

Appendix 4E (Preliminary Final Report – Unaudited)

Timah Resources Limited (ABN 69 123 981 537) and Controlled Entities

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 December 2022

Results for Announcement to the Market

Key Information	31 Dec 2022	31 Dec 2021	% Change
	RM'000	RM'000	
Revenue from ordinary activities	8,186	8,774	-6.70
(Loss) / Profit after tax from ordinary activities attributable to members	(2,234)	358	-724.02
Net (loss) / profit attributable to members	(2,234)	358	-724.02

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	31 Dec 2022	31 Dec 2021
	RM/Share	RM/Share
Net tangible assets per share	0.26	0.40

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 year ended 31 December 2022.

Directors

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

Tan Sri Dr Mah King Thian

Dato Seri' Mah King Seng

Mr. Soong Swee Koon

Mr. Jack Tian Hock Tan

Mr. Lee Chong Hoe

Mr. Derrick De Souza

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

Ms. Li-Na Mah (Alternate Director to Dato' Seri Mah King Seng)

Review of Operations for the year ended 31 December 2022

The Covid-19 pandemic had significant adverse effects on the maintenance and performance of our Biogas Plant. The closure of national borders in 2020 had disrupted the supply of essential spare parts and the provision of supporting engineering services for our Biogas Plant.

However, the year of 2022 signaled a new chapter for Malaysia as the country began transitioning from a Covid-19 pandemic phase to an endemic phase. On April 1, changes were announced for the national standard operating procedures (SOP) that were introduced at the start of the pandemic. A significant update was the reopening of the country's borders.

Unfortunately, just as the Group had begun to overcome the challenges posed by the Covid-19 pandemic, new problems have emerged because of the February 2022 Russian invasion of Ukraine. Although Malaysia's borders have reopened, the disruptions to the global supply chain caused by the war have led to steep increases in the prices of essential spare parts and services that we require.

From January to September 2022, Mistral Engineering Sdn. Bhd. (MESB) incurred a substantial sum of RM 2.4 million to overhaul its gas engines. During this 9- month period, our power generation was disrupted, resulting in a temporary but significant drop in our power exports compared to the preceding year. Hence, the Biogas Plant only generated and exported 17,533 MWh of renewable energy, which was 6.7% lower than the preceding year 2021 (18,791 MWh).

Another challenge we faced this year was the unusually high downpour that occurred during the monsoon season of the last quarter of 2022. This caused a drastic fall in the production of Fresh Fruit Bunches resulting in less Palm Oil Mill Effluent (POME) feedstock for our Biogas Plant. Consequently, this led to a lower plant power output, further contributing to the plant's worsened performance during the year. Furthermore, our biogas plant is normally supported with an additional supply of POME feedstock from our neighbouring Biomass Plant. However, this year the Biomass plant also underwent significant repair and maintenance works leading to further decreases in the supply of feedstock.

Despite the short-term problems caused by the repairs, these maintenance works were ultimately essential to ensure our long-term profitability. Furthermore, the Group only suffered a marginal Net Loss before income tax of RM322,270 for 2022. Moving forward, in order to maintain a stable supply of high-quality POME feedstock, a new POME holding and regeneration tank of 5000m3 has been proposed.

In compliance with IAS 12 Income Taxes, our auditor has reassessed the forecasted sufficiency of the future taxable income for the continuous recognition of the deferred tax assets in the Group's financial statement. Unfortunately, the unfavourable impact and uncertainty of the disruptions to the global supply chain caused by the war implies that the future taxable income might not be sufficient to fully utilise the total deferred tax assets of RM13,891,412. As a conservative approach, management agrees with the auditor to derecognise RM1,878,685 of deferred tax assets as at the financial year ended 31 December 2022. This derecognised portion of the deferred tax assets will remain out of the financial statement until the uncertainty in the forecast is clear, and the future taxable income is sufficient to utilise them.

DIRECTORS' REPORT

The unforeseen circumstances of 2022 were unfortunate. However, the Group is hopeful that with most of the overhaul done, the plant will be able to achieve higher production in 2023 and be profitable.

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.

Status of Audit

The 31 December 2022 financial statements and accompanying notes for Timah Resources Limited are in the process of being audited.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2022

	Consolidated Group	
	31 Dec 2022	31 Dec 2021
	RM'000	RM'000
Revenue	8,186	8,774
Cost of sales	(8,996)	(7,065)
Gross (loss)/profit	(810)	1,709
Other income	2,190	851
Administrative expenses	(530)	(736)
Finance costs	(1,172)	(1,155)
(Loss)/Profit before income tax	(322)	669
Income tax expenses	(1,912)	(311)
(Loss)/Profit for the period	(2,234)	358
Other comprehensive income:		
Exchange differences on translation of foreign operations	(21)	(62)
Total comprehensive (losses) / income for the period	(2,255)	296
Earnings per share		
– basic earnings per share (cents)	(2.50)	0.40
– diluted earnings per share (cents)	(2.50)	0.40

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2022

	Consolidated Group	
	31 Dec 2022	31 Dec 2021
	RM'000	RM'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8,069	6,194
Trade and other receivables	852	2,637
Other assets	1,166	1,494
Inventories	191	66
TOTAL CURRENT ASSETS	10,278	10,391
NON-CURRENT ASSETS		
Right of use	286	308
Deferred tax assets	12,013	13,906
Property, plant and equipment	36,305	39,186
TOTAL NON-CURRENT ASSETS	48,604	53,400
TOTAL ASSETS	58,882	63,791
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	409	674
Lease liabilities	12	11
TOTAL CURRENT LIABILITIES	421	685
NON-CURRENT LIABILITIES		
Borrowings	27,295	29,477
Lease liabilities	324	336
Deferred tax liabilities	7,417	7,399
TOTAL NON-CURRENT LIABILITIES	35,036	37,212
TOTAL LIABILITIES	35,457	37,897
NET ASSETS	23,425	25,894
EQUITY		
Issued capital	46,890	47,104
Foreign currency translation reserve	(91)	(70)
Retained earnings	(23,374)	(21,140)
TOTAL EQUITY	23,425	25,894

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes In Equity for the period ended 31 December 2022

Consolidated Group	Ordinary Share Capital RM'000	Retained Earnings RM'000	Foreign Currency Translation Reserve RM'000	Total RM'000
Balance at 1 January 2021	47,330	(21,498)	(8)	25,824
Comprehensive income				
Share buy-back	(226)	-	-	(226)
Profit for the period	-	358	-	358
Foreign exchange translation difference	-	-	(62)	(62)
Balance at 31 December 2021	47,104	(21,140)	(70)	25,894
Balance at 1 January 2022	47,104	(21,140)	(70)	25,894
Comprehensive income				
Share buy-back	(214)	-	-	(214)
Loss for the period	-	(2,234)	-	(2,234)
Foreign exchange translation difference	-	-	(21)	(21)
Balance at 31 December 2022	46,890	(23,374)	(91)	23,425

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the period ended 31 December 2022

	Consolidated Group	
	31 Dec 2022	31 Dec 2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	10,295	9,286
Payments to suppliers and employees	(4,084)	(5,363)
Interest received	16	2
Finance costs	(1,172)	(1,155)
Net cash generated in operating activities	5,055	2,770
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for construction assets	(786)	(111)
Net cash used in investing activities	(786)	(111)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to holding company	(2,181)	(2,548)
Right to use	22	22
Share buy-back	(214)	(226)
Net cash used in by financing activities	(2,373)	(2,752)
Net increase / (decrease) in cash held	1,896	(93)
Cash and cash equivalents at beginning of period	6,194	6,352
Effect of exchange rate changes on cash and cash equivalents	(21)	(65)
Cash and cash equivalents at end of period	8,069	6,194

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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 Cepatawawasan Group Berhad, a company incorporated in Malaysia.

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.

b. Accounting Policies

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

Note 2: REVENUE

	Consolidated Group	
	31 Dec 2022	31 Dec 2021
	RM'000	RM'000
Revenue:		
Sales of renewable energy	8,186	8,774
Other Income:		
Sales of sludge oil	812	512
Interest income	16	2
Debt forgiveness	-	94
Unrealised forex exchange gain	66	60
POME treatment	1,280	-
Miscellaneous income	16	183
	<u>2,190</u>	<u>851</u>
Total	<u>10,376</u>	<u>9,625</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2022

Note 3: ISSUED CAPITAL

Movement in share capital of TML are set out below:

	No.	RM'000
Opening balance at 1 January 2021	90,695,218	47,330
Share buy-back	(999,801)	(226)
Closing balance at 31 December 2021	89,695,417	47,104
Share buy-back	(935,656)	(214)
Closing balance at 31 December 2022	88,759,761	46,890

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2022

NOTE 4: OPERATING SEGMENTS

The Group operated in one business segment being renewal energy power generation and two geographical segments.

	Australia	Malaysia	Total
	RM'000	RM'000	RM'000
(i) Segment Performance			
Period Ended 31.12.2022			
Total Segment Revenue	1	10,375	10,376
Inter-Segment Elimination	-	-	-
Total Group Revenue	1	10,375	10,376
Segment Net (Loss) / Profit before tax	(454)	132	(322)
Period Ended 31.12.2021			
Total Segment Revenue	96	9,529	9,625
Inter-Segment Elimination	-	-	-
Total Group Revenue	96	9,529	9,625
Segment Net (Loss) / Profit before tax	(610)	1,279	669
(ii) Segment Assets			
Total Group Assets			
As at 31.12.2022	2,583	56,299	58,882
As at 31.12.2021	2,823	60,968	63,791
(iii) Segment Liabilities			
Total Liabilities			
As at 31.12.2022	540	34,917	35,457
As at 31.12.2021	91	37,806	37,897

NOTE 6: EVENTS AFTER THE END OF THE PERIOD

There have been no other subsequent events that would have a material impact on the financial report for the year ended 31 December 2022.

End.