Annual Report
FY2022

Contents

About Barramundi Group

Founded in 2008, Barramundi Group brings great-tasting premium quality fish to the world, with sustainability at our core. Our mission is to help close the world's protein gap by tapping into the vast potential that barramundi has to offer.

We operate ocean sites in Australia, Singapore, and Brunei. With the benefit of world-class research and aquaculture technology, our sustainable best practices enable us to produce responsibly-grown barramundi while safeguarding the oceans and environmental resources.

Through an end-to end aquaculture model, we have control over the entire value chain – from egg to farm to fork – with established sales and distribution networks in many major cities. Our barramundi is available at over 1,600 restaurants, hotels, and retailers around the world.

Full spectrum aquaculture model

Responsibly grown, from egg to harvest

Genetics

Barramundi Group is a leader in barramundi genetics. Our capabilities are underpinned by our expertise in genetics and breeding. Through a rigorous process of natural genetic selection over the past 20 years, we have developed a superior strain of barramundi that is fast growing, more disease resistant, and higher in Omega-3 fatty acids.

Fish health

We believe in a holistic and preventative approach to animal health and welfare. We grow healthy barramundi through applying world-class fish husbandry, enforcing biosecurity controls, ensuring a low population density in our ocean-pens, and providing high-quality nutritional feeds developed in partnership with fish nutrition experts.

Farming

Barramundi Group operates ocean sites in Australia, Singapore and Brunei, each of which are the largest barramundi ocean farms in each geography . Our juveniles are grown in state of the art RAS (recirculating aquaculture systems) facilities before growing our fish in their natural habitat because it is the best way to ensure they are produced in an environmentally-friendly manner. Our farms are certified by BAP, assuring our many customers of our focus on sustainability and focus on growing responsibly.

Product Innovation

Our subsidiary, Fassler Gourmet, our in-house processing facility produces a diverse range of products for both home cooks and chefs and allows us to deepen innovation around a nose-to-tail usage strategy for product development. Having control of processing and distribution also allows us to stay current with consumer and market trends; allowing customisation and valorisation of by-products.

Reach

We sell our barramundi under the premium brands Kühlbarra and Cone Bay Ocean Barramundi and St. John's Seabass. These are trusted by customers and chefs for our commitment to sustainability and great-tasting products. Through our consumer-facing brands, our products are available in over 1,600 restaurants, hotels, and retailers in selected markets.

Customers

Our key sales and distribution channels include our e-commerce platform as well as our key customers and distribution partners in various markets. Our key partners include national retail chains (Coles, FairPrice, Cold Storage), to airlines (Singapore Airlines), and prominent hotel chains (Hyatt, Marina Bay Sands, Sofitel Hotels & Resorts, W Hotels, and Sheraton Hotels & Resorts).

CEO's Message

by James Kwan

Dear shareholder,

I write this message with great heaviness in spirit. Our business did not perform well in 2022 and key developments in early 2023 have not panned out. We now find our group in extremely challenging times.

In this letter, I will briefly describe these developments, both good and bad. The accompanying financials will allow you to discern first-hand, the tangible impact of these developments on our Group's performance.

As you all know, 2023 had pockets of recovery and growth with the gradual resumption to pre-Covid activities. Yet, the global macro-economic landscape remains unsettling. The ongoing conflict in Ukraine continues to impact us by way of elevated fuel, energy, cold storage, feed, and freight costs. While post pandemic recovery of food service and HORECA segments have given us tailwind, global inflationary headwinds have stifled progress.

Despite this backdrop, the fundamental business case for sustainable, tropical aquaculture of a fast growing premium whitefish like barramundi, remains strong; as global population growth remains the key driver for the increasing need of sustainable protein production.

AUSTRALIA

As announced, we initiated a strategic review of our Australian operations in 2022. Despite many engagements we only ended with an agreement in late December 2022 to sell parts of the Australian business. This agreement was approved by our shareholders in January 2023 and a share sales agreement signed in February 2023. Unfortunately, the buyer was not able to secure the necessary funding, and the deal was never finalised, having expired on 31st May 2023. Consequently, we had to start a restructuring of our Australian business through initiating voluntary administration on May 24th, 2023.

This change has significant negative accounting effects for the whole group, with the necessary impairments and disclosures in accordance with the accounting standards

SINGAPORE

In Singapore, we harvested out our old site at Semakau in 2022, and stocked a new site at St. John's Island with fish undergoing a vaccine trial together with a major international pharmaceutical company tackling Scale Drop Disease Virus ("SDDV"); which had been the primary pathogen leading to significant mortalities. While the trial showed encouraging results in clinical trials, the field trials at St.John's were inconclusive and have been suspended. Correspondingly, we have decided to put a hold on stockings in our Singapore farm sites, until an efficacious vaccine is available, for animal welfare and ethical reasons.

Since taking over from Andreas, I have accelerated the streamlining across our operations in Singapore, and have adopted a posture where our production base will be located in Brunei, where biomass produced can be processed and shipped into our Singapore and international markets. UVAXX and Allegro will continue to be based out of Singapore and both respectively support Brunei with vaccines, animal health and continued broodstock research and development.

Singapore's operation will also focus on building sales and revenues off our successful B2C and B2B platforms and customer networks; through partnerships with likeminded and sustainable seafood partners.

BRUNEI

In 2022, we have successfully grown and harvested table-sized fish both at sea and in our RAS facility in Serasa. The trials in our RAS has shown that we can safely grow barramundi to harvest sizes quicker, in significantly higher densities, while achieving stellar FCRs, and with very low mortalities. With these results, we have adjusted our strategy to include land-based farming; which together with our existing plans for open pen production, provide an additional hedge against sea borne risks. This RAS grow out facility will require additional funding and we have commenced operational and financial planning since the start of the year.

IN CONCLUSION

We farm a tropical fish in tropical waters close to very attractive growth markets where food security is increasingly important. We have approached this opportunity with a robust business model, covering the value-chain from vaccines, broodstock and genetics to branded retail products. The pandemic and events following it, have been material factors that has led to the significant losses we report today.

As I continue my efforts to reorganise the Group, and strategically pivot and place our business on a stable and profitable track, I would like to thank my colleagues for their relentless efforts in the face of deep challenges, to our suppliers, partners and local governments for their continued support and most of all to you, our shareholders, for your patience.

James Kwan

Board of Directors’ Address

The auditors of the Company have issued a disclaimer of opinion on the basis of the appropriateness of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2022. As set out in their report this was based on:

- The financial performance and position of the Group as at 31 December 2022; and
- Certain events post 31 December 2022 which may have a financial and operational impact to the Group.

We wish to address these issues in our statement.

The financial performance and position of the Group as at 31 December 2022

The Group incurred net loss before tax of $31,929,068 for the financial year ended 31 December 2022. This was greater than the net loss before tax of $24,881,103 which was incurred in the previous financial year. By excluding one-off non-cash expenses, the net loss before tax were consistent for both financial years. (FY2022: $18,270,997 vs FY2021: $18,488,459).

The one-off non-cash expenses for FY2022 are as follows:

- Impairment of the goodwill attributable to MPA Australia and Allegro Aqua amounting to $2,240,496 and $3,985,698 respectively
- Impairment of MPA Australia’s trademark of $2,819,092
- Write off of property plant and equipment of $1,130,017 relating to certain assets in the Company’s Singapore Semakau farms
- Unrealised foreign exchange losses amounting to $3,032,768 due to weaking Australian dollar of the Singapore dollar.

The one-off non-cash expenses for FY2021 are as follows:

- Impairment of the goodwill attributable to Allegro Aqua amounting to $2,500,000
- Write off of property plant and equipment of $3,340,602 relating to certain assets in the Company’s Singapore Semakau nursery
- Unrealised foreign exchange losses amounting to $552,042 due to weaking Australian dollar of the Singapore dollar.

The auditors also highlighted there was a net cash used in operating activities of $14,140,557 and that the Group’s current borrowings exceeds its non-restricted cash and bank balances by $12,541,088. To that end, we wish to highlight that management has prepared and approved cash flow projection for the 12-month period from 31 December 2022 that contemplates that the Group is able to meet its debts and obligations during the said 12-month forecast period. Accordingly, we believe that the going concern assumption is still appropriate.

Board of Directors' Address

Certain events post 31 December 2022 which may have a financial and operational impact to the Group.

In order to address these events in a systematic way, set out in the table below are the post 31 December 2022 events set out by the auditor and our response to the same:

Event	Response
The Group's Australian operations experienced considerable escalations in costs associated with feed, energy, and transportation, with a delayed translation of these rising expenses into selling price increases for customers. The lag in cost offset led to a temporary negative impact on profit margins. On 27 December 2022, the Company announced a strategic partnership for the Group's Australian business. On 10 January 2023, the shareholders approved the sale of 75 per cent of the Australian subsidiary, Marine Produce Australia Pty Ltd ("MPA") to Wild Ocean Australia Pty Ltd ("WOA") through extraordinary general meeting. The associated share sale agreement ("SSA") and shareholder agreements were signed on 28 February 2023. As the SSA had yet to be finalised due to a lack of funding, MPA filed for voluntary administration on 24 May 2023, so that other options could be explored to restructure and recapitalise the business. The SSA was terminated on 31 May 2023	As a result of the voluntary administration at MPA and its subsidiaries ("MPA Group"), the Group will not be expected to provide additional funds towards the MPA Group's continued operation for at least the next twelve months from the date of the financial statements. This therefore lessens the cash flow burden on the Group.
In Singapore, due to elevated mortalities which lasted through the first and third quarters of 2022, the Company harvested out the fish at Semakau farm and limited stocking to new grow-out site at St. John's Island. Subsequent to the financial year ended 31 December 2022, the vaccine trials had proven to be inconclusive after 2 batches at St. John's Island.	Management has reviewed the operations in Singapore and concluded that the best course of action to manage the overheads associated with the operations would be to terminate the trials and glide down the operations at the sea and land nursery. This was done on 31 May 2023. The biomass at sea was harvested and marketed in an effort to generate cash.
The management has proactively taken steps to inform and discuss with the banks on the next course of action.	As at the date of these financial statements, the bank has not requested for repayment of the outstanding loans. In addition, as at date of these financial statements, the Group and the Company has not received any notice of event of default and/or early repayment of the loan from the banks.
Due to the COVID-19 pandemic, which resulted in border closures, workplace closures and movement controls, the Company's subsidiary corporation in China, Barramundi Asia (Shanghai) Co Ltd, ceased its operations on 31 May 2023 and the entity remains dormant	Barramundi Asia (Shanghai) Co Ltd did not historically contribute much to the Group's overall performance. Its dormant status is cash flow neutral to the Group.

In light of the above, we once again reiterate our belief that the going concern assumption is appropriate.

Board of Directors

Andrew Kwan
Director

Andrew is the Managing Director of the Commonwealth Capital group of companies, which has investments along the food vertical including cold chain logistics, food services, and food manufacturing. He is a board member of the Singapore Food Agency and the Infocomm Media Development Authority, Dy Chairman and Honorary Secretary of Singapore Business Federation and President of the Restaurant Association of Singapore. Andrew is Singapore's non-resident Ambassador to the Kingdom of Sweden. He was previously a member of the Future Economy Council, MAS Payments Council, the boards of SPRING Singapore, Enterprise Singapore, and chairman of Aquaculture Innovation Centre. Andrew holds a BBA from Schulich School of Business, York University, Canada.

Edward Ng
Director

As an Executive Director of Far East Organization, Edward provides strategic leadership in the functions of Central Engineering and Development Projects. Edward's main focus at Far East Organisation is in product development and management of its in-house engineering support team. He oversees the conceptualisation, implementation and fulfilment delivery of ongoing and new development projects as well as the enhancement of existing operating assets. Edward holds a B.Sc. in Architectural Design from Stanford University.

Dato Seri Paduka Haji Khairuddin bin Haji Abd Hamid
Director

Dato Seri Paduka Haji Khairuddin bin Haji Abd Hamid is the Deputy Minister of Finance and Economy (Economy), at the Ministry of Finance and Economy of Brunei Darussalam. He started his career in the Government service in 1989 and has served various capacities in the Ministry of Finance and Economy and Ministry of Primary Resources & Tourism. He holds a number of important posts at Brunei Investment Agency, Brunei Economic Development Board and Brunei Darussalam Central Bank. Dato Khairuddin graduated with BA (Hons) Degree in Management Studies in 1989 from University of Brunei Darussalam.

Year in Review

AUSTRALIA

In Australia, Barramundi Group completed the initial lease application submission for 13 marine leases in the Kimberley region that has a capacity of 30,000 metric tons in April 2022. However, there was a delay on the lease application completion due to last minute additional federal requirements. Coupled with the higher cost of operations exacerbated by the COVID-19 pandemic, Barramundi Group announced in September 2022 that it was engaging strategic investors to fund Australia's operation and support the completion of the lease application.

Cone Bay barramundi sold across Coles supermarkets in Australia

In December 2022, Barramundi Group announced a strategic partnership with Wild Ocean Australia Pty Ltd ("Wild Ocean" or "WOA"), a processing, value-adding, and distribution business in Darwin. Subsequently, the share sale agreement and shareholder agreement were signed on 28 February 2023. However, the share sale agreement ("SSA") was not completed as the buyer was not able to attract the necessary funding. As a result, Marine Produce Australia Pty Ltd filed for voluntary administration, so that other option could be explored to restructure and recapitalise the business. The SSA was terminated on 31 May 2023.

Amidst the challenges, in the second half of 2022, the Group successfully negotiated with its key customer to significantly increase its selling price, to cushion inflationary cost.

SINGAPORE

The Singapore operations focused on setting up a new offshore sea farm off St John's Island. Barramundi Group secured the farm license in April 2022 and commissioned Barra Endeavour, our Aquaculture Support Vessel (ASV) into service in June 2022. Amidst logistical challenges caused by the COVID-19 pandemic, the team completed the deployment of the farm system from August to November 2022.

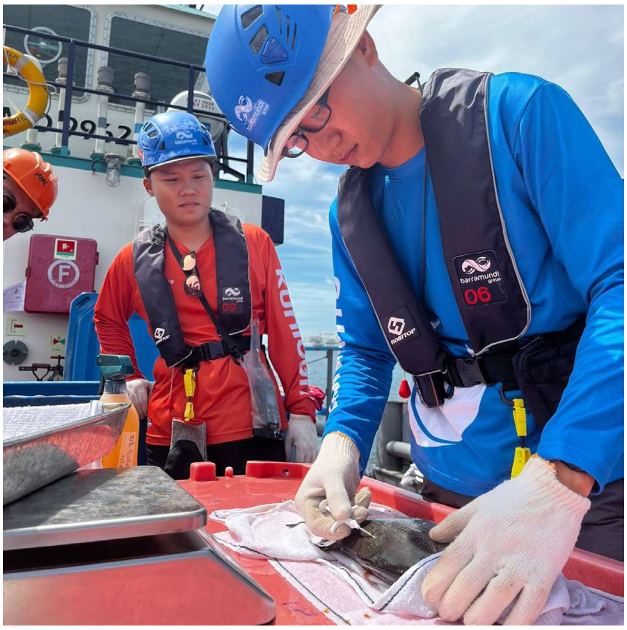
Barra Endeavour was used to deploy the new farm anchors and mooring system, cages and nets. Harvesting and fish transfers are also part of its designed capabilities.

In March 2022, Barramundi Group, in collaboration with James Cook University and UVAXX, secured a research project to help Barramundi Group develop capabilities to operationalise a broodstock programme in Singapore. The project aims to help Barramundi Group develop future generations of barramundi with better traits such as disease resistance and better biological performance and will enable the Group to have a secure source of seedstock.

Research project with James Cook University

In an effort to tackle mortalities caused by Scale Drop Disease Virus ("SDDV") in Singapore, Barramundi Group initialised two field trials to test the SDDV vaccine candidate at the newly setup St John's Sea Farm site. In addition, UVAXX is also working with research partners such as the Agency for Science, Technology and Research (A*STAR) in Singapore to develop therapeutics that can provide protection against SDDV.

Through a two-pronged approach of developing therapeutics and selection breeding, the Singapore operations continues to develop intellectual property and know-how to fuel regional development.



Barramundi Group staffers carrying out routine and R&D field tests at sea.

UVAXX Chief Veterinary Officer and lab teams in Singapore and Brunei produce autogenous vaccines and provide animal health diagnostic and surveillance programs.

BRUNEI

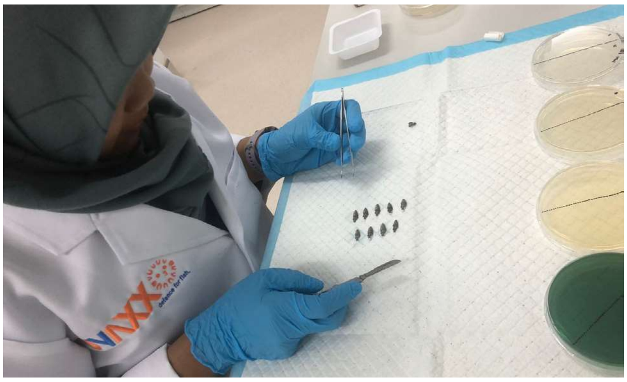
After commencing operations in April 2021 with its first stocking into a RAS nursery system and ongrowing in the sea, Barramundi Brunei performed its inaugural trial harvest in May 2022 followed by supply to local Brunei Darussalam markets and export to Singapore. Barramundi Brunei almost doubled the Brunei Darussalam's Barramundi aquaculture industry with a little over a year of operations with 5 batches of stockings.

Inaugural Harvest in Brunei with attendance from the Minister of Finance and Economy II, Minister of Primary Resources and Tourism and other Senior government officials.

In the same year, Barramundi Brunei signed additional aquaculture leases for a 13 hectares pond site, 17 hectares greenfield site and another 776 hectares offshore lease with His Majesty's Government of Brunei Darussalam to further secure its expansion capacity and foothold in the country and region.

Team behind the 1st fish transfer operations from RAS1 to Pelumpong sea cages

In the area of research and development, Barramundi Brunei also established an in-house diagnostics laboratory with the assistance from UVAXX Singapore. This laboratory allows the company to better manage its fish health management system through swift and actionable data collection and analysis. The laboratory is also looking into providing fish health management services to external parties.



UVAXX team in Brunei examining and collecting data on barramundi fry.

Barramundi Brunei's RAS and offshore production trials provided the company with valuable data never-before-seen in the industry which will give Barramundi Group competitive advantages in planning its overall future growth model and down to basic animal husbandry protocols.

RAS tanks in Brunei are highly automated.

Resident veterinarian and lab technicians help to safeguard barramundi through autogenous vaccines and animal health monitoring.

Directors' Statement

For the Financial Year Ended 31 December 2022

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Barramundi Group Ltd. and its subsidiary corporations (the "Group") for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 12 to 83 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, having regard to those factors described in Note 3.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Andrew Kwan Kok Tiong
Edward Averrill Ng Yong Sheng
Khairuddin Abd Hamid (alternate director Ahmad Fathi Junaidi) (appointed on 21 October 2022)

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		**Holdings in which a director is deemed to have an interest**	
The Company (No. of ordinary shares)	**At 31.12.2022**	**At 01.01.2022**	**At 31.12.2022**	**At 01.01.2022**
Andrew Kwan Kok Tiong	4,458,942	1,398,545	444,444	7,540,871
Johannes Cornelis Antonius den Bieman (resigned on 12 May 2023)	995,110	549,597	-	-
Sjoeberg Tristan Nenne (resigned on 12 May 2023)	741,173	605,315	-	-

Directors' Statement

For the Financial Year Ended 31 December 2022

Share options

(a) Employee Share Option Scheme ("Scheme")

The Employee Share Option Scheme was approved by the Board through a Directors' Resolution passed on 1 January 2017 (the "2017 Scheme") and this was replaced by a new share option scheme (the "2020 Scheme") approved by shareholders at a Extraordinary General Meeting held on 30 September 2020. The Scheme provides a means to give recognition to employees who have contributed to the success of the Company and let them have a direct interest in the Company.

Under the Scheme, options to subscribe for the ordinary shares of the Company are granted to selected employees and chief executive officer of the Group at the discretion of the Board of Directors or its Committee. The exercise price of the option is determined at the time of the grant with reference to its fair market value under the conditions of the Scheme and approved by the Board of Directors or its Committee. The vesting period of the option is 4 years with a 2 year cliff, i.e. 50% of the shares can be exercised after 24 months followed by 25% after another 12 months and the last 25% after the last 12 months (48 months), or such date as the Board of Directors may determine. Once the options are vested, they are exercisable for a period of three years. The option may be exercised in full or in part in respect thereof, on the Company's acceptance of the exercise notice, payment of the exercise price and in accordance with the vesting schedule under the conditions of the Scheme, but no later than the expiry date.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 10% of the issued shares of the Company (excluding treasury shares) from time to time.

The Company granted options under the Scheme to subscribe for 6,200,000 ordinary shares of the Company on 1 January 2017 ("2017 Options") and 3,800,000 ordinary shares of the Company on 24 May 2019 ("2019 Options") (equivalent to 413,333 shares and 253,333 shares after the 15:1 shares consolidation exercise on 5 April 2021 respectively).

In August 2021, the Company increased the vesting period for the employee share options granted in 2019 Options from four to six years and increased the exercise price to $2.25 to reflect Initial Public Offering in the Company's share price. The fair value of the options at the date of modification was determined to be $0.96.

On 18 August 2021, the Company granted options under the Scheme to subscribe for 133,333 ordinary shares at exercise price of $2.25 ("2020 Options") and 533,000 ordinary shares of the Company at exercise price of $2.25 per share ("2021 Options"). The 2020 Options are exercisable from 1 May 2022 and expire on 1 May 2027. The 2021 Options are exercisable from 1 May 2023 and expire on 1 May 2028. The total fair value of the 2020 Options and 2021 Options granted was estimated to be $139,625 and $597,589 respectively using the Black-Scholes formula.

On 1 May 2022, the Company granted options under the Scheme to subscribe for 1,000,000 ordinary shares at exercise price of $1.45 ("2022 Options"). The 2022 Options are exercisable from 1 May 2022 and expire on 1 May 2029. The total fair value of the 2022 Options granted was estimated to be $838,346 using the Black-Scholes formula.

Details of the share option are disclosed in Note 28 to the financial statements.

(b) Perpetual Call Option

On 1 January 2017, the Company has agreed to grant Kleine Staarman Gerhard Heinrich Joseph the option to purchase all or any of the 7,000,000 ordinary shares of the Company (equivalent to 466,667 shares after the 15:1 share consolidation on 5 April 2021). In August 2021, the Company increased the exercise price to $4.20 to reflect Initial Public Offering in the Company's share price. This option is a one-off issue outside the Employee Share Option Scheme and may be exercised at any time without an expiry date.

Directors' Statement

For the Financial Year Ended 31 December 2022

Share options (Continued)

(c) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the Schemes outstanding at the end of the financial year was as follows:

	Employee Share Option Scheme				Perpetual Call Option
Year of option	2019	2020	2021	2022	2017
Year of expiry	2026	2027	2028	2029	-
Exercise price per share (S$)	2.25	2.25	2.25	1.45	4.20
Options outstanding as at 1 January 2022	120,333	361,666	508,000	-	466,667
Options granted during the year	-	-	-	1,000,000	-
Options cancelled during the year	(53,333)	(293,333)	(386,333)	(705,000)	-
Options outstanding as at 31 December 2022	67,000	68,333	121,667	295,000	466,667

Directors' Statement

For the Financial Year Ended 31 December 2022

Independent auditor

The independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), has expressed its willingness to accept reappointment.

On behalf of the Board of Directors

Andrew Kwan Kok Tiong
Director

Khairuddin Abd Hamid
Director

23 June 2023

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2022

	Note	2022 $	2021 $
Revenue	4	35,227,681	32,701,453
Other income	5	1,298,983	1,352,991
Raw materials and consumables		(21,842,430)	(22,464,019)
Farm personnel expenses	6	(8,559,215)	(8,833,826)
Fair value loss on biological assets	13	(8,572,937)	(3,905,825)
Fish mortalities	13	(3,612,715)	(2,947,929)
Depreciation expenses		(4,065,377)	(3,981,041)
Amortisation expenses	17	(564,300)	(564,300)
Impairment loss on goodwill and intangible assets	17	(9,045,286)	(2,500,000)
Administrative expenses	6	(9,140,404)	(9,986,014)
Distribution expenses	6	(1,915,082)	(1,976,722)
Finance expenses	8	(1,137,986)	(1,775,871)
Loss before tax		**(31,929,068)**	**(24,881,103)**
Income tax credit	9	1,080,734	20,697
Net loss for the financial year		**(30,848,334)**	**(24,860,406)**
Other comprehensive income: Items that may be reclassified subsequently to profit or loss: - Currency translation gain on translating foreign operations		1,966,479	307,458
Total comprehensive loss for the financial year		**(28,881,855)**	**(24,552,948)**
(Loss)/profit attributable to:			
Owners of the Company		(30,688,767)	(25,471,465)
Non-controlling interests		(159,567)	611,059
		(30,848,334)	**(24,860,406)**
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(28,722,288)	(25,164,007)
Non-controlling interests		(159,567)	611,059
		(28,881,855)	**(24,552,948)**

The accompanying notes form an integral part of these financial statements.

Balance Sheets

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022	2021	**2022**	2021
		$	$	**$**	$
ASSETS					
Current assets					
Cash and cash equivalents	10	11,169,662	28,482,011	2,374,881	12,988,307
Trade and other receivables	11	6,861,645	7,200,974	23,982,372	49,306,324
Inventories	12	7,928,592	3,511,581	1,566,880	690,125
Biological assets	13	13,708,037	19,384,330	380,693	4,815,512
		39,667,936	58,578,896	28,304,826	67,800,268
Non-current assets					
Investments in subsidiary corporations	14	-	-	7,503,819	37,903,544
Property, plant and equipment	15	27,857,521	25,932,732	6,757,290	5,937,838
Intangible assets	17	1,565,797	11,175,383	15,300	15,300
Biological assets	13	1,121,239	1,083,883	55,946	232,438
Trade and other receivables	11	-	-	-	8,671,967
Deferred income tax assets	22	2,040,548	2,090,984	-	-
		32,585,105	40,282,982	14,332,355	52,761,087
Total assets		**72,253,041**	**98,861,878**	**42,637,181**	**120,561,355**
LIABILITIES					
Current liabilities					
Trade and other payables	18	7,933,580	9,362,551	5,137,177	6,365,983
Employee benefits		387,989	430,454	-	-
Borrowings	19	16,462,562	6,630,421	12,208,865	556,512
Deferred capital grants	20	127,924	127,924	75,290	75,290
		24,912,055	16,551,350	17,421,332	6,997,785
Non-current liabilities					
Employee benefits		59,841	-	-	-
Borrowings	19	15,878,315	22,447,596	8,503,901	16,645,561
Deferred capital grants	20	6,227,990	4,857,039	6,187,013	4,763,779
Provision for reinstatement	21	55,980	55,980	-	-
Deferred income tax liabilities	22	2,292,840	3,424,010	-	-
		24,514,966	30,784,625	14,690,914	21,409,340
Total liabilities		49,427,021	47,335,975	32,112,246	28,407,125
Net assets		**22,826,020**	**51,525,903**	**10,524,935**	**92,154,230**
EQUITY					
Share capital	23	153,913,373	153,913,373	153,913,373	153,913,373
Other reserves	24	(1,293,684)	(2,799,486)	1,071,024	1,531,626
Accumulated losses		(135,282,476)	(105,236,358)	(144,459,462)	(63,290,769)
Non-controlling interests	14	5,488,807	5,648,374	-	-
Total equity		**22,826,020**	**51,525,903**	**10,524,935**	**92,154,230**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2022

	← Attributable to equity holders of the Company →					
	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	$	$	$	$	$	$
2022						
Beginning of financial year	153,913,373	(2,799,486)	(105,236,358)	45,877,529	5,648,374	51,525,903
Total comprehensive loss for the year:						
(Loss)/profit for the year	-	-	(30,688,767)	(30,688,767)	(159,567)	(30,848,334)
Other comprehensive income	-	1,966,479	-	1,966,479	-	1,966,479
	-	1,966,479	(30,688,767)	(28,722,288)	(159,567)	(28,881,855)
Transactions with owners, recognised directly in equity:						
Employee share option scheme	-	(460,602)	642,649	182,047	-	182,047
Other reserve	-	(75)	-	(75)	-	(75)
End of financial year	**153,913,373**	**(1,293,684)**	**(135,282,476)**	**17,337,213**	**5,488,807**	**22,826,020**
2021						
Beginning of financial year	105,154,252	79,024	(79,403,214)	25,830,062	4,017,315	29,847,377
Total comprehensive loss for the year:						
(Loss)/profit for the year	-	-	(25,471,465)	(25,471,465)	611,059	(24,860,406)
Other comprehensive income	-	307,458	-	307,458	-	307,458
	-	307,458	(25,471,465)	(25,164,007)	611,059	(24,552,948)
Transactions with owners, recognised directly in equity:						
Issue of new shares	47,188,639	-	-	47,188,639	-	47,188,639
Employee share option scheme	-	409,993	88,321	498,314	-	498,314
Share issue expenses	-	(2,025,479)	-	(2,025,479)	-	(2,025,479)
Expiry of warrants	1,570,482	(1,570,482)	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	1,020,000	1,020,000
Redemption of RCPS	-	-	(450,000)	(450,000)	-	(450,000)
End of financial year	153,913,373	(2,799,486)	(105,236,358)	45,877,529	5,648,374	51,525,903

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

	Group	
	2022	**2021**
	$	**$**
Cash flows from operating activities		
Loss before tax		
	(31,929,068)	(24,881,103)
Adjustments for:		
- Fair value adjustment on biological assets		
- Amortisation of government grant	8,572,937	3,905,825
- Depreciation of property, plant and equipment and right-of-use assets	(429,409)	(387,285)
- Depreciation of biological assets	3,957,599	3,873,263
- Property, plant and equipment written-off	107,778	107,778
- Amortisation of intangible assets	1,130,017	3,340,602
- Impairment loss on goodwill and intangible assets	564,300	564,300
- Employee share option expenses	9,045,286	2,500,000
- Other reserve	182,047	498,314
- Interest expense	(75)	-
- Interest income	1,137,986	1,775,871
- Provision for employee benefits	(13,257)	(21,691)
- Unrealised foreign currency loss	50,753	(209,534)
	3,260,569	-
	(4,362,537)	(8,933,660)
Changes in working capital:		
– Biological assets	(4,072,990)	(1,625,651)
– Inventories	(4,045,864)	(1,548,291)
– Trade and other receivables	(900,777)	(459,901)
– Trade and other payables	(758,389)	572,905
Cash used in operations, representing net cash used in operating activities	**(14,140,557)**	**(11,994,598)**
Cash flows from investing activities		
Additions to property, plant and equipment	(5,505,381)	(8,033,243)
Interest received	13,257	21,691
Net cash used in investing activities	**(5,492,124)**	**(8,011,552)**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

	Group	
	2022 **$**	**2021** **$**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	17,107,799
Share issue expenses	-	(1,106,092)
Repayment of third party loans	-	(3,240,000)
Net proceeds from borrowings	3,702,995	10,657,092
Repayment of lease liabilities	(1,172,127)	(1,332,493)
Interest paid	(1,137,986)	(1,775,871)
Capital contribution from non-controlling interests	-	1,020,000
Proceeds from capital grants	1,800,360	-
Redemption of redeemable convertible preference shares	-	(2,363,725)
Net cash provided by financing activities	**3,193,242**	**18,966,710**
Net decrease in cash and cash equivalents	(16,439,439)	(1,039,440)
Cash and cash equivalents		
Beginning of the financial year	28,482,011	29,327,259
Effects of currency translation on cash and cash equivalents	(872,910)	194,192
End of the financial year	**11,169,662**	**28,482,011**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

Reconciliation of liabilities arising from financing activities

	Loans and borrowings $	**Lease liabilities $**	**Total $**
Balance at 1 January 2021	38,828,283	3,528,083	42,356,366
Financing cash flows [1]	10,657,092	(1,332,493)	9,324,599
Non-cash changes			
- Conversion of convertible loans	(22,645,178)	-	(22,645,178)
- Written-off during the year	-	(395,367)	(395,367)
- Addition during the year	-	230,278	230,278
- Foreign exchange movement	104,361	102,958	207,319
Balance at 31 December 2021	26,944,558	2,133,459	29,078,017
Financing cash flows [1]	3,702,995	(1,172,127)	2,530,868
Non-cash changes			
- Written-off during the year	-	(395,612)	(395,612)
- Addition during the year	-	1,440,627	1,440,627
- Foreign exchange movement	(134,566)	(178,457)	(313,023)
Balance at 31 December 2022	**30,512,987**	**1,827,890**	**32,340,877**

(1) The cash flows comprise the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Barramundi Group Ltd. ("the Company") is a public limited company, incorporated and domiciled in Singapore and is listed on the Euronext Growth Oslo. The address of its registered office is 35 Fishery Port Road, 116 New Fish Merchant Building, Singapore 619742.

The principal activities of the Company are those of commercial farming, distribution and sale of sea water barramundi. The principal activities of the subsidiary corporations are disclosed in Note 14.

During the financial year ended 31 December 2022, the COVID-19 has continued to affect almost all countries of the world. Whilst countries where the Group and the Company have significant operations in have eased the COVID-19 measures implemented previously and have been recovering from the impact of the COVID-19 towards the end of financial year, there remains a level of uncertainty and risk arising from other macroeconomic factors that the Group may not have encountered before.

Set out below is the impact of COVID-19 and macroeconomic situations on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2022.

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- In 2022, continued border closures in China, have significantly impacted the business supply chain and sales volume in one of the subsidiary corporations of the Group, Barramundi Asia (Shanghai) Co Ltd, resulting in a continuous negative financial performance in 2022 (Note 30).
- The Group has considered the market conditions (including the impact of COVID-19 and macro-economic situations) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2022. The significant estimates and judgements applied are disclosed in Note 3 to the financial statements.

Continuous assessment is made for each reporting period on whether there is any indication that the Group's assets and liabilities may be impacted adversely. If any such indication of uncertainties exists, an estimate is made of the fair value of the account balances.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below. SFRS(I)s comprise Standards and Interpretations that are equivalent to International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB).

The preparation of these financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements, including the basis of preparation of these financial statements on a going concern basis, are disclosed in Note 3.

2. Significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sales of goods and services

Revenue from sale of goods and services in the ordinary course of business is recognised at a point in time when the Group satisfies its performance obligation (PO) by transferring the control of the promised goods or services to the customer, which is when the goods are delivered to the destination specified by the customer, typically based on incoterms specified in the contract. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

(b) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

2.3 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are presented in the balance sheet as deferred income and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Significant accounting policies *(Continued)*

2.4 Group accounting

Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

2. Significant accounting policies *(Continued)*

2.4 Group accounting *(Continued)*

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Leasehold property

Leasehold property is initially recognised at cost. It is subsequently carried at the revalued amount less accumulated depreciation and accumulated impairment losses.

Leasehold property is revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Significant accounting policies *(Continued)*

2.5 Property, plant and equipment *(Continued)*

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold improvements	5 - 20 years
Plant, equipment and boats	3 - 20 years
Nets, cages and moorings	10 - 40 years
Office and computer equipment	3 - 10 years
Motor vehicles	5 years
Leasehold land, sea and buildings	2 - 30 years
Leasehold property	30 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(c) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “administrative expenses”. Any amount in revaluation reserve relating to that item is transferred to accumulated losses directly.

2. Significant accounting policies *(Continued)*

2.6 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

(b) Acquired trademarks

Trademarks acquired from business acquisition are capitalised at fair value at the date of acquisition. After initial recognition, the acquired trademarks are carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 12.4 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Club memberships

Club memberships relate to the entrance fees paid for the right to use the facilities of the clubs. Club membership is measured on initial recognition at cost. The cost of club memberships is the fair value as at the date of acquisition. Subsequent to recognition, club memberships are carried at cost less any accumulated impairment losses.

Club memberships with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such club memberships are not amortised. The useful life of a club membership with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arises from de-recognition of club memberships are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 Investment in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Significant accounting policies *(Continued)*

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment
Investments in subsidiary corporations

Intangible assets, property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. Significant accounting policies *(Continued)*

2.10 Financial assets

(a) Classification and measurement

The Group classifies and measures its financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instrument

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

The following is the prescribed subsequent measurement category, depending on the Group's business model in managing the assets and the cash flow characteristics of the assets.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Significant accounting policies *(Continued)*

2.10 Financial assets *(Continued)*

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible loans

The total proceeds from convertible loans issued are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible loans. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2. Significant accounting policies *(Continued)*

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Redeemable convertible preference shares

Preference shares capital which are mandatory redeemable on a specific date are classified as financial liabilities. The dividends on these preference shares are recognised as finance expenses.

2.14 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

  The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. Significant accounting policies *(Continued)*

2.14 Leases *(Continued)*

When the Group is the lessee: (Continued)

- Lease liabilities *(Continued)*

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;

  - There is a change in the Group's assessment of whether it will exercise an extension option; or

  - There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realizable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realizable value, shall be recognised as a reduction in the amount of inventories recognised or an expense in the period in which the reversal occurs.

2.16 Biological assets

The Group's biological assets comprise of a) live fish that are divided into two main groups, depending on the stage of the life cycle and b) broodstock. At the earlier stage of the life cycle, the fish are classified in group (1) immature fish in land nursery at cost. During this stage, the fish are kept on shore. When the fish are large enough for release to sea, they are classified in group (2) fish at sea. Fish at sea can be further divided into mature fish at sea at fair value and immature fish at sea at cost. The Group considers live fish weighing more than 500grams to have an active and established market. These fish are classified as mature fish at sea at fair value, while fish that have not yet achieved this weight are classified as immature fish at sea at cost.

Mature live fish at sea at fair value are carried at fair value less estimated point-of-sale costs (harvesting costs and transport costs). The Group estimates the fair value of live fish based on the biomass at sea for each location and observed market prices for harvested fish at the balance sheet date in the respective markets in which the Group operates. The observed market prices are based on historical selling prices. The adjustment for point-of-sale costs is based on the Group's historical costs per location. The difference between the fair values of the biological assets and the carrying amounts at the end of the period is recognised as a fair value adjustment in profit or loss.

2. Significant accounting policies *(Continued)*

2.16 Biological assets *(Continued)*

Immature live fish at sea at cost could have production cost per kilogram (kg) higher than market prices per kg for harvested fish. If this is the case the fish is carried at the higher of the two if it is reasonable that the production cost will be fully covered through further farming and later sale. If further growth and sale is not expected to cover the cost of production, the fish is carried at the estimated value based on market prices.

The income or loss which will be recognised on sale may differ materially from that implied by the fair value adjustment at the end of a period. The fair value adjustment on biological assets has no cash impact and does not affect the results of operations before unrealised fair value adjustments.

Write-downs of biological assets occur due to mortality, which are expensed to profit or loss.

Broodstock is stated at cost less accumulated depreciation and any impairment losses. Broodstock is depreciated on a straight-line basis over their estimated useful lives of 9 years.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured::

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Significant accounting policies *(Continued)*

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based payments

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognise the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. Significant accounting policies *(Continued)*

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("$"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "administrative expenses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

2. Significant accounting policies *(Continued)*

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

Going concern assumption

During the financial year ended 31 December 2022, the Group recorded a net loss before tax for the year of $31,929,068 (31 December 2021: $24,881,103) and net cash used in operating activities of $14,140,557 (31 December 2021: $11,994,598). Furthermore, the Group's and the Company's current borrowings exceed its non-restricted cash and bank balances by $12,541,088 and $9,833,984 respectively.

The Group's Australian operations experienced considerable escalations in costs associated with feed, energy, and transportation, with a delayed translation of these rising expenses into selling price increases for customers. The lag in cost offset led to a temporary negative impact on profit margins.

On 27 December 2022, the Company announced a strategic collaboration for the Group's Australian business. Subsequently, shareholders approved the sale of a 75 per cent stake in the Australian subsidiary, Marine Produce Australia Pty Ltd ("MPA"), to Wild Ocean Australia Pty Ltd ("WOA") on 10 January 2023. The share sale agreement ("SSA") and shareholder agreements were signed on 28 February 2023. As the SSA had yet to be finalised due to a lack of funding, MPA filed for voluntary administration on 24 May 2023, so that other options could be explored to restructure and recapitalise the business. The SSA was terminated on 31 May 2023 (Note 30).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

3. Critical accounting estimates, assumptions and judgements *(Continued)*

3.1 Critical judgements in applying the entity's accounting policies *(Continued)*

Going concern assumption (Continued)

In Singapore, due to elevated mortalities which lasted through the first and third quarters of 2022, the Company harvested out the fish at Semakau farm and limited stocking to new grow-out site at St. John's Island. Subsequent to the financial year ended 31 December 2022, vaccine trials had proven to be inconclusive after 2 batches at St. John's Island. In the interest of managing overheads, the management decided to terminate the trials on 31 May 2023, and glide down operations at sea and land nursery. Biomass at sea were also harvested and marketed (Note 30).

In light of the developments at MPA, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $20,889,119.

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.

Nevertheless, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2022 is still appropriate after taking into consideration the following measures and assumptions:

(i) Subsequent to the financial year ended 31 December 2022, a subsidiary corporation of the Group, Barramundi Group (B) Sdn. Bhd., has made funds available for the Company to enable the Company to continue their operations and meet their obligations as and when they fall due (Note 30).

(ii) The Group is currently in discussion with the bank on the next course of action. As at the date of these financial statements, the bank has not requested for repayment of the outstanding loans. In addition, as at date of these financial statements, the Group and the Company has not received any notice of event of default and/or early repayment of the loan from the banks.

(iii) The Group will not be expected to provide additional funds toward the continued operation of Marine Produce Australia Pty Ltd ("MPA") and its subsidiary corporations ("MPA Group") at least for the next twelve months from the date of the financial statements, except in so far as the funds of the Group permit such support, and such support will not adversely affect the ability of the Group to meet its liabilities as and when they fall due.

(iv) The cash flow projection for the 12-month period from 31 December 2022 that has been prepared and approved by the management contemplates that the Group and the Company are able to meet their debts and obligations during the said 12-month forecast period. The key assumptions for the said 12-month cash flow projection are as follows:

(a) Expected receipts of trade and other receivables;
(b) Expected receipts of grant income;
(c) Reduce headcounts, operating costs and overhead;
(d) Expected principal and interest payments for the borrowings; and
(e) Expected payments of trade and other payables.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

3. Critical accounting estimates, assumptions and judgements *(Continued)*

3.1 Critical judgements in applying the entity's accounting policies *(Continued)*

Going concern assumption (Continued)

The financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. No such adjustments have been made to these financial statements.

3.2 Key sources of estimation uncertainty

a) Estimated impairment of goodwill

During the financial year ended 31 December 2022, the Group recognised an impairment charge on its goodwill of $6,226,194 (2021: $2,500,000) which resulted in the carrying amount of goodwill as at 31 December 2022 to reduce to $Nil (2021: $6,226,194).

In performing the impairment assessment of the carrying amount of goodwill, the recoverable amounts of the cash-generating units ("CGUs"), in which goodwill has been attributable to, are determined using value-in-use ("VIU") calculations. These calculations require estimates and assumptions. Details of the key estimates and assumptions applied in the calculations are disclosed in Note 17 to the financial statements.

b) Impairment of non-financial assets (other than goodwill)

At each reporting date, the Group and the Company assess whether there are any indications of impairment for all non-financial assets. The Group and the Company also assess whether there is any indication that an impairment loss recognised in prior periods for a non-financial asset, other than goodwill, may no longer exist or may have decreased.

If any such indication exists, the Group and the Company estimate the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset recoverable amount since the last impairment loss was recognised.

Where value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. The carrying values of the Group's and Company's property, plant and equipment, intangible assets (other than goodwill) and investments in subsidiary corporations are disclosed in Notes 15, 17 and 14 to the financial statements. The key assumptions and estimates applied in the Company's impairment assessment of its intangible assets and investment in subsidiaries are disclosed in Notes 17 and 14 to the financial statements. Changes in assumptions made and discount rate applied could affect the carrying values of these assets.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

3. Critical accounting estimates, assumptions and judgements *(Continued)*

3.2 Key sources of estimation uncertainty *(Continued)*

c) Impairment of trade and other receivables

As at 31 December 2022, the Company's trade receivables and other receivables amounted to $1,621,745 (2021: $3,322,121) and $21,820,049 (2021: $44,361,585) respectively.

The Company generally measured the loss allowance of trade receivables using the simplified approach to measuring expected credit loss (ECL) which uses a lifetime expected loss allowance for all trade receivables.

The Company generally measured the loss allowance of other receivables at an amount equal to 12-month ECL. When the credit quality deteriorates and the resulting credit risk of other receivables increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

The total loss allowance recognised for the Company's trade receivables and other receivables as at 31 December 2022 was $2,980,765 (2021: $28,910) and $36,013,375 (2021: $1,276,473) respectively. Details of the loss allowance on trade and other receivables are disclosed in Note 27(b) to the financial statements.

4. Revenue

Revenue represents sales of goods and services and is recognised at a point in time.

	Group	
	2022 **$**	**2021** **$**
Sales of goods	35,207,681	32,641,453
Services rendered	20,000	60,000
	35,227,681	**32,701,453**

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

5. Other income

	Group	
	2022 **$**	**2021** **$**
Interest income from bank deposits	13,257	21,691
Amortisation of capital grants	429,409	387,285
Grants received (1)	478,747	296,837
Insurance claim funds	-	102,751
Other income from third party loan	-	303,829
Disposal of lease	-	66,668
Others	377,570	173,930
	1,298,983	**1,352,991**

(1) Grant income of $112,575 (2021: $187,517) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

*Grant income of $119,839 (2021: $37,577) was recognised during the financial year under the A*STAR Grant. The A*STAR Grant is a grant given for research on multipronged approach toward vaccine development against Scale Drop Disease Virus (SDDV) in Asia Seabass.*

Grant income of $11,440 (2021: $66,285) was recognised during the financial year under SGUnited Traineeships Programme. The aim of this programme is to provide traineeship opportunities to individuals who have recently graduated or will soon be graduating. Under the SGUnited Traineeships Programme, employers will receive training allowance in reimbursement basis after fulfilling the criteria as stipulated in the Letter of Offer.

Grant income of $234,894 (2021: $Nil) was recognised during the financial year under Agriculture Productivity Fund Project. The aim of this project is to understand the genetic architecture of resistance to enable efficient breeding programs.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

6. Expenses by nature

	Group	
	2022 **$**	**2021** **$**
Farm personnel expenses	8,559,215	8,833,826
Administrative expenses	9,140,404	9,986,014
Distribution expenses	1,915,082	1,976,722
	19,614,701	20,796,562

	Group	
	2022 **$**	**2021** **$**
Employee compensation (Note 7)	12,496,855	14,274,295
Advertisement and promotion	719,940	317,685
Net foreign exchange loss	3,032,768	552,042
Legal and professional fees	320,099	292,158
Property, plant and equipment written off (1)	1,130,017	3,340,602
Share issue expenses	-	645,630
Other expenses	1,915,022	1,374,150
Total farm personnel expenses, administrative expenses and distribution expenses	19,614,701	20,796,562

(1) During the current financial year, property, plant and equipment written off relates mainly to write off of Singapore's Semakau farm due to elevated mortalities which lasted through the first third quarters of 2022, the Company harvested out the fish at Semakau farm and limited stocking to new grow-out site at St. John's Island. In the previous financial year, property, plant and equipment written off relates mainly to write off of Singapore's Semakau nursery following a consolidation of the Singapore operation.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

7. Employee compensation

	Group	
	2022 **$**	**2021** **$**
Wages and salaries	9,672,706	11,583,156
Employer's contribution to defined contribution plans	666,626	682,833
Share-based payments	181,972	498,314
Other short-term benefits	1,975,551	1,509,992
	12,496,855	**14,274,295**

8. Finance expense

	Group	
	2022 **$**	**2021** **$**
Interest expenses:		
– Bank borrowings	1,012,536	975,807
– Lease liabilities	125,450	152,675
– Convertible loans	-	647,389
	1,137,986	**1,775,871**

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

9. Income tax credit

	Group	
	2022 **$**	**2021** **$**
Tax credit attributable to loss is made up of:		
Deferred income tax (Note 22)	**1,080,734**	**20,697**

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2022 **$**	**2021** **$**
Loss before tax	(31,929,068)	(24,881,103)
Tax calculated at tax rate of 17% (2021: 17%)	(5,427,942)	(4,229,787)
- Different tax rates in other countries	(652,554)	(680,816)
- Expenses not deductible for tax purposes	1,289,801	1,343,588
- Tax incentives	(15,000)	(15,000)
- Change in unrecognised temporary differences	3,801,010	3,831,419
- Utilisation of unrecognised tax losses	(76,049)	(270,101)
	(1,080,734)	**(20,697)**

10. Cash and cash equivalents

	Group		Company	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Cash at bank and on hand	6,156,817	23,480,750	2,374,881	12,988,307
Short-term bank deposits	5,012,845	5,001,261	-	-
	11,169,662	**28,482,011**	**2,374,881**	**12,988,307**

Included in the Group's cash and cash equivalents are amounts of $7,248,188 (2021: $11,767,719) which are restricted to the use in a subsidiary corporation, Barramundi Group (B) Sdn. Bhd. Subsequent to the financial year ended 31 December 2022, $4,300,000 has been made available for use by the Group (Note 30).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

11. Trade and other receivables

	Group		Company	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Current				
Trade receivables:				
- Non-related parties	4,842,956	4,188,524	1,349,901	1,565,598
- Subsidiary corporations	-	-	3,252,609	1,785,433
	4,842,956	4,188,524	4,602,510	3,351,031
Less: Loss allowance	(35,501)	(28,910)	(2,980,765)	(28,910)
	4,807,455	4,159,614	1,621,745	3,322,121
Other receivables:				
- Non-related parties	967,102	926,550	95,421	178,028
- Subsidiary corporations	-	-	57,738,003	45,460,030
	967,102	926,550	57,833,424	45,638,058
Less: Loss allowance	(28,667)	(30,875)	(36,013,375)	(1,276,473)
	938,435	895,675	21,820,049	44,361,585
Advances to customers	21,735	47,833	-	-
Deposits	679,216	608,796	363,132	360,022
Prepayments	414,804	1,489,056	177,446	1,262,596
	6,861,645	7,200,974	23,982,372	49,306,324
Non-current				
Other receivables – subsidiary corporation	-	-	-	8,671,967

Trade and other receivables to subsidiary corporations of the Group are unsecured, interest-free and repayable on demand.

The loan to the subsidiary corporation, Marine Produce Australia Pty Ltd ("MPA"), amounting to $8,671,967 (2021: $8,671,967) is unsecured and repayable in full by 14 September 2023. Interest is fixed at 10% (2021: 10%). During the financial year, the Company provide a loss allowance of $8,671,967 as the management is of the opinion that the credit risk has increased significantly since its initial recognition as a result of MPA's financial and operational performance as disclosed elsewhere in the financial statements. MPA has also filed for voluntary administration subsequent to the financial year-end and therefore the amount is unlikely to be collectible.

Included in other receivables of $17,999,000 is an amount due from a subsidiary corporation, Barramundi Group (B) Sdn. Bhd.. Subsequent to the financial year ended 31 December 2022, the entire sum of $17,999,000 has been converted to ordinary shares in the capital of Barramundi Group (B) Sdn. Bhd. (Note 30(c)).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

12. Inventories

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Finished goods	7,146,623	2,736,309	1,325,307	420,050
Feed and medication	781,969	775,272	241,573	270,075
	7,928,592	**3,511,581**	**1,566,880**	**690,125**

The cost of inventories recognised as an expense and included in "raw materials and consumables" amounted to $21,516,244 (2021: $17,118,180).

There is no write down of inventories during the financial years ended 31 December 2022 and 2021.

13. Biological assets

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Mature fish at sea at fair value	13,003,024	19,186,202	28,800	4,815,512
Immature fish at sea at cost	1,046,784	620,793	351,893	190,942
Immature fish in nursery at cost	267,524	41,496	55,946	41,496
Broodstock	511,944	619,722	-	-
	14,829,276	**20,468,213**	**436,639**	**5,047,950**

Biological assets are presented in the Balance Sheet as follows:

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Current	13,708,037	19,384,330	380,693	4,815,512
Non-current	1,121,239	1,083,883	55,946	232,438
Total	**14,829,276**	**20,468,213**	**436,639**	**5,047,950**

13. Biological assets *(Continued)*

Reconciliation of carrying amounts of biological assets

	Group		Company	
	2022 $	**2021 $**	**2022 $**	**2021 $**
2021				
At the beginning of the year	20,468,213	22,932,604	5,047,950	7,304,673
Fish mortalities	(3,612,715)	(2,947,929)	(1,639,125)	(1,716,101)
Cost to stock	23,433,791	13,075,255	3,880,534	2,837,568
Cost of fish harvested	(15,855,866)	(8,609,453)	(3,342,068)	(1,445,547)
Fair value adjustment on biological assets	(8,572,937)	(3,905,825)	(3,510,652)	(1,932,643)
Exchange rate movement	(1,031,210)	(76,439)	-	-
At the end of the year	**14,829,276**	**20,468,213**	**436,639**	**5,047,950**

At 31 December 2022, the Group and the Company held 1,537,079kg and 18,885kg (2021: 2,106,080kg and 380,851kg) of fish in cages at sea respectively.

In the previous financial year, there was a viral outbreak at the Singapore farm which resulted in elevated mortalities at sea at the end of previous financial year. Write down of incident-based mortalities is accounted for in the period when incidents occurred. The written down value was determined using interpolation method which requires estimates and assumptions made by the management. The amount disclosed is net of write down of incidental based mortalities.

Broodstock

	Group	
	2022 $	**2021 $**
Cost		
Beginning and end of financial year	970,000	970,000-
Accumulated depreciation		
Beginning of financial year	350,278	242,500
Depreciation charge	107,778	107,778
End of financial year	458,056	350,278
Net book value		
End of financial year	**511,944**	**619,722**

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

14. Investments in subsidiary corporations

	Company	
	2022 **$**	**2021** **$**
Equity investments at cost		
Beginning of financial year	37,903,544	36,923,544
Addition	-	980,000
Impairment	(30,399,725)	-
End of financial year	**7,503,819**	**37,903,544**

2021

On 5 July 2021, the Group's subsidiary corporation, Fassler Gourmet Pte Ltd allotted and issued 20,408,163 ordinary shares of which the Company subscribed to 10,000,000 ordinary shares for a cash consideration of $980,000 and an affiliated company subscribed to the remaining 10,408,163 of ordinary shares for a cash consideration of $1,020,000. There is no change in Group's percentage of ownership in Fassler.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

14. Investments in subsidiary corporations *(Continued)*

The Group has the following subsidiary corporations as at 31 December 2022 and 2021:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Held by the Company								
UVAXX Pte. Ltd.(1)	Development and sale of vaccines for fish	Singapore	100	100	100	100	-	-
Marine Produce Australia Pty Ltd (2)	Ocean farming of finfish	Australia	100	100	100	100	-	-
Barramundi Asia (Shanghai) Co Ltd. (4)	Import and trading of fish	China	100	100	100	100	-	-
Barramundi Group (Brunei) Sdn. Bhd. (3)	Ocean farming of finfish	Brunei	99	99	99	99	-	-
Fassler Gourmet Pte Ltd ("Fassler") (1) (5)	Processing and supply of fresh and frozen food	Singapore	49	49	49	49	51	51
Allegro Aqua Pte. Ltd. (1)	Farming of seabass and general trade	Singapore	100	100	100	100	-	-
Held by UVAXX Pte. Ltd.								
UVAXX Australia Pty Ltd (6)	Development and sale of vaccines for fish	Australia	100	-	100	-	-	-
Held by Marine Produce Australia Pty Ltd								
MPA Fish Farms Pty Ltd (2)	Ocean farming of finfish	Australia	100	100	100	100	-	-
MPA Marketing Pty Ltd (2)	Sale and distribution of ocean farmed finfish	Australia	100	100	100	100	-	-

(1) Audited by CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), Singapore.
(2) Audited by KPMG LLP Australia. On 10 January 2023, shareholders approved the sale of a 75 per cent stake in Marine Produce Australia Pty Ltd ("MPA"), to Wild Ocean Australia Pty Ltd ("WOA"). The share sale agreement ("SSA") and shareholder agreements were signed on 28 February 2023. As the SSA had yet to be finalised due to a lack of funding, MPA filed for voluntary administration on 24 May 2023, so that other options could be explored to restructure and recapitalise the business. The SSA was terminated on 31 May 2023. (Note 30)
(3) Audited by KPMG Brunei.
(4) Reviewed by CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), Singapore for purposes of consolidation.
(5) Considered as subsidiary corporation of the Company as the directors of the Company assessed that the Group has the practical ability to direct the relevant activities of Fassler.
(6) Incorporated on 8 December 2021 and dormant during the financial year ended 31 December 2022

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

14. Investments in subsidiary corporations *(Continued)*

Impairment review of investment in subsidiaries

Management assessed for impairment whenever there is any objective evidence or indication that investment in subsidiary corporation may be impaired. Following is the assessment for respective subsidiary corporations:

a) The management performed an impairment test for the investment in Marine Produce Australia Pty Ltd and its subsidiary corporations ("MPA Group") as a result of MPA Group's financial and operational performance as disclosed elsewhere in the financial statements. MPA has also filed for voluntary administration subsequent to the financial year-end to restructure and recapitalise the business (Note 30). Accordingly, an impairment loss of $19,575,265 was recognised for the financial year ended 31 December 2022 to reduce the carrying amounts of these subsidiary corporations to their recoverable amounts, after considering the operations and financial condition of the MPA Group.

b) The management performed an impairment test for the investment in Barramundi Asia (Shanghai) Co Ltd. as the subsidiary corporation's operations have been significantly impacted by the COVID-19 pandemic which resulted in continued border closures, workplace closures and movement controls and the subsidiary corporation was not able to operate as usual. Therefore, the management decided to cease the operations in China (Note 30). An impairment loss of $194,460 was recognised for the financial year ended 31 December 2022.

c) Investment in Allegro Aqua Pte. Ltd. ("Allegro") was acquired in view of the skill and technical expertise owned by Allegro and synergies was expected to be achieved from integrating Allegro into the Group's business. However, the financial and operational performance of Allegro, as well as the expected synergy effect has not been achieved. Accordingly, management performed an impairment test and an impairment loss of $10,630,000 was recognised for the financial year ended 31 December 2022 to reduce the carrying amount of Allegro to its recoverable amount, after considering the operations and financial condition of Allegro.

Carrying amount of non-controlling interests

	2022 $	2021 $
Fassler Gourmet Pte Ltd	5,488,807	5,648,374

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

14. Investments in subsidiary corporations *(Continued)*

Summarised financial information of subsidiary with material non-controlling interests

Set out below are the summarised financial information for Fassler that has non-controlling interests ("NCI") that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet	2022 $	2021 $
Current		
Assets	13,524,413	13,765,809
Liabilities	(8,252,289)	(5,181,442)
Total current net assets	5,272,124	8,584,367
Non-current		
Assets	5,872,401	5,904,688
Liabilities	(1,194,736)	(4,226,390)
Total non-current net assets	4,677,665	1,678,298
Net assets	9,949,789	10,262,665
Accumulated NCI	5,488,807	5,648,374[1]

Summarised income statement	2022 $	2021 $
Revenue	13,800,434	11,642,869
(Loss)/profit before tax	(312,877)	1,198,154
Income tax expense	-	-
Total comprehensive (loss)/income for the year	(312,877)	1,198,154
Total comprehensive (loss)/income allocated to NCI	(159,567)	611,059

Summarised cash flows	2022 $	2021 $
Net cash (used in)/generated from operating activities	(2,419,159)	580,117
Net cash generated from investing activities	44,314	65,862
Net cash (used in)/generated from financing activities	(242,004)	820,262

(1) Included in the movement of the accumulated NCI for the financial year ended 31 December 2021 is the capital contribution by NCI of $1,020,000 for the increase in paid-up share capital in Fassler.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

15. Property, plant and equipment

	Leasehold improvements	Plant, equipment and boats	Nets, cages and moorings	Office and computer equipment	Motor vehicles	Leasehold land, sea and buildings	Leasehold property	Capital work in progress	Total
	$	$	$	$	$	$	$	$	$
Group									
2022									
Cost									
Beginning of financial year	1,792,175	34,670,216	2,895,934	423,612	485,677	2,970,581	5,800,000	2,958,322	51,996,517
Additions	153,647	409,537	182,693	36,496	727,341	766,786	29,400	5,298,726	7,604,626
Transfer from capital work in progress	108,447	1,627,189	2,592,652	34,805	-	-	-	(4,363,093)	-
Written off	(11,380)	(946,544)	(2,734,146)	(58,420)	-	(631,061)	-	-	(4,381,551)
Exchange differences	-	(1,686,050)	-	-	-	(156,708)	-	(22,080)	(1,864,838)
End of financial year	2,042,889	34,074,348	2,937,133	436,493	1,213,018	2,949,598	5,829,400	3,871,875	53,354,754
Accumulated depreciation and impairment									
Beginning of financial year	132,252	21,429,871	1,837,095	382,232	394,446	1,556,465	331,424	-	26,063,785
Depreciation charge	159,149	2,240,103	291,030	42,746	304,761	753,858	165,952	-	3,957,599
Written off	-	(736,823)	(1,959,208)	(55,777)	-	(499,726)	-	-	(3,251,534)
Exchange differences	-	(1,169,533)	-	-	-	(103,084)	-	-	(1,272,617)
End of financial year	291,401	21,763,618	168,917	369,201	699,207	1,707,513	497,376	-	25,497,233
Net book value									
End of financial year	**1,751,488**	**12,310,730**	**2,768,216**	**67,292**	**513,811**	**1,242,085**	**5,332,024**	**3,871,875**	**27,857,521**

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

15. Property, plant and equipment *(Continued)*

	Leasehold improvements	Plant, equipment and boats	Nets, cages and moorings	Office and computer equipment	Motor vehicles	Leasehold land, sea and buildings	Leasehold property	Capital work in progress	Total
	$	$	$	$	$	$	$	$	$
Group									
2021									
Cost									
Beginning of financial year	2,764,532	34,178,172	2,811,885	382,963	409,046	3,166,776	5,800,000	2,025,431	51,538,805
Additions	1,175,417	3,814,830	81,536	40,649	109,631	202,516	-	2,838,942	8,263,521
Transfer from capital work in progress	420,982	1,482,556	2,513	-	-	-	-	(1,906,051)	-
Written off	(2,568,756)	(4,644,504)	-	-	(33,000)	(386,755)	-	-	(7,633,015)
Exchange differences	-	(160,838)	-	-	-	(11,956)	-	-	(172,794)
End of financial year	1,792,175	34,670,216	2,895,934	423,612	485,677	2,970,581	5,800,000	2,958,322	51,996,517
Accumulated depreciation and impairment									
Beginning of financial year	774,341	22,359,048	1,656,875	357,509	385,411	923,874	165,714	-	26,622,772
Depreciation charge	312,878	2,445,633	180,220	24,723	37,635	706,464	165,710	-	3,873,263
Written off	(954,967)	(3,262,580)	-	-	(28,600)	(46,266)	-	-	(4,292,413)
Exchange differences	-	(112,230)	-	-	-	(27,607)	-	-	(139,837)
End of financial year	132,252	21,429,871	1,837,095	382,232	394,446	1,556,465	331,424	-	26,063,785
Net book value									
End of financial year	**1,659,923**	**13,240,345**	**1,058,839**	**41,380**	**91,231**	**1,414,116**	**5,468,576**	**2,958,322**	**25,932,732**

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

15. Property, plant and equipment *(Continued)*

	Leasehold improvements	Plant, equipment and boats	Nets, cages and moorings	Office and computer equipment	Motor Vehicles	Leasehold land, sea and buildings	Capital work in progress	Total
	$	$	$	$	$	$	$	$
Company								
2022								
Cost								
Beginning of financial year	267,936	4,147,636	2,819,517	226,979	25,000	251,521	2,327,084	10,065,673
Additions	4,040	42,264	144,330	21,758	433,620	216,287	2,078,280	2,940,579
Written off	(11,380)	(881,030)	(2,734,146)	(54,575)	-	(271,304)	-	(3,952,435)
Transfer from capital work in progress	104,180	1,362,879	2,592,652	-	-	-	(4,059,711)	-
End of financial year	364,776	4,671,749	2,822,353	194,162	458,620	196,504	345,653	9,053,817
Accumulated depreciation								
Beginning of financial year	78,360	1,906,207	1,827,054	188,976	25,000	102,238	-	4,127,835
Depreciation charge	38,269	408,530	267,948	21,011	171,641	140,163	-	1,047,562
Written off	-	(710,132)	(1,959,208)	(51,932)	-	(157,598)	-	(2,878,870)
End of financial year	116,629	1,604,605	135,794	158,055	196,641	84,803	-	2,296,527
Net book value								
End of financial year	**248,147**	**3,067,144**	**2,686,559**	**36,107**	**261,979**	**111,701**	**345,653**	**6,757,290**

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

15. Property, plant and equipment *(Continued)*

	Leasehold improvements	Plant, equipment and boats	Nets, cages and moorings	Office and computer equipment	Motor Vehicles	Leasehold land, sea and buildings	Capital work in progress	Total
	$	$	$	$	$	$	$	$
Company								
2021								
Cost								
Beginning of financial year	2,764,532	7,684,664	2,811,884	188,572	58,000	148,215	1,318,290	14,974,157
Additions	51,685	176,091	5,120	38,407	-	119,782	1,963,167	2,354,252
Written off	(2,568,756)	(4,644,504)	-	-	(33,000)	(16,476)	-	(7,262,736)
Transfer from capital work in progress	20,475	931,385	2,513	-	-	-	(954,373)	-
End of financial year	267,936	4,147,636	2,819,517	226,979	25,000	251,521	2,327,084	10,065,673
Accumulated depreciation								
Beginning of financial year	774,342	4,426,709	1,656,875	170,485	49,438	39,135	-	7,116,984
Depreciation charge	258,985	742,078	170,179	18,491	4,162	79,579	-	1,273,474
Written off	(954,967)	(3,262,580)	-	-	(28,600)	(16,476)	-	(4,262,623)
End of financial year	78,360	1,906,207	1,827,054	188,976	25,000	102,238	-	4,127,835
Net book value								
End of financial year	**189,576**	**2,241,429**	**992,463**	**38,003**	**-**	**149,283**	**2,327,084**	**5,937,838**

(a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 16(a).

(b) The leasehold land and building, certain plant, equipment and boats and leasehold property are mortgaged and/or pledged to banks for borrowings granted to the Group (Note 19).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

16. Leases – The Group and Company as a lessee

Nature of the Group's leasing activities

Leasehold land, sea and buildings

The Group and the Company lease several assets including leasehold land, sea and buildings for the purpose of commercial farming and back office operations. The leases have varying terms and are renegotiated upon renewal.

Plant and equipment

The Group and the Company lease plant and equipment for the purpose of daily operation. The leases have varying terms and are renegotiated upon renewal.

(a) Carrying amounts

Right-of-use assets classified within property, plant and equipment

	Group		Company	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Leasehold land, sea and buildings	1,218,188	1,378,418	111,702	149,284
Plant equipment and boats	385,771	764,144	32,727	76,364
Motor vehicle	420,603	27,115	261,979	-
	2,024,562	2,169,677	406,408	225,648

(b) Depreciation charge during the year

	Group		Company	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Leasehold land, sea and buildings	753,858	706,464	140,163	79,579
Plant equipment and boats	344,566	414,860	43,637	43,637
Motor vehicle	280,353	24,849	171,641	-
	1,378,777	1,146,173	355,441	123,216

(c) Interest expense

	Group		Company	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Interest expense on lease liabilities	125,450	152,675	12,431	6,356

16. Leases – The Group and Company as a lessee *(Continued)*

(d) Lease expense not capitalised in lease liabilities

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Lease expenses-short-term leases	140,183	90,842	103,858	78,615

(e) Total cash outflow for all the leases in 2022 was $1,312,310 (2021: $1,423,335)

(f) Addition of ROU assets during the financial year 2022 was $1,440,627(2021: $230,278)

(g) Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases for certain leasehold land, sea and buildings contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

17. Intangible assets

	Protocol asset $	Club membership $	Goodwill $	Trademark $	Total $
Group					
2022					
Cost					
Beginning and end of financial year	600,000	15,300	8,726,194	6,104,904	15,446,398
Accumulated amortisation and impairment					
Beginning of financial year	278,574	-	2,500,000	1,492,441	4,271,015
Amortisation charge	85,714	-	-	478,586	564,300
Impairment	-	-	6,226,194	2,819,092	9,045,286
End of financial year	364,288	-	8,726,194	4,790,119	13,880,601
Carrying amounts					
End of financial year	**235,712**	**15,300**	**-**	**1,314,785**	**1,565,797**

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

17. Intangible assets *(Continued)*

	Protocol asset	Club membership	Goodwill	Trademark	Total
	$	$	$	$	$
Group					
2021					
Cost					
Beginning and end of financial year	600,000	15,300	8,726,194	6,104,904	15,446,398
Accumulated amortisation and impairment					
Beginning of financial year	192,860	-	-	1,013,855	1,206,715
Amortisation charge	85,714	-	-	478,586	564,300
Impairment	-	-	2,500,000	-	2,500,000
End of financial year	278,574	-	2,500,000	1,492,441	4,271,015
Carrying amounts					
End of financial year	**321,426**	**15,300**	**6,226,194**	**4,612,463**	**11,175,383**

	Club membership
	$
Company	
2022 and 2021	
Cost	
Beginning and end of financial year	15,300

The useful life of the club membership is indefinite.

Goodwill arising from consolidation

(a) Allocation of goodwill

Goodwill of $2,240,496 and $6,485,698 belongs to cash generating units ("CGUs") of Marine Produce Australia Pty Ltd and its subsidiary corporations and Allegro Aqua Pte. Ltd. respectively.

17. Intangible assets *(Continued)*

Goodwill arising from consolidation *(Continued)*

(b) Impairment test for goodwill

In assessing whether an impairment is required for goodwill, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount of the CGU was determined based on value-in-use calculations.

(i) Goodwill attributable from Marine Produce Australia Pty Ltd and its subsidiary corporations

The management has adopted discounted cash flow approach to determine the value-in-use. The cash flow projection is based on budgets approved by management. Cash flows beyond the approved period were extrapolated using terminal growth rate of 0%. These cash flows were discounted using a pre-tax discount rate that reflected current market assessment of the time value of money and the risks specific to the CGU. The growth rate is based on past performance and expectations on market development.

Key assumptions used in value-in-used calculations:

	Group	
	2022 %	**2021 %**
Growth rate[1]	2% to 25%	0% to 25%
Discount rate[2]	14.4%	10.0%

(ii) Goodwill attributable from Allegro Aqua Pte. Ltd.

As disclosed elsewhere in these financial statements, the Company has encountered an incident-based mortality at the Singapore farm (viral outbreak) towards the end of previous financial year and in the current financial year. As a result, the management has adopted expected cash flow approach (probability-weighted average cash flows projections) to determine the value-in-use due to the significantly higher degree of estimation uncertainty and wider range of possible cash flow projections arising from the impact of the viral outbreak. Management believes that the probability-weighted scenarios present a reasonable assessment of the future outcomes, taking into account for a more comprehensive outlook for the recovery of the Company's production from this incident.

In determining the cashflow projection, the management has applied differing factors to accommodate the possible expectation on the Company's recovery from this incident. The factors include, but are not limited to, the extent of the incident on the CGU, rate of recovery from the incident, as well as probability of success in vaccine trials. However, subsequent to the financial year ended 31 December 2022, the vaccine trials had proven to be inconclusive after 2 batches at St. John's Island.

The cash flow projection is based on budgets approved by management. Cash flows beyond the approved period were extrapolated using terminal growth rate of 0%. These cash flows were discounted using a pre-tax discount rate that reflected current market assessment of the time value of money and the risks specific to the CGU. The growth rate is based on past performance and expectations on market development after adjusting for the effect of the above-mentioned incident on the Company

(1) Revenue growth rate used for extrapolation of future revenue
(2) Pre-tax discount rate applied to the pre-tax cash flows projections

17. Intangible assets *(Continued)*

(b) Impairment test for goodwill (continued)

(ii) Goodwill attributable from Allegro Aqua Pte. Ltd.

Key assumptions used in value-in-used calculations:

	Group	
	2022 %	**2021 %**
Growth rate[1]	0% to 6%	-100% to 100%
Discount rate[2]	10.0%	10.0%

Under the fair value hierarchy, level 3 inputs were used.

(c) Impairment loss on goodwill

During the current financial year, the Group recognised an impairment loss on goodwill attributable from Marine Produce Australia Pty Ltd and its subsidiary corporations and Allegro Aqua Pte Ltd amounting to $2,240,496 (2021: $Nil) and $3,985,698 (2021: $2,500,000) respectively.

(d) Impairment loss on trademark

The management performed an impairment test for the trademark by Marine Produce Australia Pty Ltd with the brand Cone Bay. An impairment loss of $2,819,092 was recognised for the financial year ended 31 December 2022 to write down the trademark to its recoverable amount, after taking into account the operation and financial conditions of the subsidiary corporations associated with this trademark.

(1) Revenue growth rate used for extrapolation of future revenue
(2) Pre-tax discount rate applied to the pre-tax cash flows projections

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

18. Trade and other payables

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Trade payables				
– Non-related parties	6,059,344	5,625,869	451,641	1,751,446
– Subsidiary corporations	-	-	2,338,279	1,722,585
	6,059,344	5,625,869	2,789,920	3,474,031
Other payables				
– Non-related parties	247,470	887,337	10,298	10,298
– Subsidiary corporations	-	-	1,737,525	1,737,525
Advances	394,672	44,904	-	-
Accruals	1,232,094	2,804,441	599,434	1,144,129
	7,933,580	**9,362,551**	**5,137,177**	**6,365,983**

Trade payables are normally settled on 30 to 90 days terms. Trade and other payables due to subsidiary corporations are unsecured and interest-free.

The carrying amounts of trade and other payables approximate their fair values.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

19. Borrowings

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Non-current liabilities:				
Secured bank loans	14,885,468	21,526,615	8,472,852	16,564,161
Lease liabilities	992,847	920,981	31,049	81,400
	15,878,315	22,447,596	8,503,901	16,645,561
Current liabilities:				
Secured bank loans	15,627,519	5,417,943	11,834,597	420,000
Lease liabilities	835,043	1,212,478	374,268	136,512
	16,462,562	6,630,421	12,208,865	556,512
	32,340,877	**29,078,017**	**20,712,766**	**17,202,073**

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

				2022		2021	
Group	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Secured bank loans	SGD	ABS SIBOR + 2%	2025	5,000,000	3,068,731	5,000,000	5,000,000
Secured bank loans	SGD	ABS SIBOR + 3.5%	2025	5,000,000	3,690,059	5,000,000	4,540,768
Secured bank loans	SGD	ABS SIBOR + 3.5%	2027	5,000,000	5,000,000	-	-
Secured bank loans	SGD	ABS SIBOR + 1.75%	2023	4,000,000	2,985,000	4,000,000	3,405,000
Money Market Line	SGD	Floating rate	-	1,000,000	1,000,000	1,000,000	1,000,000
Third party loan	SGD	5%/4%	2024	2,000,000	2,000,000	2,000,000	2,000,000
Factoring facility	SGD	ABS SIBOR + 3%	-	3,000,000	2,293,660	3,000,000	443,393
Secured bank loans	SGD	3.00%	2026	2,000,000	1,606,669	2,000,000	2,000,000
Secured bank loans	AUD	BBSY + 3.55%	2027	4,600,000	3,929,809	4,033,489	3,958,345
Factoring facility	AUD	5.38%	2021	3,000,000	1,290,449	3,000,000	378,369
Equipment financing	AUD	4.41–5.51%	2024	6,622,763	3,146,678	4,777,928	4,218,683

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

19. Borrowings *(Continued)*

Terms and debt repayment schedule *(Continued)*

	Currency	Nominal interest rate	Year of maturity	2022 Face value	2022 Carrying amount	2021 Face value	2021 Carrying amount
Company							
Secured bank loans	SGD	ABS SIBOR + 2%	2025	5,000,000	3,068,731	5,000,000	5,000,000
Secured bank loans	SGD	ABS SIBOR + 3.5%	2025	5,000,000	3,690,059	5,000,000	4,540,768
Secured bank loans	SGD	ABS SIBOR + 3.5%	2027	5,000,000	5,000,000	-	-
Secured bank loans	SGD	ABS SIBOR + 1.75%	2023	4,000,000	2,985,000	4,000,000	4,000,000
Money Market Line	SGD	Floating rate	-	1,000,000	1,000,000	1,000,000	1,000,000
Third party loan	SGD	5%/4%	2023/2022	2,000,000	2,000,000	2,000,000	2,000,000
Factoring facility	SGD	ABS SIBOR + 3%	-	3,000,000	2,293,660	3,000,000	443,393

a) The secured bank loans of the Group are secured over the following:

- the fixed deposit (Note 10), new debentures over the Company's fixed and floating assets and new assignment of all the Company's rights, title, benefits and interest in connection with any insurance policies (including but not limited to the Company's commercial aquaculture stock) with respect to the Company's assets;
- new debentures over a subsidiary corporation's fixed and floating assets and new assignment of all the subsidiary corporation's rights, title, benefits and interest in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the subsidiary corporation's leasehold property;
- first all-monies legal mortgage over the leasehold property (Note 15);
- corporate guarantees from the Company;
- all the issued shares (present and future) in a subsidiary corporation incorporated in Singapore held by the Company; and
- a subsidiary corporation's all present and after-acquired property and a mortgage over the aquaculture license.

b) One of the Group's loan agreements is subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The Company did not fulfil the interest coverage ratio as required in the contract for a term loan of $4,000,000. The interest coverage is calculated as EBITDA divided by interest. EBITDA is defined as total profit before interest, tax, depreciation and amortisation.

Accordingly, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $2,985,000. However, subsequent to the financial year ended 31 December 2022, the Group has obtained approval of waiver in- principal for interest coverage ratio breach as of the date of these financial statements are authorised for issue.

c) One of the secured bank loans will expire on 31 July 2023. The outstanding balance was presented as a current liability as at 31 December 2022. Management has commenced negotiation of refinancing of the loan agreement with the bank. As of the date these financial statements, the negotiation of repayment period and terms are still in progress (Note 30).

19. Borrowings *(Continued)*

d) Third party loan of $2,000,000 expired on 31 December 2022. Subsequent to the financial year end, the lender agreed and extended the repayment period for another 12 months from 1 January 2023. Following this revised agreement, the third party loan will expire on 31 December 2023.

e) As disclosed in Note 3.1 and Note 30 to the financial statements, subsequent to the financial year ended 31 December 2022, one of the subsidiary corporations, Marine Produce Australia Pty Ltd ("MPA") filed for voluntary administration. The outstanding loans owed by MPA amounted to $8,366,936 as at 31 December 2022. As the bank is the secured creditor to MPA, the bank has enforcement rights over MPA. As at the date of these financial statements, the bank has not requested for repayment of the outstanding loans.

f) As disclosed in Note 3.1, in light of the developments at MPA, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $20,889,119. The management has proactively taken steps to inform and discuss with the banks on the next course of action. As at the date of these financial statements, the bank has not requested for repayment of the outstanding loans. In addition, as at date of these financial statements, the Group and the Company has not received any notice of event of default and/or early repayment of the loan from the banks

In addition, as at date of these financial statements, the Group and the Company has not received any notice of event of default and/or early repayment of the loan from the banks.

Convertible loans

2021

During the financial year, loans of $12,455,726 and $9,117,075 were issued in February 2021 and May 2021 and will mature in August 2021.

The loans are unsecured and the principal and accrued interest are convertible, at the option of the lenders, into ordinary shares of the Company 7 days before any loan redemption period or at the maturity of the loans at a 20% discount of the latest fundraise. Convertible loans with interest of 10% per annum are payable quarterly in arrears and certain convertible loans are interest-free.

The convertible loans are regarded as derivative financial liabilities as they do not meet the "fixed-for-fixed" criterion.

On 28 May 2021 and 6 August 2021, a total of $1,795,000 convertible loans were redeemed. The remaining amounts of $29,161,453 were converted to ordinary shares as disclosed in Note 23 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

20. Deferred capital grants

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Beginning of financial year	4,984,963	5,372,248	4,839,069	5,173,720
Grants received	1,800,360	-	1,800,360	-
Amortisation of deferred capital grants	(429,409)	(387,285)	(377,126)	(334,651)
End of financial year	**6,355,914**	**4,984,963**	**6,262,303**	**4,839,069**

Deferred capital grants relate to government grants received for the acquisition of plant and equipment to promote productivity and innovation. There are no unfulfilled conditions or contingencies attached to these grants.

Deferred capital grants are presented in the Balance Sheet as follows:

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Current	127,924	127,924	75,290	75,290
Non-current	6,227,990	4,857,039	6,187,013	4,763,779
Total	**6,355,914**	**4,984,963**	**6,262,303**	**4,839,069**

21. Provisions

Provision for reinstatement costs relates to the estimated costs of reinstating leased premises to its original condition upon vacating the premises at the end of the lease term.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

22. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2022 $	2021 $
Deferred tax assets	(2,040,548)	(2,090,984)
Deferred tax liabilities	2,292,840	3,424,010
Net deferred tax liabilities	252,292	1,333,026

Movement in deferred tax balances

	Property, plant and equipment	Intangible assets	Inventory	Employee benefits	Unutilised tax losses	Other items	Net deferred tax (assets)/ liabilities
	$	$	$	$	$	$	$
Group							
At 1 January 2022	194,608	1,341,520	1,936,188	(108,686)	(972,939)	(1,057,665)	1,333,026
Recognised in profit or loss	76,764	(1,080,733)	2,118,901	(125,540)	(1,067,503)	(1,002,623)	(1,080,734)
Exchange differences	(6,787)	-	(136,897)	8,015	68,869	66,800	-
At 31 December 2022	264,585	260,787	3,918,192	(226,211)	(1,971,573)	(1,993,488)	252,292
At 1 January 2021	(113,545)	1,362,216	2,351,825	(179,394)	(1,073,466)	(993,913)	1,353,723
Recognised in profit or loss	335,710	(20,696)	(452,806)	77,031	109,517	(69,453)	(20,697)
Exchange differences	(27,557)	-	37,169	(6,323)	(8,990)	5,701	-
At 31 December 2021	194,608	1,341,520	1,936,188	(108,686)	(972,939)	(1,057,665)	1,333,026

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

22. Deferred income taxes *(Continued)*

Unrecognised temporary differences

	Group		Company	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Unabsorbed allowances carried forward	1,870,466	1,870,466	1,870,466	1,870,466
Unutilised tax losses	93,193,103	79,256,492	66,102,897	57,981,029
Total unrecognised temporary differences	95,063,569	81,126,958	67,973,363	59,851,495

No deferred tax assets have been recognised in respect of these items because it is uncertain that future taxable profits will be available to utilise the benefits.

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The unrecognised tax losses and capital allowances at the balance sheet date can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry date. The capital allowances will expire between 2021 and 2022.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

23. Share capital

	2022 Number of shares	2021 Number of shares	2022 $	2021 $
Group and Company				
Issued and paid up capital				
Ordinary shares	40,369,983	40,369,983	153,913,373	153,913,373

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The following table shows a reconciliation from the beginning balances to the ending balances for share capital:

	2022 Number of shares	2021 Number of shares	2022 $	2021 $
Group and Company				
Fully paid ordinary shares				
At the beginning of the year	40,369,983	241,038,420	153,913,373	105,154,252
Shares consolidation[(a)]	-	(224,969,207)	-	-
Expiry of warrants[(b)]	-	-	-	1,570,482
Issued of new shares pursuant to the placement[(c)]	-	8,100,000	-	18,027,186
Issuance of new shares pursuant to the conversion of convertible loan[(d)]	-	16,200,770	-	29,161,453
At the end of the year	**40,369,983**	**40,369,983**	**153,913,373**	**153,913,373**

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The newly issued shares rank pari passu in all aspects with the previously issued shares.

(a) On 5 April 2021, the Company completed a shares consolidation of every fifteen existing ordinary shares in the capital of the Company into one ordinary share.
(b) The warrants expired during the financial year ended 31 December 2021.
(c) On 6 August 2021, 8,100,000 ordinary shares were newly issued at NOK14,70 (equivalent to $2.25), resulting in the Company raising gross proceeds of NOK119,070,000 (equivalent to $18,027,186).
(d) As described in Note 19 to the financial statements, on 6 August 2021, the remaining amounts of unredeemed convertible loans were converted to 16,200,770 number of ordinary shares at a conversion price of 20% discount of NOK14.70 (equivalent to $2.25).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

24. Other reserves

Composition:

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Equity reserve (Note (a))	(741,536)	(741,461)	(754,421)	(754,421)
Employee share option reserve (Note (b))	1,825,445	2,286,047	1,825,445	2,286,047
Currency translation reserve	1,214,970	(751,509)	-	-
Capital reserve (Note(c))	(3,592,563)	(3,592,563)	-	-
	(1,293,684)	**(2,799,486)**	**1,071,024**	**1,531,626**

(a) Equity reserve

The amount relates to:

- the equity component of convertible loans received in previous years that have been converted to paid-up ordinary shares; and
- warrants issued in 2018 and which expired in 2021.

Reconciliation of outstanding warrants

The number and weighted-average exercise prices of warrants are as follows:

	Weighted average exercise price 2022	Number of options 2022	Weighted average exercise price 2021	Number of options 2021
Outstanding at the beginning of the financial year	-	-	$0.55	31,409,633
Expired	-	-	$0.55	(31,409,633)
Outstanding at the end of the financial year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Under the terms of the issuance of warrants in 2018, holders of the warrants are entitled to purchase shares at $0.55 per share, at any time within a period of 3 years from the issue of the warrants. The fair value of the warrants has been measured using the residual method. All warrants are held by shareholders of the Company.

In the previous financial year, $31,409,633 warrants expired. The fair value of the share warrants of $1,570,482 were reversed and this was presented as a component within shareholder's equity.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

24. Other reserves *(Continued)*

(b) Employee share option reserve

	Group and Company	
	2022 **$**	**2021** **$**
Beginning of financial year	2,286,047	1,876,054
Vested during the year	182,047	498,314
Cancelled during the year	(642,649)	(88,321)
End of financial year	1,825,445	2,286,047

(c) Capital reserve

Capital reserve represents excess of deemed consideration received by equity owners of the Company resulting from deemed disposal of interests in a subsidiary corporation.

25. Commitments

Capital commitments

	Group and Company	
	2022 **$**	**2021** **$**
Acquisition of property, plant and equipment	156,772	873,514

26. Related party transactions

(a) Sales and purchases of goods and services

	Company	
	2022 **$**	**2021** **$**
Management fee to former ultimate holding corporation	-	125,000

The Company's former ultimate holding corporation was Commonwealth Harvests Pte. Ltd. Subsequent to the listing of the Company on 12 August 2021, Commonwealth Harvests Pte. Ltd. ceased to be the ultimate holding corporation of the Company and he Group respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

26. Related party transactions *(Continued)*

(b) Key management personnel compensation

	Group	
	2022 **$**	**2021** **$**
Salaries and bonuses	1,067,367	1,214,972
Employer's contribution to Central Provident Fund	15,900	9,250
Share-based payments	-	37,389
	1,083,267	1,261,611

27.Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes the establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

Financial risk management is carried out by the Group's finance department in accordance with the policies set. The financial personnel identifies and evaluates financial risks in close co-operation with the Group's operating units. The financial personnel measures actual exposures against the limits set and prepares daily reports for review by the Chief Financial Officer. Regular reports are also submitted to the Board of Directors.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

27. Financial Risk Management *(Continued)*

Financial risk factors (Continued)

(a) Market risk

(i) Currency risk

The Group operates in Asia and Oceania with dominant operations in Singapore, China, Brunei and Australia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises when transactions are denominated in foreign currencies other than functional currency

As at each reporting date, the carrying amounts of significant monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	USD $	AUD $	Total $
Group			
2022			
Financial assets			
Cash and bank balances	129,363	40,993	170,356
Trade and other receivables	394,910	618,455	1,013,365
	524,273	659,448	1,183,721
Financial liabilities			
Trade and other payables	(1,044,149)	(1,080,482)	(2,124,631)
Currency exposure of net financial (liabilities) / assets	**(519,876)**	**(421,034)**	**(940,910)**
2021			
Financial assets			
Cash and bank balances	1,670,955	44,112	1,715,067
Trade and other receivables	784,002	-	784,002
	2,454,957	44,112	2,499,069
Financial liabilities			
Trade and other payables	(1,382,113)	-	(1,382,113)
Currency exposure of net financial (liabilities) / assets	**1,072,844**	**44,112**	**1,116,956**

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

27. Financial risk management *(Continued)*

Financial risk factors (Continued)

(a) Market risk *(Continued)*

(i) Currency risk (Continued)

	USD $	AUD $	Total $
Company			
2022			
Financial assets			
Cash and bank balances	36,128	9,564	45,692
Trade and other receivables	394,910	38,276,798	38,671,708
	431,038	38,286,362	38,717,400
Financial liabilities			
Trade and other payables	(829,416)	(1,066,950)	(1,896,366)
Currency exposure of net financial (liabilities) / assets	**(398,378)**	**37,219,412**	**36,812,034**
2021			
Financial assets			
Cash and bank balances	37,415	10,300	47,715
Trade and other receivables	784,002	32,971,148	33,755,150
	821,417	32,981,448	33,802,865
Financial liabilities			
Trade and other payables	(1,781,637)	-	(1,781,637)
Currency exposure of net financial (liabilities) / assets	**(960,220)**	**32,981,448**	**32,021,228**

27. Financial risk management *(Continued)*

Financial risk factors (Continued)

(a) Market risk *(Continued)*

(i) Currency risk (Continued)

A 5% (2021: 5%) strengthening of SGD against the following currencies at balance sheet date would decrease/(increase) the (loss)/profit after income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

	Group	
	2022 **$**	**2021** **$**
USD	21,575	(44,523)
AUD	17,473	(1,831)

	Company	
	2022 **$**	**2021** **$**
USD	16,533	39,849
AUD	1,544,606	1,368,730

(ii) Equity price risk

The Group does not have exposure to equity price risk as it does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's policy is to maintain 80 – 90% of its borrowings in fixed rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings. The Company's exposure to cash flow interest rate risks arises mainly from bank borrowings and deposits at fixed rates.

A 1% increase or decrease in interest rate at the reporting date of each interest bearing financial asset and liability, assuming that all other variables remain constant, would not have a material effect on the Group's results and equity.

27. Financial risk management *(Continued)*

Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk; and

- High credit quality counterparties of at least an 'A' rating by external credit rating companies.

The exposure to credit risks is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Cash and cash equivalents are measured at the 12-month expected credit losses and is subject to immaterial credit loss.

(i) Trade receivables

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit loss (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At each balance sheet date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

At each balance sheet date, an evaluation is made whether there is a significant change on credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the balance sheet date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. The Management considers a financial asset as default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

During the financial year ended 31 December 2022, the Group and the Company had respectively recognised a loss allowance of $6,591 and $2,951,855 (2021: $549 and $549) against trade receivables. The management has identified a group of debtors to be credit impaired as these customers experienced significant financial difficulties. Hence, management has assessed the recoverability of the outstanding balances separately.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

27. Financial risk management *(Continued)*

Financial risk factors (Continued)

(b) Credit risk *(Continued)*

(ii) Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of other receivables, i.e. non-trade amount due from non related parties, subsidiary corporations and deposits.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets. For the purpose of impairment assessment, impairment loss is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL. Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the group, and a failure to make contractual payments.

The Company held non-trade receivables from its subsidiary corporations amounted to $57,738,003 (2021: $54,131,997). These balances are amounts funded to subsidiaries as working capital. The Company used general approach for assessment of ECLs for these receivables. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, impairment on these balances has been measured on the lifetime ECL basis. As at 31 December 2022, the Company had recognised a loss allowance of $36,013,375 (2021: $1,276,473) against non-trade receivables from its subsidiary corporations as these subsidiary corporations filed for voluntary administration and ceased their operation subsequent to the financial year ended 31 December 2022 (Note 30).

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

27. Financial risk management *(Continued)*

Financial risk factors (Continued)

(c) Liquidity risk

As disclosed in Note 3.1, the Board of Directors of the Company believes that the Group and the Company will be able to pay their debts as and when they fall due. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and the ability to close out market positions at a short notice and support from the Group's bankers. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. The Group also ensures the availability of funding through committed bank facilities.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years
Group	$	$	$
31 December 2022			
Trade and other payables	7,933,578	-	-
Lease liabilities	835,043	767,783	225,063
Borrowings	16,998,870	17,059,116	-
31 December 2021			
Trade and other payables	9,317,647	-	-
Lease liabilities	1,212,478	868,284	97,920
Borrowings	5,417,943	22,181,020	-
Company			
31 December 2022			
Trade and other payables	5,137,177	-	-
Lease liabilities	374,268	31,049	-
Borrowings	11,834,597	8,472,852	-
31 December 2021			
Trade and other payables	6,365,983	-	-
Lease liabilities	136,512	82,320	-
Borrowings	420,000	16,926,661	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

27. Financial risk management *(Continued)*

Financial risk factors (Continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure in order to finance its operations, support business growth and maximise shareholder value.

Management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risk associated with each class of capital. To maintain or adjust the capital structure, the Group may issue new shares, return capital to shareholders, make dividend payments, increase/decrease shareholders' loans or increase/reduce bank borrowings.

Management monitors capital based on gearing ratio and interest coverage ratio. The Group is also required under the terms of its major borrowing facilities to maintain a gearing ratio of not exceeding 1 time (2021: 1 time) and consolidated interest coverage ratio of at least 3 times (2021: 3 times).

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt. Interest coverage is calculated as EBITDA divided by interest. EBITDA is defined as total profit before interest, tax, depreciation and amortisation.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 2021, except for the breach of financial covenants for the financial year ended 31 December 2022 which was disclosed in Note 19 to the financial statements.

The Group's overall strategy remains unchanged from the previous financial year.

(e) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Financial assets, at amortised cost	17,594,768	34,146,096	26,179,807	69,704,002
Financial liabilities, at amortised cost	39,879,785	38,395,664	25,849,943	23,568,056

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

27. Financial risk management *(Continued)*

Fair value hierarchy

The table below analyses recurring non-financial assets and financial instruments carried at fair value, by the levels in the fair value hierarchy based on the inputs to valuations techniques. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Group	**$**	**$**	**$**	**$**
2022				
Non-financial assets				
Consumable biological assets	-	14,829,276	-	14,829,276
2021				
Non-financial assets				
Consumable biological assets	-	20,468,213	-	20,468,213
Company				
2022				
Non-financial assets				
Consumable biological assets	-	436,639	-	436,639
2021				
Non-financial assets				
Consumable biological assets	-	5,047,950	-	5,047,950

The following table summarises the quantitative information about the significant inputs used in Level 2 fair value measurements:

Type	Input
Consumable biological assets	Based on closing biomass at observable market prices less costs to sell. Observable market prices are based on historical selling prices. Consumable biological assets at the end of the financial period are valued based on historical selling price less costs to sell.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

28. Share-based payments

The Company has the following share-based payment arrangements:

Employee Share Option Scheme (Equity settled)

The Company has adopted a share option scheme for qualifying employees of the Group and the Company (the "2020 Scheme") on 30 September 2020. The scheme is administered by the Board of Directors or its Committee. Options may be exercised during the exercise period applicable to those options and in accordance with a vesting schedule to be determined by the Board of Directors or its Committee on the date of the grant. If the options remain unexercised after exercised period, the options will lapse. Share options are forfeited/cancelled if the employee leaves the Group before the share options vest. Share options previously vested would be lapsed immediately if the employee leaves the Group, unless the Board of Directors or its Committee otherwise approved.

The details of the share options granted under the 2020 Scheme are as follows:

Grant date	Vesting period	Exercise period	Exercise price
24 May 2019	18/8/2021 to 1/5/2023	2/5/2023 to 1/5/2026	$2.25 (1)
18 June 2020	18/8/2021 to 1/5/2024	2/5/2024 to 1/5/2027	$2.25 (1)
18 August 2021	18/8/2021 to 1/5/2025	2/5/2025 to 1/5/2028	$2.25
1 May 2022	1/5/2022 to 1/5/2026	2/5/2026 to 1/5/2029	$1.45

Perpetual Call Option

The perpetual call option was approved and commenced on 1 January 2017. The option is administered by the Board. The options granted were vested on 1 January 2017 and may be exercised at any time without an expiry date.

Measurement of fair values

The fair values of the 2019, 2020, 2021 and 2022 Options and Perpetual Call Option have been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measure of the fair values at grant date of the Perpetual Call Option were as follows:

	Perpetual Call Option granted on 1 January 2017
Fair value at grant date	$0.19
Share price at grant date	$0.43
Exercise price	$0.28
Expected volatility (weighted-average)	27.7%
Expected life (weighted-average)	4 years
Expected dividend yield	0.0%
Risk-free interest rate (based on government bonds)	1.67%

(1) The vesting period, exercise period and exercise price were adjusted pursuant to the share consolidation exercise and initial public offering exercise.

28. Share-based payments *(Continued)*

Measurement of fair values *(Continued)*

The inputs used in the measure of the fair values at grant date of the 2019, 2020, 2021 and 2022 Options were as follows:

Grant date	1 May 2022	18 August 2021	18 June 2020	24 May 2019
Fair value at grant date	$0.11	$1.12	$0.25/$0.19	$0.14
Share price at grant date	$1.45	$2.25	$0.60	$0.60
Exercise price	$1.45	$2.25	$0.39/$0.50	$0.50
Expected volatility (weighted-average)	56.36%	49.11%	33.7%	23.4%
Expected life (weighted-average)	7 years	6-7 years	3 years	2 years
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate (based on government bonds)	2.76%	0.79%	0.50%	1.75%

Expected volatility has been based on an evaluation of historical volatility in the daily share price of comparable companies over the historical period commensurate with the expected term.

Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the Employee Share Option Scheme are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2022	2022	2021	2021
Outstanding at the beginning of the year	$2.25	989,999	$0.43	7,000,000
Forfeited during the year	$0.39/$2.25	(971,332)	$0.39/$2.25	(796,667)
Effect of share consolidation[1]	NA	-	NA	(5,879,667)
Granted during the year	$0.78	1,000,000	$2.25	666,333
Outstanding at the end of the year	$0.78/2.25	1,018,667	$2.25	989,999
Exercisable at the end of the year	NA	-	N/A	-

(1) The Company completed a 15:1 share consolidation exercise on 5 April 2021.

28. Share-based payments *(Continued)*

Reconciliation of outstanding call options

Details of the call options outstanding during the year are as follows:

	Weighted average exercise price 2021	Number of options 2021	Weighted average exercise price 2021	Number of options 2021
Outstanding at the beginning of the year	$4.20	466,667	$0.28	7,000,000
Effect of share consolidation[1]	NA	-	NA	(6,533,333)
Outstanding at the end of the year	$4.20	466,667	$4.20	466,667
Exercisable at the end of the year	$4.20	466,667	$4.20	466,667

29. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

(1) The Company completed a 15:1 share consolidation exercise on 5 April 2021.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

29. New or revised accounting standards and interpretations *(Continued)*

Amendments to SFRS(I) 1-12 Income Taxes:

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2022

30. Events occurring after balance sheet date

a) On 27 December 2022, the Company announced a strategic collaboration for the Group's Australian business. Subsequently, shareholders approved the sale of a 75 per cent stake in our Australian subsidiary, Marine Produce Australia Pty Ltd ("MPA"), to Wild Ocean Australia Pty Ltd ("WOA") on 10 January 2023. The share sale agreement ("SSA") and shareholder agreements were signed on 28 February 2023. As the SSA had yet to be finalised due to a lack of funding, MPA filed for voluntary administration on 24 May 2023, so that other options could be explored to restructure and recapitalise the business. The SSA was terminated on 31 May 2023. As of the date of these financial statements are authorised for issue, MPA has been put up for sale and recapitalisation. The management is of view that it is premature to determine the financial impact at this juncture.

b) One of the secured bank loans will expire on 31 July 2023. The outstanding balance of $2,740,000 was presented as a current liability as at 31 December 2022. Management has commenced negotiation to refinance the loan agreement with the bank. As of the date of these financial statements are authorised for issue, the negotiation of repayment period and terms is still in progress.

c) On 30 January 2023, the Group has approved the conversion of $5,999,000 of debt from Barramundi Group (B) Sdn Bhd into 5,999,000 new ordinary shares in the capital of Barramundi Group (B) Sdn Bhd. Subsequently, on 19 April 2023, the Group approved a further conversion of $12,000,000 of debt from Barramundi Group (B) Sdn Bhd into 12,000,000 new ordinary shares in the capital of Barramundi Group (B) Sdn Bhd.

d) On 19 April 2023, the Company's subsidiary corporation, Barramundi Group (B) Sdn Bhd agreed to loan $1,600,000 to the Company at an interest rate of 4% per annum over 3 years.

e) On 30 April 2023, the Company's subsidiary corporation, Barramundi Group (B) Sdn Bhd agreed to loan $200,000 to the Company at an interest rate of 4% per annum over 3 years.

f) On 30 May 2023, the Company's subsidiary corporation, Barramundi Group (B) Sdn Bhd agreed to make funds of $2,500,000 available to the Company of which $1,000,000 has been drawn down on 5 June 2023 at an interest rate of 4% per annum calculated daily on outstanding amount over 3 years.

g) Due to the COVID-19 pandemic which resulted in continued border closures, workplace closures and movement controls, the Company's subsidiary corporation in China, Barramundi Asia (Shanghai) Co Ltd was not able to operate as usual. Therefore, the management decided to cease its operations on 31 May 2023.

h) In Singapore, due to elevated mortalities which lasted through the first and third quarter of 2022, the Company harvested out the fish at Semakau farm and limited stocking to new grow-out site at St. John's Island. Vaccine trials had proven to be inconclusive after 2 batches at St. John's Island. In the interest of managing overheads, the management decided to terminate the trials on 31 May 2023, and glide down operations at sea and land nursery. Biomass at sea were also harvested and marketed.

31. Authorisation of financial statements

These financial statements for the financial year ended 31 December 2022 were authorised for issued in accordance with a resolution of Board of Directors of Barramundi Group Ltd. on 23 June 2023.

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Formerly Nexia TS

Independent Auditor's Report to the Members of Barramundi Group Ltd.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Barramundi Group Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 83.

We do not express an opinion on the accompanying consolidated financial statements of the Group or the balance sheet of the Company. Because of the significance of the matters described in the 'Basis for Disclaimer of Opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Appropriateness of the Going Concern Assumption

As disclosed in Note 3.1 to the financial statements, the Group incurred net loss before tax of $31,929,068 for the financial year ended 31 December 2022 and net cash used in operating activities of $14,140,557. Furthermore, the Group's and the Company's current borrowings exceed its non-restricted cash and bank balances by $12,541,088 and $9,833,984 respectively. In addition, certain events that have occurred during and after the financial year end, as disclosed in Notes 3.1 and 30 to the financial statements, may have significant financial and operational impact on the Group and the Company.

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the successful outcome of the measures and assumptions undertaken as disclosed in Note 3.1 to the financial statements which cannot be determined at present due to its inherent uncertainty.

At the date of this report, we are unable to obtain sufficient audit evidence regarding the use of the going concern assumption in the preparation of the financial statements. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

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Independent Auditor's Report to the Members of
Barramundi Group Ltd.
(continued)

Basis for Disclaimer of Opinion (continued)

Appropriateness of the Going Concern Assumption (continued)

Because of the significance of the uncertainties and potential adjustments arising from the matters described above, we are unable to express an opinion on the accompanying financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

CLA Global TS

CLA Global TS Public Accounting Corporation
(Formerly Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants

Singapore
23 June 2023