Interim Financial Report

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Results for Announcement to the Market

Key Information	**Half-year Ended 31 December 2016 RM'000**	**Half-year Ended 31 December 2015 RM'000**	**% Change**
Revenue from ordinary activities	12,875	23,193	-44%
Loss after tax from ordinary activities attributable to members	(715)	(14,323)	95%
Net loss attributable to members	(715)	(14,323)	95%

Explanation of Key Information

An explanation of the above figures is contained in the Review of Operations included within the attached directors' report.

Net Tangible Assets per share

	Half- Year Ended 31December 2016 RM/Share	Half-year Ended 31December 2015 RM/Share
Net tangible assets per share	0.16	0.17

Dividend Reinvestment Plans

The Group does not have any dividend reinvestment plans in operation.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2016.

Directors

The names of directors who held office during or since the end of the half-year:

Tan Sri Mah King Thian

Dato Seri' Mah King Seng

Mr. Soong Swee Koon

Mr. Jack Tian Hock Tan

Mr. Lee Chong Hoe

Ms. Michelle Siew Yee Lee

Review of Operations

During the period, the Group focused on the upgrading of its biogas power plant for connection to the power grid under the Malaysian Biogas Feed-in Tariff scheme. At the date of this report, the construction and upgrading of the biogas power plant has been completed. Mistral had completed the required tests and achieved the Initial Operation (IOD) on the 16th November 2016, and subsequently achieved Commercial Operation (COD) on the 15th February 2017.

The operation of the power plant was significantly affected by the upgrading and testing process. Although Mistral has already achieved the IOD, energy exported during the IOD stage is only sold at 15% of the approved Feed-in Tariff rate. The Group foresees that profit will rise after the COD.

Rounding of Amounts

The consolidated group has applied the relief available to it under ASIC Corporation Instrument 2016/191 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest RM1,000.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 3 for the half-year ended 31 December 2016.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director ....

Tan Sri Mah King Thian

Dated this 22 day of February 2017

TIMAH RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN 69 123 981 537
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
TIMAH RESOURCES LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Timah Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of Timah Resources Limited's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

GRAHAM WEBB
Partner
Date: 22 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated Group	
		Half-year Ended 31 December 2016	Half-year Ended 31 December 2015
		RM'000	RM'000
Revenue	2	11,738	18,101
Cost of sales		(11,891)	(17,617)
Gross (loss)/profit		(153)	484
Other income	2	1,137	5,092
Administrative expenses		(452)	(255)
Finance costs		(824)	(572)
Impairment of goodwill		-	(17,849)
Loss before income tax		(292)	(13,100)
Income tax expense		(423)	(1,223)
Loss for the period		(715)	(14,323)
Other comprehensive income:			
Exchange differences on translation of foreign operations		441	149
Total comprehensive income for the period		(274)	(14,174)
Earnings per share (cents)		(0.076)	(0.20)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Consolidated Group	
		As at 31 December 2016	As at 30 June 2016
		RM'000	RM'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		6,849	8,479
Trade and other receivables		1,957	1,224
Other assets		35	92
Inventories		14	30
TOTAL CURRENT ASSETS		8,855	9,825
NON-CURRENT ASSETS			
Trade receivables		51,623	39,741
Property, plant and equipment		515	499
Deferred tax assets		-	-
TOTAL NON-CURRENT ASSETS		52,138	40,240
TOTAL ASSETS		60,994	50,065
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		6,150	905
Borrowings		1,738	1,650
TOTAL CURRENT LIABILITIES		7,888	2,555
NON-CURRENT LIABILITIES			
Borrowings		37,204	31,757
Deferred tax liabilities		764	341
TOTAL NON-CURRENT LIABILITIES		37,968	32,098
TOTAL LIABILITIES		45,856	34,653
NET ASSETS		15,138	15,412
EQUITY			
Issued capital	3	31,981	31,981
Foreign currency translation reserve		339	(102)
Retained earnings		(17,182)	(16,467)
TOTAL EQUITY		15,138	15,412

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Consolidated Group	Ordinary Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total
	RM'000	RM'000	RM'000	RM'000
Balance at 1 July 2015	9,250	(1,885)	-	7,365
Comprehensive income				
Loss for the period	-	(14,323)	-	(14,323)
Foreign exchange translation difference	-	-	149	149
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period	22,864	-	-	22,864
Equity raising costs	(133)	-	-	(133)
Balance at 31 December 2015	31,981	(16,208)	149	15,922
Balance at 1 July 2016	31,981	(16,467)	(102)	15,412
Comprehensive income				
Loss for the period	-	(715)	-	(715)
Foreign exchange translation difference	-	-	441	441
Balance at 31 December 2016	31,981	(17,182)	339	15,138

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated Group	
	Half-year Ended 31 December 2016	Half-year Ended 31 December 2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	754	2,303
Payments to suppliers and employees	(936)	(1,266)
Interest received	98	8
Finance costs	(824)	(572)
Net cash (used in)/provided by operating activities	(908)	473
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for construction assets	(6,712)	(6,364)
Net cash used in investing activities	(6,712)	(6,364)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(825)	(825)
Proceeds from issue of shares	-	6,490
Equity raising costs	-	(133)
Advances from holding company	6,345	6,761
Net cash provided by financing activities	5,520	12,293
Net (decrease)/increase in cash held	(2,100)	6,402
Cash and cash equivalents at beginning of period	8,479	739
Effect of exchange rate changes on cash and cash equivalents	470	167
Cash and cash equivalents at end of period	6,849	7,308

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Timah Resources Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 22 February 2017.

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 (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Timah (the acquire for accounting purposes).

The ultimate holding company of the Group is Cepatwawasan Group Berhad. Cepatwawasan Group Berhad is incorporated in Malaysia.

Functional and Presentation Currency

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

b. **Going Concern**

Notwithstanding the Group incurred a loss of RM715,542 and incurred net cash outflows from operations of RM907,622 for the half year ended 31 December 2016, the financial statements of the Group have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

The ultimate holding company has agreed to provide continue financial support to the extent that the Group will be able to meet it liabilities as and when they fall due during the next twelve months period ending 31 December 2017.

The Group's budget indicates the Group will be profitable for the 12 months ended 31 December 2017.

Based on the above basis, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

c. **Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. **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 the Group 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, the Group 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.

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%**

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.

e. **Impairment of Non-Financial Assets**

The Group 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, the Group 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")).

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.

Impairment losses are recognised in profit or loss.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f. **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.

g. **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from the sale of electricity is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

h. **Service Concession Arrangements**

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"), and to sell and deliver electrical energy to SESB under the Feed-In Tariff Program.

In accordance to 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.

i) Revenue

The Group recognises revenue from the construction of the Facilities in accordance with its accounting policy for construction contracts set out in Note 1 (i) below. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identified.

ii) Financial Assets

The Company recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services.

i. **Construction Contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is possible that total contract costs will exceed total contract revenues, the expected loss is recognised as an expenses immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenues and they are capable of being reliably measured.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When the total of costs incurred on constructions contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

j. **Foreign Currency Transactions 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.

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 the Group's presentation currency, are translated as follows:

— assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

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.

NOTE 2: REVENUE

	Consolidated Group	
	Half-year Ended 31 December 2016	Half-year Ended 31 December 2015
	RM'000	RM'000
The following revenue items are relevant in explaining the financial performance for the interim period:		
Revenue:		
Sales of renewable energy	697	1,284
Construction of services concession facilities	11,040	16,817
Other Income:		
Sales of sludge oil	57	1,019
Interest income	1,065	824
Compensation for Emission Reductions Purchase Agreement termination	-	1,899
Debt forgiveness	-	1,349
Other income	15	1
	12,875	23,193

NOTE 3: ISSUED CAPITAL

Movements in share capital of the Company are set out below:

	No.	RM'000
Opening balance at 30 June 2015	80,252,626	9,250
Consideration shares issued for the acquisition of Mistral	85,500,000	16,371
	165,752,626	25,621
Less: Share consolidation 2:1	(82,876,313)	-
	82,876,313	25,621
Share issued during ASX IPO	10,605,000	6,490
Less: Costs directly attributable to the issue of ordinary shares	-	(133)
Closing balance at 31 December 2015	93,481,313	31,978
Opening balance at 1 July 2016	93,481,313	31,981
Share issued	-	-
Closing balance at 31 December 2016	93.481,313	31,981

NOTE 4: OPERATING SEGMENTS

The Group operated in one based single segment being renewal energy power generation on 2 geographical segments.

	Australia	Malaysia	Total
(i) Segment Performance	**RM'000**	**RM'000**	**RM'000**
Year Ended 31.12.2016			
Revenue	106	18,538	18,644
Total Segment Revenue			
Inter-Segment Elimination	-	-	-
Total Group Revenue	**106**	**18,538**	**18,644**
Segment Net Loss before tax	**(262)**	**(30)**	**(292)**
Year Ended 31.12.2015			
Revenue	2	21,842	21,844
Debt forgiveness	1,349	-	1,349
Total Segment Revenue	**1,351**	**21,842**	**21,193**
Inter-Segment Elimination	-	-	-
Total Group Revenue	**1,351**	**21,842**	**21,193**
Segment Net (Loss)/Profit before tax	**(16,671)**	**2,348**	**14,323**
As at 31.12.2016			
Total Group Assets	**6,236**	**54,758**	**60,995**
As at 30.06.2016			
Total Group Assets	**6,041**	**44,024**	**50,065**
(iii) Segment Liabilities			
As at 30.12.2016			
Total Liabilities	**412**	**45,444**	**45,856**
As at 30.06.2016			
Total Liabilities	**396**	**34,257**	**34,653**

NOTE 6: EVENTS AFTER THE END OF THE INTERIM PERIOD

On 15 February 2017, the upgraded 3.8MW biogas power plant had achieved Commercial Operation.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Timah Resources Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 13, are in accordance with the *Corporations Act 2001*, including:
   a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director ______________________________

Tan Sri Mah King Thian

Dated this 22 day of February 2017

TIMAH RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN 69 123 981 537
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TIMAH RESOURCES LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

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Sydney NSW 2001

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Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Timah Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Timah Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Timah Resources Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Timah Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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

SYDNEY

Level 40
2 Park Street
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Australia

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I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2016 there have been no contraventions of :

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

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

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GWebb

GRAHAM WEBB
Partner

Date: 22 February 2017