

Takmur Pte Limited and its Controlled Entities

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 30 June 2019.

Directors

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

Meity Erawaty Ewa

Yanti Kurnia Waty Binte Sapari (resigned on 26 August 2019)

Ong Chuan Heng (appointed on 26 August 2019)

Principal Activities

The principal activity of the consolidated group during the financial half-year was the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 2,032 hectares. In conjunction with this, the group operated a processing plant equipped to produce premium Zircon (65.5 grade).

In the previous half-year, the group only comprised Takmur Pte Ltd (a company incorporated on 28 June 2018 which didn't engage in any trading since its inception).

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of Operations

The profit for the group for the half-year ended 30 June 2019 after providing for income tax amounted to USD \$238,839. During the prior year, the Group only comprised Takmur Pte Ltd (a company incorporated on 28 June 2018 which didn't engage in any trading since its inception).

Effective 10 January 2019, Takmur Pte Ltd acquired a 99% interest in PT Andary Usaha Makmur for nil consideration. Effective 24 January 2019, PT Andary Usaha Makmur obtained control over PT Investasi Mandiri through an exclusive operation and management agreement. Both of these transactions resulted in business combinations during the half-year ended 30 June 2019.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year, except for the PT Andary Usaha Makmur and PT Investasi Mandiri business combinations. Refer to 'Review of Operations' section for further details.

New Accounting Standards Implemented

IFRS 16 Leases

The Group has implemented a new accounting standard which has come into effect and is included in the results. IFRS 16: *Leases* has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. The cumulative effect of initially applying the Standard was nil, so no adjustments were required to net profit or opening retained earnings on transition.

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Matters Subsequent to the End of the Financial Half-Year

No matters or circumstances has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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



Director

Meity Erawati Ewa

Dated this 3rd day of October 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group	
		Half-year Ended	Half-year Ended
		30 June 2019	30 June 2018
		USD \$	USD \$
Revenue		2,903,161	-
Cost of sales		(2,076,133)	-
Gross Profit		827,028	-
Interest income		5,456	-
Other revenue		39,200	-
Employee benefits expense		(42,313)	-
Depreciation and amortisation expense		(32,056)	-
Finance costs		(5,301)	-
Consulting and professional expenses		(198,596)	-
Other expenses		(212,726)	-
Compliance costs		(30,650)	-
Repairs and maintenance expenses		(26,939)	-
Profit before income tax		323,103	-
Income tax expense		(84,264)	-
Profit for the period		238,839	-
Other comprehensive income for the half-year		2,636	-
Total comprehensive income for the half-year		241,475	-
Net profit after tax attributable to:			
- owners of the parent entity		236,304	-
- non-controlling interest		2,535	-
		238,839	-
Total comprehensive income attributable to:			
- owners of the parent entity		238,940	-
- non-controlling interest		2,535	-
		241,475	-

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Consolidated Group	
		As at 30	As at 31
		June 2019	December 2018
		USD \$	USD \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		210,750	-
Trade and other receivables		202,718	-
Inventories		472,202	-
Other assets		120,594	-
TOTAL CURRENT ASSETS		1,006,264	-
NON-CURRENT ASSETS			
Trade and other receivables		201,000	-
Property, plant and equipment		681,584	-
Intangible assets		7,774	-
TOTAL NON-CURRENT ASSETS		890,358	-
TOTAL ASSETS		1,896,622	-
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		600,874	4,375
Lease liabilities		43,594	-
Current tax liabilities		212,826	-
TOTAL CURRENT LIABILITIES		857,294	4,375
NON-CURRENT LIABILITIES			
Lease liabilities		42,557	-
TOTAL NON-CURRENT LIABILITIES		42,557	-
TOTAL LIABILITIES		899,851	4,375
NET ASSETS / (LIABILITIES)		996,771	(4,375)
EQUITY			
Issued capital		1,178	734
Reserves		2,636	-
Retained earnings		231,195	(5,109)
Equity attributable to owners of the Parent Entity		235,009	(4,375)
Non-controlling interest		761,762	-
TOTAL EQUITY		996,771	(4,375)

The accompanying notes form part of these financial statements.

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Note	Ordinary Share Capital USD \$	Retained Earnings USD \$	Foreign Exchange Reserve USD \$	Non- controlling Interests USD \$	Total USD \$
Balance at 1 January 2018	-	-	-	-	-
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	734	-	-	-	734
Total transactions with owners and other transfers	734	-	-	-	734
Balance at 30 June 2018	734	-	-	-	734
Balance at 1 January 2019	734	(5,109)	-	-	(4,375)
Comprehensive income					
Profit for the period	-	236,304	-	2,535	238,839
Other comprehensive income for the period	-	-	2,636	-	2,636
Total comprehensive income for the period	-	236,304	2,636	2,535	241,475
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	444	-	-	-	444
Non-controlling interests on acquisitions	-	-	-	759,227	759,227
Total transactions with owners and other transfers	444	-	-	759,227	759,671
Balance at 30 June 2019	1,178	231,195	2,636	761,762	996,771

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Group	
		Half-year Ended	Half-year Ended
		30 June 2019	30 June 2018
		USD \$	USD \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,619,745	-
Payments to suppliers and employees		(2,309,723)	-
Interest received		5,456	-
Finance costs		(5,301)	-
Tax related expenses		(41,828)	-
Net cash (used in)/generated by operating activities		<u>268,349</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(52,822)	-
Payments for acquisitions, net of cash acquired	4	<u>17,468</u>	<u>-</u>
Net cash (used in)/generated by investing activities		<u>(35,354)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		444	-
Repayments of lease liabilities		<u>(22,689)</u>	<u>-</u>
Net cash (used in)/generated by financing activities		<u>(22,245)</u>	<u>-</u>
Net increase/(decrease) in cash held		210,750	-
Cash and cash equivalents at beginning of period		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of period		<u><u>210,750</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 30 June 2019 have been prepared in accordance with requirements of the International Accounting Standards (“IFRSs”). The Group is a for-profit entity for financial reporting purposes under International Financial Reporting Standard.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Takmur Pte Limited and its controlled entities (referred to as the “Consolidated Group” or “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 31 December 2018.

These interim financial statements were authorised for issue on 3 October 2019.

b. **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.

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, except for those as described in Note 1(c) below.

c. **New and Amended Standards Adopted by the Group**

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies as a result of adopting the following Standard:

- IFRS 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies are disclosed in Note 2.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 2: CHANGES IN ACCOUNTING POLICIES

This note describes the nature and effect of the adoption of IFRS 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

Despite the changes in the Group's accounting policies, prior year financial statements were not required to be restated

a. **Leases**

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability is as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

b. **Initial Application of IFRS 16: Leases**

The Group has adopted IFRS 16: *Leases* retrospectively from 1 January 2019. In accordance with IFRS 16.C7 the comparatives for the 2018 reporting period have not been restated. On application it was determined that no adjustments were required given the inconsequential monetary impact of the group's existing operating leases.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 3: PROFIT FOR THE PERIOD

	Consolidated Group	
	Half-year Ended 30 June 2019	Half-year Ended 30 June 2018
	USD \$	USD \$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Revenues from overseas customers	2,455,911	-
Revenues from local customers	447,250	-
Purchase of raw materials	(1,646,099)	-

NOTE 4: BUSINESS COMBINATIONS

a) Acquisition of PT Andary Usaha Makmur

On 10 January 2019, the Group acquired 99% of the issued capital of PT Andary Usaha Makmur, a company that was engaged to be the exclusive operations manager of PT Investasi Mandiri (a company involved in the production and distribution of premium Zircon). The acquisition was for nil purchase consideration however Takmur Pte Ltd assumed the outstanding unpaid amount owing in relation to the issued capital in PT Andary Usaha Makmur.

Through acquiring 99% of the issued capital of PT Andary Usaha Makmur, the Group has obtained control of the company.

The purchase was satisfied by way of the company assuming the liability in relation to the issued capital of PT Andary Usaha Makmur which amounted to USD \$344,228.

	Fair Value USD \$
Purchase consideration:	
- Liabilities assumed	344,228
- NCI's proportionate share of fair value in net assets	3,399
	<u>347,627</u>
Less:	
Other receivables	344,228
Trade and other payables	(4,375)
Identifiable assets acquired and liabilities assumed	<u>339,853</u>
Goodwill	<u>7,774</u>

Nil profit and revenue resulting from the acquisition of PT Andary Usaha Makmur was included in the consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2019.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

NOTE 4: BUSINESS COMBINATIONS

b) Acquisition of PT Investasi Mandiri

On 24 January 2019, the Group obtained control of PT Investasi Mandiri, a company that is the holder of a mining concession related to a mineral sands deposit located in the Central Kalimantan Province of Indonesia, with an area of 2,032 hectares. In conjunction with this, PT Investasi Mandiri operated a processing plant equipped to produce premium Zircon (65.5 grade). Control was obtained through the execution of an exclusive operations and management agreement between PT Andary Usaha Makmur and PT Investasi Mandiri and was for nil purchase consideration.

	Fair Value
	USD \$
Purchase consideration:	
– Consideration transferred	-
– NCI's proportionate share of fair value in net assets	755,829
	<hr/>
	755,829
Less:	
Cash and cash equivalents	17,468
Trade and other receivables	81,103
Inventories	702,517
Property, plant and equipment	612,190
Trade and other payables	(426,847)
Borrowings	(60,212)
Current tax liabilities	(170,390)
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Identifiable assets acquired and liabilities assumed	755,829
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Goodwill	-
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Profit and revenue resulting from the acquisition of PT Investasi Mandiri amounting to USD \$253,460 and USD \$2,903,161 respectively are included in the consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2019.

Had the results relating to PT Investasi Mandiri been consolidated from 1 January 2019, consolidated revenue of the Consolidated Group would have remained the same however the consolidated profit of the Consolidated Group would have been USD \$201,274 for the half-year ended 30 June 2019.

NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 6: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

NOTE 7: FAIR VALUE MEASUREMENTS

The carrying amounts of trade and other receivables, trade and other payables and other financial liabilities approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Takmur Pte Ltd, the directors of the Entity declare that:

1. The financial statements and notes, as set out on pages 3 to 10, are:
 - a. complying with International Accounting Standard 34: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the Consolidated Group's financial position as at 30 June 2019 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 Entity will be able to pay its debts as and when they become due and payable.

Director



Meity Erawati Ewa

Dated this 3rd day of October 2019

**TAKMUR PTE LTD AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
TAKMUR PTE LTD AND ITS CONTROLLED ENTITIES**

SYDNEY

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Takmur Pte Ltd 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 half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Takmur Pte Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Financial Reporting Standards 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 does not give a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with International Accounting Standard IAS 34: *Interim Financial Reporting*. As the auditor of the Group, 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 other 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.

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 Takmur Pte Ltd and its controlled entities is not:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with International Accounting Standard IAS 34: *Interim Financial Reporting*.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

**Drew Townsend**

Partner

Dated: 3 October 2019

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