included one off item of write back of provision in 2019 amounted to RM1,224,105 (\$425,132) and one-off provision in 2018 of RM2,032,240 (\$643,814).

The normalised (excluding the write back of provision of RM1,224,105 {\$425,132}) operating results of Saramanis Seedlings Sdn Bhd shows a slight decrease in losses from RM2,014,204 (\$638,099) to RM1,829,839 (\$635,503).

During the same period, Saramanis Limited being the ultimate investment holding company incurred total loss of \$191,002 due to ongoing company expenses. This resulted in group net losses before tax of \$857,211 for the year ended 31 December 2019.

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4. Operations Review

Previously the operation of the Group was affected by deteriorating business environment for rubber seedlings due to lower demand and compression in profit margins. The slowdown in the demand for rubber seedlings have significantly impacted on the Group as we depended heavily on this product. The performance was further compounded by the weak financials of the Group. From mid-2017, Management decided to change the principal activities to pineapple cultivation that have brighter prospects and an outlook to improve the performance of Group.

For 2019, the operation of the Group was the cultivation of pineapple on a 100-acre site in Miri, Sarawak and 37.825 hectares site in Tanjung Manis, Mukah, Sarawak. The plantation performance is still difficult despite improving year by year. The pineapple planting at the 100-acre site in Miri will continue to become a major contributor to the Group in 2019.

Together with the pineapple planting project at the 37.825 hectares site in Tanjung Manis, the Group expects pineapple related activities (supplying of pineapple suckers and fruits) to become a major contributor to the Group in 2020.

5. Net Tangible Assets Per share

	Year Ended 31 December 2019 Cents / Share	Year Ended 31 December 2018 Cents / Share
Net Tangible Asset Per share	(0.28)	(0.24)

6. Dividend

There was no dividend paid or proposed for the year ended 31 December 2019

7. Dividend reinvestment Plan

The Group does not have any dividend reinvestment plan.

8. Attachments

The statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flow of Saramanis Limited and its controlled entities are attached.

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9. Interest in subsidiaries

Information about newly incorporated subsidiaries in 2019

Name	Date of Incorporation
Saramanis Pacific Sdn Bhd	3 July 2019
Superior Sutera Sdn Bhd	10 July 2019

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	
		2019	2018
		%	%
Saramanis Sdn Bhd	Malaysia	100	100
Saramanis Seedlings Sdn Bhd	Malaysia	100	100
Saramanis Agropine Sdn Bhd	Malaysia	100	60
Saramanis TGM Sdn Bhd	Malaysia	100	100
Saramanis Pacific Sdn Bhd	Malaysia	100	-
Superior Sutera Sdn Bhd	Malaysia	80	-

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.

10. Audit Status

The preliminary financial report is based on the financial statement which are in the process of being audited by Walker Wayland NSW and an unmodified opinion is expected to be issued with a 'Material uncertainty regarding going concern' paragraph.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
REVENUE FROM CONTINUING OPERATIONS			
Sales revenue		76,639	45,872
Other income		206,389	152,653
TOTAL REVENUE		283,028	198,525
EXPENSES FROM CONTINUING OPERATIONS			
Cost of sales of goods		(306,137)	(224,337)
Employee and contractor costs		(131,701)	(67,429)
Directors' other emoluments		(58,218)	(50,158)
Professional fees		(149,100)	(103,074)
NSX Listing fees		(64,770)	(54,047)
Depreciation and amortisation		(67,392)	(59,745)
Depreciation on right use of assets		(48,219)	-
Doubtful debts provision		-	(69,191)
Bad debts written off		(2,976)	(315,359)
Provision of impairment in biological assets		(110,595)	-
Trevelling, accommodation and entertainment		(69,382)	(53,418)
Upkeep of machinery and motor vehicle		(28,295)	(35,744)
Lease interest over leased assets		(2,251)	(592)
Lease interest over right use of assets		(25,180)	-
Other expenses from ordinary activities		(76,023)	(29,689)
TOTAL EXPENSES		(1,140,239)	(1,062,783)
LOSS BEFORE INCOME TAX		(857,211)	(864,258)
Income tax benefit (expense)		-	2,851
NET LOSS FOR THE YEAR		(857,211)	(861,407)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income – translation of foreign subsidiaries		(8,139)	217,616
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(865,350)	217,616
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(865,350)	(643,791)

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Notes	2019 \$	2018 \$
Net (loss) attributable to:			
Members of the parent entity		(852,192)	(860,199)
Outside equity interests		(5,019)	(1,208)
		<u>(857,211)</u>	<u>(861,407)</u>
Total comprehensive (loss) attributable to:			
Members of the parent entity		(860,331)	(642,888)
Outside equity interests		(5,019)	(903)
		<u>(865,350)</u>	<u>(643,791)</u>
Earnings per share			
Basic earnings per share – cents per share		(0.21)	(0.24)
Diluted earnings per share – cents per share		(0.21)	(0.24)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Consolidated Group	
	Notes	
	2019	2018
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	104,065	31,746
Trade and other receivables	6,661	60,536
Inventories	12,337	38,125
Biological assets	258,055	273,563
Other assets	45,018	14,930
TOTAL CURRENT ASSETS	426,136	418,900
NON-CURRENT ASSETS		
Property, plant and equipment	276,144	310,032
Right of use assets	145,810	-
TOTAL NON-CURRENT ASSETS	421,954	310,032
TOTAL ASSETS	848,090	728,932
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	131,038	183,149
Loans and borrowings	1,405,832	789,524
Lease liability over use of assets	63,826	-
Tax liabilities	205,390	680,193
TOTAL CURRENT LIABILITIES	1,806,086	1,652,866
NON-CURRENT LIABILITIES		
Loan and borrowings	12,752	-
Lease liability over use of assets	92,534	-
TOTAL NON-CURRENT LIABILITIES	105,286	-
TOTAL LIABILITIES	1,911,372	1,652,866
NET LIABILITIES	(1,063,282)	(923,934)
SHAREHOLDERS' DEFICIENCY		
Issued capital	3,177,031	2,451,029
Accumulated losses	(4,577,334)	(3,720,368)
Minority interest	(4,673)	(4,428)
Foreign currency translation reserve	341,694	349,833
TOTAL DEFICIENCY	(1,063,282)	(923,934)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Contributed equity	Accumulated losses	Foreign currency Reserves	Minority interest	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	1,451,796	(2,860,169)	132,217	(3,220)	(1,279,376)
Loss for the period	-	(860,199)	-	(1,208)	(861,407)
Foreign Currency Translation	-	-	217,616	-	217,616
Total comprehensive loss	-	(860,199)	217,616	(1,208)	(643,791)
Issue of capital	999,233	-	-	-	999,233
Minority interest	-	-	-	-	-
Balance at 31 December 2018	2,451,029	(3,720,368)	349,833	(4,428)	(923,934)
Loss for the year	-	(852,192)	-	(5,019)	(857,211)
Foreign Currency Translation	-	-	(8,139)	-	(8,139)
Total comprehensive loss	-	(852,192)	(8,139)	(5,019)	(865,350)
Issue of capital	726,002	-	-	-	726,002
Transfer from acquisition of minority interest	-	(4,774)	-	4,774	-
Balance at 31 December 2019	3,177,031	(4,577,334)	341,694	(4,673)	(1,063,282)

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		175,126	156,291
Payments to suppliers and employees		(845,216)	(1,521,585)
Income tax paid		(487,720)	(194,929)
Net cash used for operating activities		(1,157,810)	(1,560,223)
CASH FLOW FROM INVESTING ACTIVITIES			
Net payments for property, plant and equipment		(38,039)	(58,594)
Net cash provided by / (used for) investing activities		(38,039)	(58,594)
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		726,002	949,991
Finance lease repayment		(4,147)	-
Payment to lease over right of use assets		(66,059)	-
Proceeds from of related parties loan		613,507	189,321
Repayment from of borrowings		-	(31,839)
Net cash provided by financing activities		1,269,303	1,107,473
NET INCREASE/(DECREASE) IN CASH HELD			
		73,454	(511,344)
Cash and cash equivalent at beginning of financial period		31,746	276,232
Effects of foreign exchange rate on cash		(1,135)	266,858
CASH AT THE END OF THE PERIOD		104,065	31,746

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available

Kuala Lumpur Malaysia
15 May 2020
1 pm Australia Eastern Time AEST
31 March 2020

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

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2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does ~~not~~ *(delete one)* give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- ☐ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☒ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications ~~are attached~~ will follow immediately they are available* *(delete one). (Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.)*
6. The issuer ~~has~~ does not have* *(delete one)* a formally constituted audit committee.

Sign here:

(Director/Company secretary)

Date:

13 March 2020

Print name:

JASON TANG TZE YUN