RafflesCo Limited

RafflesCo Limited
Annual Report 2021

Table of Contents Page

CORPORATE DIRECTORY

RafflesCo Limited

ACN 603 231 803
ABN 86 603 231 803

Registered and Corporate Office

Level 5
52 Phillip Street
Sydney NSW 2000

Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500

Auditors

K.S. Black & Co
Level 1
251 Elizabeth Street
Sydney NSW 2000

Telephone: +61 2 8839 3000

Lawyers

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Telephone: +61 2 9253 9999

Bankers

St George Bank Limited
Level 14, 182 George St
Sydney NSW 2000
Telephone: +61 2 9236 2230

Australia & New Zealand Banking Group Limited
Level 16, 20 Martin Place
Sydney NSW 2000
Telephone: +61 2 9216 2200

Directors

Vincent Tan
Luisa Tan
John Farey
Richard Yap

Joint Company Secretaries

Henry Kinstlinger
Mona Esapournoori

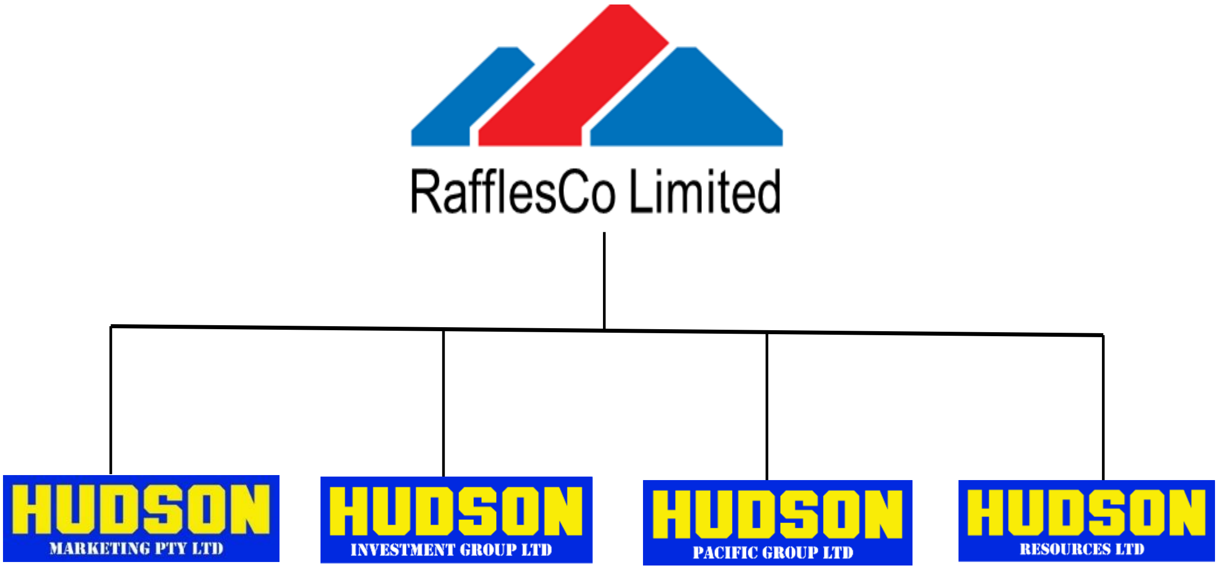
This financial report covers the Consolidated Entity consisting of RafflesCo Limited and its controlled entities.

RafflesCo Limited is a company limited by shares, incorporated and domiciled in Australia.

REVIEW OF OPERATIONS

December 2021

RafflesCo Limited (**RafflesCo**) is an investment company established in 2014, with an investment portfolio comprising shareholdings in an ASX listed company and various unlisted public companies. RafflesCo investment portfolio includes:



Hudson Marketing Pty Ltd
- 100% shareholding
- Industrial absorbent manufacturer and retailer

Hudson Investment Group Ltd
- 15.20% shareholding
- Industrial property portfolio in NSW (Warnervale) and QLD (Regent St and Bowen Hills)

Hudson Pacific Group Ltd
- 2.32% shareholding
- Car Park and Naming Rights located at 131 Macquarie Street Sydney

Hudson Resources Ltd
- 17.37% shareholding
- Attapulgite and Diatomaceous Earth Mining

HUDSON MARKETING PTY LTD

RafflesCo owns 100% of Hudson Marketing Pty Ltd (**HMPL**). HMPL is an Australian owned manufacturer that produces and distributes Attapulgite based products for various industrial and consumer applications and solutions including but not limited to mining & automotive, agricultural, horticultural and oil purification. Attapulgite is a multi-purpose, valuable industrial mineral from the Fuller's Earth group. It is known to be a unique industrial mineral due to its chemical structure, as it is light weight in nature, has high surface area and porosity.

HMPL operates a processing plant in Geraldton, Western Australia which has been in continuous operation since 1979 and supplies its products throughout Australia, New Zealand and the South East Asia Region. HMPL's processing facility in Geraldton is strategically positioned close to raw material source and the port of Geraldton.

HMPL owns and distributes all-natural cat litter brands such as Chandler® Original, Chandler® Soft and Fussy Cat® to leading supermarkets, pet stores and catteries.

Fussy Cat Pet Litter

Chandler Natural Cat Litter

Soft Chandler Natural Cat Litter

It also owns and distributes spill absorbent, SpillFIXER® for industrial, mining and automotive use and customises specialty industrial products and solutions for applications which include:

- High-performance filtration media for jet fuel refining (Jetfix) and oil clarification, and
- Carriers for crop nutrients and crop protectant products (Agrifix)

Processed Attapulgite – course grade

Processed Attapulgite – fine grade

HUDSON INVESTMENT GROUP LTD

RafflesCo is a substantial shareholder in Hudson Investment Group Ltd (**ASX:HGL**), an ASX-listed industrial and commercial property company which is focused on continually developing its property portfolio. HGL currently owns the following properties:

- 171-175 Sparks Road, Halloran, New South Wales
- 59 Mountain Road, Halloran, New South Wales
- 47 Brookes Street, Bowen Hills, Queensland
- 41-43 Brookes Street, Bowen Hills Queensland; and
- 43 Regent Street, Woolloongabba, Queensland

HUDSON PACIFIC GROUP LTD

RafflesCo. has a shareholding in Hudson Pacific Group Limited (**HPG**). **HPG**'s principal assets are:

- 48.94% interest in the Carpark located at 131 Macquarie Street
- Hudson House Naming Rights
- Investment in listed & unlisted companies

Hudson Car Park

The Hudson Car Park is located at 131 Macquarie Street Sydney. The Car Park is managed by Wilson Parking Pty Ltd. It has 111 parking spaces.

Hudson House Naming Rights

Hudson Property Trust owns the strata for the building naming rights for Hudson House and also the Hudson rooftop signage at head office at 131 Macquarie Street, Sydney, NSW. It includes ground floor signboard and rooftop signage space within the 17-storey commercial building known as 'Hudson House'.

HUDSON RESOURCES LTD

Hudson Resources Limited (**HRS**) is an Australian public company with wholly owned subsidiaries that hold the following mining leases:

Tenement	M70/128	M70/606	M70/389	M70/483	M70/129	M70/361	M70/38	M70/842
Holder	Hudson Attapulgite Pty Ltd	Hudson Attapulgite Pty Ltd	Hudson Attapulgite Pty Ltd	Hudson Attapulgite Pty Ltd	Hudson Diatomaceous Earth Pty Ltd	Hudson Diatomaceous Earth Pty Ltd	Hudson Diatomaceous Earth Pty Ltd	Hudson Diatomaceous Earth Pty Ltd
Status	Live	Live	Live	Live	Live	Live	Live	Live
Commenced	21-06-85	30-07-90	28-07-89	31-07-90	18-07-85	19-11-90	24-02-84	17-11-94
Expiry	20-06-27	29-07-32	27-07-31	30-07-32	17-07-27	18-11-32	23-02-26	16-11-36
Surveyed area (ha)	119.97	890.84	719.76	951.1	45.75	50.4	36.195	84.385



2019-2020 Lake Nerramyne Mining Campaign images

DIRECTORS' REPORT

Your Directors present their report together with the financial statements on the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of RafflesCo Limited (the **Company**) and the entities it controlled at the end of or during the year ended 31 December 2021.

Principal activities

The principal activities of the Group during the financial year were as follows:

-strategic investment in listed and unlisted shares and business
-process and distribute attapulgite based products

Consolidated results

Net profit for the year ended 31 December 2021 amounted to $1.66 million compared to a loss of $5.21 million in the previous year.

Total Shareholders' Funds as at 31 December 2021 are $1.74 million (2020: $0.07 million.)

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on pages 3 to 5 of this Annual Report.

Dividends

The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

Directors

The following persons were Directors of the Company during the year and up to the date of this report, unless otherwise state:

Vincent Tan	Executive Director	
Luisa Tan	Non-Executive Director	
John Farey	Non-Executive Director	
Richard Yap	Non-Executive Director	Appointed 17 May 2021

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 31 December 2021, and the numbers of meetings attended by each Director were:

	Directors Meetings	
Directors	**Attended**	**Held Whilst in Office**
Vincent Tan	5	5
Luisa Tan	5	5
John Farey	5	5
Richard Yap**	2	2

* The Remuneration and Audit Committees are composed of the entire board.
** Richard Yap – appointed on 17 May 2021

Information on directors & key management personnel

Directors

Vincent Tan
Executive Director - Appointed on 5 December 2014

Experience and expertise	Vincent Tan is a chartered accountant and has over the past 35 years worked in a range of industries, including insurance, securities trading, finance and property. Mr Tan has held senior management positions in a number of public and non-government organisations and has broad experience in corporate structuring.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last 3 Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	Direct: None Indirect: 17,032,192 shares

Luisa Tan B.Com/LLB
Non-Executive Director - Appointed 30 July 2015

Experience and expertise	Ms Luisa Tan, B. Com/LLB, LLM has a broad experience in law, M&A, investment banking and corporate finance. She has previously worked at Macquarie Capital, Caliburn Partnership, JP Morgan and Deacons. Ms Tan served as a Non-Executive Director of Hudson Resources Limited (ASX: HRS) since June 2013 until 3 February 2015.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	None

John Farey, B.Com, FAIM, FAICD
Non-Executive Director - appointed on 27 April 2017

Experience and Expertise	John W Farey has over 45 years' experience in financial services including merchant and investment banking.
Other Current Directorships of Listed Companies	Hudson Investment Group Limited (ASX: HGL)
Former Directorships in the Last Three Years of Listed Companies	Raffles Capital Limited (ASX: RAF)
Special Responsibilities	None
Interests in Shares and Options	Direct: 8,000 Indirect: 3,599,108

Richard Yap B Econ, MBA, CPA
Non-Executive Director - Appointed a Director on 17 May 2021

Experience and Expertise	Mr Yap has over 20 years' experience in investment banking and corporate finance with qualifications of a Bachelor of Economics and a Master of Business Administration from Monash University. Mr Yap is also currently the Director of Business Development and Advisor to the Chairman of TA Enterprise Berhad, a company listed on the Kuala Lumpur Stock Exchange.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last 3 Years of Listed Companies	None
Interests in Shares and Options	Nil directly held

Officers

Henry Kinstlinger
Joint Company Secretary

Experience and expertise	Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is currently the Company Secretary of Australian Bauxite Limited and Frontier Capital Group Limited and Joint Company Secretary of Hudson Investment Group Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

Mona Esapournoori
Joint Company Secretary – Appointed 12 January 2018

Experience and expertise	Mona Esapournoori holds a Bachelor of Law from University of Western Sydney. She is admitted as a solicitor with the Law Society of New South Wales.

Likely developments

Information on likely developments in the operations of the Group, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Group.

RISK MANAGEMENT

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Significant changes in nature of activities

Please refer to the Review of Operations section of this report for detail.

Matters Subsequent to Balance Date.

Other than the matters stated in this report, no matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial years.

Loans to Directors and Key Management Personnel

There are no loan to director and key management personnel as at the reporting date.

There are no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

Directors' interests

Particulars of Interest in the Issued Capital of the Company's Ordinary Shares and Options at the date of signing the Directors' Report are:

Directors	Shares Direct Holding	Shares Indirect Holding	Options	Nature of Interest
Vincent Tan	-	17,032,192	-	Director of other companies
Luisa Tan	-	-	-	
John Farey	8,000	3,599,108	-	Director of other companies
Richard Yap	500,000	-	-	

Please refer note 16 for details.

Shares under option

There are no unissued ordinary shares of the Company under option at the date of this report.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 11.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2021	2020
	$	$
Audit services:		
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group		
Audit services	**14,745**	14,310
Taxation and other advisory services:		
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group		
Taxation	**2,295**	2,200
Advisory Services	**-**	-
	17,040	16,510

Auditor

K.S. Black & Co continues in office in accordance with Section 357 of the *Corporations Act 2001*.

This Director's Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Vincent Tan
Director

John Farey
Director

29 March 2022
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.
ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

To the Members of RafflesCo Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021 there has been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of RafflesCo Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants

S Bennison

Scott Bennison
Partner

Dated in Sydney on this 29th day of March 2022

Phone 02 8839 3000
Fax 02 8839 3055

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2021

	Notes	Consolidated 2021 $	2020 $
Revenue from continuing operations	4	**4,143,683**	4,444,137
Other income and expenses	4	**2,273,102**	(4,616,952)
Cost of providing the sales and services	5	**(3,495,237)**	(3,679,987)
Administration expenses	5	**(553,815)**	(679,340)
Finance expenses	5	**(704,118)**	(684,324)
Profit/(loss) before income tax		**1,663,615**	(5,216,466)
Income Tax	6		-
Profit/(loss) after tax for the year		**1,663,615**	(5,216,466)
Other Comprehensive Income			
Other comprehensive item		**-**	-
Tax expenses		**-**	-
Other comprehensive income after tax		**-**	-
Total comprehensive income		**1,663,615**	(5,216,466)
Non-Controlling Interest		**-**	-
Total Comprehensive Income/(loss) attributable to members of RafflesCo Limited		**1,663,615**	(5,216,466)
Earnings/(loss) per Share		**Cents**	Cents
Basic earnings/(loss) per share (cents)	18	**6.74**	(21.12)
Diluted earnings/(loss) per share (cents)	18	**6.74**	(21.12)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	Consolidated 2021 $	Consolidated 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**20,200**	12,569
Trade and other receivables	8	**720,617**	825,636
Financial assets	9	**2,355,500**	2,736,552
Inventories	10	**397,626**	436,214
Other current assets		**60,008**	31,997
Total current assets		**3,553,951**	4,042,968
Non-current assets			
Financial assets	9	**2,976,600**	2,751,100
Plant & equipment	11	**2,192,724**	1,485,645
Total non-current assets		**5,169,324**	4,236,745
Total Assets		**8,723,275**	8,279,713
LIABILITIES			
Current liabilities			
Trade and other payables	12	**797,606**	362,765
Financial liabilities	13	**323,204**	539,753
Provision	14	**75,081**	77,598
Total current liabilities		**1,195,891**	980,116
Non-current liabilities			
Trade and other payables	12	**5,268,431**	7,133,063
Financial liabilities	13	**454,155**	43,014
Provision	14	**63,644**	45,981
Total Non-current liabilities		**5,786,230**	7,222,058
Total Liabilities		**6,982,121**	8,202,174
Net Assets		**1,741,154**	77,539
EQUITY			
Issued Capital	15	**4,422,699**	4,422,699
Reserves		**80,872**	80,872
Retained (Accumulated losses) / Profits		**(2,762,417)**	(4,426,032)
Total Equity		**1,741,154**	77,539

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2021

Consolidated	Notes	Issued Capital $	Reserves $	Retained Profit/(accumulated losses) $	Total Equity $
Balance at 1 Jan 2021	15	**4,422,699**	**80,872**	**(4,426,032)**	**77,539**
Profit/(loss) for the year		**-**	**-**	**1,663,615**	**1,663,615**
Business combination		**-**	**-**	**-**	**-**
Balance at 31 Dec 2021	15	**4,422,699**	**80,872**	**(2,762,417)**	**1,741,154**
Balance at 1 Jan 2020		4,422,699	80,872	790,434	5,294,005
Profit/(loss) for the year		-	-	(5,216,466)	(5,216,466)
Business combination		-	-	-	-
Balance at 31 Dec 2020	15	4,422,699	80,872	(4,426,032)	77,539

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2021

	Notes	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Receipt from customers		**4,356,439**	4,213,995
Payments to suppliers and employees		**(4,112,297)**	(4,022,944)
Government funding		**350,764**	-
Interest received		**20**	52
Interest paid		**(32,293)**	(84,079)
Net cash provided by/(used in) operating activities	23	**562,633**	107,024
Cash flows from investing activities			
Proceeds from sale of investment		**2,062,921**	-
Acquisition operating assets		**(1,056,394)**	(248,639)
Advance from/(repayment to) other parties		**(1,756,121)**	85,671
Net cash (used in)/provided by investing activities		**(749,594)**	(162,968)
Cash flows from financing activities			
Shares issued - parent entity		**-**	-
Share issue cost - parent entity		**-**	-
Bank borrowing/(repayment)		**(284,524)**	163,024
Lease liabilities – drawdown		**648,793**	-
Repayment-lease liabilities		**(169,677)**	(108,290)
Net cash provided by/(used in) financing activities		**194,592**	54,734
Net increase / (decrease) in cash and cash equivalents		**7,631**	(1,210)
Cash and cash equivalents at the beginning of financial period		**12,569**	13,779
Cash and cash equivalents at the end of financial period	7	**20,200**	12,569

The above statement should be read in conjunction with the accompanying note

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

1. CORPORATE INFORMATION

The consolidated financial statements and notes of RafflesCo Limited (the **Company**) for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors and covers the Company as an individual entity as well as the Consolidated Entity consisting of the Company and its subsidiaries as required by the *Corporations Act 2001*.

The consolidated financial statements and notes is presented in Australian currency.

The Company is a company limited by shares incorporated and domiciled in Australia.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncement of the Australian Accountancy Standards Board and the *Corporations Act 2001*.

Statement of compliance

Australian Accounting Standards (**'AASBs'**) include Australian equivalents to International Financial Reporting Standards (**AIFRS**). Compliance with AIFRS ensures that the financial report of RafflesCo Limited complies with International Financial Reporting Standards.

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

- Impairment of assets
  The Company assess impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Critical judgements

Management has made the following judgements when applying the Group's accounting policies:

- Recognition of deferred tax assets
  In line with the Group's accounting policy (Note 2f) and as disclosed in Note 6, deferred tax assets have not been recognised.
- Measurement of financial assets
  If there is an active market for financial assets they have been fair valued in line with market prices, if not they are carried at cost.

Going Concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Historical cost convention

These financial statements have been prepared under the historical cost convention except for where noted in these accounting policies.

b. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RafflesCo Limited ("the parent entity") as at reporting date and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of RafflesCo Limited.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

d. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is RafflesCo Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this 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 at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale where applicable.

e. Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Interest

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

f. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian Taxation law. RafflesCo Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries. These amounts are recognised as current inter-company receivables or payables.

g. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

h. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than 6 months, net of bank overdrafts.

i. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

j. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

k. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.) If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

l. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by entities in the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Entities in the Consolidated Entity use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to entities in the Consolidated Entity for similar financial instruments.

Fair Value Measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

m. Property, plant and equipment

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on assets is calculated using the straight line method, over their estimated useful lives, as follows:

- Plant and equipment 5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and other Comprehensive Income.

n. Leases

Company as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit or Loss and Other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Company as lessor

Lease income from operating leases is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same bases as the lease income.

o. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

p. Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss and other Comprehensive Income over the period of the loans and borrowings using the effective interest method.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

q. Employee benefits

Wages and Salaries, and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within one year of Statement of Financial Position date are recognised in other liabilities in respect of employees' services rendered up to Statement of Financial Position date and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating personal sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

r. Contributed equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

s. Share-based payments

Ownership-based remuneration is provided to employees via an employee share option plan. Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each Statement of Financial Position date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

t. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

u. New accounting standards for application

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. There are no material adjustments from these standards and interpretations.

3. FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function is to also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

	Consolidated	
	2021	2020
Financial assets	**$**	$
Current		
Cash and cash equivalents	**20,200**	12,569
Trade and other receivables	**720,617**	825,636
Financial assets	**2,355,500**	2,736,552
Non-Current		
Financial Assets	**2,976,600**	2,751,100
	6,072,917	6,325,857
Financial liabilities		
Current		
Trade and other payables	**797,606**	362,765
Financial liabilities	**323,204**	539,753
Non-Current		
Trade and other payable	**5,268,431**	7,133,063
Financial liabilities	**454,155**	43,014
	6,843,396	8,078,595

b. Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group excluding the available for sale financial assets.

The maximum exposure to credit risk at balance date is the carrying amount of the financial assets, as summarised under note (a) above.

The maximum exposure to credit risk at balance date, all located in Australia, as summarised under note (a) above.

3. FINANCIAL RISK MANAGEMENT continued

c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. Bank loans and payable are details below. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities. The company manages liquidity risk by monitoring forecast cash flow and maturity profiles of financial assets and liabilities to ensure adequate liquid funds are maintained.

Maturity analysis of financial assets

Consolidated	**Carrying Amount**	**Contractual Cash flows**	**< 6 mths**	**6- 12 mths**	**1-3 years**	**> 3 years**
2021	**$**	**$**	**$**	**$**	**$**	**$**
Current						
Cash and cash equivalent	**20,200**	**20,200**	**20,200**	**-**	**-**	**-**
Trade and other receivables	**720,617**	**720,617**	**607,800**	**112,817**	**-**	**-**
Financial assets	**2,355,500**	**-**	**-**	**-**	**-**	**-**
Non-current						
Financial assets	**2,976,600**	**-**	**-**	**-**	**-**	**-**
Total financial assets	**6,072,917**	**740,817**	**628,000**	**112,817**	**-**	**-**
2020						
Current						
Cash and cash equivalent	12,569	12,569	12,569	-	-	-
Trade and other receivables	825,636	825,636	825,636	-	-	-
Financial assets	2,736,552	-	-	-	-	-
Non-current						
Financial assets	2,751,100	-	-	-	-	-
Total financial assets	6,325,857	838,205	838,205	-	-	-

Maturity analysis of financial liabilities

Consolidated	**Carrying Amount**	**Contractual Cash flows**	**< 6 mths**	**6- 12 mths**	**1-3 years**	**> 3 years**
2021	**$**	**$**	**$**	**$**	**$**	**$**
Current						
Trade and other payables	**797,606**	**797,606**	**388,008**	**409,598**	**-**	**-**
Financial liabilities	**323,204**	**323,204**	**235,071**	**88,133**	**-**	**-**
Non-current						
Trade and other payables	**5,268,431**	**5,268,431**	**-**	**-**	**5,268,431**	**-**
Financial liabilities	**454,155**	**454,155**	**-**	**-**	**454,155**	**-**
Total financial liabilities	**6,843,396**	**6,843,396**	**623,079**	**497,731**	**5,722,586**	**-**
2020						
Current						
Trade and other payables	362,765	362,765	362,765	-	-	-
Financial liabilities	539,753	539,753	485,608	54,145	-	-
Non-current						
Trade and other payables	7,133,063	7,133,063	-	-	7,133,063	-
Financial liabilities	43,014	43,014	-	-	43,014	-
Total financial liabilities	8,078,595	8,078,595	848,373	54,145	7,176,077	-

3. FINANCIAL RISK MANAGEMENT continued

d. Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Interest rate risk

The Group does not apply hedge accounting.

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's short term deposits held.

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Carry Amount AUD	+1% of AUD Interest Rate	-1% of AUD Interest Rate
Consolidated	**$**	**$**	**$**
2021			
Cash equivalents	**20,200**	**202**	**(202)**
Tax charge of 25%	**-**	**(51)**	**51**
After tax increase/(decrease)	**20,200**	**151**	**(151)**
2020			
Cash equivalents	12,569	126	(126)
Tax charge of 26%		(33)	33
After tax increase/(decrease)	12,569	93	(93)

(ii) Currency risk

The consolidated entity and parent entity were not exposed to foreign currency risk.

(iii) Other price risk

The Group takes advice from professional advisers as to when to sell shares quoted at market value.

	Carrying amount	+10% Profit & Loss	-10% Profit & Loss
Consolidated	**$**	**$**	**$**
2021			
Shares in other entities at fair value	**5,332,100**	**533,210**	**(533,210)**
Tax charge (25%)	**-**	**(133,302)**	**133,302**
After tax increase/(decrease)	**5,332,100**	**399,908**	**(399,908)**
2020			
Shares in other entities at fair value	5,487,652	548,765	(548,765)
Tax charge (26%)		(142,679)	142,679
After tax increase/(decrease)	5,487,652	406,086	(406,086)

3. FINANCIAL RISK MANAGEMENT continued

e. Capital risk Management

In managing its capital, the Group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives, or what is considered capital in the year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'Financial liabilities' and 'trade and other payables' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position (including minority interest) plus net debt.

It is the Group's policy to maintain its gearing ratio at a healthy and manageable level. The Group's gearing ratio at the Statement of Financial Position date is nil (2020: nil)

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

4. REVENUE

	Consolidated	
	2021	2020
	$	$
Revenue from continuing operations		
Fee income	**-**	90,000
Sales of mineral based products - net	**4,143,683**	4,354,137
	4,143,683	4,444,137
Other income and expenses		
Gain/(loss) on disposal of investments	**1,026,833**	924
Gain on disposal of equipment	**14,948**	-
Change in fair value of investments	**880,536**	(4,964,391)
Interest Income	**20**	52
Others	**350,765**	346,463
	2,273,102	(4,616,952)

5. EXPENSES

	Consolidated 2021 $	2020 $
Profit/(loss) before income tax is arrived after (charging)/crediting the following specific expenses:		
Cost of providing sales and services		
Cost of Sales	**(3,495,237)**	(3,679,987)
	(3,495,237)	(3,679,987)
Administration expenses		
Consulting fee	**(19,072)**	(19,205)
Director fee and on costs	**(120,000)**	(60,000)
Employee wages, benefits and on costs	**(235,334)**	(148,499)
Others	**(179,409)**	(451,636)
	(553,815)	(679,340)
Finance expenses		
Interest paid	**(333,381)**	(364,564)
Depreciation and amortisation	**(349,316)**	(301,597)
Others	**(21,421)**	(18,163)
	(704,118)	(684,324)

6. INCOME TAX

	Consolidated 2021 $	2020 $
a. Income tax expense/(benefit)		
Current tax/(benefit)	-	-
Overprovision for income tax in prior years	-	-
Deferred tax expenses	-	-
Total Income tax expenses	-	-

b. Numerical reconciliation of income tax expense to prima facie tax payable

	2021	2020
Deferred income tax (revenue) expenses included in income tax expenses comprises of:		
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities	-	-
	-	-
Profit/(Loss)from continuing operations before income tax expenses	**1,663,615**	(5,216,466)
Permanent differences		
Income tax expense/(benefit) calculated at 25% (2020:26%)	**415,904**	1,356,281
Temporary differences and tax losses not brought to account	**(415,904)**	(1,356,281)
	-	-

6. INCOME TAX continued

c. Unrecognised deferred tax assets and liabilities

	Consolidated	
	2021	2020
	$	$
Deferred tax assets and liabilities have not been recognised in the balance sheet for the following items :		
Prior year unrecognised tax losses now ineligible due to change in tax consolidation group	**-**	-
Other deductible temporary differences	**(858,055)**	(4,966,592)
Deferred tax assets in respect of exploration activities not brought to account	**-**	-
Deferred tax liabilities in respect of exploration activities not recognised to the extent of unrecognised deferred tax assets	**-**	-
	(858,055)	(4,966,592)
Potential (benefit)/expenses at 25% (2020: 26%)	**(214,514)**	(1,291,314)

d. Deferred tax assets

Deferred tax assets comprises temporary differences attributable to:		
Accrued audit fees	**-**	-
Unrealised foreign exchange losses	**-**	-
Other total deferred tax assets	**201,390**	1,356,281
Deferred tax assets not brought to	**(201,390)**	(1,356,281)
Net deferred tax assets	**-**	-
Deferred tax liabilites comprises temporary differences attributable to:		
Accrued interest income	**-**	-
Net deferred tax assets/(liabilities)	**-**	-

e. Deferred tax liabilities

Deferred tax liabilities comprise temporary differences attributable to:		
Amounts recognised directly in equity revaluations of land and buildings	**-**	-
Amounts recognised in profit and loss		
Financial assets	**-**	-

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	2021	2020
	$	$
Cash at bank and on hand	**20,200**	12,569
Deposits at bank- held on trust	**-**	-
	20,200	12,569
Weighted average interest rate	**0.00%**	0.00%

Interest risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 3.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021	2020
	$	$
Current		
Receivable - trade	**654,011**	866,767
Receivable – GST	**(26,211)**	(25,670)
Others	**112,817**	4,539
Provision for doubtful debt	**(20,000)**	(20,000)
	720,617	825,636

Further information relating to advances to controlled entities is set out in note 24.

a. Impaired receivables and receivables past due

None of the current or non-current receivables are impaired or past due but not impaired.

b. Other receivables

Receivables - GST
These amounts relating to receivables/(payable) for GST paid/collected.

Receivable others
These amounts related to accrued government funding program receivable.

Advances to controlled entities
The advances are non-interest bearing, no securities and with no fixed term of repayment.

c. Interest rate risk

Information about the Group’s and the parent entity’s exposure to interest rate risk in relation to trade and other receivables is provided in Note 3.

d. Fair value and credit risk

Current trade and other receivables
Due to the short term nature of these receivables their carrying amount is assumed to approximate their fair value.
The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

e. Bad and doubtful debts

There is no bad and doubtful receivables written down or written off during the year ended 31 December 2021. A provision for doubtful debt of $20,000 (2020: $20,000) was made as at reporting date.

9. FINANCIAL ASSETS

	Consolidated	
	2021	2020
	$	$
Current		
Equity share investment	**4,036,921**	5,093,009
Provision for diminution	**(1,681,421)**	(2,356,457)
	2,355,500	2,736,552
Non-Current		
Equity share investment (Note)	**3,932,138**	3,932,138
Provision for diminution	**(955,538)**	(1,181,038)
	2,976,600	2,751,100
Note		
Equity share investment in:		
– Hudson Investment Group Limited (ASX:HGL)	**3,932,138**	3,932,138
	3,932,138	3,932,138

Financial assets are recorded by marking to market value or fair value.
The fair value is approximately equivalent to market value.

10. INVENTORIES

	Consolidated	
	2021	2020
	$	$
Raw ore materials	**69,828**	15,000
Finished goods and consumables	**327,798**	421,214
	397,626	436,214

11. PLANT AND EQUIPMENT

	Consolidated	
	2021	2020
	$	$
Plant and equipment		
Plant and equipment - at cost	**3,642,955**	3,039,869
Accumulated depreciation	**(2,134,484)**	(1,820,313)
Total plant and equipment – net	**1,508,471**	1,219,556
Leased plant and equipment		
Leased plant and equipment – at cost	**815,438**	362,129
Accumulated depreciation	**(131,185)**	(96,040)
Total leased plant and equipment – net	**684,253**	266,089
Total property, plant and equipment -net	**2,192,724**	1,485,645

11. PLANT AND EQUIPMENT CONTINUED

Reconciliations

Reconciliations of the carrying amount of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	Plant Equipment $	Leased Plant Equipment $	Total $
2021			
Carrying amount at beginning at year	**1,219,556**	**266,089**	**1,485,645**
Additions	**512,275**	**544,119**	**1,056,394**
Depreciation	**(314,171)**	**(35,144)**	**(349,315)**
Transfer	**90,811**	**(90,811)**	**-**
Carrying amount at end of year	**1,508,471**	**684,253**	**2,192,724**
2020			
Carrying amount at beginning at year	1,236,202	302,401	1,538,603
Additions	245,386	-	245,386
Depreciation	(262,032)	(36,312)	(298,344)
Transfer	-	-	-
Carrying amount at end of year	1,219,556	266,089	1,485,645

12. TRADE AND OTHER PAYABLES

	Consolidated	
	2021 **$**	2020 $
Current		
Trade payables	**316,125**	214,757
Other payables and accruals	**71,883**	148,008
Advance from related entity	**409,598**	-
	797,606	362,765
Non-current		
Advance from related entities and others	**5,268,431**	7,133,063
	5,268,431	7,133,063

Please refer to note 24 for details.

13. FINANCIAL LIABILITIES

	Consolidated 2021 $	2020 $
Current		
Secured		
Lease and hire purchase liabilities	**176,265**	108,289
Bank loans and borrowings	**146,939**	431,464
Total current	**323,204**	539,753
Non-Current		
Secured		
Lease and hire purchase liabilities	**454,155**	43,014
Total non-current	**454,155**	43,014

Security for borrowings

Bank loan is secured by fixed and floating charges over assets of the Group, and by cross guarantees by and in between the parent entity and certain of its controlled entities.

Lease and hire purchase liabilities are effectively secured as the rights to the asset revert to the lessor in the event of default.

The loans are repayable in years ranging from 2021 to 2026. The rate of interest paid is a variable rate ranging from 3.3% to 5.9%. The facilities are subject to an annual review.

Assets pledged as security

The carrying value of non-current assets pledged as security are:

	Consolidated 2021 $	2020 $
Plant and equipment – net of depreciation	**2,192,724**	1,485,645
	2,192,724	1,485,645

The fair value of borrowings is equivalent to the carrying amounts of loans and lease and hire purchase liabilities.

Risk exposure

Information about the Group's exposure to interest rate changes is provided in Note 3.

14. PROVISION

	Consolidated 2021 $	2020 $
Current		
Employee leave entitlements	**75,081**	77,598
Other	**-**	-
	75,081	77,598
Non-Current		
Employee leave entitlements	**63,644**	45,981
	63,644	45,981

15. CONTRIBUTED EQUITY

	Consolidated and Parent entity		Consolidated and Parent entity	
	2021	2020	**2021**	2020
	Shares	Shares	**$**	$
Share capital issued	**24,700,539**	24,700,539	**4,422,699**	4,422,699

a. Movements in ordinary share capital during the year

	Consolidated and Parent entity		Consolidated and Parent entity	
	2021	2020	**2021**	2020
Details	**Shares**	Shares	**$**	$
Opening Balance	**24,700,539**	24,700,539	**4,422,699**	4,422,699
Share placement	**-**	-	**-**	-
Closing Balance	**24,700,539**	24,700,539	**4,422,699**	4,422,699

b. Terms and conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

c. Options

There have been no options granted or issued over unissued shares.

d. Performance Options

No options were granted and issued during the year.

16. KEY MANAGEMENT PERSONNEL DISCLOSURE

a. Directors

The following persons were Directors of the Company during the whole financial year unless otherwise stated:

Vincent Tan	Executive Director	Appointed 5 December 2014
Luisa Tan	Non-Executive Director	Appointed 30 July 2015
John Farey	Non-Executive Director	Appointed 27 April 2017
Richard Yap	Non-Executive Director	Appointed 17 May 2021

b. Other key management personnel

The following persons were other key management personnel of the Group during the financial year unless otherwise stated:

Juliana Tan	Director of controlled entity
Henry Kinstlinger	Joint Company Secretary
Mona Esapournoori	Joint Company Secretary
Venkata Kambala	Sales Executive / Chief Executive Officer of Hudson Marketing Pty Ltd
Angielou Lumawag	WA State Manager

c. Directors and key management personnel compensation

Details of remuneration

Details of the remuneration of each Director of the Company and its subsidiaries are set out in the following tables. All elements of remuneration are not directly related to performance.

16. KEY MANAGEMENT PERSONNEL DISCLOSURE continued

	Short term benefits		Post-employment benefits	Long term benefits		
	Cash salary and fees	Non-monetary benefits	Super-annuation	Long Service Leave	Share based payments	Total
Consolidated	**$**	**$**	**$**	**$**	**$**	**$**
2021						
Directors						
Vincent Tan	**60,000**	**-**	**-**	**-**	**-**	**60,000**
Luisa Tan	**-**	**-**	**-**	**-**	**-**	**-**
John Farey	**-**	**-**	**-**	**-**	**-**	**-**
Richard Yap	**2,500**	**-**	**-**	**-**	**-**	**2,500**
Directors - Total	**62,500**	**-**	**-**	**-**	**-**	**62,500**
Other KMP						
Juliana Tan	**67,500**	**-**	**6,638**	**1,121**	**-**	**75,259**
Henry Kinstlinger	**-**	**-**	**-**	**-**	**-**	**-**
Mona Esapournoori	**37,211**	**-**	**3,211**	**631**	**-**	**41,053**
Venkata Kambala	**100,000**	**-**	**9,675**	**3,983**	**-**	**113,658**
Angielou Lumawag	**98,115**	**-**	**9,576**	**2,299**	**-**	**109,990**
KMP - Total	**302,826**	**-**	**29,100**	**8,034**	**-**	**339,960**
2020						
Directors						
Vincent Tan	60,000	-	-	-	-	60,000
Luisa Tan	-	-	-	-	-	-
John Farey	-	-	-	-	-	-
Directors - Total	60,000	-	-	-	-	60,000
Other KMP						
Henry Kinstlinger	-	-	-	-	-	-
Mona Esapournoori	-	-	-	-	-	-
Venkata Kambala	130,000	-	12,350	2,174	-	144,524
Angielou Lumawag	74,038	-	7,033	2,897	-	83,968
KMP - Total	204,038	-	19,383	5,071	-	228,492

The amounts reported represent the total remuneration paid by entities in the RafflesCo Group of companies in relation to managing the affairs of all the entities within the RafflesCo Group.

There are no performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

16. KEY MANAGEMENT PERSONNEL DISCLOSURE continued

d. Equity instrument disclosures relating to director and key management personnel

(i) Share holdings

The numbers of shares in the company held during the financial year by each Director of the Company are set out below. There were no shares granted during the reporting period as remuneration.

	Balance at the start of the year	Acquired during the year	Other changes during the year	Balance at the end of the year
Directors of RafflesCo Limited 2021				
Ordinary shares - Direct Interest				
Vincent Tan	-	-	-	-
Luisa Tan	-	-	-	-
John Farey	**8,000**	-	-	**8,000**
Richard Yap	**500,000**	-	-	**500,000**
Ordinary shares – Indirect Interest				
Vincent Tan	**17,032,192**	-	-	**17,032,192**
Luisa Tan	-	-	-	-
John Farey	**3,599,108**	-	-	**3,599,108**
Richard Yap	-	-	-	-
Directors of RafflesCo Limited 2020				
Ordinary shares - Direct Interest				
Vincent Tan	-	-	-	-
Luisa Tan	-	-	-	-
John Farey	8,000	-	-	8,000
Ordinary shares - Indirect Interest				
Vincent Tan	17,032,192	-	-	17,032,192
Luisa Tan	-	-	-	-
John Farey	3,599,108	-	-	3,599,108

e. Loans to key management personnel

There is no loan to director and key management personnel as at reporting date.

f. Other transactions with key management personnel

There have been no other transactions with key management personnel during the reporting period.

17. REMUNERATION OF AUDITORS

During the year the following fees were paid and payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated 2021 $	2020 $
Audit services:		
Amounts paid or payable to auditors for audit of the financial report for the entity or any entity in the Group		
Audit services	**14,745**	14,310
Taxation and other advisory services:		
Amounts paid or payable to auditors for non audit taxation and advisory services for the entity or any entity in the Group.		
Taxation	**2,295**	2,200
Other advisory services	**-**	-
	17,040	16,510

18. EARNINGS/(LOSS) PER SHARE

	Consolidated 2021 Cents	2020 Cents
Basic earnings/(loss) per share	**6.74**	(21.12)
Diluted earnings/(loss) per share	**6.74**	(21.12)

Reconciliations of earnings used in calculating earnings per share

	Consolidated 2021 $	2020 $
Profit/(losses) attributable to the ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share	**1,663,615**	(5,216,466)

Earnings used to calculate basic earnings per share are equal to net profit / (losses), therefore no reconciliation is required.

	Consolidated 2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**24,700,539**	24,700,539
Adjustments for calculation of diluted earnings per share:		
Options issued	**-**	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**24,700,539**	24,700,539

19. INVESTMENT IN CONTROLLED ENTITIES

The financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Name of entity	Class of Shares	Equity holding		Country of incorporation
		2021	2020	
		%	%	
Raffles Corporate Services Pty Ltd	Ordinary	**100**	100	Australia
Hudson Marketing Pty Ltd	Ordinary	**100**	100	Australia
Raffles Nominees Pty Ltd	Ordinary	**100**	100	Australia

The proportion of ownership interest is equal to the proportion of voting power held.

Parent Entity Financial Information

a. Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	2021	2020
	$	$
Statement of financial position		
Current assets	**2,349,424**	2,679,927
Non-current asset	**7,229,935**	7,212,502
Total assets	**9,579,359**	9,892,429
Current liabilities	**120,591**	19,842
Non-current liabilities	**4,455,140**	6,283,063
Total liabilities	**4,575,731**	6,302,905
Shareholder's equity		
Issued Capital	**4,422,699**	4,422,699
Reserves	**-**	-
Retained Profit/(Accumulated losses)	**580,929**	(833,175)
Statement of profit and loss and other comprehensive income		
Profit/(Loss) for the year	**1,414,104**	(5,474,532)
Total comprehensive profit/(loss)	**1,414,104**	(5,474,532)

b. Guarantees entered into by the parent entity

RafflesCo Limited has not provided guarantees to its subsidiaries within the Group. No liability was recognised by RafflesCo Limited in relation to these guarantees as the likelihood of payment is not probable.

c. Contingent liabilities of the parent entity

Refer to note 21.

d. Contractual commitments by the parent entity for the acquisition of property, plant and equipment.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

20. COMMITMENTS

	Consolidated 2021 $	2020 $
Remuneration commitments		
Salary and other remuneration commitments under long-term employment contracts existing at reporting date not recognised as liabilities		
Within one year	**120,000**	60,000
Later than one year but not later than 5 years	**480,000**	240,000
Later than 5 years	**-**	-
	600,000	300,000

Executive Service Agreement

During the year, there was no new service agreement formalising the terms of remuneration of Directors. At the date of this report there is two Service Agreements in place with Mr Vincent Tan formalising the terms of remuneration of Director. The agreement has no specific term and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

	Consolidated 2021	2020
Finance lease – non-cancellable		
Within one year	**176,265**	108,289
Later than one year but not later than 5 years	**454,155**	43,014
Later than 5 years	**-**	-
Total future minimum lease payments	**630,420**	151,303
Total future finance charges	**(50,828)**	(16,330)
Lease liabilities	**579,592**	134,973

Lease liabilities are represented in the Financial statements as follows:		
Current	**176,265**	108,289
Non-current	**454,155**	43,014
	630,420	151,303

The Group leases machinery at a carrying value of $684,253 (2020: $266,089) by way of finance leases expiring from 1 to 4 years. The Group has the option to acquire the machinery on expiry at a nominal value. There are no contingent rentals as part of finance lease arrangements and no restrictions on the ability of the Company and its controlled entities from borrowing further funds (but not able to borrow for machine purchases) or paying dividends

Corporate Services Agreement

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its management, registered office, administrative accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Corporate Service Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

There are no other material commitments as at the date of this report.

21. CONTINGENCIES

Contingent assets and liabilities

The parent entity and Group had no material contingent assets and liabilities at the reporting date.

Guarantees

No material losses are anticipated in respect of any of the above contingent liabilities.

No deficiency of assets exists in the consolidated entity as a whole.

22. EVENTS OCCURRING AFTER BALANCE SHEET DATE

At the date of this report there are no other matters or circumstances, which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- The operations, financial years subsequent to 31 December 2021 of the Group:
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2021 of the Group.

23. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2021	2020
	$	$
Profit/(loss) after income tax expense	**1,663,615**	(5,216,466)
Gain/(loss) on disposal of investment	**(14,948)**	(924)
Change in fair value of investment	**(880,536)**	4,964,391
Gain on disposal of investment	**(1,026,833)**	-
Change in operating assets and liabilities		
(Increase)/decrease in receivables	**340,593**	350,439
(Increase)/decrease in other receivable	**(34,498)**	153,612
Increase /(decrease) in payable	**101,368**	(182,230)
Increase /(decrease) in other payable	**413,872**	38,202
(Increase)/decrease in deferred tax assets	**-**	-
Increase /(decrease) in deferred tax liabilities	**-**	-
Net cash provided by/(used in) operating activities	**562,633**	107,024

24. RELATED PARTY DISCLOSURES

a. Parent entities

The parent entity within the Group is RafflesCo Limited.

b. Subsidiaries

Interests in subsidiaries are set out in note 19.

c. Key management personnel

Disclosures relating to key management personnel are set out in note 16.

24. RELATED PARTY DISCLOSURES continued

d. Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2021 $	2020 $
Interest Expense		
– Related entities	**301,087**	336,379
Corporate services fee received		
– From Hudson Resources Limited	**-**	10,000
Corporate services fee paid		
– Paid to Hudson Asset Management Pty Limited	**138,000**	140,000
Rental Expenses		
– Paid to Hudson Minerals Pty Limited	**181,920**	250,136
– Paid to Hudson Pacific Group Limited/Hudson Asset Management P/L	**-**	58,000
Purchase of Goods		
– From Hudson Attapulgite Pty Ltd	**265,300**	179,532

Hudson Asset Management Pty Limited is a wholly owned subsidiary of Hudson Pacific Group Ltd.

Hudson Mineral Pty Limited and Hudson Diatomaceous Earth Pty Limited are wholly owned subsidiary of Hudson Resources Limited.

- **Interest Expenses**
  The Company paid interest $301,087 (2020: $366,379) to Hudson Property Trust, Raffles Equities Pty Limited and Hudson Investment Group Limited on fund advanced.

- **Corporate services**

  The company received a corporate services fee from Hudson Resources Limited of $nil (2020: $10,000) as payment of recoveries for office administration and running expenses incurred Geraldton office.

  The Company paid corporate services fee $138,000 (2020: $140,000) to Hudson Asset Management Pty Limited as payment of sharing rent, administration, accounting, secretarial and compliance cost incurred by Hudson Asset Management Pty Limited on behalf of the group.

- **Rental expenses**
  Consolidated group only
  Group incurred rental expenses of $181,920 (2020: $250,136) payable to Hudson Minerals Pty Limited (HMPL) for leasing the Geraldton property.

  Group incurred rental expenses of $nil (2020: $58,000) payable to Hudson Pacific Group Limited for sharing the office running costs.

- **Purchase of goods**
  Consolidated group only
  Hudson Marketing Pty Limited (HMPL), purchased goods from Hudson Attapulgite Pty Ltd (HAPL) incurring expenses of $265,300 (2020: $179,532).

24. RELATED PARTY DISCLOSURES continued

e. Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	$	$
Non-Current		
Receivables controlled entities	**-**	-
Current		
Payable - Advance from related entity	**409,598**	**-**
Non-Current		
Payable controlled entities	**-**	-
Payable - Advance from related entity	**1,339,666**	2,793,818
Payable - Advance from related entity	**3,078,765**	3,489,245

Advance from related entities

The Company borrowed an interest bearing secured advance from Hudson Property Trust $1,339,666 (2020: $2,793,818). The advance was secured by shares.

The company borrowed an interest bearing secured advance from Raffles Equities Pty Limited $3,078,265 (2020: $3,489,245). Advance from Raffles Equities Pty Limited was secured by shares

The controlled entity, Hudson Marketing Pty Ltd, borrowed one interest bearing secured advance from Hudson Investment Group Ltd $409,598 (2020: $nil). The advance was fully settled in January 2022

Advance to / advance from controlled entities are non-interest bearing, no securities and no fixed term on repayment.

25. SEGMENT NOTE

The Consolidated entity primary reporting format is business segments and its secondary reporting format is geographical segments.

Business segments

The Consolidated entity is organised into the following divisions by product and service type.

Investment services
Equity investment in listed and unlisted entities.

Marketing and processing of minerals
Processing and distribution of attapulgite, (also known as Fuller's Earth) which is an industrial clay material used in the domestic and industrial absorbent, industrial oil refining, agricultural and horticultural industries. In addition, it is involved in the exploration and development of attapulgite mining leases.

Geographical segments

All business segments operate principally within Australia.

Accounting policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

26. OPERATING SEGMENTS

Primary reporting – business segments

	Investment Services	Marketing and processing of minerals	Intersegment eliminations/ unallocated	Consolidated
	$	$	$	$
2021				
Sales to external customers	**-**	**4,143,683**	**-**	**4,143,683**
Intersegment sales	**-**	**-**	**-**	**-**
Total sales revenue	**-**	**4,143,683**	**-**	**4,143,683**
Other revenue	**-**	**-**	**-**	**-**
Total segment revenue	**-**	**4,143,683**	**-**	**4,143,683**
Segment result				
Profit/(loss) before income tax	**1,460,348**	**203,267**	**-**	**1,663,615**
Income tax	**-**	**-**	**-**	**-**
Net profit/(loss)	**1,460,348**	**203,267**	**-**	**1,663,615**
Segment assets	**9,622,412**	**3,390,905**	**(4,290,042)**	**8,723,275**
Segment liabilities	**5,427,064**	**1,601,706**	**(46,649)**	**6,982,121**
Acquisition of non-current assets	**-**	**1,056,394**	**-**	**1,056,394**
Depreciation and amortisation expense	**-**	**349,316**	**-**	**349,316**
2020				
Sales to external customers	-	4,444,137	-	4,444,137
Intersegment sales	-	-	-	-
Total sales revenue	-	4,444,137	-	4,444,137
Other revenue	-	-	-	-
Total segment revenue	-	4,444,137	-	4,444,137
Segment result				
Profit/(loss) before income tax	(5,540,246)	323,780	-	(5,216,466)
Income tax expense	-	-	-	-
Net profit/(loss)	(5,540,246)	323,780	-	(5,216,466)
Segment assets	9,954,606	2,786,509	(4,461,402)	8,279,713
Segment liabilities	7,219,604	1,200,577	(218,007)	8,202,174
Acquisition of non-current assets	-	245,386	-	245,386
Depreciation and amortisation expense	-	301,597	-	301,597

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flow, Statement of Changes In Equity, accompanying notes, are in accordance with the *Corporation Act 2001* and:
    - comply with Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    - give a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date of the company and the Consolidated Entity.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Vincent Tan

Vincent Tan
Director

John Farey

John Farey
Director

29 March 2022
Sydney

INDEPENDENT AUDITOR'S REPORT

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SYDNEY NSW 2000

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ABN 48 117 620 556

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North Parramatta NSW 2151

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INDEPENDENT AUDITOR'S REPORT

To the Members of RafflesCo Limited

Opinion
We have audited the financial report of RafflesCo Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001.*

Basis of opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terns if given to the directors as at the time of this auditor's report.

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

Other information
The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors are responsible for the preparation of he financial report the gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

KS Black & Co
Chartered Accountants

S Bennison

Scott Bennison
Partner
Dated: 29/3/2022
Sydney

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