



**BTM RESOURCES BERHAD**  
303962-T (Incorporated in Malaysia)

Dedicated to enhancing  
**VALUE**



**ANNUAL REPORT**  
2004

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# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of BTM Resources Berhad will be held at the Embassy 2, 12th Floor, Hotel Crown Princess, City Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Friday, 24th June 2005 at 11.00 a.m. for the following purposes -

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2004 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
  2. To approve the payment of Directors' fees for the year ended 31 December 2004. **Resolution 2**
  3. To re-elect Mr. Choong Show Tong who retire in accordance with Article 64 of the Company's Articles of Association. **Resolution 3**
  4. To consider and, if thought fit, to pass the following Resolution:-  

"That pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the next Annual General Meeting."

**Resolution 4**
  5. To re-elect Messrs Azman, Wong, Salleh & Co as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**
- SPECIAL BUSINESS**  
To consider and, if thought fit, to pass the following Resolution:-
6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions  

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into the category of recurrent transactions of a revenue or trading nature with those related parties, as specified in Section 2.3 of the Circular to Shareholder dated 1st June 2005 subject further to the following:-

    - a) the transactions are, in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders;
    - b) disclosure is made in the Annual Report of the breakdown of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year and proposed that such approval shall continue in force until:-
      - i) the conclusion of the next Annual General Meeting (AGM) of the Company following the AGM at which the proposed renewal of the recurrent related parties transaction mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is renewed; or
      - ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (Act) but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
      - iii) revoked or varied by resolution passed by the shareholders in General Meeting, whichever is the earlier.

AND THAT the Directors or any of them be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

**Resolution 6**

7. To transact any other ordinary business for which due notice shall have been given.

BY ORDER OF THE BOARD

Heng Ji Keng  
Chong Seok Tian  
Margaret Pelly  
Joint Secretaries

Kuala Lumpur  
Date: 1st June 2005

**Note:**

- i) A member entitled to attend the meeting may appoint another person as his proxy to attend and vote in his stead at the meeting and such proxy shall have the same as the member he represents including the right to vote on a show of hands and on a poll and to demand a poll.
- ii) A proxy may but need not be a member.
- iii) Where the member of the Company appoints two or more proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- iv) If the appointor is a corporation, the proxy should be executed under its common seal or under the hand of an officer or attorney duly authorised.
- v) The instrument appointing a proxy must be deposited at the registered office of the Company at Heng & Monteiro Consultants Sdn Bhd, No.22-2, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

**EXPLANATORY NOTES ON SPECIAL BUSINESS**

The proposed Ordinary Resolution under item (6) is to renew the shareholders' mandate granted by the shareholders of the Company at the Annual General Meeting held on 21 June 2004. The proposed renewal of the Shareholders' mandate will enable the Company and its subsidiaries to enter into any of the recurrent transactions of a revenue of trading nature which are necessary for the Group's day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to that public and are not to the detriment of the minority shareholders of the Company.

# Statement Accompanying Notice of Annual General Meeting

## 1. Names of Directors who are standing for re-election/re-appointment at the Eleventh Annual General Meeting of the company:-

A) Directors retiring pursuant to Article 64 of the Company's Articles of Association:

i) Mr. Choong Show Tong (Resolution 3)

B) Director retiring pursuant to Section 129 of the Companies Act, 1965:

i) Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman (Resolution 4)

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' Profile at pages 7 to 9 of the Annual Report, while their securities holdings (where applicable) are set out in the Analysis of Shareholdings – Directors' Interest in the Company (pages 49 to 50 of the Annual Report)

## 2. Attendance of Directors at Board Meetings for year 2004

A total of four (4) Board Meetings were held during the financial year ended 31 December 2004. The attendance record of Directors during the financial year is as follows:-

Name of Directors	Attendance
Dato' Seri Yong Tu Sang	4 out of 4 meetings
Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman	3 out of 4 meetings
Mr. Choong Show Tong	4 out of 4 meetings
Yong Emmy	3 out of 4 meetings

## 3. Date, Time and Place of the Annual General Meeting:

Date : Friday, 24 June 2005

Time : 11.00 a.m.

Place : Embassy 2, 12th Floor  
Crown Princess Hotel  
City Square Centre  
Jalan Tun Razak  
50400 Kuala Lumpur

## 4. Profile of Directors who are standing for re-election:

The information required in compliance with the Appendix 8A, Section (4) under the KLSE Listing Requirements has been included in pages 7 to 9 herein.

# Corporate Information

## Board of Directors

**Dato' Seri Yong Tu Sang**

*Managing Director*

**Mr Choong Show Tong**

*Independent Non-Executive Director*

**Ms Yong Ellen**

*Alternate to Miss Yong Emmy*

**Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman**

*Senior Independent*

*Non-Executive Director*

**Ms Yong Emmy**

*Non-Executive Director*

## Audit Committee

**Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman**

*(Chairman)*

**Choong Show Tong**

*(Member)*

**Yong Emmy**

*(Member)*

## Remuneration Committee

**Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman**

*(Chairman)*

**Choong Show Tong**

*(Member)*

**Dato' Seri Yong Tu Sang**

*(Member)*

## Nomination Committee

**Choong Show Tong**

*(Chairman)*

**Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman**

*(Member)*

## Company Secretaries

Heng Ji Keng (MIA 926)

Margaret Pelly (LS 04402)

Chong Seok Tian (MIA 2502)

## Auditors

Azman, Wong, Salleh & Co.

Chartered Accountants

No. 14, Jalan Tun Sambanthan 3

50470 Kuala Lumpur

Tel : 603-2274 8900

Fax : 603-2272 1108

## Registered Office

No. 22-2, Jalan Tun Sambantan 3

50470 Kuala Lumpur

Tel : 603-2274 8980

Fax : 603-2272 1864

## Registrars

Sectrars Services Sdn Bhd

No. 28-1, Jalan Tun Sambanthan 3

50470 Kuala Lumpur

Tel : 603-2274 6133

Fax : 603-2274 1016

## Banks

RHB Bank Berhad

Standard Chartered (M) Berhad

Alliance Bank Malaysia Berhad

HSBC Bank (M) Berhad

Bank Industri Technology Malaysia Berhad

Export - Import Bank of Malaysia

## Stock Exchange Listing

Second Board of the

Bursa Malaysia Securities Berhad

# Audit Committee Report

## 1. COMPOSITION OF MEMBERS

For the financial year ended 31 December 2004 the committee comprised the following members:-

### Chairman

Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman  
(Senior Non-Executive Independent Director)

Ms Yong Emmy

(Non-Independent/Non-Executive Director)

### Members

Mr Choong Show Tong  
(Non-Executive Independent Director)

### Secretary

The Secretary to the committee is Mr. Chong Seok Tian who is the Company Secretary

## 2. TERMS OF REFERENCE

The functions of the Audit Committee are:

- a) To review:
  - with the external auditors their audit plan, evaluation of internal control systems and audit report;
  - the plan, scope and results of the internal audit procedures;
  - the report on the quarterly and annual financial statements before submission to the Board;
  - any related party transactions that may arise within the company or group;
- b) To consider the appointment of the external auditors, the audit fee and resignation or dismissal; and
- c) Such other functions as may be agreed to by the Audit Committee and the Board of Directors

- d) Reviewed and verified the allocation of options pursuant to Employee Share Option Scheme ("ESOS") as being in compliance with the criteria of the ESOS, at the end of each financial year.

## 3. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The Audit Committee has during the financial year ended 31 December 2004 undertaken the following activities in accordance with its terms of reference.

- a) Reviewed with the External Auditors, the results of the audit, the audit report; the evaluation of the system of internal control, the management letter;
- b) Reviewed quarterly results and year end financial statement prior to submission to the Board of Directors for approval;
- c) Reviewed with the internal auditors, their audit reports, audit program, scope and audit approach.

## 4. INTERNAL AUDIT FUNCTION

The Internal Audit Function has been outsourced to Messrs Monteiro & Heng, Chartered Accountants. The main role of the internal auditors is to review the effectiveness of the system of internal control and submit the audit reports on their activities regularly to the Committee.

## 5. MEETING AND MINUTES

The quorum for the meeting of the Committee shall be two (2), where the majority of members present must be independent directors. All resolutions and recommendations made by the Committee in the meetings were tabled in the Board meetings.

During the financial year ended 31 December 2004, four Committee Meetings were held. The details of attendance are as shown below.

## 6. STATEMENT VERIFYING ALLOCATION OF OPTIONS

The Committee has reviewed and verified that the allocation of share options pursuant to the Employee Share Option Scheme "ESOS" for the financial year ended 31 December 2004 was made in accordance with the criteria as set out in the bye-laws of the Company's ESOS.

Name of Audit Committee Member	Number of Meetings	Number of Meetings Attended
Tan Sri Dato'(Dr.) Abdul Aziz Bin Abdul Rahman	4	4/4
Yong Emmy	4	2/4
Choong Show Tong	4	4/4

## Directors' Profile

	DATO' SERI YONG TU SANG	CHOONG SHOW TONG
Position	Executive Director / Managing Director	Independent Non-Executive Director
Age	59 years	48 years
Nationality	Malaysian	Malaysian
Qualification Held	Timber Merchant / Businessman	Associate Member of the Institute of Chartered Accountants in England & Wales Admitted as a Member (Public Accountant) of MIA in May 1983
Working Experience & Occupation	<p>His involvement in business commenced in 1973 with the setting up of BTM Timber Industries Sdn Bhd, a company principally involved in logging and sawmilling operations. Since then, he has been actively involved in the setting up and management of companies in a diverse area of business ranging from timber, oil palm plantation, civil and building construction, property development and sea transportation.</p> <p>30 years of experience in trading of timber. Currently sits on the Boards of several private limited companies and one listed company, in addition to companies within the BTM Resources Berhad.</p>	<p>He started his career as an Article Clerk in April 1978 and later became an Office Manager in a Chartered Accountants firm in London. In September 1984, he worked as a Office Manager in Christopher Chooi &amp; Co. in Kuala Lumpur, a firm of Chartered Accountants. Since October 1984 till now he is the Sole Proprietor of Allan Choong &amp; Co, a Chartered / Public Accountants firm in Kuala Lumpur.</p>
Date of Appointment	27th December, 1995	19th May, 2003
Other Directorship of Public Listed Companies	Heveaboard Berhad	QRS Brands Berhad
Membership of Board Committees	Member of Remuneration Committee	Chairman of Nomination Committee Member of Audit Committee and Remuneration Committee
Family Relationship with Director and/or Major Shareholder of BTM Resources	Husband of To' Puan Ng Ah Heng, a major shareholder of BTM Resources and father of Yong Emmy, an Executive Director and major shareholder of BTM Resources.	NIL
Conflict of Interest with BTM Resources, if any	Saved as disclosed, and in note no. 27 in the accompanying financial statements.	NIL
Convictions for offences within the past 10 years other than traffic offences	NIL	NIL
No. of Board Meetings attended in the financial year	4/4	4/4



	YONG EMMY	YONG ELLEN
Position	Non-Executive Director	Independent & Non-Executive Alternate Director to Mdm Yong Emmy
Age	30 years	27 years
Nationality	Malaysian	Malaysian
Qualification Held	Degree in Bachelor of Arts majoring in Japanese Studies and Economics	Bachelor of Arts (Design), Postgraduate Diploma in Design and Master of Design from Curtin University of Technology
Working Experience & Occupation	Started her career in July 1997 as a Business Executive in Itochu Asia Pte Ltd, and Itochu Pulp & Paper Asia Pte Ltd Singapore, both companies dealing with paper and wood pulp. She has gained experience in marketing & trading. Appointed as Business Development Manager of Mizam Pte Ltd.  6 years of experience in trading & marketing of wood-based products. Currently sits on the Board of several private limited companies	Started her career as a Management Trainee in the subsidiary company, BTM Marketing & Trading Sdn. Bhd. on 1.6.2002.
Date of Appointment	11th November, 1999	14th September, 2002
Other Directorship of Public Listed Companies	NIL	NIL
Membership of Board Committees	Audit Committee	NIL
Family Relationship with Director and/or Major Shareholder of BTM Resources	Daughter of Dato' Seri Yong Tu Sang, the Managing Director of BTM Resources Berhad and To'Puan Ng Ah Heng, a major shareholder of BTM Resources Berhad	Daughter of Dato' Seri Yong Tu Sang, the Managing Director of BTM Resources Berhad and To'Puan Ng Ah Heng, a major shareholder of BTM Resources Berhad and sister of Yong Emmy, an Non-Executive Director and major shareholder of BTM Resources Berhad
Conflict of Interest with BTM Resources, if any	Saved as disclosed, and in note no. 27 in the accompanying financial statements.	NIL
Convictions for offences within the past 10 years other than traffic offences	NIL	NIL
No. of Board Meetings attended in the financial year	3/4	1/4 - as alternate to Miss Yong Emmy

**TAN SRI DATO' (DR.) ABDUL AZIZ BIN ABDUL RAHMAN**

Position	Senior Independent Non-Executive Director
Age	72 years
Nationality	Malaysian
Qualification Held	Barrister-At-Law Lincoln's London. Hon.Doctor of Philosophy, University Utara Malaysia, Doctor of Business Administration h.c. International Management Centre Buckingham, UK Advanced Management Programme (AMP) Harvard Business School, Harvard University U.S.A.
Working Experience & Occupation	An advocate and solicitor and a partner in the law firm of Nik Saghir & Ismail, K.L. More than 35 years experience in managing public and private corporations. He started by serving the government for 15 years, the first 7 years as an administrative officer and for 8 years he was in judicial and legal service of the Federal Govt.. He served as Magistrate, President Sessions Court, Federal Court, Federal Counsel and Asst. Parliamentary Draftsman. His last government appointment was a Federal Counsel and Legal Officer of the National Operation Council during the Emergency of 1969. He subsequently served Malaysian Airlines from its inception in 1971 as Company Secretary and Director of Legal Affairs. He retired in 1991 as the Managing Director and Chief Executive Officer, a position he held for 10 years
Date of Appointment	1st July, 2003
Other Directorship of Public Listed Companies	United Chemical Industries Berhad and AsiaEP Berhad
Membership of Board Committees	Chairman of Audit Committee Chairman of Remuneration Committee Member of Nomination Committee
Family Relationship with Director and/or Major Shareholder of BTM Resources	NIL
Conflict of Interest with BTM Resources, if any	NIL
Convictions for offences within the past 10 years other than traffic offences	NIL
No. of Board Meetings attended in the financial year	3/4

# Managing Directors' Statement

**On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of BTM Resources Berhad Group for financial year ended 31st December, 2004.**

## **Financial Performance**

For the financial year under review, the Group's turnover decreased 7.8% to RM25.144 million compared to that of the previous year's of RM27.271 million. The Group incurred a higher loss before taxation of RM10.371 million as compared to RM3.960 million in 2003 mainly due to an impairment loss on plant and equipment amounting to RM4.053 million charged to income statement.

## **Dividend**

The Board does not recommend the payment of dividend for the year under review.

## **CORPORATE DEVELOPMENTS**

### **Acquisition of Properties and Plant and Machinery**

The additional shares issued pursuant to the acquisition of land plant and machineries from BTM Timber Industries Sdn Bhd for a total consideration of RM3,000,000.00 satisfied via the issuance of 1,875,000 new ordinary shares of RM1.00 each of the Company at an issuance price of RM1.60 per share and acquisition of a 5½ storey office building from Sung Lee Timber Trading Sdn Bhd for a purchase consideration of RM4,500,000.00 satisfied via the issuance of 2,812,500 new ordinary shares of RM1.00 each of the Company at an issuance price of RM1.60 per share were completed on 14 April 2004 and the additional shares were granted listing and quotation on 28 April 2004.

### **Private Placement**

A Private Placement Exercise was conducted during the financial year ended 31 December 2004. The Private Placement of 2,468,650 new ordinary shares of RM1.00 each at an issue price of RM1.00 each was completed on 19 April 2004 and the additional shares were granted listing and quotation on 28 April 2004.

### **Proposed Rights Issue**

- a) On 17 June 2004, the Company announced that it proposed to undertake a rights issue of up to 27,155,150 Rights Share in the Company at an issue price of RM1.00 each payable in two-call upon application, on a renounceable basis of one (1) Rights Share for every one (1) existing Company Share held on a date to be determined together with up to 27,155,150 free detachable Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed ("Original Proposal")
- b) On 10 August 2004, the Company announced a revision to the number of Rights Shares from the Original Proposal pursuant to the implementation of the Company's employees' share option scheme, increasing the proposed rights issue to up to 29,485,650 Rights Shares and up to 29,485,650 new free detachable Warrants.
- c) On 31 March 2005, the Company announced that the Securities Commission ("SC") vide its letter dated 25 March 2005, approved the Proposed Two-Call Rights Issue pursuant to Section 32(5) of the SC Act 1993 subject to certain terms and conditions as set out in the announcement.

### **Prospects**

For the year 2005, the Group will continue to concentrate on its existing core business of an integrated timber operation. The Group expects its operations to continue to be challenging with increased operation cost especially its log and timber and other raw materials costs due to competitive market conditions.

The Directors of the Company expect the result for the coming year to be affected by the above factors and shall also continue the efforts of improving the results. However, barring unforeseen circumstances, the Directors of the company expect the Group's result to be better than that of financial year 2004.

### **Appreciation**

On behalf of the Board of Directors, I would like to record our sincere appreciation to all our management and staff and employees who worked diligently and loyally. I also wish to thank the shareholders, customers, bankers and government authorities for their confidence and continued support of the Group.

DATO' SERI YONG TU SANG  
Managing Director

# Corporate Governance

The Board of BTM Resources Berhad is committed to the principles of Corporate Governance as embodied in the Malaysian Code on Corporate Governance. In achieving this end, the Board takes every step to ensure that the principles of Corporate Governance and best practices are observed and practised throughout the Group.

Set out below is a statement on the extent of the Group's application of the principles of the code and compliance with the best practices provisions:-

## A) THE BOARD

### (1) Composition of the Board

The Board currently has four (4) members, of which two (2) are Independent Directors. The Board membership meets the requirement with one-third being independent non-executive director.

A brief description of each director is presented in the Profile of Directors in this Annual Report.

### (2) Re-election of Directors

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the Board including the Managing Director is subject to re-election annually and each Director has to stand for re-election at least once every three (3) years.

The names of directors who are standing for re-election or re-appointment at the Eleventh Annual General Meeting ("AGM") of the Company are contained in the Statement Accompanying the Notice of AGM.

### (3) Board Meetings

The Board met four (4) times in the financial year ended 31 December 2004 and additional matters were resolved by way of circular resolutions as and when necessary. The attendance record of each director is set out below:

## 4) Supply of Information

All Directors are provided with agenda and board papers prior to the meeting in order to be briefed properly before the meeting and to enable them to obtain further explanations, where necessary. All Directors have access to the advice of Company Secretary and when necessary, the Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

## B) BOARD COMMITTEES

The following Board Committees have been established to assist the Board in the execution of specific responsibilities granted to the respective Committees that operate within approved terms and reference. These Committees put forward recommendations and report to the Board. Final decision on all matters lie with the Board.

### (1) Audit Committee

The primary object of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices. The Audit Committee's Report for the year is set out separately in this Annual Report.

### (2) Nomination Committee

The Nomination Committee was formed on 28 February 2004. The members of the Nomination Committee

Name of Directors	Number of Meetings Held	Number of Meetings Attended
1. Dato' Seri Yong Tu Sang	4	4/4
2. Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman	4	3/4
3. Yong Emmy	4	3/4
4. Choong Show Tong	4	4/4

comprises majority of the Independent Non-Executive Directors as follows:-

Choong Show Tong (Chairman)  
Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman  
Dato' Seri Yusof Bin Dato' Biji Sura @ Mohamad  
(resigned on 22 December 2004)

The term of reference of the Nomination Committee are as follows:-

- Making appropriate recommendations to the Board on matters of renewal, extension, retiring and appointment and re-appointment of directors
- To assess and recommend any candidate for directorship and ensure an appropriate plan for Board succession for the Group.
- To review annually the mix of skills and experience and effectiveness of the Board as a whole, the committees of the Board and contributions of each individual director for the effective decision making of the Board

### (3) Remuneration Committee

The Remuneration Committee was formed on 28 February 2004. The members of the Remuneration Committee comprises majority of the Independent Non-Executive Directors as follows:-

Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman  
(Chairman)  
Choong Show Tong  
Dato' Seri Yong Tu Sang

#### a) Aggregate Remuneration

The terms of reference of the Remuneration Committee are as follows:-

- To establish and recommend the structure and policy of remuneration of executive directors.
- To review and recommend to the Board on matters relating to Employees Share Option Schemes or any amendments to the existing scheme.
- To deal with any other related matter as referred to by the Board.

### C) LEVEL AND COMPOSITION OF REMUNERATION PACKAGE

The Board believes that remuneration levels should be sufficient to attract and retain the Directors needed to run the Group. The remuneration scheme for the Executive Directors is linked to the Corporate and Individual performance, experience and scope of responsibilities. In the case of Non-Executive Director, the level of remuneration reflects experience and level of responsibilities undertaken by each of them. The fees of the Directors are subject to shareholders' approval at the Annual General Meeting.

Aggregate remuneration of Directors, paid or payable, categorised into appropriate components for the financial year ended 31 December 2004 are as follows:

	Executive Directors RM	Non-Executive Directors RM
Fee	-	60,000
Salaries	36,000	85,000
Bonus	43,700	11,000
Benefits in kind	-	-
Others	283,204	55,520
<b>TOTAL:</b>	<b>762,904</b>	<b>211,520</b>

## b) Band (RM)

Remuneration Band (RM)	Executive Director	Non-Executive Director	Total
0 – 50,000	-	3	3
100,001 – 150,000	-	1	1
300,001 – 400,000	1	-	1
400,001 – 450,000	1	-	1

The Board of Directors feels that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

## D) RELATIONS WITH SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the shareholders. Announcements and timely release of financial results on a quarterly basis, circulars and annual reports are sent to provide shareholders with an overview of the Group's performance and operations. A copy of the Annual Report is supplied to all shareholders and is made available upon request.

### Annual General Meeting

The Annual General Meeting of the Company represents the principal forum for dialog and interaction with all shareholders. Shareholders are notified of the meeting and provided with a copy of the company's Annual Report before the meeting. The Board encourages shareholders to participate in the question and answer session. Members of the Board, as well as the Auditors of the company, are present to answer and provide explanations based on information available to questions raised during the meeting.

## E) ACCOUNTABILITY AND AUDIT

### Financial Reporting

In presenting the annual financial statement and quarterly announcement of results to shareholders, the Board aims to present a balanced assessment of the Group's financial position and prospects.

### Internal Control

The Statement of Internal Control which provides an overview of the state of internal control within the Group is disclosed on page 15 of this Annual Report.

### Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report. The

company has maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with Accounting Standards of Malaysia.

### Statement on Material Contracts Involving Directors' or Major Shareholder Interest

There is no material contracts subsisting as at 31 December 2004 or entered into since the end of the previous financial year by the company or its subsidiaries, which involved the interests of the Directors or Major Shareholders other than those disclosed under notes to the account on Related Party Transaction of revenue in nature and significant proposals.

## F) OTHER INFORMATION

### Non-Audit Fee

There were no non-audit fee paid to the external auditors for the financial year.

### During the Financial Year

- No proceeds were raised by the company from any corporate proposal other than private placement placed during the year
- There were no share buybacks by the company during the financial year
- The Company did not sponsor any American Depository Receipt ("ADR") or Global Deposit Receipt ("GDR") programmes
- There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies
- There is no significant variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on profit estimate, forecast or projection for the financial year.
- There is no profit guarantee give by the Company

## Statement on Internal Control

The Board of Directors acknowledges its responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. Due to limitations that are inherent in any system of internal control, it should be noted that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Further, such system can only provide reasonable but not absolute assurance against material risks or loss.

The Board has set up an Internal Audit Function which has been outsourced to an accounting firm with the objectives of reviewing the adequacy and the integrity of the system of internal control and assisting the Audit Committee to discharge its duties and responsibilities more effectively.

The key process that the Board of Directors have established in reviewing the adequacy and integrity of the system of internal control are as follows:-

- A clearly defined organizational structure
- Key responsibilities are properly segregated

- Financial results are reviewed quarterly by the Board and the Audit Committee
- Effective reporting system to ensure timely generation of financial information for management review
- Ongoing reviews of the internal control system are carried out through internal audit function and the results of such reviews are reported directly to the Board and to the Audit Committee.

The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.



## Statement of Directors' Responsibility in Relation to the Audited Financial Statements

The Directors are responsible for ensuring that the annual financial statements of the Group and the Company are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Directors are to ensure that the annual financial statements of the Group and the Company give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date.

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent;

- prepared the financial statements on going concern basis; and
- ensured that proper accounting and other records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 27th April 2005.

# financial statements

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# Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31st December, 2004.

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in these activities during the year.

## 2. RESULTS

	GROUP RM	COMPANY RM
Loss after taxation	(10,371,460)	(18,125,536)
(Accumulated losses)/retained profits brought forward	(11,905,871)	473,145
Accumulated losses carried forward	<u>(22,277,331)</u>	<u>(17,652,391)</u>

## 3. ISSUE OF SHARES

During the year, the Company increased its issued and paid-up share capital from RM19,999,000 to RM27,155,150 by the issuance of:-

- 1,875,000 new ordinary shares at an issue price of RM1.60 per share to acquire land, plant and machinery;
- 2,812,500 new ordinary shares at an issue price of RM1.60 per share to acquire a 5½ storey office building known as "Wisma Kam Choon"; and
- 2,468,650 new ordinary shares of RM1.00 each at par by way of private placement to provide additional working capital.

The new ordinary shares issued during the year ranked pari passu in all respects with existing ordinary shares of the Company.

## 4. DIVIDENDS

Since the end of the last financial year, no dividends have been declared or paid by the Company. The directors do not recommend the payment of any dividend in respect of the year ended 31st December, 2004.

## 5. RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year ended 31st December, 2004.

## 6. DIRECTORS OF THE COMPANY

The directors in office since the date of the last Directors' Report are:-

Dato' Seri Yong Tu Sang (Managing Director)  
Yong Emmy  
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman  
Choong Show Tong  
Yong Ellen (alternate to Yong Emmy)  
Dato' Seri Yusof bin Dato' Biji Sura @ Mohamad (Executive Chairman)  
(resigned on 22nd December, 2004)  
Dato' Mohd. Zamry bin Yusof (resigned on 22nd December, 2004)

## 6. DIRECTORS OF THE COMPANY (CONT'D)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the shares and options of the Company and its related corporations during the year covered by the income statement were as follows:-

In the Company	Number of Shares of RM1 Each			As at 31.12.2004
	As at 1.1.2004	Acquired	Sold	
<b>Direct:</b>				
Dato' Seri Yong Tu Sang	3,686,000	250,000	-	3,936,000
Yong Emmy	3,000,000	-	-	3,000,000
<b>Indirect:</b>				
Dato' Seri Yong Tu Sang *	-	4,687,500	-	4,687,500

\* Deemed interest by virtue of his substantial shareholdings in Sung Lee Timber Trading Sdn. Bhd. and BTM Timber Industries Sdn. Bhd.

In the Company	No. of Options Over Ordinary Shares of RM1 Each			As at 31.12.2004
	As at 1.1.2004	Granted	Exercised	
Dato' Seri Yong Tu Sang	-	250,000	-	250,000
Yong Emmy	-	200,000	-	200,000

By virtue of their interests in the shares and options in the Company as disclosed above, Dato' Seri Yong Tu Sang and Yong Emmy are deemed to have interest in the shares of all its subsidiary companies.

In accordance with Article 64 of the Company's Articles of Association, Mr. Choong Show Tong retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Section 129 of Companies Act, 1965, Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Except for the disclosure in Notes 22 and 27 to the financial statements, no director of the Company has, since the end of the last financial year, received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or of a subsidiary company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Except as disclosed in Notes 16 and 18 to the financial statements, neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## 7. OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Company and its subsidiary companies were made up, the director took reasonable steps:-
- to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise, in the ordinary course of business, their values as stated in the accounting records of the Company and its subsidiary companies have been written down to an amount which they might be expected so to realise.

## 7. OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report:-
- (i) the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowances for doubtful debts, in the financial statements of the Company and of its subsidiary companies, inadequate to any substantial extent;
  - (ii) the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company and of its subsidiary companies misleading;
  - (iii) the directors are not aware of any circumstances which have arisen that would render adherence to the existing method of valuation of assets or liabilities of the Company and of its subsidiary companies misleading or inappropriate;
  - (iv) the directors are not aware of any circumstances that would render any amount stated in the respective financial statements misleading;
  - (v) there does not exist any charge on the assets of the Company or of its subsidiary companies that has arisen since 31st December, 2004 which secures the liabilities of any other person; and
  - (vi) there does not exist any contingent liability in respect of the Company or of its subsidiary companies that has arisen since 31st December, 2004.
- (c) No contingent liability or other liability of the Company or of its subsidiary companies has become enforceable, or is likely to become enforceable within the period of twelve months from 31st December, 2004 which, in the opinion of the directors, will or may affect the ability of the Company or of its subsidiary companies to meet their obligations as and when they fall due.
- (d) In the opinion of the directors:-
- (i) the results of the operations of the Company and of its subsidiary companies for the year ended 31st December, 2004 were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between 31st December, 2004 and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Company and of its subsidiary companies for the financial year in which this report is made.

## 8. EMPLOYEES' SHARE OPTION SCHEME (ESOS)

Pursuant to the ESOS which became effective 1 April, 2004, the granting and exercise of options to subscribe for up to 10% of the issued and paid-up ordinary share capital of the Company was made available to eligible executive directors and employees of the Group. The ESOS is governed by the by-laws which were approved by the shareholders on 19 January, 2004.

The salient features of the scheme are as follows:

- (a) eligible employees are those employed by and is on the payroll of a company within the Group;
- (b) the options granted may be exercised in respect of such lesser number of new shares provided that the number shall be in multiples of and not less than 1,000 new shares;
- (c) the ESOS shall be in force for a duration of five years and may be renewed for another five years (Option Period);
- (d) the option is personal and is non-assignable;

## 8. EMPLOYEES' SHARE OPTION SCHEME (ESOS) (CONT'D)

- (e) the option price shall be at a discount of not more than 10% of the weighted average market price of the Company's ordinary shares as shown in the Daily Official List issued by the Bursa Malaysia for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher; and
- (f) the persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company within the Group.

During the financial year, the movements in the options to take up unissued ordinary shares of RM1.00 each and the exercise price are as follows:

Exercise Price	Date Granted	Options over number of shares of RM1.00 each				Balance as at 31.12.2004
		Balance as at 1.4.2004	Offered and accepted	Exercised	Forfeited	
RM1.00	1.6.2004	-	2,330,500	-	(522,000)	1,808,500

Details of options granted under the ESOS in relation to ordinary shares of RM1.00 each in the Company are as follows:

- (a) ESOS granted on 1 June, 2004 at RM1.00 each

Number of option holders	Name of options
Dato' Seri Yusof bin Dato' Biji Sura @ Mohamad	250,000
Dato' Seri Yong Tu Sang	250,000
Chong Seok Tian	63,000
Chen Kar Mun	63,000
Chew Gim Sian	8,000
Yong Ellen	200,000
Dato' Mohd Zamry Bin Yusof	200,000
Yong Emmy	200,000
Thaviee @ Devi A/P Ramiah	18,000
Mah Bee Hong	18,000
Norizan Binti Ahmad	8,000
Rosli Bin Awang	8,000
Tg Mazharin Bin Tg Mahmud	8,000
Yeap Boon Teng	57,000
Tang Tai Chong @ Tan Tai Chuan	26,000
Tg Wook Mahmood bin Tg Mustapa	18,000
Nik Salmah Bt Nik Man	18,000
Chai Sin Chuen	8,000
Mazlah Bt Ibrahim	8,000
Asmah Bt Rashid	8,000
Zainon Bt Mamat	8,000
Hamidah Bt Husin	8,000
Nik Hanafi @ N Mansor B Nik Mustapa	8,000
Che Rahim Bin Che Ibrahim	8,000
Wan Ahamd Bin Mira	8,000
Wan Zaharah Bt Tg Ismail	8,000
Mohd Nasir Bin Othman	8,000
Ibrahim Bin Mamat	8,000
Amizi Bin Muhammad	8,000
Abd Hamid Bin Daud	8,000
Ismail Bin Md Ali	8,000
Yeu Foo Wan	57,000

## 8. EMPLOYEES' SHARE OPTION SCHEME (ESOS) (CONT'D)

Details of options granted under the ESOS in relation to ordinary shares of RM1.00 each in the Company are as follows (Contd):

(a) ESOS granted on 1 June, 2004 at RM1.00 each (Cont'd)

Number of option holders	Name of options
Wong Wee Pai	18,000
Abdul Rahman Bin Said	18,000
Tan Soh Yin	8,000
Zaiton Bt. Jusoh	8,000
Anang Bin Hussin	8,000
Azman Bin Abdullah	8,000
Ismail Bin Mira	8,000
Loo Leong Hoe	8,000
Mat Napi Bin Hussain	8,000
Musa Bin Chik	8,000
Tuan Ariffin Bin Muhamad	8,000
Hashim Bin Daud	8,000
Zakaria Bin Ibrahim	8,000
Mat Zudi Bin Hussain	8,000
Tan Kwok Wah	53,000
Ong Chin Hock	40,000
Ang Ken Tong	26,000
Chan Sin Fatt	18,000
Kho Ting Bieh	18,000
Teng Yen Wan	18,000
Teh Ang Jong	18,000
Tan Bang Tong	18,000
Sa Sing Yong	18,000
Kang Kim Eng	18,000
Liew Yew Seng	18,000
Chan Sang	18,000
Ramli Bin Muda	18,000
Teh Ang Kin	8,000
Azbi Bin Abdullah	8,000
Taib Bin Ismail	8,000
Rohana Bt Mat Hassan	8,000
Zalina Bt Ismail	8,000
Sariyah Bt Embong	8,000
Fatimah Bt Shafie	8,000
Fatimah Bt Ismail	8,000
Siti Norharizan Bt Saidi	8,000
Liew Yoke Chee	8,000
Rabiah Bt Abdul Rashid	8,000
Norhayati Bt Kadir	8,000
Abdullah Bin Muda	8,000
Maarudin Bt Jusoh	8,000
Habasah Bt Abd Rashid	8,000
Shukri Bin Muhd Nor	8,000
Kamaruddin Bin Idris	35,500
Julie Ooi	18,000
Tan Hwa Sing	18,000
Toh Seng Ping	18,000
Toh Sin Thai	18,000

## 8. EMPLOYEES' SHARE OPTION SCHEME (ESOS) (CONT'D)

Details of options granted under the ESOS in relation to ordinary shares of RM1.00 each in the Company are as follows (Contd):

(a) ESOS granted on 1 June, 2004 at RM1.00 each (Cont'd)

Number of option holders	Name of options
Berahir @ Muda Bin Abdullah	18,000
Afandi Bin Mansor	8,000
Abd Wahab Bin Abdullah	8,000
Borham Bin Omar	8,000
Che Norlizan Bt Abu Bakar	8,000
Mahani Bt Mohd	8,000
Norazi Bin Mohati	8,000
Wan Azizah Bt Wan Yatim	8,000
Ahmad Tarmizi Bin Omar	8,000

## 9. AUDITORS

Azman, Wong, Salleh & Co. have expressed their willingness to accept reappointment.

Signed in accordance with a resolution of the Board of Directors,

DATO' SERI YONG TU SANG

YONG EMMY

Kuala Lumpur,  
Date: 27th April, 2005



# Balance Sheets as at 31st December, 2004

	Note	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>PROPERTY, PLANT AND EQUIPMENT</b>	6	17,633,954	15,853,547	5,092,234	810,024
<b>SUBSIDIARY COMPANIES</b>	7	-	-	785,152	18,873,558
<b>INVESTMENTS</b>	8	61,196	61,196	40,000	40,000
<b>CURRENT ASSETS</b>					
Inventories	9	4,293,069	5,047,607	-	-
Trade receivables	10	7,194,676	7,307,416	-	-
Other receivables and deposits		1,126,166	1,816,990	282,523	1,011,779
Amounts due from subsidiary companies	11	-	-	12,292,481	6,923,722
Fixed deposits with a licensed bank	12	162,767	305,292	-	-
Cash and bank balances		298,219	428,063	7,001	10,235
		13,074,897	14,905,368	12,582,005	7,945,736
<b>LESS: CURRENT LIABILITIES</b>					
Trade payables	13	3,213,140	4,451,085	-	-
Other payables and accruals		2,216,863	2,072,152	626,062	653,795
Amount due to subsidiary companies	-	-	26,571	3,248	-
Bank borrowings (secured)	14	9,781,072	8,437,503	-	-
Hire purchase payables	15	23,828	20,278	-	-
Amount due to directors		59,036	14,118	59,036	14,118
Taxation		647,558	709,513	-	-
		15,941,497	15,704,649	711,669	671,161
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(2,866,600)	(799,281)	11,870,336	7,274,575
		14,828,550	15,115,462	17,787,722	26,998,157
<b>FINANCED BY:</b>					
SHARE CAPITAL	16	27,155,150	19,999,000	27,155,150	19,999,000
SHARE PREMIUM	17	8,206,963	6,460,012	8,206,963	6,460,012
(ACCUMULATED LOSSES)/ RETAINED PROFITS		(22,277,331)	(11,905,871)	(17,652,391)	473,145
<b>SHAREHOLDERS' EQUITY</b>		13,084,782	14,553,141	17,709,722	26,932,157
<b>NON-CURRENT LIABILITIES</b>					
Provision for retirement benefits	19	474,240	390,240	78,000	66,000
Bank borrowings (secured)	14	1,208,336	88,500	-	-
Hire purchase payables	15	61,192	83,581	-	-
		1,743,768	562,321	78,000	66,000
		14,828,550	15,115,462	17,787,722	26,998,157

The notes on pages 29 to 46 form part of these financial statements.

# Income Statements for the year ended 31st December, 2004

	Note	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
OPERATING REVENUE	21	25,143,994	27,270,595	1,336,172	1,200,000
COST OF SALES		(25,465,852)	(25,366,114)	-	-
GROSS (LOSS)/PROFIT		(321,858)	1,904,481	1,336,172	1,200,000
OTHER OPERATING INCOME		282,084	480,572	89	-
DISTRIBUTION EXPENSES		(1,559,534)	(1,686,792)	-	-
ADMINISTRATIVE EXPENSES		(3,956,272)	(3,930,685)	(1,372,130)	(1,295,191)
IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT		(4,052,860)	-	-	-
ALLOWANCE FOR IMPAIRMENT IN VALUE OF SUBSIDIARY COMPANIES		-	-	(18,088,406)	-
LOSS FROM OPERATIONS		(9,608,440)	(3,232,424)	(18,124,275)	(95,191)
FINANCE EXPENSES		(763,020)	(728,037)	(1,261)	(307)
LOSS BEFORE TAXATION	22	(10,371,460)	(3,960,461)	(18,125,536)	(95,498)
TAXATION	23	-	-	-	-
LOSS AFTER TAXATION		(10,371,460)	(3,960,461)	(18,125,536)	(95,498)
MINORITY INTEREST		-	94,395	-	-
NET LOSS FOR THE YEAR		(10,371,460)	(3,866,066)	(18,125,536)	(95,498)
LOSS PER SHARE					
Basic	24	(41.3 sen)	(19.3 sen)		

The notes on pages 29 to 46 form part of these financial statements.

## Statements of Changes in Equity for the year ended 31st December, 2004

	Share Capital RM	Share Premium RM	(Accumulated Losses)/ Retained Profits RM	Total RM
<b>GROUP</b>				
As at 1st January, 2003	19,999,000	6,460,012	(8,039,805)	18,419,207
Net loss for the year	-	-	(3,866,066)	(3,866,066)
As at 31st December, 2003	19,999,000	6,460,012	(11,905,871)	14,553,141
Issued during the year	7,156,150	2,812,500	-	9,968,650
Share issue expenses	-	(1,065,549)	-	(1,065,549)
Net loss for the year	-	-	(10,371,460)	(10,371,460)
As at 31st December, 2004	27,155,150	8,206,963	(22,277,331)	13,084,782
<b>COMPANY</b>				
As at 1st January, 2003	19,999,000	6,460,012	568,643	27,027,655
Net loss for the year	-	-	(95,498)	(95,498)
As at 31st December, 2003	19,999,000	6,460,012	473,145	26,932,157
Issued during the year	7,156,150	2,812,500	-	9,968,650
Share issue expenses	-	(1,065,549)	-	(1,065,549)
Net loss for the year	-	-	(18,125,536)	(18,125,536)
As at 31st December, 2004	27,155,150	8,206,963	(17,652,391)	17,709,722

The notes on pages 29 to 46 form part of these financial statements.

# Cash Flow Statements

for the year ended 31st December, 2004

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Loss before taxation</b>	(10,371,460)	(3,960,461)	(18,125,536)	(95,498)
Adjustments for:-				
Amortisation of leasehold land	7,378	7,378	-	-
Depreciation on property, plant and equipment	1,637,713	1,541,326	218,090	139,895
Impairment loss on property, plant and equipment	4,052,860	-	-	-
Allowance for impairment in value of subsidiary companies	-	-	18,088,406	-
Provision for retirement benefits	84,000	84,000	12,000	12,000
Gain on disposal of property, plant and equipment	(7,169)	(87,355)	-	-
(Gain)/loss on disposal of subsidiary company	-	(83,815)	-	41,000
Property, plant and equipment written off	-	1,167	-	-
Interest expense	730,388	684,384	-	-
Interest on fixed deposits	(2,219)	(7,292)	-	-
<b>Operating (loss)/profit before working capital changes</b>	<b>(3,868,509)</b>	<b>(1,820,668)</b>	<b>192,960</b>	<b>97,397</b>
Decrease in inventories	754,538	2,464,279	-	-
Decrease in trade receivables	112,740	2,456,995	-	-
Decrease/(increase) in other receivables and deposits	690,824	253,197	729,256	(532,623)
(Increase)/decrease in amount due from subsidiary companies	-	-	(2,368,759)	92,623
Decrease in trade payables	(1,237,945)	(3,154,309)	-	-
Increase/(decrease) in other payables and accruals	144,711	1,101,212	(27,733)	369,057
Increase in amount due to subsidiary companies	-	-	23,323	3,248
Increase/(decrease) in amount due to directors	44,918	(135,913)	44,918	(22,798)
<b>Cash (used in)/generated from operations</b>	<b>(3,358,723)</b>	<b>1,164,793</b>	<b>(1,406,035)</b>	<b>6,904</b>
Tax paid	(61,955)	-	-	-
Interest paid	(640,164)	(619,307)	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(4,060,842)</b>	<b>545,486</b>	<b>(1,406,035)</b>	<b>6,904</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Issuance of shares (net of expenses)	1,403,101	-	1,403,101	-
Purchase of property, plant and equipment	(87,439)	(1,066,225)	(300)	(13,910)
Proceeds from disposal of property, plant and equipment	116,250	151,355	-	-
Effects of disposal of a subsidiary company	-	9,772	-	10,000
Interest received	2,219	7,170	-	-
<b>Net cash generated from/(used in) investing activities</b>	<b>1,434,131</b>	<b>(897,928)</b>	<b>1,402,801</b>	<b>(3,910)</b>

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Bankers' acceptances discounted	2,994,000	1,929,000	-	-
Term loan raised (Note 14)	1,508,463	-	-	-
Revolving loan raised (Note 14)	3,727,843	-	-	-
Decrease/(increase) in short-term deposits pledged as security	124,465	(267,232)	-	-
(Decrease)/increase in bank overdraft	(1,066,305)	685,910	-	-
Repayment of bankers' acceptance	(2,964,000)	(3,197,000)	-	-
Repayment of term loan	(442,500)	(324,500)	-	-
Repayment of hire purchase	(18,839)	(54,448)	-	-
Interest paid	(90,224)	(65,077)	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>3,772,903</b>	<b>(1,293,347)</b>	<b>-</b>	<b>-</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,146,192</b>	<b>(1,645,789)</b>	<b>(3,234)</b>	<b>2,994</b>
<b>CASH AND CASH EQUIVALENTS AT 1ST JANUARY</b>	<b>(827,973)</b>	<b>817,816</b>	<b>10,235</b>	<b>7,241</b>
<b>CASH AND CASH EQUIVALENTS AT 31ST DECEMBER</b>	<b>318,219</b>	<b>(827,973)</b>	<b>7,001</b>	<b>10,235</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>				
Fixed deposits with a licensed bank	162,767	305,292	-	-
Cash and bank balances	298,219	428,063	7,001	10,235
Bank overdrafts (Note 14)	-	(1,294,096)	-	-
	460,986	(560,741)	7,001	10,235
LESS: Deposits pledged as securities	(142,767)	(267,232)	-	-
	318,219	(827,973)	7,001	10,235

The notes on pages 29 to 46 form part of these financial statements.

# Notes to the Financial Statements - 31st December, 2004

## 1. BASIS OF ACCOUNTING

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

## 2. GENERAL INFORMATION

The financial statements of the Group and the Company were authorised for issue on 27 April, 2005 by the Board of Directors.

The Company is a public limited liability company incorporated and domiciled in Malaysia.

The Company is listed on the Second Board of Bursa Malaysia.

The Group and the Company have 285 (2003: 279) and 4 (2003: 5) employees respectively at the end of the financial year.

The registered office of the Company is No. 22-2, Jalan Tun Sambanthan 3, Brickfields, 50470 Kuala Lumpur.

The administrative and correspondence address of the Company is located at No.101, 3rd Floor, Wisma Kam Choon, Jalan Kampung Tiong, 20100 Kuala Terengganu, Terengganu Darul Iman.

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk and credit risk. The Board of Directors have formulated a financial risk management framework with the principal objectives of minimising the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are established for observation in the day-to-day operations for the controlling and management of the risks associated with the deployment of financial instruments by the Group.

### (a) Foreign Currency Exchange Risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than its functional currency. Certain of the Group's foreign currency transactions are denominated in US Dollars and the exposure to exchange risk is mitigated due to the pegging of Ringgit Malaysia (RM) against US Dollar by the Malaysian Authorities.

### (b) Interest Rate Risk

The Group's income and operating cash flows are substantially dependent on changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of floating rate debt.

### (c) Credit Risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products are made to customers with an appropriate credit history.

### (d) Financial Assets

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (e) Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements.

Significant financial liabilities include trade and other payables, bank borrowings and hire purchase payables.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to 31st December, 2004. Intercompany transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The results of subsidiary companies acquired or disposed during the financial year are included in the Group income statement from the date of their acquisition or up to the date of their disposal.

Goodwill arising on consolidation represents the excess of the purchase price over the fair value of the net assets of subsidiary companies at the dates of acquisition. Goodwill on consolidation is written off in the year of acquisition.

Details of the subsidiary companies are listed in Note 7 to the financial statements. For subsidiary companies which were acquired by way of the issue of shares in a manner which satisfy the requirements relating to a merger, the merger method of accounting was adopted for consolidating the results of the subsidiary companies so acquired (Note 5). The difference between the cost of acquisition over the nominal value of the shares of these subsidiary companies has been adjusted against group retained profits.

#### (b) Property, Plant and Equipment

Freehold land is stated at cost and is not amortised.

A parcel of leasehold land has been amortised in full. Another parcel of leasehold land is amortised over its remaining lease period of 60 years.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Certain factory buildings are amortised over the remaining periods of the leasehold properties on which they are located. The remaining periods of these leasehold properties vary between 10 to 20 years.

Depreciation on property, plant and equipment is calculated on a straight line basis at rates which are determined to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Buildings	4% to 5% or over period of lease (if shorter)
Plant and machinery	10% to 20%
Office equipment, furniture and fittings	5% to 33 1/3%
Motor vehicles	20%

#### (c) Impairment of Assets

The carrying values of assets (other than inventories and financial assets) are reviewed for impairment when there is an indication that the values of the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amount. Recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not practicable, for the relevant cash generating units.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment of Assets (Cont'd)

An impairment loss is charged to the income statement immediately. Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(d) Investments

Investments are stated at cost adjusted for any permanent impairment in value.

(e) Inventories

Inventories are valued at the lower of cost and net realisable value determined on a weighted average basis. In arriving at net realisable value, due allowance has been made for all obsolete and slow moving items. Cost include the cost of logs and other raw materials, direct labour and appropriate manufacturing overheads.

(f) Receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the end of the year. Bad debts are written off when identified.

(g) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rate that had been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unutilised tax credit to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed tax losses and unutilised tax credit can be utilised.

Deferred tax is measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

(h) Foreign Exchange

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates approximating those ruling at the dates of the transactions. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains and losses are taken to the income statement.

The principal closing rates used in the translation of foreign currency amounts are as follow:-

	At 31.12.2004	At 31.12.2003
Foreign currency		
1 US Dollar	RM3.80	RM3.80
1 Australian Dollar	RM2.96	RM2.84



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Employee Benefits

(i) Short Term Benefits

Wages, salaries and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulated compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contributions Plan

As required by law, companies in Malaysia makes contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined Benefits Plan

The Group provides for retirement benefits to eligible employees who have completed the minimum qualifying period of ten years continuous service. It is an unfunded defined scheme that takes into account current and past service costs.

The quantum of benefits is calculated as follows:

$M \times \text{Final month salary} \times \text{Service (years)}$ ; where M is 1

For any incomplete year of service, the calculation shall be apportioned accordingly.

(j) Revenue Recognition

Revenue is recognised upon delivery and acceptance of goods by customers and rendering of services.

(k) Borrowing Costs

Borrowing costs are recognised as an expense in the income statement as and when it incurred.

(l) Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 5. MERGER ACCOUNTING

The acquisitions of Besut Tsuda Industries Sendirian Berhad and Syarikat Maskayu Sawmill Sdn. Bhd. are accounted for using the merger method of accounting.

The details of the acquisitions are as follows:-

	Equity Acquired		Consideration	
	No. of Shares	%	No. of Shares	Fair Value RM
Besut Tsuda Industries Sendirian Berhad	4,000,000	100.00	13,851,912	15,494,232
Syarikat Maskayu Sawmill Sdn. Bhd.	1,836,840	99.99	3,021,088	3,379,326
			<u>16,873,000</u>	<u>18,873,558</u>

6. PROPERTY, PLANT AND EQUIPMENT

GROUP - 2004	Freehold Land RM	Freehold Building RM	Short term Leasehold Land RM	Short term Leasehold Building RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Work In Progress RM	Total RM
Cost:									
Balance at 1st January	-	-	958,563	9,051,600	18,378,211	2,603,093	5,392,892	8,105,721	44,490,080
Additions	2,920,000	2,380,000	-	6,500	317,540	73,399	1,890,000	-	7,587,439
Disposals	-	-	-	-	(93,000)	-	(23,250)	-	(116,250)
Balance at 31st December	2,920,000	2,380,000	958,563	9,058,100	18,602,751	2,676,492	7,259,642	8,105,721	51,961,269
Accumulated Depreciation:									
Balance at 1st January	-	-	852,358	5,759,497	15,142,834	1,654,269	5,227,575	-	28,636,533
Charge for the year	-	85,283	7,378	346,084	828,563	193,456	184,327	-	1,645,091
Eliminated on disposal	-	-	-	-	(6,200)	-	(969)	-	(7,169)
Balance at 31st December	-	85,283	859,736	6,105,581	15,965,197	1,847,725	5,410,933	-	30,274,455
Accumulated Impairment Loss:									
Balance at 1st January	-	-	-	-	-	-	-	-	-
Impairment loss during the year	-	-	-	-	-	-	-	4,052,860	4,052,860
Balance at 31st December	-	-	-	-	-	-	-	4,052,860	4,052,860
Net Book Value at 31st December	2,920,000	2,294,717	98,827	2,952,519	2,637,554	828,767	1,848,709	4,052,861	17,633,954

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP - 2003	Freehold Land RM	Freehold Building RM	Short term Leasehold Land RM	Short term Leasehold Building RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Capital Work In Progress RM	Total RM
Balance at 1st January	-	-	958,563	9,040,600	17,614,372	2,584,736	5,548,416	8,105,721	43,852,408
Additions	-	-	-	11,000	986,638	52,300	77,587	-	1,127,525
Disposals	-	-	-	-	(124,304)	(8,339)	(233,111)	-	(365,754)
Write-offs	-	-	-	-	-	(25,204)	-	-	(25,204)
Disposal of subsidiary	-	-	-	-	(98,495)	(400)	-	-	(98,895)
Balance at 31st December	-	-	958,563	9,051,600	18,378,211	2,603,093	5,392,892	8,105,721	44,490,080
Accumulated Depreciation:									
Balance at 1st January	-	-	844,980	5,413,738	14,339,666	1,476,107	5,401,231	-	27,475,722
Charge for the year	-	-	7,378	345,759	931,662	204,453	59,452	-	1,548,704
Eliminated on disposal	-	-	-	-	(66,685)	(1,961)	(233,108)	-	(301,754)
Eliminated on write-off	-	-	-	-	-	(24,037)	-	-	(24,037)
Eliminated on disposal of subsidiary	-	-	-	(61,809)	(293)	-	-	(62,102)	
Balance at 31st December	-	-	852,358	5,759,497	15,142,834	1,654,269	5,227,575	-	28,636,533
Net Book Value at 31st December	-	-	106,205	3,292,103	3,235,377	948,824	165,317	8,105,721	15,853,547

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY - 2004	Freehold Land RM	Freehold Building RM	Office Equipment, Furniture and Fittings RM	Total RM
Cost:				
Balance at 1st January	-	-	1,236,747	1,236,747
Additions	2,120,000	2,380,000	300	4,500,300
Balance at 31st December	2,120,000	2,380,000	1,237,047	5,737,047
Accumulated Depreciation:				
Balance at 1st January	-	-	426,723	426,723
Charge for the year	-	85,283	132,807	218,090
Balance at 31st December	-	85,283	559,530	644,813
Net Book Value at 31st December	2,120,000	2,294,717	677,517	5,092,234

COMPANY - 2003

Cost:				
Balance at 1st January	-	-	1,222,837	1,222,837
Additions	-	-	13,910	13,910
Balance at 31st December	-	-	1,236,747	1,236,747
Accumulated Depreciation:				
Balance at 1st January	-	-	286,828	286,828
Charge for the year	-	-	139,895	139,895
Balance at 31st December	-	-	426,723	426,723
Net Book Value at 31st December	-	-	810,024	810,024

The net book value of property, plant and equipment that were acquired through hire purchase arrangements are:-

	GROUP	
	2004 RM	2003 RM
Motor vehicles	87,006	119,263
Plant and machinery	-	-
	87,006	119,263

The property, plant and equipment of certain subsidiary companies are subject to fixed and floating charges for an amount of RM20,675,000 by way of debentures to secure banking facilities for the subsidiary companies.

## 7. SUBSIDIARY COMPANIES

	COMPANY	
	2004 RM	2003 RM
Unquoted shares, at cost:		
Balance at 1st January	18,873,558	18,924,558
Disposal/acquisition during the year	-	(51,000)
Allowance for impairment in value	(18,088,406)	-
<b>Balance at 31st December</b>	<b>785,152</b>	<b>18,873,558</b>

Details of the subsidiary companies, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Equity Interest (%)		Principal Activities
	2004	2003	
Besut Tsuda Industries Sendirian Berhad	100.00	100.00	Investment holding, logging, sawmilling and trading of sawn timber and logs.
Syarikat Maskayu Sawmill Sdn. Bhd.	99.99	99.99	Logging, sawmilling, and trading of sawn timber.
Besut Tsuda Wood Products Sdn. Bhd. (held indirectly through Besut Tsuda Industries Sendirian Berhad)	100.00	100.00	Kiln-drying operations, timber moulding and manufacturing of finger jointed timber and lamination boards.
BTM Marketing & Trading Sdn. Bhd.	100.00	100.00	Trading of sawn timber.
* BTM Properties Sdn. Bhd.	100.00	100.00	Dormant
* BTM Construction Sdn. Bhd.	100.00	100.00	Dormant
* BTM Development Sdn. Bhd.	100.00	100.00	Dormant
* BTM Global Holdings Sdn. Bhd.	100.00	100.00	Letting of plant and machinery.

\* Companies not audited by Azman, Wong, Salleh & Co.

## 8. INVESTMENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Shares quoted in Malaysia, at cost	21,196	21,196	-	-
Unquoted shares, at cost	40,000	40,000	40,000	40,000
	<b>61,196</b>	<b>61,196</b>	<b>40,000</b>	<b>40,000</b>
Market value of quoted shares	19,288	15,897	-	-

## 9. INVENTORIES

	GROUP	
	2004 RM	2003 RM
At cost:-		
Logs and sawn timber	2,739,567	3,433,617
Manufactured products	995,121	969,673
Consumable stores	439,148	489,010
Timber mouldings	119,233	138,507
Others	-	16,800
	<hr/>	<hr/>
	4,293,069	5,047,607

## 10. TRADE RECEIVABLES

The currency exposure profile of trade receivables is analysed as follows:-

	GROUP	
	2004 RM	2003 RM
-Ringgit Malaysia	6,183,925	5,164,356
-US Dollar	1,010,751	2,003,058
-Australian Dollar	-	140,002
	<hr/>	<hr/>
	7,194,676	7,307,416

Credit term for trade receivables is 30 days (2003: 30 days).

## 11. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

These represent interest-free current account balances with no fixed terms of repayment.

## 12. FIXED DEPOSITS WITH A LICENSED BANK

Fixed deposits with a face value of RM142,767 (2003: RM267,232) in the name of a subsidiary company were pledged to a licensed bank to secure a bank guarantee facility.

## 13. TRADE PAYABLES

Credit term for trade payables is 30 days (2003: 30 days).

## 14. BANK BORROWINGS (SECURED)

	GROUP	
	2004 RM	2003 RM
Bankers' acceptances	1,178,000	1,148,000
Term loan	1,508,463	442,500
Revolving loans	3,727,843	-
Bank overdrafts	4,575,102	6,935,503
	<hr/>	<hr/>
	10,989,408	8,526,003

#### 14. BANK BORROWINGS (SECURED) (CONT'D)

	GROUP	
	2004 RM	2003 RM
Due in the next 12 months	9,781,072	8,437,503
Due later than one year and not later than five years	1,208,336	88,500
	<u>10,989,408</u>	<u>8,526,003</u>

- (i) The Group's trade facilities and term loans are secured by:-
- Debenture by way of a First and Second Fixed and Floating charge on all present and future assets of the subsidiary companies;
  - Negative pledge on property, plant and equipment of the subsidiary companies;
  - Unconditional and irrevocable corporate guarantee from BTM Resources Berhad;
  - Unconditional and irrevocable guarantee from directors of the subsidiary companies and related company's director; and
  - A Sinking Fund Account in which an amount equivalent to five per cent is to be collected from each export proceeds received.
- (ii) The overdraft facilities of subsidiary companies are secured by way of:-
- A first legal charge over a subsidiary company's leasehold land and factory buildings for RM5,000,000.
  - A debenture creating a First Fixed and Floating charge over a subsidiary company's fixed and floating assets for RM8,000,000; and
  - A corporate guarantee by the Company.
- (iii) Indicative interest rates on the Group's borrowings are as follows:-

	2004 %	2003 %
Bankers' acceptances	3.05 to 3.10 per annum	3.05 to 3.10 per annum
Term loan	7.25 to 7.35 per annum	8.50 to 9.40 per annum
Bank overdrafts	8.50 to 9.50 per annum	8.50 to 9.50 per annum
Revolving loans	6.00 to 7.35 per annum	-

#### 15. HIRE PURCHASE PAYABLES

	GROUP	
	2004 RM	2003 RM
Instalments payable:-		
Not later than 1 year	30,968	37,646
Later than 1 year	68,769	88,579
	<u>99,737</u>	<u>126,225</u>
Finance charges allocated to future periods	(14,717)	(22,366)
	<u>85,020</u>	<u>103,859</u>
Due in the next 12 months	23,828	20,278
Due later than one year and not later than five years	61,192	83,581
	<u>85,020</u>	<u>103,859</u>

Interest rate applicable is 4.25% to 5.25% (2003: 4.25% to 5.25%) per annum.

## 16. SHARE CAPITAL

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Ordinary shares of RM1 each:-				
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
Balance as at 1st January	19,999,000	19,999,000	19,999,000	19,999,000
Issued during the year	7,156,150	-	7,156,150	-
Balance as at 31st December	27,155,150	19,999,000	27,155,150	19,999,000

During the year, the Company increased its issued and paid-up share capital from RM19,999,000 to RM27,155,150 by the issuance of:-

- 1,875,000 new ordinary shares at an issue price of RM1.60 per share to acquire land, plant and machinery;
- 2,812,500 new ordinary shares at an issue price of RM1.60 per share to acquire a 5½ storey office building known as "Wisma Kam Choon"; and
- 2,468,650 new ordinary shares of RM1.00 at par by way of a private placement to provide additional working capital.

The new ordinary shares issued during the year ranked pari passu in all respects with existing ordinary shares of the Company.

## 17. SHARE PREMIUM - GROUP/COMPANY

	GROUP/COMPANY	
	2004 RM	2003 RM
Balance as at 1st January	6,460,012	6,460,012
Arising in respect of issuance of shares	2,812,500	-
Share issue expenses	(1,065,549)	-
Balance as at 31st December	8,206,963	6,460,012

The balance on this account is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

## 18. EMPLOYEES' SHARE OPTION SCHEME (ESOS)

Pursuant to the ESOS which became effective 1 April, 2004, the granting and exercise of options to subscribe for up to 10% of the issued and paid-up ordinary share capital of the Company was made available to eligible executive directors and employees of the Group. The ESOS is governed by the by-laws which were approved by the shareholders on 19 January, 2004.

The salient features of the scheme are as follows:

- eligible employees are those employed by and is on the payroll of a company within the Group;
- the options granted may be exercised in respect of such lesser number of new shares provided that the number shall be in multiples of and not less than 1,000 new shares;



## 18. EMPLOYEES' SHARE OPTION SCHEME (ESOS) (CONT'D)

The salient features of the scheme are as follows (Cont'd):

- (c) the ESOS shall be in force for a duration of five years and may be renewed for another five years (Option Period);
- (d) the option is personal and is non-assignable;
- (e) the option price shall be at a discount of not more than 10% of the weighted average market price of the Company's ordinary shares as shown in the Daily Official List issued by the Bursa Malaysia for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher; and
- (f) the persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company within the Group.

During the financial year, the movements in the options to take up unissued ordinary shares of RM1.00 each and the exercise price are as follows:

Exercise Price	Date Granted	Options over number of shares of RM1.00 each				Balance as at 31.12.2004
		Balance as at 1.4.2004	Offered and accepted	Exercised	Forfeited	
RM1.00	1.6.2004	-	2,330,500	-	(522,000)	1,808,500

## 19. PROVISION FOR RETIREMENT BENEFITS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Balance at 1st January	390,240	306,240	66,000	54,000
Provision made for the year	84,000	84,000	12,000	12,000
Balance at 31st December	474,240	390,240	78,000	66,000

## 20. DEFERRED TAXATION

The amount of deductible temporary differences, and unabsorbed tax losses, for which no deferred tax asset has been recognised in the balance sheets are as follows:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Deductible temporary differences	7,040,172	6,222,191	9,766	-
Unabsorbed tax losses	19,335,000	13,884,352	-	100,218

## 21. OPERATING REVENUE

Operating revenue of the Company relates to management fees and rental receivable. Operating revenue of the Group represents revenue from the sale of timber products at invoiced value (net of returns).

## 22. LOSS BEFORE TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
This is stated after charging/(crediting):-				
Non-executive directors' remuneration				
- fees	60,000	68,500	60,000	68,500
Executive directors' salaries, bonuses and other emoluments				
- company's directors	914,424	957,560	544,904	565,720
- other directors	58,240	153,720	-	-
Audit fees				
- current year	43,600	43,200	10,000	5,000
- underprovision in previous year	1,000	-	5,000	-
Depreciation on property, plant and equipment	1,637,713	1,541,326	218,090	139,895
Amortisation of leasehold land	7,378	7,378	-	-
Allowance for impairment in value of subsidiary companies	-	-	18,088,406	-
Impairment loss on property, plant and equipment	4,052,860	-	-	-
Property, plant and equipment written off	-	1,167	-	-
Interest expense				
- hire purchase	7,649	11,950	-	-
- bank overdraft	470,630	544,268	-	-
- bankers' acceptances	52,908	74,889	-	-
- export bills	-	150	-	-
- term loan	82,575	53,127	-	-
- revolving loan	125,863	-	-	-
- others	3,852	-	-	-
Royalties and cess	-	179,551	-	-
Rental of land and buildings				
- belonging to directors	61,344	61,344	61,344	61,344
- others	16,540	68,185	10,540	18,068
Rental of vehicles	87,600	87,600	-	-
Provision for retirement benefits	84,000	84,000	12,000	12,000
Rental of machinery	(45,996)	(62,343)	-	-
Interest on fixed deposits	(2,219)	(7,292)	-	-
Gain on disposal of property, plant and equipment	(7,169)	(87,355)	-	-
(Gain)/loss on disposal of subsidiary	-	(83,815)	-	41,000
Realised gain on foreign exchange	(1,146)	(6,951)	-	-
Management fees- subsidiary companies	-	-	(1,200,000)	(1,200,000)
<b>Staff costs</b>	<b>4,108,323</b>	<b>4,110,758</b>	<b>813,085</b>	<b>813,647</b>

Included in staff costs of the Group and the Company are contributions made to Employees Provident Fund amounting to RM237,461 and RM28,664 respectively (2003: RM265,426 and RM26,511).

## 23. TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Current year's tax charge	-	-	-	-

## 23. TAXATION (CONT'D)

A reconciliation between the applicable tax rate on the reported results and the average effective tax rate is as follows:-

	GROUP		COMPANY	
	2004 %	2003 %	2004 %	2003 %
Applicable tax rate	(28)	(28)	(28)	(28)
Tax effects of:				
Expenses not deductible for tax purposes	-	-	28	45
Income not subject to tax	12	18	-	-
Previously unabsorbed capital allowance	-	-	(1)	(17)
Unabsorbed business losses	16	10	1	-
Effective tax rate	-	-	-	-

## 24. LOSS PER SHARE

	GROUP	
	2004 RM	2003 RM
Loss per share is calculated as follow :-		
<u>Basic</u>		
Net loss for the year	(10,371,460)	(3,866,066)
Weighted average number of ordinary shares	25,087,984	19,999,000
Basic loss per share	(41.3sen)	(19.3 sen)

### Diluted

The effect on the loss per share of the assumed exercise of the ESOS granted on 1st June, 2004 is anti-dilutive and hence, the 'diluted' loss per share has not been presented.

## 25. CONTINGENT LIABILITIES

	COMPANY			
	2004		2003	
	Carrying Value RM	Fair Value RM	Carrying Value RM	Fair Value RM
Corporate guarantees given to banks for credit facilities granted to subsidiary companies (unsecured)	20,675,000	10,989,408	16,200,000	8,526,003

## 26. INTERCOMPANY BALANCES AND TRANSACTIONS

(a) Amounts due from/(to) subsidiary companies at year end included in the balance sheet are as follows:-

	COMPANY	
	2004 RM	2003 RM
Amount due from/(to) subsidiary companies:-		
Besut Tsuda Industries Sendirian Berhad	1,465,865	844,337
Besut Tsuda Wood Products Sdn. Bhd.	7,116,224	4,814,239
Syarikat Maskayu Sawmill Sdn. Bhd.	1,426,038	1,186,038
BTM Properties Sdn. Bhd.	10,955	9,327
BTM Construction Sdn. Bhd.	10,990	9,362
BTM Development Sdn. Bhd.	52,692	51,698
BTM Marketing & Trading Sdn. Bhd.	(26,571)	(3,248)
BTM Global Holdings Sdn. Bhd.	2,209,717	8,721

(b) Details of significant transactions between the following subsidiary companies and the Company during the year are as follows:-

	COMPANY	
	2004 RM	2003 RM
Income		
Management fees		
Besut Tsuda Industries Sendirian Berhad	480,000	480,000
Besut Tsuda Wood Products Sdn. Bhd.	480,000	480,000
Syarikat Maskayu Sawmill Sdn. Bhd.	240,000	240,000

## 27. RELATED PARTY TRANSACTIONS

Related party relationships exist between the Group and the following companies in which certain directors and former directors of the Company, are substantial shareholders:-

- (i) Gimzan Plywood Sdn. Bhd.
- (ii) Seri Indah Enterprise Sdn. Bhd.
- (iii) Seri Indah Resort Sdn. Bhd.
- (iv) BTM Timber Industries Sdn. Bhd.
- (v) SPPT Development Sdn. Bhd.
- (vi) Syarikat Rimba Jaya Industries (1972) Sdn. Bhd.
- (vii) Syarikat Zamry Sawmill Sdn. Bhd.
- (viii) Sung Lee Timber Trading Sdn. Bhd.
- (ix) NLS Sdn. Bhd.

(a) Amounts due (to)/from related parties at year end included in the balance sheets are as follows:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<u>Trade payables</u>				
Syarikat Rimba Jaya Industries (1972) Sdn. Bhd.	-	(1,946)	-	-
Syarikat Zamry Sawmill Sdn. Bhd.	(3,087)	(3,587)	-	-
Sung Lee Timber Trading Sdn. Bhd.	(425,127)	(385,562)	-	-
BTM Timber Industries Sdn. Bhd.	(8,728)	(912,174)	-	-
Gimzan Plywood Sdn. Bhd.	(159,865)	(169,250)	-	-

## 27. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Amounts due (to)/from related parties at year end included in the balance sheets are as follows (Cont'd):-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<u>Trade receivables</u>				
Gimzan Plywood Sdn. Bhd.	870,376	1,721,916	-	-
BTM Timber Industries Sdn. Bhd.	2,956,128	1,346,969	-	-
SPPT Development Sdn. Bhd.	1,378,317	1,354,631	-	-
Syarikat Zamry Sawmill Sdn. Bhd.	8,393	8,393	-	-
Syarikat Rimba Jaya Industries Sdn. Bhd.	200,214	-	-	-
NLS Sdn. Bhd.	16,125	-	-	-
<u>Other payables</u>				
Seri Indah Enterprise Sdn. Bhd.	(259,789)	(260,157)	-	(1,743)
Sung Lee Timber Trading Sdn. Bhd.	(18,908)	(138,640)	(12,717)	(130,000)
Seri Indah Resort Sdn. Bhd.	(2,341)	(5,044)	(2,173)	(2,587)
NLS Sdn. Bhd.	(13,608)	-	-	-
<u>Other receivables</u>				
Syarikat Rimba Jaya Industries (1972) Sdn. Bhd.	42,315	32,685	-	-

(b) Details of significant transactions between the related parties and the Group during the year are as follows:-

	GROUP	
	2004 RM	2003 RM
<u>Income</u>		
Sales of logs and sawn timber		
BTM Timber Industries Sdn. Bhd.	7,931	391,853
Sung Lee Timber Trading Sdn. Bhd.	9,088	791,056
Gimzan Plywood Sdn. Bhd.	337,621	459,842
NLS Sdn. Bhd.	3,398	-
Services		
BTM Timber Industries Sdn. Bhd.	45,117	65,509
Syarikat Rimba Jaya Industries (1972) Sdn. Bhd.	-	964
Syarikat Zamry Sawmill Sdn. Bhd.	-	4,268
Sung Lee Timber Trading Sdn. Bhd.	10,922	489
Gimzan Plywood Sdn. Bhd.	15,035	22,354
Others		
BTM Timber Industries Sdn. Bhd.	-	184,820
Gimzan Plywood Sdn. Bhd.	43,681	196,593
NLS Sdn Bhd	42,259	-
<u>Expenditure</u>		
Purchases of logs, sawn timber and plywood		
Gimzan Plywood Sdn. Bhd.	13,916,451	8,234,108
BTM Timber Industries Sdn. Bhd.	980,606	1,605,032
Sung Lee Timber Trading Sdn. Bhd.	450,542	773,394
SPPT Development Sdn. Bhd.	-	90,748

## 27. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Details of significant transactions between the related parties and the Group during the year are as follows:-

	GROUP	
	2004 RM	2003 RM
Services		
BTM Timber Industries Sdn. Bhd.	184,061	377,983
Syarikat Rimba Jaya Industries (1972) Sdn. Bhd.	805	25,155
Sung Lee Timber Trading Sdn. Bhd.	405	150,943
Rental		
BTM Timber Industries Sdn. Bhd.	84,401	71,728
Others		
BTM Timber Industries Sdn. Bhd.	147,400	111,395
Seri Indah Enterprise Sdn. Bhd.	181,355	166,229
Gimzan Plywood Sdn. Bhd.	3,876	31,313
NLS Sdn. Bhd.	17,588	-

## 28. CAPITAL COMMITMENTS

	GROUP	
	2004 RM	2003 RM
Authorised and contracted for	2,180,000	2,180,000

## 29. SEGMENT INFORMATION

The Group's activities are conducted within a single industry segment and its operations are located wholly in Malaysia. Accordingly, segment information reporting is not relevant in the context of the Group.

## 30. FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and liabilities of the Group and of the Company and their fair values at balance sheet date are as follows:-

	GROUP			
	2004		2003	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<u>Financial assets</u>				
Trade and other receivables	8,320,842	8,320,842	9,124,406	9,124,406
Fixed deposits	162,767	162,767	305,292	305,292
Quoted investments	21,196	21,196	21,196	21,196
Cash and bank balances	298,219	298,219	428,063	428,063
<u>Financial liabilities</u>				
Trade, other payables and accruals	5,430,003	5,430,003	6,523,237	6,523,237
Bank borrowings	9,781,072	9,781,072	8,437,503	8,437,503
Long term borrowings	1,208,336	1,208,336	88,500	88,500

### 30. FINANCIAL INSTRUMENTS (CONT'D)

The carrying amounts of the financial assets and liabilities of the Group and of the Company and their fair values at balance sheet date are as follows (Cont'd):-

	COMPANY			
	2004		2003	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<u>Financial assets</u>				
Other receivables	282,523	282,523	1,011,779	1,011,779
Amount due from subsidiary companies	12,292,481	12,292,481	6,923,722	6,923,722
Cash and bank balances	7,001	7,001	10,235	10,235
<u>Financial liabilities</u>				
Other payables and accruals	626,062	626,062	653,795	653,795

The following methods and assumptions are used to estimate the fair value of each class of financial assets and liabilities.

(a) Trade and other receivables and payables

The carrying amounts of trade receivables and payables which are subject to normal trade credit terms approximate fair values. The carrying amounts of other receivables and payables are reasonable estimates of fair values because of their short maturity.

(b) Quoted investments

The fair value of the quoted investments is based on the average market price of the securities during the year multiplied by the number of units held.

Since it is intention of the Group that the investments are held over the long term, the market value may not be a practical estimate of the fair values of the quoted investments. Therefore, the investment is carried at its original cost of RM21,196.

(c) Fixed deposits, cash and bank balances

The carrying amount of fixed deposits, cash and bank balances approximates fair value because of their short maturity.

(d) Bank borrowings

The carrying amount of short term bank borrowings approximate fair values because of their short maturity.

(e) Long term borrowings

The carrying amount of long term bank borrowings approximate fair values because they attract a floating rate of interest.

### 31. STATUS OF CORPORATE PROPOSALS

The Company had announced on 17 June 2004, that it proposed to undertake a rights issue of up to 27,155,150 Rights Shares in BTM Resources Berhad ("BTM") at an issue price of RM1.00 each payable in two calls upon application, on a renounceable basis of one (1) Rights Share for every one (1) existing BTM Share held on a date to be determined later together with up to 27,155,150 new free detachable Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed ("Proposed Two- Call Rights Issue").

Subsequently, on 10 August 2004, the Company announced a revision to the number of Rights Shares from the original proposal pursuant to the implementation of the Company's ESOS which was offered to the eligible directors and employees of BTM, increasing the proposed rights issue to up to 29,485,650 Rights Shares and up to 29,485,650 new free detachable Warrants.

The Securities Commission has approved the Proposed Two-Call Rights Issue on 25 March 2005.

## Statement by Directors

We, DATO' SERI YONG TU SANG and YONG EMMY, being two of the directors of BTM RESOURCES BERHAD, state that in the opinion of the directors, the financial statements set out on pages 24 to 46 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December, 2004 and of their results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Board of Directors,

DATO' SERI YONG TU SANG

YONG EMMY

Kuala Lumpur,  
Date: 27th April, 2005

## Statutory Declaration

I, CHEN KAR MUN, the person primarily responsible for the financial management of BTM RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 24 to 46 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the            )  
abovenamed CHEN KAR MUN at                        )  
Kuala Lumpur in the Federal Territory            )  
on 27th April, 2005.                                    )        CHEN KAR MUN

Before me,  
M. ARUMUGAM (T 014)



# Report of the Auditors to the members of BTM Resources Berhad

We have audited the financial statements set out on pages 24 to 46. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company as at 31st December, 2004 and of their results and cash flows for the year then ended;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies for which we have not acted as auditors as indicated in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification or comments made under subsection (3) of Section 174 of the Act.

**AZMAN, WONG, SALLEH & CO.**

AF: 0012

Chartered Accountants

**NG ENG KIAT**

1064/03/07(J/PH)

Partner of the Firm

Kuala Lumpur,

Date: 27th April, 2005

# Analysis of Shareholdings as at 9th May 2005

Class of Share	: Ordinary Share of RM1.00 each
Authorised	: 100,000,000
Issued and Fully Paid-up Capital	: 27,155,150
Voting Rights	: One vote per share
Number of Shareholders	: 1406

## ANALYSIS OF SHAREHOLDERS

Range of Shareholdings	No. of Holders	No. of Shares	%
1 - 99	3	150	0.00
100 - 1,000	623	609,700	2.24
1,001 - 10,000	631	2,517,000	9.27
10,001 - 100,000	128	3,890,500	14.33
100,001 - 1,357,757	15	5,262,300	19.38
1,357,757 and above (*)	6	14,875,500	54.78
<b>Total</b>	<b>1,406</b>	<b>27,155,150</b>	<b>100.00</b>

Notes:

\* 5% of issued and paid-up Share Capital

## SUBSTANTIAL SHAREHOLDERS (HOLDING 5% OR MORE IN THE SHARE CAPITAL)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Seri Yong Tu Sang	3,936,000	14.49	@ 4,687,500	17.26
a) Shares held under name are 2,886,000 units				
b) Shares held under CitiCorp Nominees (Tempatan) Sdn. Bhd. are 500,000 units Hong Leong Finance Berhad 300,000 units				
Yong Emmy	3,000,000	11.05	-	-
Sung Lee Timber Trading Sdn. Bhd.	2,812,500	10.36	-	-
Ng Ah Heng	2,500,000	9.21	# 2,812,500	10.36
BTM Timber Industries Sdn. Bhd.	1,875,000	6.90	-	-
Dato' Seri Yusof Bin Dato' Biji Sura @ Mohamad	1,552,000	5.72	* 1,875,000	6.90

@ Deemed interest by virtue of his substantial shareholdings in Sung Lee Timber Trading Sdn. Bhd. and BTM Timber Industries Sdn. Bhd.

# Deemed interest by virtue of her substantial shareholdings in Sung Lee Timber Trading Sdn. Bhd.

\* Deemed interest by virtue of his substantial shareholdings in BTM Timber Industries Sdn. Bhd.

## DIRECTORS AND THEIR SHAREHOLDINGS

	Direct	No. of Shares		%
		%	Indirect	
Dato' Seri Yong Tu Sang	3,936,000	14.49	@ 4,687,500	17.26
Yong Emmy	3,000,000	11.05	-	-
Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman	-	-	-	-
Choong Show Tong	-	-	-	-
Yong Ellen (Alternate to Yong Emmy)	-	-	-	-

@ Deemed interest by virtue of his substantial interest in BTM Timber Industries and Sung Lee Timber Trading Sdn. Bhd.

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares Held	%
1	Dato' Seri Yong Tu Sang	3,136,000	11.54
2	Yong Emmy	3,000,000	11.04
3	Sung Lee Timber Trading Sdn. Bhd.	2,812,500	10.35
4	Ng Ah Heng	2,500,000	9.20
5	BTM Timber Industries Sdn. Bhd.	1,875,000	6.90
6	Dato' Seri Yusof Bin Dato' Biji Sura @ Mohamad	1,552,000	5.71
7	Permodalan Nasional Berhad	1,000,000	3.68
8	Ong Har Hong	843,400	3.10
9	Fatimah Zalina Binti Yusof	635,700	2.34
10	CitiCorp Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Yong Tu Sang (473593)</i>	500,000	1.84
11	Halim Bin Mohammad	429,000	1.57
12	HLB Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Yong Tu Sang</i>	300,000	1.10
13	Dato Mohd Zamry Bin Dato' Seri Yusof	251,500	0.92
14	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Goh Sin Yee</i>	245,800	0.90
15	Poo Choo @ Ong Poo Choi	229,100	0.84
16	Tsunami Pacific Sdn. Bhd.	199,400	0.73
17	Leong Kam Chee	160,000	0.58
18	Yap Leong Seng	132,500	0.48
19	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Cheng Khar Tiang</i>	121,900	0.44
20	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Kuek Hann Yih</i>	110,000	0.40
21	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Ayamkuat Maju Sdn Bhd</i>	104,000	0.38
22	Public Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Yong Siew Yien (E-PDG)</i>	100,000	0.36
23	Kenanga Nominees (Asing) Sdn. Bhd. <i>pledged Securities Account for Dato' Hurairah Taha</i>	97,000	0.35
24	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for George Toh Kin Siang</i>	93,600	0.34
25	Lau Chee Heng @ Lau Chow Heng	88,000	0.32
26	Tan Joo Yee	87,000	0.32
27	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Lau Siew Hua</i>	86,700	0.31
28	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Li Wing Fong</i>	85,100	0.31
29	Mercsec Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Chew Beow Soon</i>	85,000	0.31
30	HLB Nominees (Tempatan) Sdn. Bhd. <i>pledged Securities Account for Yong Chaw Nam</i>	84,000	0.30
		<b>20,944,200</b>	<b>76.96</b>

## List of Properties

Location	Tenure	Net Book Description	Land Area Hectare	Approx. Age of the Building	Net Book Value as at 31.12.2004
<b>BTM Resources Berhad</b>					
No. 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman	Freehold	5½ Storey Office Building	385 sq.m	6 years	4,414,717
<b>Besut Tsuda Industries Sdn Bhd</b>					
Lot No :- 003067 Mukim of Pengkalan Nangka District of Besut Terengganu Darul Iman	30 year's leasehold expiring on 30/03/2007	Industrial Land with sawmill building timber sheds and office erected thereon.	12.06 Hectare	28 years	61,249
Lot No :- 002995 Mukim of Pengkalan Nangka District of Besut Terengganu Darul Iman	30 year's leasehold expiring on 26/10/2018	Vacant Industrial Land	9.014 Hectare	-	46,265
<b>Syarikat Maskayu Sawmill Sdn Bhd</b>					
Lot No : 11341 Mukim of Kuala Nerus Kuala Terengganu Terengganu Darul Iman	30 year's leasehold expiring on 31/12/2004	Sawmill building, timber sheds and office erected thereon.	2.837 Hectare	29 years	147,155
Lot No :- 11966 Mukim of Kuala Nerus Kuala Terengganu Terengganu Darul Iman	60 year's leasehold expiring on 29/11/2033	Log yard	0.998 Hectare	-	51,765
<b>Besut Tsuda Wood Products Sdn Bhd</b>					
Lot No :- 1654 Mukim of Tanggol District of Hulu Terengganu Terengganu Darul Iman	Freehold	Factory Buildings Kiln-dried chambers, office erected thereon.	4.005 Hectare	11 years	3,544,909

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# Form of Proxy

I / We \_\_\_\_\_

of \_\_\_\_\_

being a Member / Members of BTM Resources Berhad hereby appoint \_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_

or failing him, the Chairman of the meeting as my / our proxy to vote for me / us on my / our behalf at the Tenth Annual General Meeting of the Company to be held at Embassy 2, 12th Floor, Crown Princess Hotel, City Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Friday, 24 June 2005 at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of Meeting as indicated with "X" in the appropriate spaces. If no specific direction as to voting given, the proxy will vote or abstain from voting at his discretion.

RESOLUTION	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		

\_\_\_\_\_  
Signature of Shareholder(s)

Number of Shares Held	
-----------------------	--

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Note:

- i) A member entitled to attend the meeting may appoint another person as his proxy to attend and vote in his stead at the meeting and such proxy shall have the same as the member he represents including the right to vote on a show of hands and on a poll and to demand a poll.
- ii) A proxy may but need not be a member.
- iii) Where the member of the Company appoints two or more proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- iv) If the appointor is a corporation, the proxy should be executed under its common seal or under the hand of an officer or attorney duly authorised.
- v) The instrument appointing a proxy must be deposited at the registered office of the Company at Heng & Monteiro Consultants Sdn Bhd, No.22-2, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

