Appendix 4E

Timah Resources Limited (ABN 69 123 981 537)

and Controlled Entities

Financial report for the year ended 30 June 2019

APPENDIX 4E –

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Results for Announcement to the Market

Key Information	2019 RM'000	2018 RM'000	% Change
Revenue from ordinary activities	14,421	4,593	314%
Profit after tax from ordinary activities attributable to members	3,661	580	631%
Net profit attributable to members	3,661	580	631%

Net Tangible Assets per Share

	2019 RM/share	2018 RM/share
Net tangible assets per share	0.21	0.17

Dividend Reinvestment Plan

There was no dividend reinvestment plan in operation during the financial year.

Additional information supporting the Appendix 4E disclosure requirements can be found in the Annual Report which contains the Directors' Report and the 30 June 2019 Financial Statements and accompanying notes.

This report is based on the consolidated financial statements for year ended 30 June 2019 which have been audited by Hall Chadwick.

Timah Resources Limited

A.B.N. 69 123 981 537

FINANCIAL STATEMENTS

30 JUNE 2019

Contents

Corporate Information

Board of Directors

Executive Chairman
Tan Sri Dr. Mah King Thian
(Alternate Director: Dr. Jordina Mah Siu Yi)

Managing Director
Dato' Seri Mah King Seng
(Alternate Director: Li-Na Mah)

Chief Operating Officer/Executive Director
Soong Wee Koon

Non-Executive & Independent Directors
Jack Tian Hock Tan
Lee Chong Hoe
Derrick De Souza

Company Secretary	Andrew Wallis
Registered Office	Level 25, St Martins Tower 31 Market Street Sydney NSW 2000 Tel (02) 9267 4633 Fax (02) 9267 4388 Email: info@timahresources.com.au Website: www.timahresources.com.au
External Auditors	Hall Chadwick Level 40, 2 Park Street Sydney NSW 2000
Solicitors	FCG Legal Pty Ltd 18 Drummond Street Carlton Victoria 3053
Share Register	Boardroom Pty Ltd Grosvenor Place, Level 12 225 George Street Sydney NSW 2000
Stock Exchange Listing	Timah Resources Limited securities are listed on the Australian Securities Exchange (ASX) – Code 'TML'

Chairman's Statement

Dear fellow shareholder,

I am pleased to report that the financial year ended 30th June 2019 has been a satisfactory one for Timah Resources Limited ("TML")

Engine replacements
It is my pleasure to inform you that the underperforming engines have been successfully replaced during the year. The three(3) new engines have passed the commissioning test supervised by the Sustainable Energy Development Authority of Malaysia ("SEDA") but the new Feed-in Tariff rate of RM0.4669/KWh is still pending.

Improvement in productivity
With the commissioning of the three(3) new engines,our power generation has improved 24.6% compared to the previous financial year.

Following this improvement in productivity, we hope that our biogas power plant can achieve better results in the next financial year.

Investment Tax Allowance
I am also pleased to inform you that on 11 March 2019, the Inland Revenue Board of Malaysia approved an investment tax allowance of RM23,698,665 for our subsidiary, Mistral Engineering Sdn Bhd. This investment tax allowance can be deducted against any taxable profits generated by our biogas power plant in the future.

<u>Conclusion</u>
On behalf of the management team, I would like to thank you for your support and look forward to further progress in the next financial year.

Tan Sri Dr. Mah King Thian
Executive Chairman

Directors' Report

Your Directors are pleased to present the report of Timah Resources Limited ("TML") for the financial year ended 30 June 2019.

Directors

The names of persons acting as directors of TML during the whole of the year and up to the date of this report are:

Tan Sri Dr. Mah King Thian
(Alternate: Dr. Jordina Siu Yi Mah)

Dato' Seri Mah King Seng
(Alternate: Li-Na Mah)

Soong Swee Koon

Lee Chong Hoe

Jack Tan

Derrick Martin De Souza

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of TML during the year is renewable energy power generation by its subsidiary, Mistral Engineering Sdn Bhd (Mistral).

Operating Results

The profit of TML after providing for income tax amounted to RM3,661,310. (2018: Profit of RM579,567).

Dividends

No dividends were paid or recommended for payment during or since the end of the financial year.

Review of Operations

The replacement of the existing, underperforming engines was successfully completed in March 2019. The three (3) new engines passed the commissioning test on 1 July 2019 under the supervision of the Sustainable Energy Development Authority ("SEDA") of Malaysia. However, the new Feed- In- Tariff rate of RM0.4669/KWh is still pending.

The 3 new engines have enhanced the productivity of the biogas power plant. TRL has significantly improved its power generation by 24.6% as compared to the previous financial year. The biogas power plant generated 27,113 MWh of renewable energy in 2019 vs 21,762 MWh in 2018.

On 11 March 2019, the Inland Revenue Board of Malaysia ("IRB") has approved TRL's Investment Tax Allowance application. The approved investment Tax Allowance of RM 23,698,665 is recorded in TRL's financial statements as a deferred tax asset at the prevailing Malaysian tax rate. Refer to Note 12.

After balance sheet date events

There have been no subsequent events that would have a material impact on the financial report for the year ended 30 June 2019.

Future Developments, Prospects and Business Strategies

Disclosure of additional information regarding likely developments in the operations and expected results is likely to result in unreasonable prejudice to TML.

Environmental Issues

There have been no environmental issues that would have a material impact on TML during the year.

Shares under Options

No Options were issued or recommended for issue during or since the end of the financial year.

Profile of The Board of Directors

TAN SRI DR. MAH KING THIAN
Malaysian, male, aged 55
Executive Chairman

Tan Sri Dr. Mah King Thian was appointed as a Director and Chairman of the TML on 16 September 2015. He has more than 31 years of experience in oil palm cultivation, milling and construction.

He graduated from Monash University, Australia with a Bachelor of Economics Degree majoring in Accounting in 1986 and a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1988. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA). In 2018, he completed his postgraduate study on oil palm renewable energy businesses and was awarded the degree of Doctor of Philosophy (PhD) by the Liverpool Business School in the United Kingdom.

Tan Sri Dr. Mah King Thian is also Managing Director of MHC Plantations Bhd and Executive Chairman of Cepatwawasan Group Berhad, both of which are oil palm plantation corporations listed on the Main Board of Bursa Malaysia.

Other current directorships None *Former directorships in last 3 years* **None**	*Special responsibilities* Chairman *Interest in shares* 57,500,000 ordinary shares in TML

DATO' SERI MAH KING SENG
Malaysian, male, aged 61
Managing Director

Dato' Seri Mah King Seng was appointed as a Director and Managing Director of TML on 16 September 2015. He has more than 39 years of experience in oil palm cultivation, milling and construction.

He graduated from University of Minnesota, United States of America with a degree in Agricultural Science in 1978. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Laws Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990.

Dato' Seri Mah King Seng is also the Executive Chairman of MHC Plantations Bhd and Managing Director of Cepatwawasan Group Berhad, both of which are oil palm plantation corporations listed on the Main Board of Bursa Malaysia.

Other current directorships None *Former directorships in last 3 years* None	*Special responsibilities* Managing Director *Interest in shares* 57,500,000 ordinary shares in TML

Profile of The Board of Directors (continued)

SOONG SWEE KOON
Malaysian, male, aged 64
Chief Operating Officer

Mr. Soong Swee Koon was appointed as a Director and Chief Operating Officer of TML on 16 September 2015. He is a qualified engineer and holds a Malaysian Steam Engineers' Certificate of Competency (First Grade).

He started his career in power generation with Perak Hydro Electric Power Company (UK firm) in 1974. In the following years, he trained and specialised in power generation, hydro and steam thermal power plants, and field maintenance and workshop overhaul of Cummins Diesel Engines and Generators. From 1980 to 1996, he worked as an oil mill engineer in United Plantations Bhd. The palm oil mill under his management was the winner of the Award for Best Palm Oil Mill in Malaysia (2nd Place from year 1990- 1995).

From 1996 to 2010, Mr Soong Swee Koon served as senior engineer, technical advisor, project manager and regional consultant to a number of power generation related companies. Mr. Soong joined his current company, MHC Plantations Bhd, in 2010 and is currently its Chief Operating Officer.

Other current directorships None *Former directorships in last 3 years* None	*Special responsibilities* Member of Audit and Risk Committee *Interest in shares* None

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JACK TIAN HOCK TAN
Australian, male, aged 69
Independent Director

Mr. Jack Tian Hock Tan was appointed as an Independent Non-Executive Director of TML on 16 September 2015.

He has a Bachelor of Business Administration from University of Singapore (1973) and a Master of Applied Finance from Macquarie University (1995).

He is an investment banker with 40 years' experience in the capital markets and finance sector in Australia and Malaysia. Jack has been instrumental in project acquisitions, evaluations and valuations, and capital raisings including several public offerings on the ASX.

Mr. Jack Tian Hock Tan was a founder director of Norton Goldfields Ltd, Rocklands Richfield Ltd, Orocobre Limited and Vietnam Emerging Capital Limited.

Other current directorships None *Former directorships in last 3 years* None	*Special responsibilities* -Chairman of Audit and Risk Committee -Member of Remuneration and Nomination Committee *Interest in shares* 541,373 ordinary shares in TML

Profile of The Board of Directors (continued)

LEE CHONG HOE
Malaysian, male, aged 55
Independent Director

Mr. Lee Chong Hoe was appointed as an Independent Non-Executive Director of TML on 16 September 2015.

He graduated from Monash University, Australia with a double degree in Economics (majoring in Accounting) and Law in 1988. After completing his legal practical training course in Leo Cussen Institute of Melbourne, he was admitted to the Supreme Court of Victoria in 1989.

He worked in Price Waterhouse Tax Services in Melbourne whereby he carried out research on the merger of family investment trusts and presented a paper on the Australian Budget 1989. Billy Lee then joined Peat Marwick Tax Services for a year in 1990 and later decided to chamber in Messrs Albar Zulkifly & Yap. Upon admission to the Malaysian Bar, Billy Lee commenced practice in Messrs Oon Kong & Lee in August 1991 and later continued in Messrs Lee Choon Wan & Co in June 1992. He has been involved in the listing of a number of public listed companies and privatisation projects. In March 1997, he joined Messrs Lee, Perrara & Tan. He is currently a partner at Teh & Lee, advocates and solicitors.

Other current directorships None *Former directorships in last 3 years* None	*Special responsibilities* -Chairman of Remuneration and Nomination Committee -Member of Audit and Risk Committee *Interest in shares* None

DERRICK DE SOUZA
Australian, male, aged 68
Independent Director

Mr. Derrick De Souza was appointed as an Independent Non-Executive Director of TML on 8 June 2018.

He has a Bachelor of Accountancy from the University of Singapore (1976) and has successfully completed the Executive Development Year program run jointly by the Institute of Corporate Managers, Secretaries and Administrators and the University of New South Wales (1989). He has also completed the 2 year post graduate diploma in Applied Finance and Investment of the Securities Institute of Australia recognised by the Australian banking and finance industry and the Diploma in Financial Services (Financial Planning) recognised by the financial planning and wealth management industry in Australia. Derrick is an associate member of CPA Australia.

Derrick is a consultant to businesses for the past 16 years and his work experience includes working in various capacities in accounting, Australian and international taxation, auditing, international banking, insurance, mergers and acquisitions, corporate restructuring for stock market listings, valuations and strategic planning and financial advisory. He has worked in banking and finance in Singapore, Malaysia, London, Korea, Hong Kong, and Australia. He advises Asian clients on in-bound Australian investments and Australian clients on out-bound off-shore business investments.

From 2006 to 2013 Derrick was the Managing Partner of a mid-tier Accounting practice in Sydney. He is currently a director of several private and public companies in Australia and has board experience. Derrick is a Registered Tax Agent with the Australian Tax Agents Board and also holds a New South Wales Real Estate Licence.

Other current directorships Mirracer Holdings Ltd *Former directorships in last 3 years* None	*Special responsibilities* -Member of Remuneration and Nomination Committee *Interest in shares* 14,000 ordinary shares in TML

Profile of The Board of Directors (continued)

DR. JORDINA MAH SIU YI
Malaysian, female, aged 27
Alternate Director of Tan Sri Dr. Mah King Thian

Dr. Mah was appointed as an Alternate Director of TML on 7 May 2018.

Dr. Mah is the eldest daughter of Tan Sri Dr. Mah King Thian, and is currently assisting Tan Sri Dr. Mah King Thian in the performance of his duties.

She obtained her Bachelor of Medicine and Bachelor of Surgery (MBChB) from the University of Glasgow, United Kingdom (UK) in 2016. Upon graduation, she forwent her training post in the NHS Hospitals in Durham, UK to pursue a corporate career.

In anticipation of her current role, she subsequently embarked on her postgraduate studies in Law in the UK, and has since successfully completed her Bar Professional Training Course (BPTC) at CITY, University of London. She will soon be admitted to Lincoln's Inn as a Barrister of England and Wales.

Dr. Mah has co-authored papers in international medical journals. Previously, she interned at World Vision Australia in Melbourne, Messrs. Wong Kian Kheong, Advocates & Solicitors, in Kuala Lumpur, and University Malaya Medical Centre.

Other current directorships None *Former directorships in last 3 years* None	*Special responsibilities* None *Interest in shares* None

Profile of The Board of Directors (continued)

LI-NA MAH
Malaysian, female, aged 29
Alternate Director of Dato' Seri Mah King Seng

Ms. Lina was appointed as an Alternate Director of TML on 8 June 2018.

LiNa Mah is currently with Cepatwawasan Group Berhad as Management Accountant. She also assists the Managing Director, Dato' Seri Mah King Seng in management duties.

She initially graduated from the University of Melbourne, Australia with a Bachelor of Commerce majoring in Accounting and Finance in 2010. Thereafter, she joined the Chinese Language Programme in Tsinghua University, Beijing to enhance her fluency in Mandarin. She went on to pursue her second degree, Bachelor of Laws with the University of London and completed with a Upper Second-Class Honours in 2016. She has also recently attended a Agro-Industrial BioGas Training Seminar by International BioGas and BioEnergy Centre of Competence (IBBK) to widen her knowledge on BioGas operation.

LiNa has previously interned with KPMG Malaysia, Forensics Accounting Department in 2009, then proceeded to join the company as an Associate in 2012. During her tenure there, she participated in investigations of financial frauds and was involved in the preparation of the KPMG Fraud Survey report then.

Other current directorships None *Former directorships in last 3 years* None	*Special responsibilities* None *Interest in shares* None

The above named directors held office during and since the end of the financial year unless otherwise indicated.

Company Secretary

Andrew Wallis was appointed as Company Secretary since 13 March 2013.

Andrew Wallis is a registered company auditor, tax agent, Justice of Peace and a member of the Institute of Chartered Accountants for over 30 years and a graduate of Sydney University with a Bachelor of Economics (B.Ec). Andrew has considerable experiences in secretarial and corporate advisory roles. He has also operated as the Managing Director of A F Wallis & Co for nearly 22 years and has been working in the chartered accounting profession for over 36 years.

Meetings of Directors

The Directors attendances at Directors' meetings held during the year were:

	Board of Director Meetings Attended	Audit and Risk Committee Meetings Attended	Remuneration and Nomination Committee Meetings Attended
Tan Sri Dr. Mah King Thian (Dr. Jordina Mah Siu Yi as Alternate Director)	4/4*	-	-
Dato' Seri Mah King Seng (Li-Na Mah as Alternate Director)	4/4*	-	-
Soong Swee Koon	4/4*	4/4*	-
Lee Chong Hoe	4/4*	4/4*	2/2*
Jack Tian Hock Tan	4/4*	4/4*	2/2*
Derrick De Souza	4/4*	-	1/1*

* Reflects the maximum number of meetings each director was eligible to attend.

Indemnifying Officers or Auditors

During or since the end of the financial year, TML has not, in respect of any person who is or has been an officer or auditor of TML:

- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Proceedings on Behalf of TML

No person has applied for leave of Court to bring proceedings on behalf of TML or intervene in any proceedings to which TML is a party for the purpose of taking responsibility on behalf of TML for all or any part of those proceedings. TML was not a party to any such proceedings during the year.

Non-Audit Services

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

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the external 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 board of directors to ensure they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants set by the Accountants Professional and ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for TML, acting as advocate for TML or jointly sharing economic risk and rewards.

The following fees were paid or payable for non-audit services provided during the year ended 30 June 2019:

	RM
Advisory services – Hall Chadwick	1,477
Taxation services – Ernst & Young	9,000

Auditor's Independence Declaration

Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out in this financial report.

Remuneration Report

This remuneration report is set out under the following main headings

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Details of shareholdings

D Service agreements

E Share-based compensation

F Additional information

A Principles used to determine the nature and amount of remuneration

The Board of Directors is responsible for determining and reviewing director's compensation and reviewing the Managing Director's recommendations on the remuneration of key management personnel.

The current maximum amount of Non-executive fees approved by shareholders is fixed at AUD$250,000 per annum. No retirement or other long term benefits are provided to any director or the company secretary other than superannuation to those directors who are also employees. The Non-executive Directors can claim reimbursement of out-of-pocket expenses incurred on behalf of TML and time spent on specific issues.

The aggregate remuneration paid or payable to all Directors of TMLfor the financial year ended 30 June 2019 is as follows:-

	RM
Executive Directors	-
Non-Executive Directors	118,128

TML paid its Company Secretary a fixed remuneration of AUD$2,000 + GST per month.

Remuneration Report (continued)

TML paid its immediate holding company a monthly management fee of AUD$5,000.

No retirement or other long term benefits are provided to any director or the company secretary.

B Details of remuneration and fees

Information on directors' remuneration is also set out in Note 17 – Key management personnel disclosures. TML has not granted options to Directors or Officers during the financial year. No employees were granted options as part of their remuneration.

The following table of all benefits and payments details, in respect to the financial year, the component of remuneration for each member of the key management personnel and other executives of TML.

	2019 Short-term employee benefit (Salary, Fees and Bonus) RM	2018 Short-term employee benefit (Salary, Fees and Bonus) RM
Directors		
Tan Sri Dr. Mah King Thian	-	-
Dato' Seri Mah King Seng	-	-
Soong Swee Koon	-	-
Jack Tian Hock Tan	29,532	31,467
Lee Chong Hoe	29,532	30,000
Derrick De Souza	29,532	-
Dr. Jordina Mah Siu Yi	29,532	-
Li-Na Mah	-	-
Executives		
Wong Kai Lih (Chief Financial Officer)	-	-
Andrew Wallis (Company Secretary)	70,877	75,521
Former		
Michelle Siew Yee Lee (Independent Director – resigned 14 June 2018)	-	-
Total	189,005	136,988

C Details of shareholdings

Option holdings

There were no Options issued or recommended for issue during or since the end of the financial year.

No Directors, executives or employees are participants in an employee share scheme.

Remuneration Report (continued)

Shareholdings

The number of shares in TML held during the financial year by each Director of TML and other key management personnel of TML, including their personally related parties are set out below:

Financial year 2019

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year	Held indirectly
Directors – Ordinary Shares				
Tan Sri Dr. Mah King Thian	57,500,000	-	57,500,000	57,500,000
Dato' Seri Mah King Seng	57,500,000	-	57,500,000	57,500,000
Soong Swee Koon	-	-	-	-
Lee Chong Hoe	-	-	-	-
Jack Tian Hock Tan	541,373	-	541,373	-
Derrick De Souza	14,000	-	14,000	-
Dr. Jordina Mah Siu Yi	-	-	-	-
Li-Na Mah	-	-	-	-
Executives – Ordinary Shares				
Wong Kai Lih	-	-	-	-
Andrew Wallis	10,000	(7)	9,993	-

Financial year 2018

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year	Held indirectly
Directors – Ordinary Shares				
Tan Sri Dr. Mah King Thian	57,500,000	-	57,500,000	57,500,000
Dato' Seri Mah King Seng	57,500,000	-	57,500,000	57,500,000
Soong Swee Koon	-	-	-	-
Lee Chong Hoe	-	-	-	-
Jack Tian Hock Tan	541,373	-	541,373	-
Derrick De Souza	-	14,000	14,000	-
Dr. Jordina Mah Siu Yi	-	-	-	-
Li-Na Mah	-	-	-	-
Executives – Ordinary Shares				
Wong Kai Lih	-	-	-	-
Andrew Wallis	10,000	-	10,000	10,000
Former – Ordinary Shares				
Michelle Siew Yee Lee	-	-	-	-

Remuneration Report (continued)

D Service agreements

A service agreement was entered with the immediate holding company for providing supervisory service, accountancy service and all executive director services to TML at a monthly management fee of AUD$5,000.

	Position Held
Tan Sri Dr. Mah King Thian	Executive Chairman
Dato' Seri Mah King Seng	Managing Director
Soong Swee Koon	Chief Operating Officer
Wong Kai Lih	Chief Financial Officer

A fee of RM70,877 for corporate secretarial services rendered for the year ended 30 June 2019 was paid to Andrew Wallis in his capacity as Company Secretary.

E Share-based Compensation

Directors Share Options

No Options were issued during the year and after year end to the date of this report by TML to a director or any of the most highly remunerated officers as part of their remuneration.

F Additional information

No cash bonuses, loans or other remuneration has been paid to Key Management Personnel.

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

On behalf of the Directors.

Tan Sri Dr. Mah King Thian
Executive Chairman
28 August 2019

Corporate Governance Statement

The Board of Directors is responsible for the corporate governance of TML, including its strategic development.

The ASX Corporate Governance Council outlines 8 core principles of good corporate governance and provides recommendations for the implementation of the respective principles. Whilst it is not mandatory to adopt the Council's recommendations, the Listing Rules of ASX stipulates that a listed entity is required to provide a statement disclosing the extent to which it has adopted the recommendations in the Reporting Period (12 months to 30 June each year) and, if it has not adopted any of the recommendations, to explain why.

This Corporate Governance Statement cogently sets out TML's current compliance, as at the date of 28 August 2019, with the ASX Corporate Governance Council's 4th edition Corporate Governance Principles and recommendations (**Recommendations**).

This Statement has been approved by the Board of Directors on 28th August 2019.

TML's corporate governance principles and policies is structured as follows:

Principle 1: Lay solid foundations for management and oversight

Roles and responsibilities

The Board is responsible for safeguarding TML's interests and fostering sustainable value creation whilst taking into account the reasonable interests of shareholders, employees, customers, and the communities in which TML operates. This also applies to other relevant stakeholders.

The Board embodies TML's vision of becoming a leading renewable energy producer in Malaysia, and adopts high standards of occupational health and safety, environmental management and ethics.

The Board meets regularly to review TML's performance and strives to ensure that it is making satisfactory progress in line with its vision. Its roles and responsibilities are detailed in the Constitution as well as the Board Charter.

To assist the Board in carrying out its responsibilities, the following standing Committees of its members have been established:

- Audit and Risk Management Committee;
- Remuneration and Nomination Committee;

Corporate Governance Statement (continued)

Each Committee has its own Charter that describes the roles and responsibilities delegated to the Committee by the Board. Charters for the Board and its Committees are reviewed by the Board annually and were last reviewed on 28 August 2019.

The Board delegates the responsibility of implementing the strategic direction and managing the day-to-day operations of TML to the directors.

Background Checks on New Appointment

When the Board agrees to appoint a new director, appropriate checks on their background and details of any conflicting interest that may influence his or her capacity to bring about independent judgment on the Board is carried out, using the services of external consultants and/or any known information available, if considered necessary.

The Remuneration and Nomination Committee is responsible for deliberating upon and making recommendations to the Board about the process for nomination and selection of directors for the Board, the Board committees and the performance of the directors.

Under TML's Remuneration and Nomination Charter:

- The Remuneration and Nomination Committee must ensure that a candidate for directorship has the appropriate range of skills, experience and expertise that will best complement Board effectiveness and TML’s business;
- The Remuneration and Nomination Committee must ensure appropriate checks are undertaken prior to the appointment of any new director; and
- In the case of a candidate standing for election or re-election as a director, the candidate must disclose details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence his or her capacity to independently consider issues before the Board, and their ability to act in the best interests of TML and its security holders.

When a candidate’s nomination for election is being put forward for approval by security-holders at an Annual General Meeting (AGM), all material information in TML’s possession that the Board considers relevant to the candidate’s election as a Director will be provided to the security-holders in the relevant Notice of meeting.

An announcement is then made on the stock exchange upon formal appointment by the Board.

Written Agreement for Directors

TML has established a written agreement with its controlling shareholder, Cash Nexus (M) Sdn Bhd for the services and responsibilities of all the executive directors. The Executive Directors are bound by the terms of their agreements with Cash Nexus (M) Sdn Bhd.

TML does not consider that the Non-Executive Directors require written agreements with it at this stage.

Each Principal Director has signed a deed of access and indemnity with TML.

Director Retirement and Re-election

Directors are retired in accordance with the provisions of the Constitution and are eligible for election. Retiring Directors are not automatically re-appointed.

Tan Sri Dr. Mah King Thian and Mr. Lee Chong Hoe will retire by rotation in 2019. They are standing for re-election at the 2019 AGM and are unanimously supported by the directors.

Company Secretary

The company secretary is accountable to the Board, through the Executive Chairman, on matters related to the functioning of the Board, including advising the Board and its Committees on governance matters, monitoring that Board policies and procedures are followed, coordinating the timely dispatch of Board papers, drafting minutes of meetings and similar matters. The decision to remove or appoint the Company Secretary requires the Board's approval or ratification.

Diversity and Inclusion Policy

TML recognises the unique qualities that the different individuals bring to the organisation, which has resulted in these individuals working together cohesively in the furtherance of TML's objectives. TML has adopted a diversity and inclusion policy.

Essentially, this policy is in place to ensure employees receive fair and equal treatment in all aspects of their work. Discrimination, bullying, harassment and victimisation is unacceptable and will not be tolerated. This policy is available on TML's website.

The Board has established the following measurable objectives for advancing gender diversity:

- The number of women employed at TML as a proportion of the total workforce; and
- The number of female directors as a proportion of the total director.

The following table provides an overview of TML's gender diversity objective for financial year 2019:

Percentage of Directors who are women	25%
Percentage of Senior Executive who are women	-
Percentage of workforce who are women	25%

Reviews and Evaluations

Under the Board Charter, it is a requirement for the performance of the Board and for individual directors to be assessed each year. TML has a formal process for evaluating the effectiveness, process and structure of the Board, its committees and individual directors. The Board is committed to regular assessment of its effectiveness and believes that the contribution of individual directors is essential to improve the governance and guidance of TML.

The review of the Board and its directors is focused on matters such as the structure, effectiveness and contributions made by each director and is working towards achieving the strategic objectives of TML. The Board is collectively responsible for conducting the annual review of the Board's performance which involves open and constructive dialogue between respective parties.

Corporate Governance Statement (continued)

The Executive Chairman consults with individual Directors as part of the assessment process. The results of this assessment are documented. The most recent review was conducted during the reporting period.

The Nomination and Remuneration Committee will conduct periodic performance reviews for the senior executive. Each senior executive has personal objective as well as objectives related to the performance of business or functional units. A report is provided to and reviewed by the Committee. Performance reviews and evaluation for the senior executive are conducted at least annually and have been conducted for the Reporting period.

Principle 2 Structure the Board to add value

Board Composition

As of the date of this report, the Board is comprised of 3 Non-Executive, Independent Directors, 3 Executive Directors and 2 Alternate Directors.

The directors have elected Tan Sri Dr. Mah King Thian as the Chairman.

The name, qualifications and tenure of each director is set out on page 5 - 10 of the directors' report.

The Role of the Chairman

The Board recognises the principle that the Chairman should be an independent director but believes that Tan Sri Dr. Mah King Thian is the most appropriate person to lead the Board as Chairman following listing, given his long-standing experience and business relationships. The Board is confident that Tan Sri Dr Mah is able to bring quality and independent judgment to relevant issues falling within the scope of the role of Chairman.

The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively, and for communicating the views of the Board to the public. The particular responsibilities of the Chairman are outlined in the Board Charter.

Corporate Governance Statement (continued)

Board Skills Matrix

TML seeks to maintain a Board of Directors with a broad range of financial and other skills, experience and knowledge relevant to overseeing the business of a renewable energy company. As well as general skills expected of a Director, TML seeks to maintain a board which at a minimum collectively has:

Skill Required	Description	Board
Executive Leadership	Oversee business activities as fulfilling organizational goals, strategic planning development and overall decision making	6/6
Strategy and Growth	Strategy development and implementation	6/6
Public Compliance	Well understanding and compliance on legal, public and regulation policy	6/6
Corporate finance	Accounting and reporting, corporate finance and internal controls, including assessing quality of financial controls	2/6
Risk Management and Compliance	Knowledge of contemporary risk and compliance management practices. Identify, manage and mitigate business risk of the organization	4/6
Safety Working Environment	Knowledge of maintaining a safety working environment	3/6
Corporate Governance	Knowledge, experience and commitment to high standard of governance	6/6
Renewable Energy Market	Experience and insights of renewable energy industry in Malaysia	3/6
Energy Generation	Engineering knowledge in energy generation	3/6
Human Resources	Knowledge in people matters including employee engagement, management development, succession and remuneration	6/6

Independence of Directors

TML considers a Director to be independent if the Director is independent of management and free of any business or other relationships that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgement in relation to matters concerning TML.

The Company considers that Jack Tan, Lee Chong Hoe and Derrick Martin De Souza are independent directors for the reasons given below:

Jack Tan has been a director of the Company since 16 February 2007, and acted as executive chairman from that date until the date of ASX listing. He holds less than 1% of the total issued shares in the Company. Although Mr. Tan has been a director and executive of the Company for some time, this was during the time that the Company's business activities were investment in Vietnam and later mineral exploration. Mr. Tan has had no involvement in the Company's current business, namely the operation of a biogas power plant in Malaysia and sale of energy through the Company's wholly owned subsidiary Mistral Engineering Sdn Bhd, which was acquired by the Company on 10 September 2015. As such, the Company considers that Mr. Tan is an independent director of the Company.

Corporate Governance Statement (continued)

Lee Chong Hoe's appointment as director of the Company took effect on 16 September 2015. Mr. Lee is a lawyer in Malaysia, who has in the past provided legal services to Cepatwawasan Group Berhad (**CGB**), the parent company of Cash Nexus which holds shares in the Company. Mr. Lee does not hold any shares in the Company. Given that this past relationship is with CGB and not the Company or any of its child entities, the Company considers Mr. Lee as an independent director of the Company.

Derrick Martin De Souza's appointment as director of the Company took effect on 8 June 2018. He holds less than 0.01% of the total issued shares in the Company. He has worked as a consultant to businesses not related to TML for the past 15 years and his work experiences include working in various capacities in accounting, Australian and international taxation, auditing, international banking, insurance, mergers and acquisitions, corporate restructuring for stock market listings, valuations and strategic planning and financial advisory. The Company considers Mr. De Souza as an independent director of the Company.

The Company's Board Charter states that the Board will comprise a majority of independent non-executive directors. The Company currently does not comply with this requirement of its Board Charter for the reasons given below, but the Board will aim to comply with this requirement at a later stage.

The Company has 6 directors, 3 of whom are independent directors. Given the size of the Company, the Board believes that it has an appropriate size and mix of skills to provide independent and transparent decisions for the benefit of the Company, despite not having the recommended majority independent directors.

Instead, the Board has implemented several policies and practices to enable it to make transparent and independent decisions. For example, directors are not allowed to be present during discussions or decision making on matters in which they have or could be seen to potentially have a material conflict of interest. In addition, directors are excluded from taking part in the appointment of third party service providers where the director has an interest, which provides further separation and safeguards to independence.

Remuneration and Nomination Committee

The purpose of this committee is to assist the Board and make recommendations to it in relation to the appointment and remuneration of new Directors (both Executive and Non-Executive) and senior executives. The Committee is to have a minimum of 3 members. At any time the composition of the Board permits, the Committee will also consist only of Non-Executive Directors, and a majority of Independent Directors, and will be chaired by an Independent Chairman appointed by the Board.

The committee comprises the following members:

- Mr Lee Chong Hoe as Chairman;
- Mr Derrick Martin De Souza; and
- Mr Jack Tian Hock Tan.

Corporate Governance Statement (continued)

Functions performed by the committee will include the following:

- Providing advice in relation to remuneration packages of senior executives, non-executive Directors and executive Directors, equity-based incentive plans and other employee benefit programmes;
- Reviewing TML's recruitment, retention and termination policies;
- Reviewing TML's superannuation arrangements;
- Reviewing succession plans of senior executives and Executive Directors;
- Recommending individuals for nomination as members of the Board and its committees;
- Reviewing the performance of senior executives and members of the Board annually;
- Considering those aspects of TML's remuneration policies and packages, including equity based incentives, which should be subject to shareholder approval;
- Monitoring the size and composition of the Board;
- Reviewing TML's diversity policy and its effectiveness;
- Development of suitable criteria for the selection and appointment of Board candidates;
- Identification and consideration of possible candidates, and recommendation to the Board accordingly; and
- Establishment of procedures, and recommendations for succession plans for the Board.

The Committee has adopted a formal Charter that is required to be reviewed annually. The Charter was most recently reviewed and updated on 28 August 2019. A copy of the Charter is available on TML's website.

The names of the current Directors and their experience, length of service as a Director and membership of Board Committees are set out in the Directors' Report for the Reporting Period contained in the Annual Report.

The Committee is required by its Charter to meet at least twice each year. This was met during the year as disclosed in the Directors' Report.

Directors' Development and Induction

The Board receives regular progress reports on financial, commercial and operational updates on the Company's business and may request elucidation or explanation of those reports. If required, Directors will be updated with industry developments, regulatory changes and ongoing strategy reviews.

Directors are otherwise encouraged to maintain the skills and knowledge they need to perform their roles by attending relevant courses, seminars and conferences. With the prior approval of the Chairman, which may not be unreasonably withheld, each Director has the right to seek independent professional advice at the cost of TML concerning any aspect of TML's operations or undertakings in order to fulfil their duties and responsibilities as Directors, and to ensure independent decision making.

On 2nd August 2018, an induction briefing was provided to new Director(s) to gain an understanding of the Company's background and business.

Corporate Governance Statement (continued)

Principle 3 Act ethically and responsibly

Core Values

Responsibility	*Sustainability*
Act honestly, conscientiously and fairly in accordance with the law and in the interests of our Shareholders, employees, and communities.	Committed to doing business in an environmentally, socially and economically responsible manner. We strive to be innovative within the law and meet the requirements of various stakeholders.

Code of Conduct

The Board acknowledges the need for the highest standards of corporate governance practice and ethical conduct by all directors, employees, consultants and contractors of TML.

The Board has adopted two Codes of Conduct for employees, and directors and senior executives respectively, which establishes a clear set of values that places emphasis on a culture encompassing strong corporate governance, sound business practice and good ethical conduct.

Recognising the increased role played by women and minorities in the workforce, TML has also adopted a Diversity Policy which is managed by the Remuneration and Nomination Committee. Key to this policy is the establishment of measurable gender diversity objectives.

Recognising that individuals connected with TML will sometimes be in possession of market-sensitive information, TML has adopted a Securities Trading Policy. Compliant with ASX Listing Rule 12.9, this policy also restricts any transactions in TML's Shares by TML directors, officers, consultants, senior management and other employees and related persons who, in the course of their interactions with TML, are in possession of such market-sensitive information.

Whistleblower policy

TML is committed to maintaining a high standard of integrity, investor confidence and good corporate governance. To achieve this, it is crucial that all of our employees and partners understand, follow, and adhere to our corporate values. We have put guidelines and policies in place to ensure we live by these values in our day-to-day work.

Together with our values, we want to have feedback and encourage people to speak up when they see activity or behaviour that they feel is wrong or does not match our values.

The goal of this policy is to provide very clear guidelines on how we approach and manage this feedback. The Board did not receive any feedback during the period of review.
Under the period of review, there is no report/feedback received by the Board.

Corporate Governance Statement (continued)

Anti-bribery and corruption policy

TML strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities, anywhere in the world, irrespective of involvement of government officials or other commercial enterprises. A bribe or other improper payment to secure a business advantage is never acceptable and can expose individuals and TML to possible criminal prosecution, reputational harm and/or other serious consequences.

The prohibition on bribery and other improper payments applies to all business activities, but is particularly important when dealing with government officials. The Malaysian Anti-Corruption Commission Act 2018 and similar laws in other countries strictly prohibit improper payments to gain a business advantage and impose severe penalties for violations.

The Board is not aware of any instances of bribery during the periods of review.

Principle 4 Safeguard integrity in financial reporting

Audit and Risk Committee

The purpose of this committee is to monitor the integrity of TML's financial statements, and monitor and review the effectiveness of TML's internal financial control system and internal and external audit functions.

The committee is to include at least 3 members, the majority of whom are Non-Executive Directors, including the chair who will not be the chairperson of the Board. At least one member is to have significant, recent and relevant financial management experience.

The committee comprises the following members:

- Mr Jack Tian Hock Tan as Chairman;
- Mr Lee Chong Hoe; and
- Mr Soong Swee Koon.

The Company considers that including an executive director is appropriate given his intimate knowledge of the Company's operations, who may be replaced with a Non-Executive Director at a later date.

The committee performs a variety of functions relevant to internal and external reporting and reports to the Board following each meeting. Among other matters for which the committee is responsible are the following:

- Monitor the integrity of the financial statements of TML and its subsidiaries by reviewing significant financial reporting matters;
- Review the effectiveness of TML's internal financial control system and, unless expressly addressed by the Board itself, risk management systems;
- Monitor and review the effectiveness of TML's internal audit function;
- Monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- Perform such other functions as assigned by law, TML's constitution, or the Board;

Corporate Governance Statement (continued)

- Approve the corporate governance section of TML's Annual Report relating to the Committee and its responsibilities;
- Review compliance with legal and regulatory requirements;
- To review and oversee management policies and profiles, in addition to the risk management and internal control system and to review effectiveness and compliance;
- Identifying material business risks and monitoring emerging risks;
- Reviewing legal matters, compliance and reporting issues;
- Reviewing the compliance function at least annually;
- Reviewing findings of any regulatory examinations and liaising with regulators;
- Consideration of TML's official documents including media releases, ASX announcements and analyst information;
- Establishing a procedure for the receipt and treatment of complaints received regarding accounting and auditing matters;
- Reviewing corporate legal reports of evidence of violations of the Corporations Act, ASX Listing Rules or breaches of fiduciary duties; and
- Evaluating its performance at least annually.

The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter, which is available on the TML's website.

The Committee is required by its Charter to meet at least four times each year. This was met during the year as disclosed in the Directors' Report.

Assurance from CEO and CFO

Before it approves the financial statements for the half-year or full-year, the Board receives a written declaration from the CEO and the CFO that:

- In their opinion, the financial records of TML have been properly maintained in accordance with the Corporations Act 2001 and the Financial Report for the reporting period complies with relevant accounting standards. It also gives a true and fair view of TML's financial position at the end of the Reporting Period and its financial performance during the reporting period; and
- To the best of their knowledge and belief, their declaration on those matters is founded on a sound system of risk management and internal control that is operating effectively in all material respects in relation to financial reporting risk, based on the risk management framework adopted by TML.

External Auditor

TML has appointed Hall Chadwick as its external auditor. Their key responsibility is to audit and review the financial reports of TML and provide an independent and professional opinion on whether TML's financial report gives a true and fair view of TML's financial position and financial performance and whether it complies with Australian Accounting Standards and the Corporations Regulations 2001. The external auditor's opinion is on page 69 - 73 of the report.

All periodic corporate reports will be reviewed by the external auditor before release to the market.

The external auditors will attend the Annual General Meeting and is available at the meeting to answer questions from shareholders about the conduct of the audit and the preparation and content of the independent Audit Report.

Corporate Governance Statement (continued)

Principle 5 Make timely and balanced disclosure

TML is committed to promoting investor confidence and ensuring that Shareholders and the market are provided with timely and balanced disclosure of all material matters concerning TML, as well as ensuring that all Shareholders have equal and timely access to externally available information issued by TML.

TML has adopted a Continuous Disclosure Policy to outline responsibilities in relation to disclosing information to the market and shareholders, and to ensure compliance with the continuous disclosure regime under ASX Listing Rules and the Corporations Act 2001.

The Board is provided with all material market announcements promptly once they have been made.

Principle 6 Respect the rights of security holders

Company's Website

TML's website address: www.timahresources.com.au provides detailed information about its business and operations. TML's website contains a wide range of information relevant to shareholders, such as details of TML's Board members, Charters, Policies and corporate governance.

Shareholder Communication Policy

TML has adopted a Shareholder Communication Strategy to ensure that Shareholders have access to balanced and understandable information about TML and its activities.

Information is communicated to security holders through:

- Annual and half-yearly financial reports;
- Annual and other general meetings convened for security holder review and approval of Board proposals;
- Continuous disclosure of material changes to ASX for open access to the public; and
- The Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All annual financial reports and notices for annual and other general meetings are distributed to the security holders unless specifically notified by the security holder that he or she would like to receive information regarding TML electronically.

External communication which may have a material effect on the price or value of TML's securities will not be released unless it has been announced previously to ASX.

Effective participation by Shareholders will be encouraged at general meetings and procedures will be designed to facilitate this.

Corporate Governance Statement (continued)

Annual General Meeting ("AGM")

The Board encourages full participation by shareholders at the AGM to ask questions and make comments about TML's operations and the performance of the Board and senior management. Notices for general meetings and other communications with shareholder are drafted to ensure that they are honest and accurate, and that the nature of the business of the meeting is clearly stated and explained where necessary. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the election and aggregate remuneration of Directors, the adoption of the Company's Remuneration Report, the granting of options and shares to Directors and changes to the Constitution. Substantive resolutions are decided by a poll rather than by a show of hands.

AGM will be held at our Sydney corporate office with the External Auditor's attendance to answer shareholders' questions.

Principle 7 Recognise and manage risk

The Board is responsible for setting TML's risk strategy and risk management. This responsibility is assisted by the Audit and Risk Committee.

Internal Audit

TML does not have an internal audit function but has outsourced it to an internal audit firm in relation to group's subsidiary Mistral Engineering Sdn Bhd. The process for evaluating and continually improving the effectiveness of its risk management and internal control processes is overseen by the Audit and Risk Committee in accordance with its charter.

During the period, an internal audit had been performed by a reputable consulting firm (Crowe Horwath Consultants Sdn. Bhd.), and as reported, there is no actual, suspected or alleged fraud affecting the group

Risk Management Framework and Internal Control

The Board recognises the importance of a sound risk management framework and internal control system to safeguard shareholders' investments and TML's assets.

The Board affirms its responsibility for the adequacy and effectiveness of TML's System of internal control. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

In view of the limitations that are inherent in any system of internal control, the Board ensures that this system is designed to manage TML's risks within an accepted risk profile. Hence, the system can provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against operational failures, fraud or financial loss.

Corporate Governance Statement (continued)

The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by TML. This ongoing process which includes updating the system of internal controls when there are changes in the business environment or regulatory guidelines, is reviewed by the Board. The Board is of the view that the risk management framework and the system of internal controls in place for the year under review, is sound and sufficient enough to safeguard the shareholders' investments and TML's assets.

A formal risk management framework has been established to ensure that an organised and consistent approach is practised in the ongoing process of identifying and assessing various critical risks that are considered likely to affect the profitable operation of the business. These include operational risk, market risk, legal risk and environmental risk. After the review and taking into consideration the nature of TML's business, the Directors are of the view that TML is not materially exposed to legal and market risks and therefore have concluded to focus on the environmental and operational risks relevant to its business segment.

The Board is supported by the Audit and Risk Committee in overseeing the risk management efforts within TML. The management has worked within the approved and adopted framework for principal risks affecting TML's strategic business objectives throughout the year. Additional reviews will be carried out as and when required annually. The ongoing implementation is monitored by the Management and is reported quarterly to the Board. The outcome of such risk management efforts is a database of all major risks, and their controls or action plans to mitigate such risks were compiled to produce a risk profile.

TML has also implemented a system of internal controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary. Such a system of internal controls and financial authority limits serves as a check and balance mechanism on TML's daily operations.

Review has been undertaken by the Board during the period and there is no actual, suspected or alleged fraud affecting TML.

Principle 8 Remunerate fairly and responsibly

The Board oversees Executive and Non-Executive Director remuneration arrangements and has established a Remuneration Committee to assist it in this regard.

Remuneration Report

A Remuneration Report required under Section 300A(1) of the Corporations Act 2001 (Cth) is provided in page 12 - 15 of the Directors' Report.

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

TIMAH RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN 69 123 981 537
AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TIMAH RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GRAHAM WEBB
Partner
Dated: 28 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Note	Consolidated Group	
		2019	2018
		RM'000	RM'000
Revenue	4	14,421	4,593
Cost of sales		(14,264)	(4,519)
Gross profit		157	74
Other income	4	3,736	3,566
Administrative expenses		(757)	(907)
Finance costs		(2,597)	(2,210)
Impairment loss	5	(2,236)	-
(Loss)/Profit before income tax	6	(1,697)	523
Income tax benefit	7	5,358	57
Profit for the period		3,661	580
Other comprehensive income:			
Exchange differences on translation of foreign operations		(139)	(556)
Total comprehensive income for the period		3,522	24
Earnings per share			
– basic earnings per share (cents)	23	0.04	0.006
– diluted earnings per share (cents)	23	0.04	0.006

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 30 June 2019

	Note	Consolidated Group	
		2019	2018
		RM'000	RM'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	5,585	6,383
Trade and other receivables	9	5,249	7,187
Other assets	9	482	807
Inventories	10	50	69
TOTAL CURRENT ASSETS		11,366	14,446
NON-CURRENT ASSETS			
Trade and other receivables	9	56,130	49,453
Deferred tax assets	12	12,773	6,722
Property, plant and equipment	11	502	517
TOTAL NON-CURRENT ASSETS		69,405	56,692
TOTAL ASSETS		80,771	71,138
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	2,176	1,924
Borrowings	14	2,875	2,700
TOTAL CURRENT LIABILITIES		5,051	4,624
NON-CURRENT LIABILITIES			
Borrowings	14	48,111	43,012
Deferred tax liabilities	12	8,255	7,563
TOTAL NON-CURRENT LIABILITIES		56,366	50,575
TOTAL LIABILITIES		61,417	55,199
NET ASSETS		19,354	15,939
EQUITY			
Issued capital	15	31,874	31,981
Foreign currency translation reserve	18	(238)	(99)
Retained earnings		(12,282)	(15,943)
TOTAL EQUITY		19,354	15,939

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes In Equity for the year ended 30 June 2019

Consolidated Group	Ordinary Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total
	RM'000	RM'000	RM'000	RM'000
Balance at 1 July 2017	31,981	(16,523)	457	15,915
Comprehensive income				
Profit for the period	-	580	-	580
Foreign exchange translation difference	-	-	(556)	(556)
Balance at 30 June 2018	31,981	(15,943)	(99)	15,939
Balance at 1 July 2018	31,981	(15,943)	(99)	15,939
Comprehensive income				
Share buy-back	(107)	-	-	(107)
Profit for the period	-	3,661	-	3,661
Foreign exchange translation difference	-	-	(139)	(139)
Balance at 30 June 2019	31,874	(12,282)	(238)	19,354

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 30 June 2019

		Consolidated Group	
		2019	2018
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,595	8,941
Payments to suppliers and employees		(2,858)	(3,637)
Interest received		111	162
Finance costs		(2,580)	(2,201)
Net cash generated in operating activities	8(b)	3,268	3,265
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for construction assets		(9,400)	(5,491)
Net cash used in investing activities		(9,400)	(5,491)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(2,875)	(2,263)
Proceeds from borrowings		175	-
Advances from holding company		8,264	4,711
Share buy-back		(107)	-
Net cash provided by financing activities		5,457	2,448
Net (decrease)/increase in cash held		(675)	222
Cash and cash equivalents at beginning of period		6,383	6,738
Effect of exchange rate changes on cash and cash equivalents		(123)	(577)
Cash and cash equivalents at end of period	8(a)	5,585	6,383

The accompanying notes form part of these financial statements.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies

Basis of Preparation

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

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary Mistral Engineering Sdn Bhd (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, TML (the acquire for accounting purposes).

The ultimate holding company of TML is Cepatwawasan Group Berhad, a company incorporated in Malaysia.

The financial statements were authorised for issue on 28 August 2019 by the Board.

Functional and Presentation Currency

The functional currency of each of TML's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Malaysia Ringgit which is the parent entity's functional and presentation currency.

(a) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to TML and the cost of the item can be measured reliably. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowings costs for long-term construction projects if the recognition criteria are met.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, TML recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and infrastructure	**5% - 7%**
Heavy equipment, plant and machinery	**6% - 10%**
Furniture, fittings and equipment	**10%**
Leasehold land	**1.59%**

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

(b) Service Concession Arrangement

Mistral and Sabah Electricity Sdn. Bhd. (“SESB”) entered into a Renewable Energy Power Purchase Agreement on 1 April 2015 (“REPPA”) to design, construct, own, operate and maintain a Renewable Energy Power Plant (“the Facilities”), to sell and deliver electrical energy to SESB under the Feed-In Tariff Program.

In accordance with the terms of the REPPA, SESB agrees to purchase the Annual Baseline Energy generated from the Facilities at a fixed tariff of 16 years from the commercial operation date.

A substantial portion of the Company's assets are used within the framework of concession contracts granted by a public sector customer (“grantor”). The characteristics of these contracts vary significantly depending on the country and activity concerned.

In order to fall within the scope of concession contract, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the significant residual interest in the infrastructure at the end of the term of the arrangement.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

Such infrastructure are not recognised in assets of the operator as property, plant and equipment but in financial assets ("financial asset model") depending on the remuneration commitments given by the grantor.

Financial asset model
The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- amounts specified or determined in the contracts; or
- the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.
-

Financial assets resulting from the application of this policy are recorded in the consolidated statement of financial position under the heading operating financial assets and recognised at amortised cost.

An impairment loss is recognised if the carrying amount of these assets exceeds the fair value, as estimated during impairment tests. Fair value is estimated based on the recoverable amount, calculated by discounting future cash flows (value in use method).

The portion falling due within less than one year is presented as current operating financial assets, while the portion falling due within more than one year is presented in the non-current heading.

Revenue associated with this financial model includes:

- revenue from the construction of the operating financial assets is brought to account over time by reference to the stage of completion;
- finance income related to the capital investment in the operating financial assets; and
- operation and maintenance revenue.

(c) Impairment of Non-Financial Assets

TML assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, TML makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(d) Revenue From Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Company recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(a) Identify contract with a customer
A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract
A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price
The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(d) Allocate the transaction price to the performance obligation in the contract
For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when (or as) the Company satisfies a performance obligation
The Company satisfies a performance obligation and recognise revenue over time if the Company's performance:

(i) Do not create an asset with an alternative use to the Company and has an enforceable right to payment for performance obligation completed todate; or
(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
(iii) Provide benefits that the customer simultaneously receives and consumes as the Company performs.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Company satisfies over time, the Company determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Company's effort and the transfer of service to the customer.

The following describes the revenue streams and performance obligations in contracts with customers:

(a) Revenue for concession arrangement
Under the power supply concession agreement, the Company is engaged to construct the facilities and infrastructure and supply of electricity, which are separate performance obligations. The fair value of revenue, which is based on fixed price under the agreement have been allocated based on relative standalone selling price of the considerations for each of the separate performance obligations. The Company recognises construction revenue over time as the project being constructed has no alternative use to the Company and the Company has an enforceable right to the payment for the performance completed to date.

(b) Revenue from the sales of electricity
Revenue from supply of electricity is recognised when the electricity is generated and transmitted.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

(c) Other revenue - interest income
Interest income is recognised on a time proportion basis that reflects the effective yield on the assets.

(e) Loans and Borrowings

Loans and borrowings and payables are recognised initially at net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

(f) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

(g) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authorities. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. In the statement of financial position, trade receivables and payables are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Foreign Currency Transaction and Balances

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

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

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

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

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

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

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

(i) Financial Instruments

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

Financial instruments (except for the trade receivables) 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets
Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

TML initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:*Business Combinations* applies, TML made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the TML's accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- TML no longer controls the asset (ie TML has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment
TML recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

TML uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach
Under the general approach, at each reporting period, TML assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, TML measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, TML measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach
The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Purchased or originated credit-impaired approach
For a financial asset that is considered credit-impaired (not on acquisition or origination), TML measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach
If a financial asset is determined to have low credit risk at the initial reporting date, TML assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, TML applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements
At each reporting date, TML recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of change in value. These also include bank overdrafts that form an integral part of TML's cash management, if any.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Consumable stores: purchase costs and expenses in bringing them into store on a weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

(l) Provisions

Provisions are recognised when TML has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that TML incurred in connection with the borrowing of funds.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

(n) Leases

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

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

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

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

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

(o) Earnings per share

(i) Basic earnings per share
Basic earnings per share is determined by dividing the loss after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, associated with the acquisition of a business, are included as part of the purchase consideration.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

(q) Critical Accounting Estimates & Judgements

Estimates and judgements are continually evaluated and are based on historical knowledge 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.

Key estimates

(i) Impairment
The entity assesses impairment at each reporting date by evaluating conditions and specific to the entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(ii) Useful lives of plant and equipment
The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the operation of a biogas power plant industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of TML's plant and equipment at the reporting date is disclosed in Note 11. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.05% (2018: 0.27%) variance in TML's profit for the year.

(iii) Service concession assets
The service concession assets are determined based on the fair values of the services delivered. In determining the appropriate discount rate, management has derived the applicable interest rates from high quality corporate bonds in Malaysia with an AAA rating. The bonds have been selected based on the expected duration of the lease rental period and taking into consideration the yield curve respectively.

(iv) Deferred tax assets
Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(r) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to TML. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to TML but applicable in future reporting periods.

a) AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

TML has chosen not to early-adopt AASB 16. However, TML has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

Basis of preparation
The accounting for TML's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by TML from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated, as TML has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

TML's non-cancellable operating lease commitments amount to RM642,000 as at the reporting date.

Notes to Financial Statements for the year ended 30 June 2019

Note 1 – Statement of significant accounting policies (continued)

TML has performed a preliminary impact assessment and has estimated that on 1 July 2019, TML expects to recognise the right-of-use assets and lease liabilities of approximately RM642,000.

Note 2 - Financial Risk Management

TML's activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest rate risk. TML's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function. TML's principal financial instruments consist of cash and cash equivalents.

TML management of treasury activities is centralised and governed by policies approved by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas, such as identifying risk exposure, analysing and deciding upon strategies and performance measurement.

TML held the following financial instruments:

	2019 RM'000	2018 RM'000
Financial assets		
Cash & cash equivalents	5,585	6,383
Trade and other receivables	61,379	56,842
	66,964	63,225
Financial liabilities		
Trade and other payables	2,176	1,924
Borrowings	50,986	45,712
	53,162	47,636

(a) Interest rate risk

TML's cash-flow interest rate risk primarily arises from its loans and borrowings subject to market bank rates. TML's policy is to manage interest cost using mix of fixed and floating rate debts. Generally, no interest is receivable or payable on the entity trade and other receivables or payables.

Notes to Financial Statements for the year ended 30 June 2019

Note 2 - Financial Risk Management (continued)

As at balance sheet date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the TML's profit net of tax would have been RM28,974 (2018: RM40,712) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is TML's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, TML monitors its cash requirements and raises equity funding as and when appropriate to meet such planned requirements.

(c) Foreign exchange risk

TML operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to the Australian Dollar in the current financial year. The entity has material currency risk as some cash balances are held in Australian Dollar. The carrying amount of the commercial transactions and recognised financial assets and liabilities are all in Malaysian currency.

The carrying amounts of TML's financial assets and liabilities are denominated in Malaysian Ringgit except as set out below which is denominated in Australian Dollar:

	2019	**2018**
	RM'000	**RM'000**
Cash & cash equivalents	3,545	5,307
+/- 5% in MYR/$A	+/-514	+/-792

(d) Credit risk

TML has treasury policies in place for deposit transactions for such transactions to be conducted with financial institutions with a minimum credit rating.

TML's exposure to credit risk arises primarily from trade and other receivables. TML's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. TML trades only with recognised and creditworthy third parties. It is TML's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that TML's exposure to bad debts is not significant. As at balance sheet date, all TML's trade receivable was due from customers under service concession agreements. Information regarding credit enhancements for trade and other receivable is disclosed in Note 9.

At balance sheet date, cash and deposits were held with ANZ and NAB in Australia, and Standard Chartered, RHB and Ambank in Malaysia.

(e) Price risk

The entity does not have any direct material market or commodity price risk relating to its financial assets or liabilities.

Notes to Financial Statements for the year ended 30 June 2019

Note 3 Segment Information

TML operates in a single segment being renewable energy generation in two geographical segments.

	Australia RM'000	Malaysia RM'000	Total RM'000
(i) Segment Performance			
Year Ended 30.6.2019			
Revenue	392	17,765	18,157
Total Segment Revenue	**392**	**17,765**	**18,157**
Inter-Segment Elimination	-	-	-
Total Group Revenue	**392**	**17,765**	**18,157**
Segment Net Loss before tax	**(253)**	**(1,444)**	**(1,697)**
Year Ended 30.6.2018			
Revenue	144	8,015	8,159
Total Segment Revenue	**144**	**8,015**	**8,159**
Inter-Segment Elimination	-	-	-
Total Group Revenue	**144**	**8,015**	**8,159**
Segment Net (Loss)/Profit before tax	**(547)**	**1,070**	**523**
(ii) Segment Assets			
As at 30.6.2019			
Total Group Assets	**4,784**	**75,987**	**80,771**
As at 30.06.2018			
Total Group Assets	**5,333**	**65,805**	**71,138**
(iii) Segment Liabilities			
As at 30.6.2019			
Total Liabilities	**245**	**61,172**	**61,417**
As at 30.06.2018			
Total Liabilities	**297**	**54,902**	**55,199**

Notes to Financial Statements for the year ended 30 June 2019

Note 4 – Revenue

	Consolidated Group	
	2019	**2018**
	RM'000	**RM'000**
Revenue:		
Sales of renewable energy	4,758	4,007
Construction of services concession facilities	9,663	586
	14,421	4,593
Other Income:		
Sales of sludge oil	319	526
Interest income	3,109	3,006
Compensation for Emission Reductions Purchase Agreement termination	-	34
Debt forgiveness	288	-
Other income	20	-
	3,736	3,566
Total	18,157	8,159

Note 5 – Impairment loss

The impairment loss of RM2,236,187 is arising from IC Interpretation 12 Service Concession Agreements.

The service concession asset was determined based on the fair value of the services delivered. The underperformance of the previous engines had caused a decrease in the fair value of the service concession asset. The Service Concession Asset under IC Interpretation 12 is determined based on the fair value of the services delivered.

Note 6 – Expenses

	2019	**2018**
	RM'000	**RM'000**
Profit before income tax includes the following specific expenses:		
(a) Depreciation - Plant & Equipment	34	31
Total depreciation	34	31

Note 7 – Tax expense

	2019	**2018**
a) Tax expense	**RM'000**	**RM'000**
Current tax	-	-
Deferred tax	(5,358)	(57)
	(5,358)	(57)

Notes to Financial Statements for the year ended 30 June 2019

Note 7 – Tax expense (continued)

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

	2019 RM'000	2018 RM'000
(Loss)/Profit before income tax expense	(1,697)	523
Taxation at Australia/Malaysia statutory tax rate	(422)	92
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible depreciation, impairment & amortisation & other expenses	25	31
Benefits not brought to account in respect of temporary differences	76	164
Deferred tax assets from investment tax allowance	(5,688)	-
Deferred tax assets not recognised	609	30
Under/(Over) provision of deferred tax liabilities in prior year	42	(374)
Income tax expense attributable to operating profit/(loss) before income tax	(5,358)	(57)

c) Deferred tax assets not recognised

	2019 RM'000	2018 RM'000
Tax losses	893	424

The deferred tax assets of the legal parent entity have not been brought to account as utilisation of these losses is not probable. The income tax losses can only be recovered by the company deriving future assessable income, conditions for deductibility imposed by law being complied with and no changes in tax legislation adversely affecting the realisation of the benefit from the deductions.

The balance of franking credits available for the franking of dividends at 30 June 2019 was nil (2018: nil).

Note 8 – Current assets - Cash & Cash Equivalents

	2019 RM'000	2018 RM'000
a) Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of financial position as follows:		
Cash at Bank & in hand *		
Balance per Statement of Cash Flows	5,585	6,383
	5,585	6,383

*Cash interest rate ranges from 0.01% to 3.0% on the daily balance.

Notes to Financial Statements for the year ended 30 June 2019

Note 8 – Current assets - Cash & Cash Equivalents (continued)

b) Reconciliation of cash flow from operations with net profit after income tax	**2019 RM'000**	**2018 RM'000**
Operating profit after Income Tax	3,661	580
Non-cash flows in net profit		
Depreciation	34	31
Forgiveness of debts	(288)	-
Construction and finance income	(8,514)	(2,860)
Impairment loss	2,236	-
Changes in assets and liabilities		
Decrease in deferred tax liabilities	693	(57)
Increase in deferred tax assets	(6,051)	-
Increase in inventory	19	-
Decrease in trade & other receivables, deposits and prepayments	11,221	2,468
Increase in trade and other payables	257	3,103
Net cash from operating activities	3,268	3,265

Note 9 – Trade and other receivables

		2019 RM'000	**2018 RM'000**
Current Assets			
Trade receivable – Service concession agreements		3,154	4,712
Trade receivable – Amount due from customers on sales of electricity		1,786	-
Termination compensation receivable		-	-
Other receivables		309	2,475
Deposits and prepayments		482	807
Total other receivables		5,731	7,994
Non-Current Asset			
Trade receivable – Amount due from customers on service concession agreements	(a)	56,130	49,453
Total trade and other receivables		56,130	49,453

No interest is receivable in respect of other receivables.
None of the other receivables are considered past due or impaired

(a) Services concession agreements

On 1 April 2015, TML had entered into Renewable Energy Power Purchase Agreement ("REPPA") with Sabah Electricity Sdn. Bhd. ("SESB") to design, construct, own and maintain the facility and to sell and deliver electrical energy to SESB under Feed-In Tariff Programme.

Notes to Financial Statements for the year ended 30 June 2019

Note 9 – Trade and other receivables (continued)

The Construction of the facility commenced in 2015 and was available for use on 25 September 2016. In accordance to the terms of the REPPA, SESB agrees to purchase the Annual Baseline Energy generate from the Facilities of a fixed tariff for 16 years from the commercial operation date.

For the year ended 30 June 2019, TML has recognised revenue of RM9,662,631 on construction of the facility. The revenue recognised in 2019 in relation to construction represents the fair value of the construction services provided in constructing the facility. TML has recognised a service concession receivable, measured initially at the fair value of the construction services discounted at a rate of 5.34% per annum.

Note 10 – Inventories	**2019**	**2018**
	RM'000	**RM'000**
At Cost:		
Consumable supplies	50	69

There were no inventories stated at net realisable value.

Notes to Financial Statements for the year ended 30 June 2019

Note 11 – Property, plant and equipment

	Long term leasehold land RM'000	Motor Vehicles RM'000	Heavy equipment, plant and machinery RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost					
At 1 July 2017	396	-	126	108	630
Additions	-	5	-	31	36
At 30 June 2018	396	5	126	139	666
Additions	-	-	-	19	19
At 30 June 2019	396	5	126	158	685
Accumulated Depreciation					
At 1 July 2017	32	-	65	21	118
Depreciation charged for the year	6	1	13	11	31
At 30 June 2018	38	1	78	32	149
Depreciation charged for the year	6	1	12	15	34
At 30 June 2019	44	2	90	47	183
Net Carrying Amount					
At 30 June 2018	358	4	48	107	517
At 30 June 2019	352	3	36	111	502

Notes to Financial Statements for the year ended 30 June 2019

Note 12 – Deferred tax assets/(liabilities)

		2019 RM'000	2018 RM'000
Deferred tax assets			
Unabsorbed capital allowances		7,066	6,067
Investment tax allowance	a	5,688	-
Unutilised tax losses		-	609
Others		19	46
		12,773	6,722
Deferred tax liabilities			
Temporary differences		8,255	7,563

(a) Investment tax allowance approved by IRB amounting to RM23,698,665, corporate tax rate is 24%.

Note 13 – Trade and other payables

		2019 RM'000	2018 RM'000
Current liability			
Retention sum payable to contractors		541	322
Provision for services concession agreements		1,423	1,433
Sundry payables and accrued expenses	a	212	169
Total Trade and other payables		2,176	1,924

(a) Sundry payables and accrued expenses
These amounts are non-interest bearing and are normally settled on an average term of three months.

Note 14 – Borrowings

		2019 RM'000	2018 RM'000
Current liability			
Secured:			
Bank loan at COF + 1.5% p.a.	i	2,875	2,700
Non-current liability			
Secured:			
Bank loan at COP + 1.5% p.a.	i	1,250	4,125
Loan from ultimate holding company	ii	46,861	38,887
Total Borrowings		48,111	43,012

The remaining maturities of the loans and borrowings are as follows:

	2019	2018
On demand or within 1 year	2,875	2,700
More than 1 year and less than 2 years	1,250	2,700
More than 2 years and less than 5 years	46,861	40,312
	50,986	45,712

Notes to Financial Statements for the year ended 30 June 2019

Note 14 – Borrowings (continued)

i) RM bank loan at COF + 1.5% p.a.

This loan is secured by:

(a) a corporate guarantee given by the ultimate holding company;

(b) first legal charge over the sub-divided land of a related company together with the plant erected thereon;

(c) debentures incorporating fixed and floating charge over all assets of Mistral;

(d) assignment over all contract proceeds from a related company in accordance with the Renewable Energy Power Purchase Agreement;

(e) assignment over all rights and benefits under the contracts between Mistral and its contractors;

(f) assignment over the performance bonds issued by contractors in favour of Mistral in relation to the plant; and

(g) third party guarantee up to 60% of the limit of the term loan facility of RM15 million.

ii) Loan from ultimate holding company

This amount carries interest at cost of fund which at 30 June 2019 equates to 5.38%. It is unsecured and repayable on 31 December 2025.

Note 15 – Issued Capital

Movement in share capital of TML are set out below:

	No.	RM'000
Opening balance at 1 July 2018	93,481,313	31,981
Share buy-back	(896,961)	(107)
Closing balance at 30 June 2019	92,584,352	31,874

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of TML in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Share Options

There were no share options on issue or recommended for issue during or end of the financial year.

Notes to Financial Statements for the year ended 30 June 2019

Note 15 – Issued Capital (continued)

Capital management
Management controls the capital of TML's in order to maintain the capital management objectives.

TML's objectives for managing capital are to:

- Ensure their ability to operate as a going concern.
- Maximise returns to stakeholders by maintaining an optimal debt/equity structure via the issuance/redemption of debt or equity as appropriate.

There are no externally imposed capital requirements and there have been no changes in the strategy adopted by management to control the capital of the entity since the prior year.

Note 16 – Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between TML and related parties took place at terms agreed between the parties during the financial year.

	2019 RM'000	2018 RM'000
Transactions with ultimate holding company:		
Advances during the year	5,732	3,657
Interest on advances obtained	2,348	859
Transactions with holding company:		
Management fee	177	188
Transactions with related companies:		
Prolific Yield Sdn. Bhd.		
- Land rental	36	36
- Transportation expenses	-	7
Cash Horse (M) Sdn. Bhd.		
- Sludge oil handling charges	11	13
- Sales of sludge oil	319	526
Suara Baru Sdn. Bhd.		
- Purchase of stone	4	25
Transactions with Director related company:		
Gold Mountain Limited	35	38
- Rental for registered office		
(Jack Tian Hock Tan – Common Director)		

Notes to Financial Statements for the year ended 30 June 2019

Note 17 – Key management personnel compensation

	2019 RM'000	2018 RM'000
Short-term employee benefits	189	137
	189	137

The company has disclosed the detailed remuneration in the directors' report. The relevant information can be found in sections A-E of the remuneration report.

Note 18 – Foreign Currency Translation Reserve

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

Note 19 – Remuneration of Auditors

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

	2019 RM'000	2018 RM'000
Assurance services		
Audit services- Hall Chadwick		
Audit and review of financial reports under the Corporations Act 2001	96	88
Audit services- Ernst & Young		
Audit and review of financial reports and other audit work under Company Act, 1965 in Malaysia	33	33
Other services		
Taxation services- Hall Chadwick	-	7
Advisory services- Hall Chadwick	1	-
Taxation services- Ernst & Young	9	17
	139	145

Note 20 – Contingencies

There are no contingent liabilities at the end of the financial year.

Notes to Financial Statements for the year ended 30 June 2019

Note 21 – Capital commitments

Capital expenditure commitments as at the reporting date are as follows:

	2019 RM'000	2018 RM'000
Approved and contracted for:		
Property, plant and equipment	-	7,996
Approved but not contracted for:		
Property, plant and equipment	-	158

Note 22 - Events after the balance sheet date

There have been no subsequent events that would have a material impact on the financial report for the year ended 30 June 2019.

Note 23 – Earnings Per Share

	2019 Cents	2018 Cents
Basic and diluted earnings per share	0.04	0.006

The following reflects the income and share data used in the calculation of basic and diluted earnings per share from continuing & discontinued operations:

	2019 RM'000	2018 RM'000
Profit used in calculating basic & diluted earnings per share	3,661	580

Number of shares used as the denominator	**Number of Shares 2019**	**Number of Shares 2018**
Weighted average number of fully paid ordinary shares used in the calculation of basic & diluted earnings per share	93,309,368	93,481,313

Note 24 – Company Details

The address of the registered office is Level 25, 31 Market Street Sydney 2000.

The principal place of business is Lot 70, Block 6, Prima Square, Mile 4, North Road, 90000 Sandakan, Sabah, Malaysia.

Notes to Financial Statements for the year ended 30 June 2019

Note 25 – Lease Commitments

	2019 RM'000	2018 RM'000
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
– Less than 12 months	36	36
– More than 12 months less than 5 years	144	144
– More than 5 years	462	498
	642	678

Note 26 – Parent Entity Information

	2019 RM'000	2018 RM'000
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	4,783	5,333
Non-current assets	26,162	26,162
TOTAL ASSETS	30,945	31,495
LIABILITIES		
Current liabilities	245	297
TOTAL LIABILITIES	245	297
EQUITY		
Issued capital	39,819	39,926
Retained earnings	(8,881)	(8,629)
Foreign currency translation reserve	(238)	(99)
TOTAL EQUITY	30,700	31,198
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(252)	(548)
Total comprehensive loss	(252)	(548)

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The Financial Statements and notes, as set out on pages 30 to 65 are in accordance with the Corporations Act 2001 and:

   a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the company.

2. the Directors have each declared that:

   a) the financial records of TML for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;

   b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   c) the financial statements and notes for the financial year give a true and fair view;

3. In the directors' opinion, there are reasonable grounds to believe that TML will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Tan Sri Dr. Mah King Thian
Executive Chairman

Dated this 28 August 2019

TIMAH RESOURCES LIMITED
ABN 69 123 981 537
AND CONTROLLED ENTITIES

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIMAH RESOURCES LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

Opinion

We have audited the financial report of Timah Resources Limited and its Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and other explanatory information and the directors' declaration.

In our opinion:

the accompanying financial report of Timah Resources Limited and Controlled Entities is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 terms 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.

TIMAH RESOURCES LIMITED
ABN 69 123 981 537
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIMAH RESOURCES LIMITED AND CONTROLLED ENTITIES

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2019. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Service Concession Arrangements	Our procedures included, amongst others:
Refer Note 1(b) and Note 9 to the financial statements, and Critical Accounting Estimates & Judgements Note 1(q)(iii). Timah's operating subsidiary, Mistral Engineering Sbn. Bhd., entered into an arrangement whereby the company operates a Biogas power plant providing electricity to Sabah Electricity Sdn. Bhd. This arrangement is accounted for as a service concession arrangement in accordance with AASB Interpretation 12: Service Concession Arrangements. We focused on this area as a key audit because the carrying value of the financial asset is material to the financial statements and significant judgement is applied in measuring its fair value.	We obtained a copy of the Renewable Energy Power Purchase Agreement to ensure that the arrangement reflects a service concession arrangement. We obtained the financial asset model and verified the key inputs including the agreed annual baseline energy delivery (kWh), the agreed rate (kwh), agreement term, the finance cost, the profit margin and the costs associated with the construction of the power plant in order to assess the carrying value. We assessed whether there were any impairment indicators. We assessed the impact of AASB Interpretation 12 on the adoption of AASB15 "Revenue from contracts with Customers".

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

TIMAH RESOURCES LIMITED
ABN 69 123 981 537
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIMAH RESOURCES LIMITED AND CONTROLLED ENTITIES

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 ability of the Group 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 Responsibilities 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

TIMAH RESOURCES LIMITED
ABN 69 123 981 537
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIMAH RESOURCES LIMITED AND CONTROLLED ENTITIES

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

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

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Timah Resources Limited for the year ended 30 June 2019 complies with s300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GWebb

GRAHAM WEBB
Partner
Dated: 28 August 2019

Shareholder Information

Timah Resources Limited shares are listed on Australian Securities Exchange (ASX) under ASX Code: TML.

The following information is provided regarding the Issued Capital of TML as at 30 June 2019.

1. (a) Distribution of Ordinary Fully Paid Shareholder

The distribution of ordinary fully paid shareholders and their shareholdings at 30 June 2019 was as follows:

Range	Shareholders	Fully Paid Shares	%
1 - 1,000	2	822	0.00%
1,001 - 5,000	48	202,406	0.21%
5,001 - 10,000	316	3,121,279	3.37%
10,001 - 100,000	77	3,093,911	3.34%
100,001 - upwards	30	86,165,934	93.08%
Total	**473**	**92,584,352**	**100.00%**

(b) The names of substantial ordinary fully paid shareholders listed in the holding company's register as at 30 June 2019 are:

Shareholders Name	Number of Shares	%
Cash Nexus (M) Sdn. Bhd.	57,500,000	62.03%

(c) Voting Rights

Issued shares are either ordinary fully paid shares or partly paid shares. Each shareholder is entitled to one vote on any matter put to a vote by show of hands at a meeting of shareholders. Each fully paid shareholder is entitled to one vote per share on any matter put to a poll at a meeting of shareholders. Partly Paid Shareholders are entitled to vote to the extent to which the Partly Paid Shares are paid up.

Shareholder Information

2. Substantial Ordinary Fully Paid Shareholders

The top 20 ordinary fully paid shareholders and their shareholding at 30 June 2019 were as follows:

	Name of Shareholder	Number of Shares	% of Issued Capital
1	CASH NEXUS M SDN BHD	57,500,000	62.03%
2	DR SUGANTHEE NALLIANNEN	4,500,000	4.85%
3	MS SOON GAIK KHOO	3,690,000	3.98%
4	TIMAH PASIR SDN BHD	3,000,000	3.24%
5	CHENG LYE KHOO	2,500,000	2.70%
6	MRS PHAIK SUAN KANG	2,000,000	2.16%
7	MRS KIM SIM ONG	1,888,000	2.04%
8	MR ALBERT KHOO <ACK AUSTRALIA PTY LTD A/C>	1,630,250	1.76%
9	DOUBLE M TRADING PTY LTD	1,140,000	1.23%
10	MR TEO TIEW	1,000,000	1.08%
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,000,000	1.08%
12	LAWRENCE NGUYEN NOMINEES PTY LTD <L NGUYEN INVESTMENT A/C>	873,371	0.94%
13	UNILEASE CAPITAL SDN BHD	650,000	0.70%
14	HAI MINH NGUYEN	648,372	0.70%
15	INVESTRA PTY LTD	510,000	0.55%
16	BINH THANH HAI NGUYEN	475,001	0.51%
17	MR JACK TIAN HOCK TAN	473,372	0.51%
18	M F CUSTODIANS LTD	325,000	0.35%
19	MS HEATHER MANSFIELD	305,500	0.33%
20	MS DOROTHY POH THIM SIM	272,700	0.29%
	Total Twenty Largest Shareholders	**84,381,566**	**91.03%**
	Total Ordinary Shares on Issue at 30 June 2019	**92,584,352**	

3. Option Holders

There were no Options issued or recommended for issue during or since the end of the financial year.