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

ANNUAL REPORT 2019

CONTENT

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting of BTM Resources Berhad will be held at the Arcadia I, Level 3, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 9th September 2020 at 11.00 a.m. for the following purposes :

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31st December 2019 together with the Reports of the Directors and Auditors thereon. ***(Please refer Explanatory Note 1)***
2. To approve the payment of Directors' fees of RM150,000 for the financial year ended 31st December 2019. **Resolution 1**
3. To re-elect Mdm Yong Emmy who retires in accordance with Article 18.4 of the Company's Constitution. **Resolution 2**
4. To re-elect Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey who retires in accordance with Article 18.4 of the Company's Constitution. **Resolution 3**
5. To re-elect Messrs Folks DFK & Co. as Auditors and to authorise the Directors to fix their remuneration. **Resolution 4**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions :-

6. Continuation in Office as Independent Non-Executive Director **Resolution 5**

   "**THAT** subject to the passing of Ordinary Resolution No. 3 and pursuant to Practice Note 4.2 of the Malaysian Code on Corporate Governance, approval be and is hereby given to Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey who has served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

7. Continuation in Office as Independent Non-Executive Director **Resolution 6**

   "**THAT** pursuant to Practice Note 4.2 of the Malaysian Code on Corporate Governance, approval be and is hereby given to Mr Choong Show Tong who has served as an Independent Non-Executive Director of the company for a cumulative terms of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company."

8. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016. **Resolution 7**

   "**THAT** subject always to the Companies Act, 2016 ("Act"), Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant governmental/ regulatory bodies (if any), the Directors be and are hereby authorised and empowered pursuant to Section 75 and Section 76 of the Act to issue new shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued in any one financial year of the Company pursuant to this resolution does not exceed twenty percentage (20%) of the total number of issued shares of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company".

9. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions **Resolution 8**

   "**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 Shareholders dated 30th June 2020 subject further to the following:-

   a) the transaction 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 propose 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 340(2) of the Companies Act 2016 ("Act") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
      iii) revoked or varied by resolution passed by the shareholders in a 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 authorised by this Ordinary Resolution."

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

By Order of the Board,

Chong Seok Tian (MIA 2502)
Wong Youn Kim (MAICSA 7018778)

Joint Secretaries

Kuala Lumpur
Date : 30th June 2019

Notes :

i) *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*

ii) *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*

iii *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991 there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

iv) *The instrument appointing a proxy shall be in writing 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 HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof*

vi) *In respect of deposited securities, only members whose name appear on the Record of Depositors on 2nd September 2020 ("General Meeting Record of Depositors") shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his behalf.*

Explanatory Notes on Special Business

1. ***To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.***

   This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act, 2016, the Audited Financial Statements do not require formal approval of the members and hence, this item will not be put forward for voting.

2. ***Ordinary Resolution 5 – Continuing in Office as Independent Non-Executive Director***

   Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey has served as Independent Non-Executive Director for a cumulative term of ten (10) years. The Nomination Committee has assessed his independence and recommended him to continue to act as an Independent Non-Executive Director of the Company on the following justifications :-

   a) *He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
   b) *His vast experience has enabled him to provide an objective and independent view point in enabling the Board to properly discharge its duties and responsibilities.*
   c) *He has always actively participated in Board and Board Committee discussion and has continuously provided an independent view to the Board.*
   d) *He has the calibre, qualifications and personal qualities and therefore would be able to provide constructive opinion and exercises independent judgement and has the ability to act in the best interest of the Company.*

   Pursuant to Practice Note 4.2 of the Malaysian Code on Corporate Governance ("MCCG"), the Board will seek the approval of the shareholders through a two-tier voting process at the Twenty-Sixth Annual General Meeting of the Company for Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey to continue to serve as Independent Non-Executive Director of the Company..

3. ***Ordinary Resolution 6- Continuing in Office as Independent Non-Executive Director***

   Mr Choong Show Tong has served as an Independent Non-Executive Director for a cumulative of seventeen (17) years. The Nomination Committee has assessed his independence and recommended him to continue to act as an Independent Non-Executive Director of the Company on the following justification :-

   a) *He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
   b) *He has vast experience as public accountants and is able him to provide financial and accounting view point in enabling the Board to properly discharge its duties and responsibilities.*
   c) *He has always actively participated in Board and Board Committee discussion and has continuously provided independent view to the Board.*
   d) *He has the calibre, qualifications, experience and personal qualities and therefore would be able to provide constructive opinion and exercises independent judgement and has the ability to act in the best interest of the Company.*

   Pursuant to Practice Note 4.2 of the MCCG, the Board will seek the approval of the shareholders through a two-tier voting process at the Twenty-Sixth Annual General Meeting of the Company for Mr Choong Show Tong to continue to serve as Independent Non-Executive Director of the Company.

4. ***Ordinary Resolution 7 - Authority for Directors to allot shares pursuant to Section 75 and 76 of the Companies Act, 2016.***

   The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act at the 26th AGM of the Company (hereinafter referred to as the "General Mandate"). The Company had been granted a General Mandate by its shareholders at the 25th AGM of the Company held on 29 May 2019 (hereinafter referred to as the "Previous Mandate"). As at to-date, the Previous Mandate has not been utilised by the Company and therefore no proceeds have been raised therefrom.

   Bursa Malaysia Berhad has via their letter dated 16th April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit (hereinafter referred to as "the increased General Mandate") for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "20% General Mandate"). In addition, Bursa Malaysia Berhad has also accorded in its abovementioned letter that the increased General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021.

   The Board would like to procure approval of its shareholders at the 26th AGM for the 20% General Mandate. The purpose to seek the 20% General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost consuming to organise a general meeting merely for such purpose. The 20% General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding its business plans, future investment project(s), working capital and/or acquisitions. The 20% General Mandate will expire on the Expire Date as stipulated in the Ordinary Resolution 7 above.

5. ***Ordinary Resolution 8 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate)***

   This Ordinary Resolution is to renew the Shareholders' Mandate granted by the shareholders to the Company at the Twenty-Fifth AGM held on 29th May 2019. The Proposed Renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or 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 the 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 Twenty-Sixth Annual General Meeting of the Company :-**

   A) Director retiring pursuant to Article 18.4 of the Company's Constitution :

      i) Mdm Yong Emmy ***(Resolution 2)***

   B) Director retiring pursuant to Article 18.4 of the Company's Constitution :

      i) Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey ***(Resolution 3)***

   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 10 of the Annual Report, while their securities holdings (where applicable) are set out in the Analysis of Shareholdings – Directors' Interest in the Company (page 82 of the Annual Report)

2. **Attendance of Directors at Board Meetings for year 2019**

   A total of five (5) Board Meetings were held during the financial year ended 31 December 2019. Details of attendance of Directors are set out on page 16 of this 2019 Annual Report.

Name of Directors	Attendance
Dato' Seri Yong Tu Sang	5 out of 5 meetings
Mr. Choong Show Tong	5 out of 5 meetings
Madam Yong Emmy	5 out of 5 meetings
Datuk Haji Mohamad Iqbal Bin M.M. Mohamed Ganey	5 out of 5 meetings
Mr Yong Hin Siong	5 out of 5 meetings
Datuk Woo Thin Choy	4 out of 5 meetings

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

Date	:	Wednesday, 9 September 2020
Time	:	11.00 a.m.
Place	:	Arcadia I, Level 3, Hotel Armada, Lot 6, Lorong Utara C, Section 52 46200 Petaling Jaya Selangor Darul Ehsan

4. **Profile of Directors Who Are Standing For Re-election**

   The information required in compliance with the Appendix 8A, Section (4) under the BMSB Listing Requirement has been included in pages 7 to 10 herein.

BOARD OF DIRECTORS

Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey
Chairman, Senior Independent Non-Executive Director

Dato´ Seri Yong Tu Sang
Managing Director

Mr. Yong Hin Siong
Executive Director

Mr. Choong Show Tong
Independent Non-Executive Director

Madam Yong Emmy
Non-Executive Director

Datuk Woo Thin Choy
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Choong Show Tong
Chairman

Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey
Member

REMUNERATION COMMITTEE

Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey
Chairman

Mr. Choong Show Tong
Member

Mdm Yong Emmy
Member

NOMINATION COMMITTEE

Mr. Choong Show Tong
Chairman

Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey
Member

COMPANY SECRETARIES

Mr. Chong Seok Tian (MIA 2502)

Ms Wong Youn Kim (MAICSA 7018778)

REGISTRARS

Sectrars Management Sdn Bhd
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfields
50470 Kuala Lumpur

Tel No : 03-2276 6138

Fax No : 03-2276 6131

AUDITORS

Folks DFK & Co.,
Public Accountants
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur

Tel No : 03-2273 2688

Fax No : 03-2274 2688

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Tel No : 03-2241 5800

Fax No : .03-2282 5022

BANK

Alliance Bank Malaysia Berhad

Bank Perusahaan Kecil & Sederhana Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

Results (RM'000)	2019	2018	2017	2016	2015
Revenue	9,413	15,552	12,763	15,939	11,552
(Loss) / Profit Before Tax	(6,530)	(2,352)	(1,498)	404	(2,633)
(Loss) / Profit Attributable To Equity Holders of The Company	(6,448)	(2,600)	(821)	406	(2,632)
Financial Position (RM'000)					
Total Assets	38,916	40,661	41,016	39,922	39,394
Total Liabilities	16,348	12,149	12,157	13,521	13,599
Net Assets Attributable to Equity Owners of The Company (Shareholders Funds)	22,568	28,512	28,859	26,400	25,795
Share Capital	29,038	29,038	26,561	25,061	25,061
Share Information (Sen)					
Basic (Loss) / Earnings Per Share (Sen)	(4.56)	(1.87)	(0.64)	0.32	(2.1)
Gross Dividend Per Share (Sen)	-	-	-	-	-
Net Assets Per Share Attributable to Equity Owners of The Company (Sen)	16	20	22	21	21

DATUK HAJI MOHAMED IQBAL BIN M.M. MOHAMED GANEY

Position

Chairman, Senior Independent Non-Executive Director

Age

71 years

Gender

Male

Nationality

Malaysian

Working Experience & Occupation

Y. Bhg Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey was appointed to the Board as Director on 21 January 2010. He has been appointed as Chairman on 2 March 2020, Currently he also serve as Chairman of Remuneration Committee and as member of Audit and Risk Managment Committee and Nomination Committee.

He has vast experience in banking having worked with foreign bank in various senior positions for 29 years. He had the opportunity to be exposed to various environment in the domestic as well as international markets whilst serving as the Head of Product Development, Trade Finance, Standard Chartered Bank Malaysia Berhad.

He was also an active member of the Export Credit Refinancing (ECR) Committee chaired by Bank Negara Malaysia and currently by EXIM Bank, a committee member of APEC, for standardization of import and export documents chaired by EXIM Bank, a committee member of Cross Border Barter Trade chaired by Malaysian Banking Berhad, an examiner for the International Trade Finance (DP 06), paper of the Institute of Bankers Malaysia Diploma in Banking and Financial Services examination and a resident trainer for the Institute's International Trade. His immense contribution to the banking fraternity and to Bank Negara Malaysia has been well received and recognized.

He is the Group Executive Director of SPM Holdings Sdn. Bhd. a major recycler in the country since 2000. He is also Chairman of Patchee Bakery Sdn. Bhd, a company involved in food production for more than 100 years. He is also the Chairman of MIG Resources Sdn. Bhd. an investment holding company with investment in properties, food production and restaurants.

He has been involved in a number of social and religious bodies such as Persatuan Muslimin India Malaysia (PERMIM), Angkatan Kemajuan Islam PJ and Selangor, Chairman of Building Committee.

He has no other directorship in public companies and is no family relationship between him and any directors or major shareholders of the company or any conflicts of interest with the company. He has not been convicted of any offence within the past five (5) years other than traffic offences.

DATO' SERI YONG TU SANG

Position

Executive Director / Managing Director

Age

73 years

Gender

Male

Nationality

Malaysian

Working Experience & Occupation

Y. Bhg Dato' Seri Yong Tu Sang was appointed as Managing Director of the company on 27 December 1995.

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.

He has 48 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

He has no other directorship in Public Companies and he is the husband of To' Puan Ng Ah Heng, a major shareholder of the company and father of Yong Emmy, a Non-Executive Director and major shareholder of BTM Resources and Yong Hin Siong, Executive Director, of BTM Resources Berhad.

His conflict of interest with the company are those disclosed in note 31 in the accompanying financial statements. He has not been convicted of any offence within the past five (5) years other than traffic offences.

CHOONG SHOW TONG

Position

Independent Non-Executive Director

Age

64 years

Gender

Male

Nationality

Malaysian

Working Experience & Occupation

Mr. Choong Show Tong was appointed to the Board as Independent Director on 19 May 2003 and currently he serves as Chairman of Audit and Risk Management Committee and Nomination Committee and also serves as a member of Remuneration Committee.

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 1983, he worked as an Office Manager in Christopher Chooi & Co. a firm of Chartered Accountants in Kuala Lumpur. Since October 1984 till now he is the Sole Proprietor of Allan Choong & Co, a Chartered / Public Accountants firm in Kuala Lumpur.

He has no other directorship in Public Companies and is no family relationship between him and any directors or major shareholders of the company or any conflicts of interest with the company. He has not been convicted of any offence within the past five (5) years other than traffic offences.

YONG HIN SIONG

Position

Executive Director

Age

40 years

Gender

Male

Nationality

Malaysian

Working Experience & Occupation

Mr. Yong Hin Siong is a graduate with Bachelor of Arts from Macquarie University in New South Wales, Australia. He was appointed as an Executive Director of the Company on 2nd May 2014.

After graduated from Macquarie University in New South Wales, Australia in 2004, he joined a timber consortium company as a management trainee focusing on operation management. He was promoted to manager of sales and purchases department in charge of purchasing raw material and sales of finished products whereby he gained valuable experience sourcing for raw materials from various countries.

Subsequently, we also gained working experience in manufacturing of plywood, managing a golf and country resort, oil palm plantation and logging operation in Malaysia and Papua New Guinea.

He has no other directorship in Public Companies and he is son 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 brother of Yong Emmy Non-Executive Director and major shareholder of BTM Resources Berhad.

His conflicts of interest with the company are those disclosed in note 31 in the accompany financial statements. He has not been convicted of any offence within the past five (5) years other than traffic offences.

YONG EMMY

Position

Non-Executive Director

Age

45 years

Gender

Female

Nationality

Malaysian

Working Experience & Occupation

Madam Yong Emmy was appointed to the Board as Non-Executive Director in 11 November 1999 and she is a member of Remuneration Committee.

She has Degree in Bachelor of Arts Majoring in Japanese Studies and Economics, MBA (Finance) from Oklahama City University.

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.

8 years of experience in trading & marketing of wood-based products. Currently sits on the Board of several private limited companies.

She has no other directorship in public companies and she is the daughter of Dato' Seri Yong Tu Sang, the Managing Director of the company and To' Puan Ng Ah Heng, a major shareholder of the company. She is the sister of Yong Hin Siong, an Executive Director of the company.

Her conflict of interest with the company are those disclosed in note 31 in the accompanying financial statements. She has not been convicted of any offence within the past five (5) years other than traffic offences.

DATUK WOO THIN CHOY

Position

Non Independent Non-Executive Director

Age

54 years

Gender

Male

Nationality

Malaysian

Working Experience & Occupation

Y. Bhg Datuk Woo Thin Choy was appointed as a Director on 2nd January 2019 and his professional qualification is civil and structure engineer from University of Malaya and also Master in Business Administration in year 2000.

Datuk Woo has vast experience in Malaysia property evident in his involvement with companies such as the Berjaya Group, Mah Sing Group, Mayland and Ho Hup Construction Company Berhad. Datuk Woo being one of the pioneers of the property division for Mah Sing Group during the mid 90's, he was also the pioneer in the intiation of small apartments, otherwise known as Small Office Home Office, into Sri Hartamas in 1996. Datuk Woo has also found success in reviving previously abandoned projects located in Bukit Jalil, leading to the then Ministry of Local Housing to present vacant possessions to home buyers a year into the projects revival (2009)

Datuk Woo has been well commended for his involvement from inception to completion, in development of high rise of hotels, apartments and commercial shopping centres. Datuk Woo is also the Managing Director of Terraton Development Sdn Bhd and has successfully completed numerous property development project in Malaysia.

Datuk Woo had also published international engineering papers on "Rice Husk Ash as cement replacement in concrete".

He has no other directorship in Public Companies and there is no family relationship between him and any directors or major shareholders of the Company or any conflicts of interest with the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences.

PERFORMANCE AND FINANCIAL REVIEW

For the financial year ended 31 December 2019, the Group's recorded a loss before taxation of RM6.53 million compared to a loss of RM2.35 million before tax in the previous financial year.

The Group's revenue of RM9.41 million for the financial year ended 31 December 2019 represent a decrease of RM6.14 million or 39.48% compared to RM15.55 million recorded in the previous year.

The net assets per share as at 31 December 2019 was RM0.16 as compared to RM0.20 at 31 December 2018, the decrease in net assets per share was due to loss suffered during the year.

The Group's loss per share for the financial year ended 31 December 2019 is 4.56 sen as compared to loss per share of 1.87 sen in the previous financial year.

DIVIDEND

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

CORPORATE SOCIAL RESPONSIBILITY

"Corporate Social Responsibility is defined as open and transparent business practices that are based on ethical values and respect for community, employees, the environment, shareholders and other stakeholders."

(source : Bursa Malaysia Securities Berhad Corporate Social Responsibility Framework For Public Listed Companies Issued on 11th September 2006)

The principle and practice of corporate social responsibility as envisioned in the above definition has been observed in varying degrees except that these practices have not been reduced into written document or framework.

The principles and philosophy on corporate social responsibility are being reflected in the Group business practices as follows :-

- Providing quality products for the consumers.
- Maximising the usage of raw material and reduced waste to ensure safe, healthier environment for our employees to best exert their individual potential and ability.

BTM Resources Group is mindful of the impact its operations have on society. The Group's key corporate social responsibility platforms continue to be in the areas of employees, stakeholders, the environment as well as the communities at large. We will continue to identify activities where our support can make a real difference.

PROSPECTS

The recent outbreak of Coronavirus Disease ("COVID-19") since end of year 2019 has caused significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary control measures have been implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") starting from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020. Consequently, these restrictions are expected to have material adverse effects on the Malaysia's economy for year 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group in year 2020.

Amid the uncertainties, management has taken precautionary measures immediately to address the impact and also undertaken several changes to our operations and updated the health and safety procedures to further protect our employees. Nevertheless, I remain optimistic that, with the support from our staff, our management team and the Board, we will get through this predicament.

APPRECIATION

On behalf of the Board, I would like to record my appreciation to the late Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman who passed away on 22 January 2020. He had contributed invaluable expertise and contributions during his tenure as Chairman of the Board.

In closing, I wish to extend my heart felt gratitude to all my fellow Board members who have contributed to the Group with their invaluable expertise and experience. My deepest gratitude also goes to the management and staff for their commitment and dedication throughout the years and to our shareholders for their steadfast support and confidence toward the Group. My sincere appreciation also goes to our business partners, clients, bankers and other associates for their support for the Group.

DATUK HAJI MOHAMED IQBAL BIN M.M. MOHAMED GANEY
Chairman

BUSINESS OVERVIEW

Our Group primarily involved in wood-based industry comprising of wood moulding, biomass wood pellet, priming timber and laminated timber, provision of kiln-drying services, trading in sawn timber, plywood and veneer, sawmilling and logging.

Our operations are located wholly in Malaysia with manufacturing and sawmill and other timber-based facilities based in state of Terengganu and a marketing office located in the state of Selangor.

Our moulding and priming timber and biomass wood pellet are mainly exported to Australia, South Korea and Philippines, which contributed approximately 40% to the Group's revenue. For local market, our customers are mainly dealers in wood products and local exporters of wood-based products.

For manufacturing moulding and priming timber, the major components of raw materials are rough sawn timber and rough sawn rubber wood timber which are mainly sourced form sawmills in the states of Terengganu, Kelantan, Perak and Kedah. As for manufacturing of biomass wood pellet, the major component of raw materials are off-cut timber and saw dust and are mainly sourced from neighbouring sawmill in the state of Terengganu.

For the Group's trading business, plywood, veneer and sawn timber are mainly sourced from plywood factory and sawmill of related parties in which directors of the Company have substantial interest.

FINANCIAL RESULTS AND CONDITION

Financial Information	2019	2018	2017	2016	2015
Revenue (RM'000)	9,413	15,552	12,763	15,939	11,552
Profit /Loss) after tax (RM'000)	(6,453)	(2,605)	(827)	404	(2,632)
Shareholders' equity (RM'000)	22,568	28,512	28,859	26,400	25,795
Total Assets (RM'000)	38,916	40,661	41,016	39,922	39,394
Cash, bank and fixed deposits (RM'000)	813	604	987	2,778	8,273
Borrowings (RM'000)	1,832	3,124	4,185	5,022	5,954
Debt / Equity (%)	8,12	10.96	14.50	19.02	23.08
Earnings / Loss per share (sen)	(4.56)	(1.87)	(0.64)	0.32	(2.1)
Net assets per share (RM)	0.16	0.20	0.22	0.21	0.21

For the financial year ended 31 December 2019, the Group recorded revenue of RM9.412 million, a decrease 6.14 million compared to RM15.552 million recorded in previous financial year ended 31 December 2018, mainly due to lower demand of wood pellet and priming timber in the current financial year.

Loss after taxation for financial year ended 31 December 2019 amounted to RM6.453 million as compared to a loss after taxation of RM2.605 million registered in previous financial year ended 31 December 2018, which is a lower of profit amounting to RM3.848 million mainly due to higher production cost and lower profit margin of wood products.

Cash and bank balances (inclusive of fixed deposits) of the Group had increase from RM0.60 million to RM0.81 million mainly due to utilisation of cash, repayment of bank borrowings and working capital purposes.

The Group's borrowings decreased by RM1.292 million due to repayment of term loan instalments during the financial year. For financial year ended 31 December 2019, other than capital incurred for purchase of plant and machineries for manufacturing of biomass wood pellet and wood moulding business, there are no other material capital commitments incurred by the Group that will have material impact on the Group's financial results and position.

REVIEW OF OPERATING ACTIVITIES

Due to the challenging business environment, our Group had suffered a loss before tax of RM6.53 million as compared to a loss before tax of RM2.35 million in the previous year mainly due to higher production cost and lower profit margin of wood products achieved during the current financial year coupled with lower production of biomass wood pellets at the end of the financial year due to some initial production issues.

ANTICIPATED KNOWN RISKS OR STRATEGIES TO MITIGATE SUCH RISKS

Competition Risk

The Group's core business is subject to various competitive challenges posted by competitors, ranging from marketing efficiencies to product quality. Any of these factors may negatively impact the Group's profitability. To remain competitive, we intend to improve our productivity, further improve on the quality of our products and export to new markets, which in turn will improve our sales and profitability.

Foreign Exchange And Price Risks

Our Group's products are mainly exported to foreign markets, which will directly be exposed to exchange rates and price fluctuations that may have effects to the revenue of our Group. We will closely monitor exchange rates fluctuations of key foreign markets and refine pricing strategy for our products, in addition to improving production efficiencies, thereby increasing the Group's profit margin accordingly.

Credit Risk

Our financial performance and position are dependent on the credit worthiness of our customers and we normally grant them very short credit periods and substantial part of customers is trading on cash basis. In the event of significant delay or default in payment by our customers, it may adversely affect the Group's financial position and results should there be any impairment made for the bad or doubtful debts. As part of credit risk management, we normally request for cash on delivery for new customers and we will assess their credit standing before granting any credit terms.

FORWARD LOOKING STATEMENT

Possible Trend and Outlook

Our Board expects the timber market outlook to remain very challenging due to the deterioration of world economy under COVID-19 pandemic volatility of exchange rates of key foreign markets against Malaysian Ringgit, coupled with intense competition. We will continue to focus on existing core business of manufacturing of biomass wood pellet, moulding and priming timber products and trading of sawn timber, veneer and plywood.

Despite the challenging market conditions and outlook, we are optimistic will get through this predicament in future financial years, leveraging on our strong relationship with key customers and also our strengths in business development to achieve business growth in our core markets.

The Board of Directors ("Board") of BTM Resources Berhad ("Company") recognises the importance of implementing high standards of corporate governance in the Company for the purposes of enhancing business prosperity of the Group, comprising the Company and its subsidiaries, with corporate accountability towards realizing the long-term aspiration of the Group, apart from safeguarding the interest of its shareholders and assets of the Group. In adopting corporate governance practices, the Board is mindful of the five (5) pillars of transparency, accountability, ethical culture, sustainability and financial performance.

As such, the Board seeks to embed in the Group a culture that is aimed at delivering balance between conformance requirements with the need to deliver long-term strategic imperatives through performance, without compromising on personal or corporate ethics and integrity.

Following the introduction of the new Malaysian Code on Corporate Governance ("MCCG") by the Securities Commission of Malaysia on 26 April 2017, the Board is cognizant of the growing level of expectation for proper corporate governance and will take such steps as are necessary to strengthen its existing governance practices throughout the Group.

This Statement provides an overview of the Company's application of the Principles set out in the MCCG for the financial year under review and up to the date of this Statement. The details on how the Company has applied each Practice as set out in the MCCG are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.btmresources.com.my

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

The Board is collectively responsible to the Company's shareholders for the long-term success of the Group via its overall strategic direction, its values and governance. The Board is led by experienced and knowledgeable Board members who provide the Company with the core competencies and leadership necessary for the Group to meet its business objectives and goals.

All members of the Board are aware of their responsibility to take decisions objectively which promote the success of the Group for the benefits of shareholders and other stakeholders. The Board has formalized a Board Charter streamlining its remit, the roles and responsibilities of the Board and its members are set out below:

The Board

The Board is responsible for proper governance and stewardship of the Group, which include providing strategic business direction, development and control of the Group and initiatives to embrace governance responsibilities according to the MCCG and statutes. In discharging its fiduciary and governance responsibilities, and in lieu of a formalized Board Charter, the Board has discharged the following roles and responsibilities :-

- Reviewing and approving of corporate strategies and plans, monitoring their implementations through the annual budget and financial plans ;
- Overseeing and monitoring the conduct and performance of the Company's and Group's businesses ;
- Overseeing the process for identifying principal risks and putting in place appropriate control systems, monitoring and reporting mechanism to effectively monitor and manage these risks ;
- Appointing and assessing the performance of the Executive Directors and overseeing succession plans for the Senior Management team ;
- Overseeing the development and implementation of a shareholder communication policy for enhancing and protection of the reputation of the Group ;
- Reviewing and overseeing the adequacy and the integrity of the management information and control system of the Group; and
- Establishing a corporate culture which engenders ethical conduct and behaviour.

Apart from the above roles, the Board has reserved the following items for its deliberation and decision to ensure the direction and control of the Company are in its hands :-

- Acquisition of Business and Investments ;
- Divestments and Disposals of Business and Investments ;
- Overseas Equity Venture ;
- Corporate Finance and Proposals ;
- Terms of key or main agreements not within the ordinary course of business ;
- Acquisition and Disposal of Properties ;
- Acquisition and Disposal of Fixed assets, other than Properties, amounting up to RM2,000,000 and above; and
- Bank borrowing and finance arrangements.

To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authority and powers to the two (2) Executive Directors and certain Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The Audit Committee and Risk Managment Committee have been amalgamated into a signle committee as Audit and Risk Managment Committee with effect from 2 March 2020. Whilst the Board Committees are entrusted with the responsibility to oversee specific aspects of the Company's affairs in accordance with their respective terms of reference as approved by the Board and to report to the Board their findings and recommendations, the Board has delegated the following responsibilities to the Executive Directors, comprising the Managing Director and an Executive Director :-

- Overall responsibility for the business units and day-to-day management of the Group, organisational effectiveness and implementation of Board policies, strategies and decisions ;
- The development (in conjunction with the Board) and implementation of short, medium and long term corporate strategies for the Group, preparing business plans and reports with Senior Management and reporting or presenting to the Board on current and future initiatives ;
- Providing leadership, supervision and control in managing a team of Senior Management Executives responsible for all functions contributing to the success of the Group ;
- Overseeing that the Group has the appropriate risk management practices and policies in place ;
- The assessment of business opportunities which are of potential benefits to the Group ;
- Bringing material and other relevant matters to the attention of the Board in a timely manner ;
- Overseeing shareholders' communications ;
- Appointing and, where appropriate, removing Senior Management, including the Chief Financial Officer and the Company Secretary, with the approval of the Board ;
- Evaluating the performance of Senior Management Executives ;
- Overseeing that the objectives as standards of performance of the Company are understood by the Management and employees ;
- Overseeing that the operational planning and control system are in place ;
- Monitoring performance results, where necessary ;
- Overseeing that the Group's Financial Reports are drawn up in accordance with the relevant accounting standards and comply with all requirements of Bursa Malaysia Main Market Listing Requirements and the Companies Act 2016 ;
- Directing and monitoring all aspects business operations in a cost effective manner ;
- Effectively overseeing the human resource needs of the Group and key positions in the Group's management structures, including succession planning and talent retention are adequately addressed ;
- Overseeing the Group's corporate identity, products and services are of acceptable standards and reflective of the market environment in which the Group operates in; and
- Assisting the Non-Executive Chairman in providing quality and timely information flows to the Board for establishing the agenda for Board and Committee meetings.

In discharging their responsibilities, the Executive Directors can delegate and assign appropriate functions and responsibilities to the Senior Management personnel while retaining overall control and responsibility.

The former Chairman of the Board, namely the late Y. Bhg. Tan Sri Dato' (Dr) Abdul Aziz bin Abdul Rahman, who was an Independent Non-Executive Director, had been entrusted by the Board to :

- lead the Board, facilitate effective contribution by all Directors at Board meetings, ensure that no individual Board member dominates discussions and that appropriate discussions and opinions amongst members of the Board are forthcoming;
- represent the Board at shareholders' meeting by chairing General Meetings of shareholders and represent the Board in public relations exercises and other events relating to the Group ;
- oversee the efficient organization and conduct of the Board, including the setting of agenda for Board meetings, in consultation with the Executive Directors ;
- ensure all Directors receive accurate, timely and quality information to enable them to discharge their duties. All directors are entitled to request additional information where they consider such information necessary to make informed decisions ;
- ensure new Directors receive a full, formal and tailored induction on joining the Board. The letter of appointment should set out the Director's estimated time commitment ;
- ensure that the Directors continually update their skills, knowledge and familiar with the Company's operations so as to fulfil their roles both on the Board and Board Committees ;
- promotes constructive and respectful relations between Directors, and between the Board and Management; and
- consider the views of shareholders, which are to be communicated to the Board as a whole and that governance and strategy issues are discussed with major shareholders.

The roles of the Chairman and the Chief Executive, in this case, the Managing Director are well segregated. Accordingly, the Board believes that such division of power and responsibilities helps to ensure a balance in that no one person in the Board has unfettered powers to make any major decisions for the Company unilaterally.

The Board has adopted a Code of Ethics and Conduct for Company Directors to enhance the standards of Corporate Governance and Behaviour as a guide for the Directors and key management personnel.

The Board has established and adopted a Whistle-Blowing Policy that provide an avenue for raising concerns relating to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation. The policy also provides contact details of Audit Committee Chairman and the Managing Director as avenue for stakeholders to raise the above concerns.

The Board members have full access to the Company Secretaries, who are qualified to act under Section 235 of the Companies Act 2016, to provide advisory services to the Board, particularly on corporate governance issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to administrative matters.

Board Meetings

For the financial year under review, the Board convened five (5) meetings and attendances of Directors are as follows :-

Name	No. of Board Meetings attended	Percentage of Attendance (%)
1. The late Y. Bhg. Tan Sri Dato' (Dr) Abdul Aziz bin Abdul Rahman *Chairman and Senior Independent Director*	1	20
2. Y. Bhg. Dato' Seri Yong Tu Sang *Managing Director*	5	100
3. Mr. Choong Show Tong *Independent Non-Executive Director*	5	100
4. Y. Bhg. Datuk Hj. Mohamed Iqbal bin M.M. Mohamed Ganey *Independent Non-Executive Director*	5	100
5. Madam Yong Emmy *Non-Executive Non-Independent Director*	5	100
6. Mr. Yong Hin Siong *Executive Director*	5	100
7. Y. Bhg. Datuk Woo Thin Choy *Non-Independent Non-Executive Director*	4	80

* *The late Y. Bhg. Tan Sri Dato' (Dr) Abdul Aziz bin Abdul Rahman passed away on 22 January 2020 and Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey has been appointed as Chairman of the Board on 2 March 2020.*

Continuous Professional Development

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities and to be apprised on the changes to regulatory requirements and the impact such regulatory requirements have on the Group. The Group's Company Secretaries would often circulate the relevant guidelines on statutory and regulatory requirements from time to time to and for the Board's reference.

All Directors have completed the Mandatory Accreditation Programme as required by the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"). During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences. Details of the training programmes attended/ participated by the Directors are as follows:

Directors	Training/Seminar/Conference/Workshop
Mr. Choong Show Tong	• National Tax Conference 2019 • Auditor's Report and Auditor's Duty of Care to Third Parties • Audit Documentation and Preparation of Audit Working Papers • Seminar Percukaian Kebangsaan 2019
Y. Bhg. Datuk Woo Thin Choy	• Mandatory Accreditation Programme for Directors of Public Listed Companies

As for Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey , Dato' Seri Yong Tu Sang, Madam Yong Emmy and Mr. Yong Hin Siong are not able to attend seminars or training due their tight schedules which clashed with dates available. However they have kept abreast with the industry by reading newspapers, magazine and journals.

II BOARD COMPOSITION

The Board currently consists of six (6) members, comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors, and two (2) Non-Independent Non-Executive Director. The composition of Independent Non-Executive Directors in the Board, which accords with Practice 4.2 of the MCCG (i.e. half the Board should be made up of Independent Non-Executive Directors), exceeds the requirements as set out in Bursa's Listing Requirements, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

The Independent Non-Executive Directors provide the necessary checks and balances in the Board's exercise of their functions by facilitating an independent evaluation of the Board's decisions and decision-making process.

The Executive Directors are complemented by the experience and independent views of the Independent Non-Executive Directors who are professionals in the field of banking, finance, and accounting. The Board members possess a fair range of skills and experience in business development and management, law, banking and finance, accounting, administration and public relation. The mixed skills and experience are vital towards directing and supervising the Group's overall business activities in light of the increasing challenging economic and operating environment in which the Group operates. The profile of each Director is set out on pages 7 to 10 of the Annual Report.

The Nomination Committee ("NC") is entrusted by the Board with the following responsibilities:

- review regularly, and at least once a year, the structure, size and composition of the Board and make recommendations to the Board on any changes that may, in their view, be beneficial to the Company as well as review its members' composition to improve on gender diversity;
- review the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board ;
- implement a process, to be carried out annually, to assess the effectiveness of the Board as a whole, committee of the Board and the contribution of individual Directors ;
- identify and recommend suitable candidates to the Board when vacancies arise; and
- recommend to the Board those Directors retiring by rotation and election at the Annual General Meeting of the Company

During the year and up to the date of this Statement, the NC convened one meeting, attended by all the members of the Committee. The NC assessed and was satisfied with the performance of the 2 Directors who will be retiring by rotation. Accordingly, the NC recommended to the Board for the 2 Directors to be re-elected at the forthcoming Annual General Meeting ("AGM") of the Company to be held in 9 September 2020.

Practice 4.2 of the MCCG provides that *"the tenure of an Independent Non-Executive Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process".*

The Company has on its Board two (2) Independent Non-Executive Directors, namely Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey and Mr. Choong Show Tong, who have served as Independent Directors for more than nine (9) and twelve (12) years respectively as at end of the financial year under review. The Board has assessed their suitability to continue as Independent Non-Executive Directors of the Company for the ensuing year and, accordingly, has recommended for their continuance via the two-tier voting process at the forthcoming AGM of the Company scheduled in 9 September 2020. The justifications by the Board for their continuance as Independent Non-Executive Directors are set out in the Notice of AGM.

Although the Board has not formalized in writing a Board Diversity Policy, it has always reviewed diversity in the Board and, for the financial year under review, the following were observed by the Board:

- diversity in the Boardroom is an essential factor in ensuring an effective and well-functioning Board;
- the Board should comprise Directors from a diverse background – based on their profiles in the Annual Report, it can be seen that the current Directors possess diverse background, skills and experience ;
- Directors' age ranges from 39 years to 86 years ;
- one Board member is female; and
- the Directors are drawn from different ethnic, cultural and social-economic background and are sufficiently diverse to ensure that different viewpoints are considered in the decision-making process.

The Board does not have a specific policy for setting targets for women, ethnic or age composition on the Board. Evaluation of suitability of candidates is based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre.

III REMUNERATION

The Board has established a Remuneration Committee ("RC") which comprises two (2) Independent Non-Executive Directors and the Managing Director. It is the practice of the RC to review the existing remuneration packages of Executive Directors and recommend to the Board any changes thereto. Whilst the Board has yet to formalize in writing policies and procedures pertaining to Directors and Senior Management of the Group, the remuneration packages of Executive Directors would normally take into account the individual Director's performance and experience, including the Director's responsibilities for the Group. The Board is aware of the need to formalise in writing pertinent policies and procedures on the remuneration of Directors and Senior Management and will take measures to document the same for uploading on the Company's website. As for Directors' fees and benefits, the Board will recommend for shareholders' approval at the AGM of the Company.

The Executive Directors are paid salaries and allowances while the remuneration of Non-Executive Directors comprises solely fees. The Board ensures that the remuneration for Independent Non-Executive Directors do not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meetings.

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 December 2019 is as follows :

Received from Company				
Name of Directors	**Salaries (RM'000)**	**Fees (RM'000)**	**Others (RM'000)**	**Total (RM'000)**
Executive Directors				
Y. Bhg. Dato' Seri Yong Tu Sang	240.0	-	140.0	380.0
Mr. Yong Hin Siong	87.6	-	17.8	105.4
Non-Executive Directors				
Independent				
Y. Bhg. Tan Sri Dato' (Dr) Abdul Aziz bin Abdul Rahman	-	30.0	-	30.0
Mr. Choong Show Tong	-	30.0	-	30.0
Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey	-	30.0	-	30.0
Non-Independent				
Madam Yong Emmy	-	48.0	-	48.0
Madam Yong Ellen	-	85.8	69.2	150.0
Datuk Woo Thin Choy	-	120.0	-	120.0
Total	***327.6***	***343.8***	***227.0***	***898.4***

*The remuneration paid to the Executive Directors were in respect of their employment with the Company/Group.

The RC and the Board are of the view that disclosing the top 5 Senior Management's remuneration on a named basis in bands of RM50,000 according to salaries, bonuses, benefits-in-kind and other emoluments would be disadvantageous to the Group's business interest, given the highly competitive conditions in the industry the Group operates where poaching of executives is common place.

As an alternative, the RC and the Board believe the disclosure of Senior Management's remuneration, that includes the top 5 key Senior Management, in the audited financial statements are adequate as it complies with the requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures". It is the Board's practice to structure the compensation and benefits packages for Group's Senior Management competitively in order to attract, motivate and retain talents.

PRINCIPLE B – EFFECTVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising three (3) members, all of whom are Independent Non-Executive Directors, with Y. Bhg Datuk Hj Mohamed Iqbal Bin M.M. Mohamed Ganey as the Committee Chairman. However on 2 January 2020, a member of the Audit Committee Y. Bhg Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman passed away and the Board has nominated Mr. Choong Show Tong as Chairman and Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey as the member. Subsequently, the Board amalgamated the Audit Committee with Risk Committee into a single committee as Audit and Risk Committee with effect from 2 March 2020.

The composition of the Audit Committee, including its roles and responsibilities as well as a summary of its activities carried out for the financial year under review, are set out in the Audit Committee Report on pages 22 of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, will be developing a policy on the types of non-audit services permitted to be provided by the external auditors and/or their affiliates, including the need to obtain the Audit Committee's approval for such services. This is to enhance the process the Audit Committee adopts in assessing the suitability, objectivity and independence of the external auditors set out under Practice 8.3 of the MCCG. In addition, to apply Practice 8.2 of the MCCG, the Audit Committee will also be developing a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. Both these policies, once approved by the Board, will be included in the terms of reference of the Audit Committee.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance on effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Board has established a Risk Management Committee, comprising the same members as the Audit Committee, to assist the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group. The Risk Committee has been subsequently amalgamated with the Audit Committee into a single committee as Audit and Risk Committee with effect from 2 March 2020. The Risk Management Committee does this via the deployment of an independent outsourced internal audit function, namely Baker Tilly Monteiro Heng Governance Sdn Bhd, that conducts internal audit based on an internal audit plan approved by the Audit Committee. Findings raised from internal audit are presented directly to the Audit Committee, including the remedial measures and action plans agreed by Management to address the matters so highlighted. For more details of the Internal Audit function, refer to the Statement on Risk Management and Internal Control which is included in the Company's 2019 Annual Report as well as the Corporate Governance Report that is made available on the Company's website at www.btmresources.com.my

Details of the Group's Risk Management initiatives, activities carried out for the financial year under review and reporting processes are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I COMMUNICATION WITH STAKEHOLDERS

The Board recognizes the importance of being transparent and accountable to the Company's stakeholders and acknowledges the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures the supply of clear, comprehensive and timely information to stakeholders via various disclosures and announcements, including quarterly and annual financial results, which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Company are available on the Company's website at www.btmresources.com.my which shareholders, investors and the public may access.

In addition, the Directors also ensure that engagement with shareholders occurs at least once a year during the AGM to better understand their needs and obtain their feedback.

II CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for shareholder dialogue, allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

The notice for the 25th AGM held on 29 May 2019 was issued by the Company on 30 April 2019, effectively giving shareholders 28 clear days to review the annual report for any questions they might wish to raise. At the AGM, all the Directors (including the chair of the Board Committees) were present in person to engage directly with, and were accountable to, the shareholders for their stewardship of the Company. During the AGM, shareholders participated in deliberating resolutions being proposed or on the Group's operations in general. The Directors and Senior Management appropriately responded to all questions raised and provided clarification as required by the shareholders.

The Board has not adopted electronic voting as the number of shareholders turning up for the AGM was relatively small and the voting for resolutions was expediently carried out by traditional balloting, supervised by an independent scrutineer.

The Corporate Governance Overview Statement is made in accordance with resolution of the Board dated 25th June 2020.

The Group is committed to increase value for shareholders in the longer term, we are not only focusing on the core business but also look into any opportunity to explore and widen the existing business. We are optimistic with various business opportunities identified to ensure sustainability of business in the very challenging economic environment due to the COVID-19 Pandemic and very competitive timber products prices.

REPORTING SCOPE

The statement covers the reporting period from 1 January 2019 to 31 December 2019. The content of this report is based on the material matters that have identified from our core business of wood based industries.

STAKEHOLDER ENGAGEMENT

The Group engages in working relation with all stakeholders and stakeholder engagement are conducted via multiple platforms such as :-

No	Sustainability Issues	Focus Area	Stakeholders Engagement Mode
1.	Customers	• Ensure sustainable supply of quality products • Improve customer's satisfaction	• Meeting and discussion with regular visits • Correspondence • Customer survey
2.	Suppliers	• Ensure sustainable supply of raw materials and quality services • Ensure materials quality and safety	• Meeting and discussion with.regular visits • Process improvement
3.	Local Communities	• Ensure Cordial Environment	• Meeting, discussion and dialogue • Involved in community programme
4.	Government and Regulators	• Compliance with relevant laws and regulations • Standard and Certificated	• Correspondence • Audit / Inspection
5.	Shareholders and Investors	• Financial performance •Corporate Governance	• Annual General Meeting • Company website • Announcement • Annual Report
6.	Employees	• Employee health and safety • Employee benefits • Work-life balance	• Staff orientation • Internal communications • Meetings • Re-creational activities

MATERIAL SUSTAINABILITY MATTER

The following material sustainability matters are identified and relevant measurements have been taken in managing the material sustainability matters :-

ECONOMIC

Business Opportunity

The Group strives to give positive impact to the livelihood of surrounding communities in all business area we are operating. We give priority to our surrounding communities in terms of both employment and business opportunities. We have given contracts to local contractors and suppliers. We encourage employing suitable local people to take up various positions.

Supply Chain Management

The Group is aware of the need to manage sustainability in our business supply chain. We have conducted review on suppliers based on criteria such as price, payment terms, time delivery, materials and service quality.

ENVIRONMENT

Reducing Our Impact On The Environment

The Group recognizes the importance of keeping a safe and healthy environment and thus will continue to stress the need and comply with guidelines and procedures as required by the relevant authorities.

The Group's biomass wood pellet business utilise sawdust, off cuts and near waste timber as raw materials for production of wood pellets. It provide an avenue for near by sawmills to dispose off of these materials for further processing instead of discard to dump sites. This has help the protection of environment in the surrounding areas.

SOSIAL

Corporate Social Responsibilities

The Group promotes social responsibility as part of the Group whilst pursuing business growth to enhance shareholders and stakeholders value. The Group is involved in community activities through contributions and donations.

WORK PLACE

The company admits that our employees are our greatest asset. We recognise the need to continuously improve the quality, knowledge and competencies of our workplace. The Group continues its commitment towards human capital building. We provide our employees at all levels with the relevant training opportunities. Our employees participate in seminars, conventions and workplace organised by outside parties that keep our employees abreast with the latest industry development.

We provide various staff benefits that are comparable if not better than other companies in the same industry. We believe that this approach will lead to staff commitment and loyalty and eventually to business sustainability.

CONCLUSION

We are committed to continue doing our part to ensure the sustainability governance of our country's natural resources. We will continue to be a responsible corporate citizen that cares for the interest of all shareholders in all levels of our business operations.

Composition, Meetings and Attendance

The Audit Committee (“AC”), which has been amalgamated with the Risk Managment Committee ("RMC") into a single committee as Audit and Risk Committee on 2 March 2020, comprises of 3 members, all of whom are independent Non-Executive Directors and the AC held 5 meetings in 2019 of which 4 meetings were held at the meeting room of the company at No. 35-5, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan and one meeting held at meeting room at Arcadia III, Level 3, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan.

A summary of the AC members and their attendance at the AC meeting held during the financial year are as follows :-

No.	Name	Designation	Attendance
1.	Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	Chairman	5/5
2.	The Late Tan Sri Dato’ (Dr) Abdul Aziz Bin Abdul Rahman	Member	1/5
3.	Mr. Choong Show Tong	Member	5/5

Summary of Activities

In discharging its functions and duties, the AC has carried out the following activities during the financial year ended 31 December 2019 :-

1. Reviewed and discussed the audit plan presented by the external auditors and ensured the scope of audit was adequate ;
2. Reviewed internal audit plan proposed by the outsourced internal auditors ;
3. Reviewed audit findings and recommendations from both external and outsourced internal auditors and timely corrective actions were duly implemented by management ;
4. Reviewed and ensure the effectiveness of the Group’s internal control systems ;
5. Reviewed and discussed the Group’s unaudited quarterly results together with the notes and made recommendations to the Board of Directors for approval ;
6. Reviewed the annual financial statements of the Company and its subsidiaries together with the external auditors’ report and discussed various audit ad accounting issues ;
7. Considered and recommended the re-appointment and remuneration of the external auditors ;
8. Review related party transactions entered by the Company and its subsidiaries and to approve related party transactions above the threshold of RM100,000.00

Internal Audit Function

The Group has appointed Messrs Baker Tilly Monteiro Governance Sdn Bhd (“Internal Auditors”) to provide outsourced audit function of the Group. The Internal Auditors reports directly to the Audit Committee and the internal audit function is independent of the activities or operations of other operating units. The main role of the Audit function is to provide the Audit Committee with reasonable assurance of the effectiveness of risk management, control and governance process of the Group.

The risk-based internal audit activities were carried out based on risk-based internal audit plan presented by the Internal Auditors during the financial year under review :-

1. Internal audit review on Besut Tsuda Wood Products Sdn Bhd’s order processing, sales, delivery controls, AR accounting, collection and credit control ;
2. Follow-up review report on BTM Biomass Products Sdn Bhd’s order processing, sales, delivery controls, AR accounting, collection and credit control.
3. Attended AC meetings to table and discuss IA plan for financial year ended 31 December 2019 ; and
4. Issuance of IA reports and presentation of audit findings and recommendations for improvement and corrective action taken by Management in AC meetings.

The cost of internal audit services rendered by the Internal Auditors in respect of the financial year ended 31 December 2019 amounted to RM17,500.00

INTRODUCTION

The Board of Directors of BTM Resources Berhad ("the Board") is pleased to provide the Statement On Risk Management and Internal Control ("SORMIC") of the Group, pursuant to Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers ("Guidelines") issued by Bursa, which outlines the processes to be adopted by the Board of Directors in reviewing adequacy and effectiveness of risk management and internal control system of the Group.

This SORMIC outlines the processes that have been implemented to ensure adequacy and integrity of the system of risk management and internal control of the Group during the financial year ended 31 December 2019 and it has been prepared in compliance with Main Market Listing Requirements of Bursa.

The Audit Committee ("AC") being the delegated committee of the Board, is responsible for the preparation of the SORMIC in accordance with the Guidelines. Set out below is the SORMIC which has been prepared in accordance with the Guidelines.

BOARD'S RESPONSIBILITY

The Board has an overall responsibility in maintaining a sound system of risk management and internal control within the Group and to continuously review and evaluate its adequacy and integrity. The risk management and internal control system is designed to identify, evaluate and manage risks that may hinder the achievement of the Group's objectives, rather than eliminate these risk. Therefore, the system can only provide reasonable but not absolute assurance against material misstatement of financial reporting, fraud or loss, and this is achieved through preventive, detective and corrective measure designed in the system.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. The control structure and process which have been instituted throughout the organization are updated and reviewed periodically to suit changes in business environment and this on-going process has been in place for the whole financial year under review and up to the date of approval of this statement for inclusion in the annual report.

KEY PROCESSES

The Board regards risk management as part of business operations and involves an on-going process for identifying, evaluating, managing and reviewing any changes in the significant risks that may hinder the Group in achieving its business objectives. Management of respective business and functional units of the Group is involved in the risk management process in identifying and managing significant risks impacting the achievement of business objectives of the Group.

Management implements the Board's policies and procedures on risk management by identifying and addressing the risks faced by the Group as part of their routine functions and through review of such risks at regular management meetings chaired by managing/executive directors. Unresolved matters at management level will be brought to be attention of the Board for discussion. The Group's internal audit function provides further independent assurance on the adequacy and effectiveness of the risk management and internal control system.

The following are key areas of governance which defines the values, ethics and conduct of the Group and policies and procedures in place to ensure a sound system of internal control is maintained within the Group.

ORGANISATIONAL STRUCTURE

The Board provides business direction and oversight to the Group and management. The Board is supported by a number of Board Committees namely Audit Committee ("AC"), Risk Management Committee ("RMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). The AC and RMC have been amalgamated into a single committee as Audit and Risk Committee on 2 March 2020. Each committee has formal defined terms of reference and responsibilities and report on activities of each committee is presented to the Board on a regular basis.

There is a clearly defined organisational structure aligned to the operational requirements of the business of the Group, which provides levels of authority limits, accountability and responsibility of respective job functions of management.

AUDIT COMMITTEE AND INTERNAL AUDIT

The Group has outsourced the internal audit function to an independent professional firm which assists the AC to review the key business processes, check compliance with policies / procedures set by the Board, and evaluate effectiveness of risk management, internal control and governance processes established by the Board through execution of approved internal audit plan. The AC oversees the function of Internal Auditor, its independence, scope of work and resources.

The annual audit plan prepared by Internal Auditor is reviewed and approved by the AC. Significant audit findings and areas of improvement are reported to the AC and communicated to management on a timely basis. Follow-up audits will be conducted to assess implementation of corrective action plans to address internal control lapses which have been identified. Further details on the activities of the AC during the year are set out in the AC Report.

HUMAN CAPITAL

Talent plays a critical role in enabling the Group to achieve its business objectives. Succession planning is in place to ensure the Group has a strong management team vital to maintain the quality of the Group's products whilst retaining the clients' confidence.

The Group has established procedures and guidelines for human capital development and training, recruitment and performance appraisals to enhance staff competency and productivity.

INSURANCE

The Group has in place adequate insurance coverage of a range of insurable business risks, including property risk to appropriate levels, which are determined upon consultation with insurance brokers.

ANNUAL BUDGET

Budgets are prepared on an annual basis by all operating business units and presented to the Board for approval. The Group's performance is tracked and measured against the approved budget on a quarterly basis. The actual quarterly results are reviewed by the Audit Committee and the Board against the budget to identify and address significant variances so that corrective actions can be taken to improve the achievement of budgeted results and eventually the Group's business objectives as a whole.

CONCLUSIONS

The Board has received assurance from the Managing Director and Financial Controller that the risk management and internal control system adopted by the Group is operating adequately and effectively, in all material aspects, based on their observations of routine business operations of the Group.

The Board is pleased to report for the financial year under review and up to the date of this report that internal control system and risk management practices of the Group are able to meet the objectives of the Group and to facilitate good corporate governance. There was no material failure or weakness that would have a material adverse impact on the results of the Group for the period under review and up to the date of this report that would require a separate disclosure in the Group's annual report or financial statements.

This statement is made in accordance with a resolution of the Board dated 25 June 2020.

1. Utilisation of Proceeds from Corporate Proposal

The are no proceeds raised from Corporate Proposal during the financial year.

2. Options, Warrants or Convertible Securities

During the year under review, no Warrants 2009/2019 and Warrants 2014/2024 have been exercised and the total number of Warrants 2014/2024 remained unexercised is 26,295,146 units respectively.

The subscription rights of the Warrants 2009/2019 have expired on 20 December 2019 and accordingly 19,985,593 unit of unexercised Warrants 2009/2019 have lapsed and become null and void.

3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR program.

4. Share Buy-back

During the financial year, the Company did not enter into any share buy-back transaction.

5. Sanctions and Penalties

There were no sanction, and/or penalties imposed on the Company and/or its subsidiaries, Directors or Management by any regulatory bodies during the financial year.

6. Non-Audit Fees

The amount of non-audit fee paid and payable to the external auditors was RM4,000 for review of the Company's Statement on Risk Management and Internal Control ("SORMIC") for the financial year ended 31 December 2018.

7. Profit Guarantee

There were no profit guarantees by the Company and its subsidiary for the financial year ended 31 December 2019.

8 Material Contracts

There were no material contracts of the Company or its subsidiaries involving directors and major shareholder interest, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

9. Variations in Results

There were no material variation between the audited results for the financial year 31 December 2019 and the unaudited results previously announced.

10. Recurrent Related Party Transactions

A list of significant related party transactions is set out in Note 31 Of the Financial Statement Section of the Annual Report.

FINANCIAL STATEMENTS

Page	Contents

The directors submit herewith their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss before taxation	(6,530,017)	(3,089,466)
Taxation	77,281	1,378
Loss for the year	(6,452,736)	(3,088,088)
Loss for the year attributable to:		
- Owners of the Company	(6,447,816)	(3,088,088)
- Non-controlling interest	(4,920)	-
	(6,452,736)	(3,088,088)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers made to or from reserves or provisions accounts during the year other than those disclosed in the financial statements.

SHARE CAPITAL

There were no changes in the issued and paid-up share capital of the Company during the financial year

DIRECTORS

The names of the directors in office during the financial year and during the period from the end of the financial year to the date of this report are as follows :-

Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	(Chairman)
Dato' Seri Yong Tu Sang	(Managing Director)
Yong Emmy	
Choong Show Tong	
Yong Hin Siong	
Datuk Woo Thin Choy	
Yong Ellen (alternate director to Yong Emmy)	(Resigned on 29 August 2019)
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	(Demised on 22 January 2020)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the directors in office at the end of the financial year in shares and warrants of the Company during the financial year are as follows :-

		Number of ordinary shares		
	As at	**<----- During the financial year ----->**		**As at**
	1.1.2019	**Acquired**	**Disposed**	**31.12.2019**
Dato' Seri Yong Tu Sang				
- direct	12,339,081	-	-	12,339,081
- indirect *	22,204,299	-	-	22,204,299
Yong Emmy				
- direct	12,096,000	-	-	12,096,000

		Number of Warrants 2009/2019		
	As at	**<----- During the financial year ----->**		**As at**
	1.1.2019	**Acquired**	**Expired**	**31.12.2019**
Dato' Seri Yong Tu Sang				
- indirect *	214	-	(214)	-

		Number of Warrants 2014/2024		
	As at	**<----- During the financial year ----->**		**As at**
	1.1.2019	**Acquired**	**Disposed**	**31.12.2019**
Dato' Seri Yong Tu Sang				
- direct	2,290,421	-	-	2,290,421
- indirect *	2,121,146	-	-	2,121,146
Yong Emmy				
- direct	1,225,600	-	-	1,225,600

* Deemed interest by virtue of shares and warrants held by his spouse and children.

The details of the Warrants 2009/2019 and Warrants 2014/2024 are disclosed in Notes 14 and 17 to the financial statements respectively.

By virtue of his interests in the shares of the Company, Dato' Seri Yong Tu Sang is deemed to be interested in the shares of all its subsidiary companies to the extent that the Company has an interest.

Other than as disclosed, no other directors in office at the end of the financial year held any interest in shares and warrants of the Company and shares of its subsidiary companies.

DIRECTORS' BENEFITS

As at the end of the financial year and during the year, there did not subsist any arrangement to which the Company was a party, whereby the directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than any benefit that may accrue to the directors arising from the warrants.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as disclosed in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or his nominees or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business.

No indemnity was given to nor was there any insurance effected for the directors and officers of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :-

   i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

b) As at the date of this report, the directors are not aware of any circumstances :-

   i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent ;

   ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading ;

   iii) which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate; and

   iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

c) As at the date of this report, there does not exist :-

   i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

   ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

d) In the opinion of the directors :-

   i) no contingent or other liabilities have become enforceable or are likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

   ii) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

   iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

a) Details of auditors' remuneration in respect of the Group and of the Company are set out in Note 26 to the financial statements. No indemnity was given to nor was there any insurance effected for the auditors during the financial year.

b) The auditors, Messrs. Folks DFK & Co., have expressed their willingness to continue in office.

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

DATO' SERI YONG TU SANG
Director

YONG HIN SIONG
Director

Date : 25 June 2020

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, DATO' SERI YONG TU SANG and YONG HIN SIONG, being two of the directors of BTM RESOURCES BERHAD, state that in the opinion of the directors, the accompanying financial statements set out on pages 32 to 78 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 25 June 2020.

DATO' SERI YONG TU SANG

Director

YONG HIN SIONG

Director

STATUTORY DECLARATION

(Pursuant to Section 251(1)(b) of the Companies Act 2016)

I, CHEN KAR MUN, being the person primarily responsible for the financial management of BTM RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 78, are to the best of my knowledge and belief, 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 this 25 June 2020.

CHEN KAR MUN
(MIA Membership No. : 8964)

Before me,
Commissioner for Oaths
KAPT (B) JASNI BIN YUSOFF
NO. : W465

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	28,855,765	30,359,445
Right-of-use assets	5	1,755,396	-
Prepaid lease payments	6	302,145	324,367
		30,913,306	30,683,812
Current Assets			
Inventories	9	6,000,449	7,696,293
Trade receivables	10	396,341	891,056
Other receivables, deposits and prepayments	11	793,184	786,160
Fixed deposits with licensed banks	13	233,963	226,380
Cash and bank balances		578,824	377,576
		8,002,761	9,977,465
Total Assets		38,916,067	40,661,277
EQUITY AND LIABILITIES			
Equity Attributable To Owners Of The Company			
Share capital	14	29,037,856	29,037,856
Revaluation reserves	15	19,024,859	19,024,859
Capital reserves	16	531,845	531,845
Warrant reserve	17	3,602,435	3,602,435
Accumulated losses		(29,611,363)	(23,672,429)
		22,585,632	28,524,566
Non-Controlling Interest		(17,612)	(12,692)
Total Equity		22,568,020	28,511,874
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	18	2,033,260	2,243,923
Lease liabilities	19	1,604,543	-
Term loan (secured)	20	344,493	1,695,181
Hire purchase creditors	21	75,024	99,174
Deferred taxation	22	331,757	446,400
		4,389,077	4,484,678
Current Liabilities			
Trade payables	23	2,315,486	1,451,376
Other payables and accruals		3,059,903	2,128,071
Lease liabilities	19	221,490	-
Term loan (secured)	20	1,388,627	1,298,413
Amount due to directors	24	4,949,264	2,755,948
Hire purchase creditors	21	24,200	30,917
		11,958,970	7,664,725
Total Liabilities		16,348,047	12,149,403
Total Equity and Liabilities		38,916,067	40,661,277

The notes on pages 40 to 78 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2019

	Note	2019 RM	2018 RM
Revenue	25	9,412,902	15,552,036
Cost of sales		(12,316,418)	(13,344,668)
Gross (loss)/profit		(2,903,516)	2,207,368
Other income		1,183,430	314,515
Distribution expenses		(909,462)	(1,031,782)
Administrative expenses		(3,459,443)	(3,497,895)
Other operating expenses		(9,276)	(2,849)
Finance costs		(431,750)	(341,853)
Loss before taxation	26	(6,530,017)	(2,352,496)
Taxation	27	77,281	(252,688)
Loss for the year		(6,452,736)	(2,605,184)
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit obligations		485,888	-
Attributable deferred tax		22,994	-
		508,882	-
Total comprehensive loss for the year		(5,943,854)	(2,605,184)
Loss for the year attributable to :-			
Owners of the Company		(6,447,816)	(2,599,731)
Non-controlling interest		(4,920)	(5,453)
		(6,452,736)	(2,605,184)
Total comprehensive loss for the year attributable to :-			
Owners of the Company		(5,938,934)	(2,599,731)
Non-controlling interest		(4,920)	(5,453)
		(5,943,854)	(2,605,184)
Loss per share attributable to owners of the Company			
Basic	28(a)	(4.56 sen)	(1.87 sen)
Diluted	28(b)	(4.56 sen)	(1.87 sen)

The notes on pages 40 to 78 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

	<---------------------- Attributable to Owners of the Company --------------------->							
		<------------ Non-distributable ----------->						
	Share capital (Note 14) RM	Revaluation reserves (Note 15) RM	Capital reserves (Note 16) RM	Warrant reserve (Note 17) RM	Accumulated losses RM	Total RM	Non-controlling interest RM	Total equity RM
Balance as at 1 January 2018	26,560,988	19,024,859	531,845	3,602,435	(20,939,079)	28,781,048	(7,239)	28,773,809
Loss for the year, representing								
total comprehensive loss for the year	-	-	-	-	(2,599,731)	(2,599,731)	(5,453)	(2,605,184)
Issuance of new shares	2,476,868	-	-	-	-	2,476,868	-	2,476,868
Share issue expenses	-	-	-	-	(133,619)	(133,619)	-	(133,619)
Balance as at 31 December 2018	29,037,856	19,024,859	531,845	3,602,435	(23,672,429)	28,524,566	(12,692)	28,511,874
Loss for the year	-	-	-	-	(6,447,816)	(6,447,816)	(4,920)	(6,452,736)
Other comprehensive income :-								
Actuarial gain on defined benefit obligations, net of tax	-	-	-	-	508,882	508,882	-	508,882
Total comprehensive loss for the year	-	-	-	-	(5,938,934)	(5,938,934)	(4,920)	(5,943,854)
Balance as at 31 December 2019	29,037,856	19,024,859	531,845	3,602,435	(29,611,363)	22,585,632	(17,612)	22,568,020

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	2019 RM	2018 RM
Cash Flows From Operating Activities		
Loss before taxation	(6,530,017)	(2,352,496)
Adjustments for :-		
Amortisation of prepaid lease payments	22,222	38,469
Reversal of allowance for impairment loss on trade receivables	(56,034)	-
Allowance for impairment loss on trade receivables	-	39,067
Allowance for impairment loss on other receivables	-	31,481
Depreciation of property, plant and equipment	1,646,337	1,589,519
Depreciation of right-of-use assets	273,434	-
Defined benefit cost	275,225	258,678
Waiver of advances from a director	(900,000)	-
Gain on disposal of property, plant and equipment	(2,835)	-
Waiver of lease liabilities	(323,013)	-
Interest expenses	417,964	341,495
Interest income	(7,605)	(66,747)
Operating loss before working capital changes	(5,184,322)	(120,534)
Decrease/(Increase) in inventories	1,695,844	(453,596)
Decrease in trade receivables	550,749	338,449
Increase in other receivables, deposits and prepayments	(7,024)	(139,873)
Increase/(Decrease) in trade payables	864,110	(982,091)
Increase in other payables and accruals	931,832	236,850
Increase in amount due to directors	3,093,316	1,287,951
Cash generated from operations	1,944,505	167,156
Taxation paid	(14,368)	(288)
Interest received	7,605	6,879
Interest paid	(2,965)	(2,800)
Net cash from operating activities	1,934,777	170,947
Cash Flows From Investing Activities		
Purchase of property, plant and equipment [Note 29(a)]	(193,335)	(1,370,264)
Proceeds from disposal of property, plant and equipment	53,513	-
Net cash used in investing activities	(139,822)	(1,370,264)
Cash Flows From Financing Activities		
Proceeds from issuance of shares net of share issue expenses	-	2,343,249
Repayment of term loan	(1,260,474)	(1,160,659)
Term loan interest paid	(236,000)	(335,816)
Payment of hire purchase liabilities	(30,867)	(27,448)
Hire purchase interest paid	(7,543)	(2,879)
Payment of lease liabilities	(36,624)	-
Lease interest paid	(14,616)	-
Net cash (used in)/from financing activities	(1,586,124)	816,447
Net Increase/(Decrease) In Cash And Cash Equivalents	208,831	(382,870)
Cash and cash equivalents at beginning of year	603,956	986,826
Cash And Cash Equivalents At End Of Year [Note 29(c)]	812,787	603,956

The notes on pages 40 to 78 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	7,332,761	7,474,340
Right-of-use assets	5	135,142	-
Subsidiary companies	7	1,282,255	1,282,255
Amount due from subsidiary companies	12	19,460,452	20,462,529
		28,210,610	29,219,124
Current Assets			
Other receivables, deposits and prepayments	11	194,477	209,194
Amount due from subsidiary companies	12	918,700	2,230,981
Cash and bank balances		36,585	23,384
		1,149,762	2,463,559
Total Assets		29,360,372	31,682,683
EQUITY AND LIABILITIES			
Equity Attributable to Owners of The Company			
Share capital	14	29,037,856	29,037,856
Revaluation reserves	15	4,293,896	4,293,896
Warrant reserve	17	3,602,435	3,602,435
Accumulated losses		(10,562,494)	(7,468,596)
Total Equity		26,371,693	29,465,591
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	18	557,338	502,103
Lease liabilities	19	102,875	-
Deferred taxation	22	78,622	80,000
		738,835	582,103
Current Liabilities			
Other payables and accruals		443,785	324,414
Lease liabilities	19	38,009	-
Hire purchase creditors	21	-	8,446
Amount due to directors	24	1,768,050	1,302,129
		2,249,844	1,634,989
Total Liabilities		2,988,679	2,217,092
Total Equity and Liabilities		29,360,372	31,682,683

The notes on pages 40 to 78 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2019

	Note	2019 RM	2018 RM
Revenue	25	396,000	396,000
Other income		18	9,395
Administrative expenses		(3,470,631)	(1,603,105)
Finance costs		(14,853)	(1,173)
Loss before taxation	26	(3,089,466)	(1,198,883)
Taxation	27	1,378	-
Loss for the year		(3,088,088)	(1,198,883)
Other comprehensive loss :-			
Item that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit obligations		(5,810)	-
Total comprehensive loss for the year		(3,093,898)	(1,198,883)

The notes on pages 40 to 78 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

		<------- Non-distributable	------->		
	Share capital (Note 14) RM	Revaluation reserve (Note 15) RM	Warrant reserve (Note 17) RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2018	26,560,988	4,293,896	3,602,435	(6,136,094)	28,321,225
Loss for the year, representing total comprehensive loss for the year	-	-	-	(1,198,883)	(1,198,883)
Issuance of new shares	2,476,868	-	-	-	2,476,868
Share issue expenses	-	-	-	(133,619)	(133,619)
Balance as at 31 December 2018	29,037,856	4,293,896	3,602,435	(7,468,596)	29,465,591
Loss for the year	-	-	-	(3,088,088)	(3,088,088)
Other comprehensive loss :-					
Actuarial loss on defined benefit obligations	-	-	-	(5,810)	(5,810)
Total comprehensive loss for the year	-	-	-	(3,093,898)	(3,093,898)
Balance as at 31 December 2019	29,037,856	4,293,896	3,602,435	(10,562,494)	26,371,693

The notes on pages 40 to 78 form an integral part of these financial statements.

	2019 RM	2018 RM
Cash Flows From Operating Activities		
Loss before taxation	(3,089,466)	(1,198,883)
Adjustments for :-		
Allowance for impairment losses on amount due from subsidiaries	1,946,319	-
Depreciation of property, plant and equipment	152,077	151,408
Depreciation of right-of-use assets	40,543	-
Defined benefit cost	49,425	46,719
Interest expenses	14,497	815
Interest income	(18)	(67)
Operating loss before working capital changes	(886,623)	(1,000,008)
Decrease/(Increase) in other receivables, deposits and prepayments	14,717	(139,617)
Decrease/(Increase) in amount due from subsidiary companies	368,039	(1,334,046)
Increase in other payables and accruals	119,371	66,742
Increase/(Decrease) in amount due to directors	465,921	(28,049)
Cash generated from/(used in) operations	81,425	(2,434,978)
Interest received	18	67
Net cash from/(used in) operating activities	81,443	(2,434,911)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment, representing net cash used in investing activities	(10,498)	(6,900)
Cash Flows From Financing Activities		
Proceeds from issuance of shares net of share issue expenses	-	2,343,249
Payment of lease liabilities	(34,801)	-
Lease interest paid	(14,159)	-
Payment of hire purchase liabilities	(8,446)	(22,093)
Hire purchase interest paid	(338)	(815)
Net cash (used in)/from financing activities	(57,744)	2,320,341
Net Increase/(Decrease) In Cash And Cash Equivalents	13,201	(121,470)
Cash and cash equivalents at beginning of year	23,384	144,854
Cash And Cash Equivalents At End Of Year [Note 29(c)]	36,585	23,384

The notes on pages 40 to 78 form an integral part of these financial statements.

1. GENERAL INFORMATION

BTM Resources Berhad is a public limited liability company incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 101, 3rd Floor, Wisma Kam Choon, Jalan Kampung Tiong, 20100 Kuala Terengganu, Terengganu Darul Iman.

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

The financial statements are presented in Ringgit Malaysia ("RM").

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 June 2020.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistent with those applied in the previous financial year other than the application of the new MFRS and IC Interpretation and amendments to MFRSs adopted as disclosed in Note 2.2 below, where applicable.

2.2 Adoption of New MFRSs and IC Interpretation and Amendments to MFRSs

During the financial year, the Group has adopted the following new MFRS and IC Interpretation and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 January 2019 :-

MFRS 16, Leases

Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures

Amendments to MFRS 9 - Prepayment Features with Negative Compensation

Amendments to MFRS 3 and MFRS 11 - Previously Held Interest in a Joint Operation, Amendments to MFRS 112 - Income Tax Consequences of Payments on Financial Instruments Classified as Equity, and Amendments to MFRS 123 - Borrowing Costs Eligible for Capitalisation, classified as "Annual Improvements to MFRSs 2015 - 2017 Cycle"

Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement

IC Interpretation 23, Uncertainty Over Income Tax Treatments

The adoption of the abovementioned new MFRS and IC Interpretation and amendments to MFRSs have no significant effect on the financial statements of the Group and of the Company other than in respect of MFRS 16, *Leases*.

The new MFRS 16 superseded MFRS 117 *Leases* and its related IC Interpretations and it sets out the principles for the recognition, measurement, presentation and disclosures of leases.

MFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases required by MFRS 117. As a consequence, a lessee recognises right-of-use assets and lease liabilities arising from previous operating leases applying MFRS 117. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* (or accounted under other appropriate measurement models) and the lease liability is accreted over time with interest expense recognised in profit or loss. For lessors, MFRS 16 retains most of the requirements in MFRS 117, and lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The adoption of MFRS 16 has resulted in a change in accounting policies for leases disclosed in Note 2.18. The change in accounting policies have impact on the Group as a lessee due to existing tenancies for office premises and factory land, and lease of office equipment classified as operating leases under MFRS 117. The Group has applied these new policies from 1 January 2019 using the modified retrospective approach under the transitional provisions of MFRS 16, whereby the cumulative effects of adopting the new standard, if any, have been recognised as an adjustment to the opening accumulated losses of the Group and of the Company on 1 January 2019 without restating the comparatives for prior period in these financial statements.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Adoption of New MFRSs and IC Interpretation and Amendments to MFRSs (cont'd)

In applying MFRS 16 for the first time, the Group has used the practical expedient permitted by the standard not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying MFRS 117 previously. In addition, the Group also used the practical expedients of applying a single discount rate to a portfolio of leases with reasonably similar characteristics and using hindsight in determining the lease terms of contracts which contain options to extend or terminate the lease. For operating leases with terms ending within 12 months of the date of initial application of the new standard, the Group used the practical expedient to account those leases as short-term leases and recognised the lease payments associated with those leases as an expense on a straight-line basis over their remaining lease terms.

Measurement of lease liabilities at 1 January 2019

On 1 January 2019, the Group and the Company recognised lease liabilities for tenancies of office premises and factory land, and lease of office equipment existing on that date. The liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities is 8.85%.

	Group RM	Company RM
Operating lease commitments applying MFRS 117 at 31 December 2018	2,803,099	212,160
Present value of operating lease commitments discounted using the incremental borrowing rate at 1 January 2019	2,028,830	175,685
Lease liabilities recognised at 1 January 2019	2,028,830	175,685

Correspondingly, the Group and the Company recognised the associated right-of-use assets at the amount equal to the lease liabilities as at 1 January 2019.

A summary of the impact of the initial application of MFRS 16 on the statements of financial position of the Group and of the Company on 1 January 2019 is as follows :-

	Group RM	Company RM
Non-current assets		
Right-of-use assets	2,028,830	175,685
Non-current liabilities		
Lease liabilities	1,826,033	140,884
Current liabilities		
Lease liabilities	202,797	34,801
Total lease liabilities	2,028,830	175,685

2.3 Amendments to MFRSs That Are In Issue But Not Yet Effective and Have Not Been Early Adopted

The Group has not early adopted the following amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3 - Definition of a Business
Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 June 2020

Amendment to MFRS 16 - Covid-19-Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141 contained in the document entitled "Annual Improvements to MFRS Standards 2018−2020"
Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137 - Onerous Contracts – Cost of Fulfilling a Contract

Effective for annual periods beginning on or after a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above amendments to MFRSs that are applicable when they become effective. The initial application of the amendments is not expected to have any significant impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :-

- has power over the entity ;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Goodwill on Consolidation

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

2.7 Investment in Subsidiary Companies

Investments in subsidiary companies are stated at cost less accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

2.8 Investment in Club Membership

Investment in club membership is stated at cost less accumulated impairment losses.

The investment in club membership is reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

2.9 Property, Plant and Equipment

Items of property, plant and equipment are initially stated at cost. Cost initially recognised includes expenditure that is directly attributable to the acquisition of the asset. Land and buildings are subsequently carried at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is made with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

If the carrying amount of land and buildings is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on a revaluation is recognised to profit or loss to the extent that it exceeds the credit balance held in the revaluation reserve relating to a previous revaluation of that asset.

Freehold land and capital work-in-progress or unused plant are not depreciated. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost or valuation of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress or unused plant commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over the shorter of the lease terms and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease terms. The annual depreciation rates used are as follows :-

Buildings	5% to 6%
Plant and machinery	10% to 15%
Office equipment, furniture and fittings	20% to 33 1/3%
Factory renovation	5%
Motor vehicles	20%

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.10.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories and deferred tax assets) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of each reporting period or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to the profit or loss in the period in which it arises, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is recognised in other comprehensive income for that asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus account.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised to the profit or loss unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.11 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :-

(a) at amortised cost ;
(b) fair value through other comprehensive income; and
(c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial Assets (cont'd)

Measurement (cont'd)

(a) Debt instruments (cont'd)

The Group's debt instruments are categorised into the following measurement categories :-

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :-

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment gains or losses are recognised in profit or loss.

(ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as at FVTPL at initial recognition :-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment gains or losses are recognised in profit or loss.

(iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designates a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Impairment of Financial Assets

The Group recognises loss allowance for expected credit losses ("ECLs") on the following items, where applicable :-

- financial assets measured at amortised cost
- debt instruments measured at fair value through other comprehensive income ("FVOCI")

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL. In making the assessment of whether there has been a significant increase in credit risk, a comparison is made between the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition of the asset, taking into consideration of reasonable and supportable information including forward-looking information that are available without undue cost and effort.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Under this approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience and past due information on debtors, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of a loss allowance account.

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the loss allowance account is recognised in other comprehensive income.

2.13 Inventoriess

Inventories are valued at the lower of cost and net realisable value with cost determined on the weighted average cost basis. Cost include the actual cost of logs and other raw materials, direct labour and appropriate manufacturing overheads. Net realisable value represents the estimated selling price in the ordinary course of business less distribution expenses and all other estimated costs to completion.

2.14 Cash and Cash Equivalents

Cash and cash equivalents in the statements of cash flows comprise cash and bank balances, deposits with licensed banks and short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

2.15 Share Capital

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared at or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.16 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

<u>Classification and measurement</u>

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial Liabilities (cont'd)

Classification and measurement (cont'd)

a) Fair value through profit or loss ("FVTPL").

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses.

b) Amortised cost

All financial liabilities, other than those categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Other financial liabilities of the Group include trade and other payables and bank borrowings.

A gain or loss on other financial liabilities is recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.17 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.18 Leases

Accounting policies applied from 1 January 2019

a) The Group as a lessee

The Group assesses whether a contract is, or contains a lease at the inception of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where applicable, the Group applies, by class of underlying asset, the practical expedient of not separating non-lease components from lease components and instead accounts for them as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the commencement date for all leases except for short-term leases with lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments in respect of short-term leases and leases of low value assets as an expense on a straight-line basis over the term of the leases.

At the lease commencement date, the right-of-use asset is initially measured at cost which comprises the initial amount of the corresponding lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the site on which it is located or to restore the underlying asset to the condition required by the terms of the lease.

Right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment loss. The right-of-use asset is depreciated on a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset shall be depreciated from the commencement date to the end of the useful life of the underlying asset. The right-of-use asset is also assessed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets and adjusted for any remeasurement of corresponding lease liability.

The lease term is determined as the non-cancellable period plus periods covered by an extension or termination option when the lease is reasonably certain to be extended or not to be terminated after considering all facts and circumstances that create an economic incentive for the Group to exercise an extension option or not to exercise a termination option.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Leases (cont'd)

Accounting policies applied from 1 January 2019 (cont'd)

a) The Group as a lessee (cont'd)

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, at the incremental borrowing rate of the Group entity.

Lease payments included in the measurement of the lease liability comprise :-

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

Variable lease payments that are linked to future performance or usage of the underlying asset are excluded from the measurement of the lease liability and these payments are recognised in profit or loss in the period in which the event or condition that triggers the payments occurs.

Lease liability is subsequently measured at amortised cost through increasing its carrying amount to reflect accretion of interest on the lease liability using the effective interest method and reducing the carrying amount by the lease payments made.

The carrying amount of the lease liability is remeasured to reflect changes to lease payments arising from a change in the lease term, a change in linked index or rate, a change in the estimated amount payable under a residual value guarantee, a change in the assessment of an option to purchase the underlying asset or a lease modification that is not accounted for as a separate lease. The amount of remeasurement is adjusted to the carrying amount of the associated right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

b) The Group as a lessor

When the Group enters into a leasing arrangement as a lessor, it determines at the lease inception whether the lease is a finance lease or an operating lease. If the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, the lease is classified as a finance lease. If not, the lease is an operating lease.

If the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short term lease not recognised, the sublease shall be classified as an operating lease.

The Group recognises an asset held under a finance lease as a receivable at an amount equal to the net investment in the lease. The net investment in the lease is measured as the sum of the present value of the lease payments receivable from the lessee using the interest rate implicit in the lease. If the interest rate implicit in a sublease is not readily determined, the discount rate used for the head lease is applied to measurement of the net investment in the sublease. The attributable finance lease income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease. The net investment in the lease is subject to impairment in accordance with the Group's accounting policy for impairment of financial assets as disclosed in Note 2.12.

The Group recognises lease payments from an operating lease as income on a straight-line basis over the lease term. The income is included as part of revenue.

When a lease contract contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract to each component.

Accounting policies applied until 31 December 2018

a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership of the leased assets. All other leases are classified as operating leases.

Assets acquired under hire purchase arrangements are recognised and measured in a similar manner as finance leases.

b) Finance leases - the Group as lessee

Assets acquired under hire purchase and finance lease arrangements are stated at the amounts equal at the inception of the arrangement to the lower of the fair values and the present values of the minimum hire purchase or lease payments.

The corresponding obligations are taken up as hire purchase or finance lease liabilities. Hire purchase or lease payments are apportioned between the outstanding liabilities and finance charges which are recognised in profit or loss over the period of the hire purchase/lease term so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

The depreciation policy of property, plant and equipment acquired under hire purchase arrangements are consistent with the Group's depreciation policy as set out in Note 2.9 above.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Leases (cont'd)

c) Operating leases - the Group as lessee and lessor

Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the period of the relevant leases.

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

2.19 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

2.20 Taxation

Tax expense is the aggregate amount of current and deferred taxation. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided using the liability method on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

2.21 Foreign Currencies

a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

b) Foreign Currency Transactions and Balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are recognised directly to other comprehensive income.

2.22 Employee Benefits

i) Short-Term Benefits

Wages, salaries, bonuses and social security contributions, paid annual and sick leave and non-monetary benefits are recognised as an expense or included in the costs of assets, where applicable, in the period in which the associated services are rendered by the employees of the Group.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Employee Benefits (cont'd)

ii) Defined Contribution Plans

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to define contribution plans are recognised as an expense in the period to which the contributions relate or included in the costs of assets, where applicable.

iii) Defined Benefit Plans

Defined benefit plans are post-employment benefits plans other than defined contribution plans and under which the pension benefits payable to employees are usually determined by reference to employee's earning and/or length of service.

The Group operates an unfunded defined benefit final salary plan for eligible employees.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date.

The present value of the defined benefit obligation is determined on a triennial basis by independent qualified actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods using interest rate of high quality corporate bonds that are denominated in the currency in which the benefits are expected to be paid and that have terms of maturity approximating the terms of the Company's obligations.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise and will not be reclassified to profit or loss.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service cost is recognised as an expense in profit or loss in the period of a plan amendment or curtailment.

The Company recognises the components of defined benefit cost as follows :-

- current service cost, past service cost and gains or losses on curtailment and settlement to profit or loss;
- net interest on the net defined liability to profit or loss; and
- remeasurement of the net defined liability in other comprehensive income.

Net interest on the net defined liability is determined by multiplying the net defined liability by the discount rate used in determining the present value of defined benefit obligation, both as determined at the start of the annual reporting period, taking into account of any changes in the net defined liability during the period as a result of contribution and benefit payments.

iv) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring that is within the scope of MFRS 137, Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

2.23 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.24 Revenue from Contracts with Customers

The Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Performance obligations may be satisfied over time or at a point in time. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

The Group recognises revenue from the following business activities :-

(a) Sale of timber products

(b) Sale of wood pellets

Revenue from sales of timber products and wood pellets is recognised at the point in time when control of the goods is transferred to the customers, generally on acceptance by customers of the individual contracts.

In respect of the Company, management fees from subsidiaries are recognised as revenue upon rendering of services for which the Company has the right to specified consideration.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Revenue from other Sources and Other Income

(a) Rental income

Rental income from operating leases is recognised as disclosed in Note 2.18.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment has been established.

2.26 Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

2.27 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs.

Subsequent to initial recognition, financial guarantee contracts are amortised to profit or loss using the straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made in accordance with MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*. If the carrying amount of the financial guarantee is lower than the obligation estimated, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2.28 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of treasury shares held, for the effects of all dilutive potential ordinary shares.

2.29 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed by the chief operating decision maker i.e. the Group Managing Director who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

2.30 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :-

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards and International Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting 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 results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Impairment of non-financial assets

The Group assesses impairment of property, plant and equipment, investments in subsidiary companies and other investments when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs to sell or expected value in use of the relevant assets.

ii) Impairment losses of receivables

The Group made impairment loss allowance for trade receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period. For credit impaired debts, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Where expectations differ from the original estimates, such difference will impact the carrying value of the trade receivables. The carrying amount of the Group's trade receivables and their loss allowance for impairment are disclosed in Note 10.

iii) Deferred tax assets

Deferred tax assets are recognised for unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment on the probability of the availability of future taxable profits. The total carrying amount of deferred tax assets recognised on unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences of the Group and the Company at the end of the reporting period are RM3,203,688 (2018 : RM2,755,528) and RM421,099 (2018 : RM411,515) respectively.

The unrecognised unabsorbed tax losses, unutilised allowances and other deductible temporary differences are disclosed under Note 22(b) and the unrecognised deferred tax assets in connection thereto at the end of the reporting period are estimated at RM11,027,820 (2018 : RM9,850,320) and RM1,190,568 (2018 : RM994,512) respectively.

iv) Retirement benefit obligations

The Group's retirement benefit obligations for eligible employees were measured by an actuarial valuation using the Projected Unit Credit Actuarial Cost Method. According to this method, several statistical information and assumptions are used to determine the expense and liability. Statistical information is principally related to demographic assumptions such as mortality, employee turnover and early retirement. The assumptions are mainly discount rate and future salary increase rate. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligations. All these assumptions are disclosed in Note 18.

v) Estimated useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on various factors such as level of usage and business plans. The estimated useful lives are as disclosed in Note 2.9. Changes in the expected level of usage and business plan could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation	<-------	-------	------- At cost	-------	-------	-------	------->	
			Plant and machinery						
	Freehold Properties (Refer *) RM	Leasehold building RM	Subject to operating lease RM	Own use RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Factory renovation RM	Unused plant RM	Total RM
Group 2019									
Cost/Valuation									
At beginning of year - previously reported	19,980,000	4,661,823	-	18,199,668	2,365,238	1,701,201	80,111	8,119,692	55,107,733
Transfer on initial application of MFRS 16	-	-	3,395,068	(3,395,068)	-	-	-	-	-
At beginning of year - restated	19,980,000	4,661,823	3,395,068	14,804,600	2,365,238	1,701,201	80,111	8,119,692	55,107,733
Additions	-	140,900	-	25,150	27,285	-	-	-	193,335
Disposals	-	(52,914)	-	-	(1,132)	-	-	-	(54,046)
At end of year	19,980,000	4,749,809	3,395,068	14,829,750	2,391,391	1,701,201	80,111	8,119,692	55,247,022
Accumulated depreciation									
At beginning of year - previously reported	666,977	284,508	-	11,952,681	2,308,712	1,399,326	17,761	-	16,629,965
Transfer on initial application of MFRS 16	-	-	3,394,717	(3,394,717)	-	-	-	-	-
At beginning of year - restated	666,977	284,508	3,394,717	8,557,964	2,308,712	1,399,326	17,761	-	16,629,965
Charge for the year	666,977	233,005	170	669,010	27,456	45,713	4,006	-	1,646,337
Disposals	-	(3,217)	-	-	(151)	-	-	-	(3,368)
At end of year	1,333,954	514,296	3,394,887	9,226,974	2,336,017	1,445,039	21,767	-	18,272,934
Accumulated impairment loss									
At beginning/end of year	-	-	-	8,500	-	-	-	8,109,823	8,118,323
Net book value	18,646,046	4,235,513	181	5,594,276	55,374	256,162	58,344	9,869	28,855,765

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At valuation	<----------	----------	---------- At cost	----------	----------	---------->	
	Freehold Properties (Refer *) RM	Leasehold building RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Factory renovation RM	Unused plant RM	Total RM
Group 2018								
Cost/Valuation								
At beginning of year	19,980,000	4,530,700	17,021,110	2,339,323	1,539,533	80,111	8,119,692	53,610,469
Additions	-	131,123	1,178,558	25,915	161,668	-	-	1,497,264
At end of year	19,980,000	4,661,823	18,199,668	2,365,238	1,701,201	80,111	8,119,692	55,107,733
Accumulated depreciation								
At beginning of year	-	56,634	11,323,765	2,282,088	1,364,204	13,755	-	15,040,446
Charge for the year	666,977	227,874	628,916	26,624	35,122	4,006	-	1,589,519
At end of year	666,977	284,508	11,952,681	2,308,712	1,399,326	17,761	-	16,629,965
Accumulated impairment loss								
At beginning/end of year	-	-	8,500	-	-	-	8,109,823	8,118,323
Net book value	19,313,023	4,377,315	6,238,487	56,526	301,875	62,350	9,869	30,359,445

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

*Details of properties are as follows :-

Group	<----- At valuation	Freehold building			----->
	Freehold land RM	Subject to operating lease RM	Own use RM	Factory renovation RM	Total RM
2019					
Valuation					
At beginning of year					
- previously reported	7,940,000	-	11,996,854	43,146	19,980,000
Transfer on initial application of MFRS 16	-	2,616,397	(2,616,397)	-	-
At beginning of year - restated	7,940,000	2,616,397	9,380,457	43,146	19,980,000
Additions	-	-	-	-	-
At end of year	7,940,000	2,616,397	9,380,457	43,146	19,980,000
Accumulated depreciation					
At beginning of year	-	-	664,820	2,157	666,977
Transfer on initial application of MFRS 16	-	144,991	(144,991)	-	-
At beginning of year - restated	-	144,991	519,829	2,157	666,977
Charge for the year	-	31,623	633,197	2,157	666,977
At end of year	-	176,614	1,153,026	4,314	1,333,954
Net book value	7,940,000	2,439,783	8,227,431	38,832	18,646,046
2018					
Valuation					
At beginning/end of year	7,940,000	-	11,996,854	43,146	19,980,000
Accumulated depreciation					
At beginning of year	-	-	-	-	-
Charge for the year	-	-	664,820	2,157	666,977
At end of year	-	-	664,820	2,157	666,977
Net book value	7,940,000	-	11,332,034	40,989	19,313,023

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	<----------------At valuation	---------------	-------------->	At cost	
		Freehold building			
Company	Freehold land RM	Subject to operating lease RM	Own use RM	Office equipment, motor vehicle, furniture and fittings RM	Total RM
2019					
Cost/Valuation					
At beginning of year					
- previously reported	4,700,000	-	2,900,000	1,451,779	9,051,779
Transfer on initial application of MFRS 16	-	632,462	(632,462)	-	-
At beginning of year - restated	4,700,000	632,462	2,267,538	1,451,779	9,051,779
Additions	-	-	-	10,498	10,498
At end of year	4,700,000	632,462	2,267,538	1,462,277	9,062,277
Accumulated depreciation					
At beginning of year					
- previously reported	-	-	145,000	1,432,439	1,577,439
Transfer on initial application of MFRS 16	-	31,623	(31,623)	-	-
At beginning of year - restated	-	31,623	113,377	1,432,439	1,577,439
Charge for the year	-	31,623	113,377	7,077	152,077
At end of year	-	63,246	226,754	1,439,516	1,729,516
Net book value	4,700,000	569,216	2,040,784	22,761	7,332,761
2018					
Cost/Valuation					
At beginning of year	4,700,000	-	2,900,000	1,444,879	9,044,879
Additions	-	-	-	6,900	6,900
At end of year	4,700,000	-	2,900,000	1,451,779	9,051,779
Accumulated depreciation					
At beginning of year	-	-	-	1,426,031	1,426,031
Charge for the year	-	-	145,000	6,408	151,408
At end of year	-	-	145,000	1,432,439	1,577,439
Net book value	4,700,000	-	2,755,000	19,340	7,474,340

a) The property, plant and equipment of a subsidiary company with a net carrying amount of RM11,867,451 (2018 : RM12,491,335) as at 31 December 2019 are subject to fixed and floating charges to secure a term loan facility for the subsidiary company as disclosed in Note 20.

b) The freehold land and buildings of the Group and of the Company were last revalued by the directors on 31 December 2017 based on their open market values as ascertained through an independent valuation carried out by professional valuers on that date. No professional independent valuation has been carried out on these properties since then.

The fair values of the freehold land and building of the Group and of the Company as at 31 December 2017 are RM19,980,000 and RM7,600,000 respectively. In the assessment of the fair values, the sales prices of comparable properties in the locality are adjusted for factors which affect value such as the size of the properties. The most significant input into this valuation is price per square foot. These fair values have been assessed by the directors to remain at approximately the same as at 31 December 2019.

The fair values of the freehold land and buildings as at the end of the reporting period are determined in accordance with Level 2 of the fair value hierarchy.

c) Had the freehold land and buildings of the Group been carried under the cost model, the carrying amount as at 31 December 2019, would have been RM2,920,000 (2018 : RM2,920,000) and RM1,272,373 (2018 : RM1,347,494) respectively.

Had the freehold land and building of the Company been carried under the cost model, the carrying amount as at 31 December 2019, would have been RM2,120,000 (2018 : RM2,120,000) and RM999,564 (2018 : RM1,041,213) respectively.

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

d) The titles to all freehold land of the Company and a subsidiary company with a total net carrying amount as at 31 December 2019 of RM7,940,000 (2018 : RM7,940,000) have yet to be registered in the name of the Company and the subsidiary company as at the end of the reporting period. The transfers of these titles to the Company and the subsidiary company are in progress as at the date of this report.

e) Property, plant and equipment of the Group and of the Company include the following assets acquired under hire purchase arrangements :-

	Cost RM	Accumulated depreciation RM	Net book value RM	Current year depreciation RM
Group 2019				
Motor vehicles	161,668	39,809	121,859	32,334
Group 2018				
Motor vehicles	336,281	182,087	154,194	7,475
Company 2018				
Motor vehicle	174,613	174,612	1	-

f) The unused plant refers to a Woodwaste Fired Cogeneration System boiler plant acquired by a subsidiary company which has yet to be installed. In 2014, the directors had reviewed the carrying amount of the asset for impairment given that there was no immediate plan for use of the asset and its limited potential for sale in the market, and had impaired the asset to its estimated recoverable amount based on its indicative offered scrap value of RM10,000. Subsequently in 2017, certain parts of the unused plant were used for the construction of a plant and machinery of a fellow subsidiary company, and hence reduced the carrying amount of the unused plant to RM9,869.

g) The Group leases part of the freehold building of the Company to a third party under an operating lease with a lease term of three years. Advance lease rental payments of three months were collected to secure the Company's rights in the asset.

The Group through a subsidiary company leases plant and machineries to third parties under operating leases with lease terms of one year subject to annual review. Advance lease rental payments of four months were collected to secure the subsidiary's rights in the assets.

The lease income from operating lease of the freehold building recognised in profit or loss is included in revenue of the Group and of the Company as disclosed in Note 25. The lease income from operating leases of the plant and machineries recognised in profit or loss is included in other income of the Group as disclosed in Note 26.

Maturity analysis of the undiscounted lease payments receivable is as follows :-

	2019	
	Group RM	Company RM
Within one year	364,000	156,000
Between one year to two years	72,000	-
	436,000	156,000

5. RIGHT-OF-USE ASSETS

	Office premises RM	Factory land RM	Office equipment RM	Total RM
Group				
Cost				
At 1 January 2019				
- Adjustment on initial application of MFRS 16 (Note 2.2)	175,685	1,847,157	5,988	2,028,830
At 31 December 2019	175,685	1,847,157	5,988	2,028,830
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Charge for the year	40,543	230,895	1,996	273,434
At 31 December 2019	40,543	230,895	1,996	273,434
Carrying amount				
At 31 December 2019	135,142	1,616,262	3,992	1,755,396

5. RIGHT-OF-USE ASSETS (cont'd)

	Office premises RM
Company	
Cost	
At 1 January 2019	
- Adjustment on initial application of MFRS 16 (Note 2.2)	175,685
At 31 December 2019	175,685
Accumulated depreciation	
At 1 January 2019	-
Charge for the year	40,543
At 31 December 2019	40,543
Carrying amount	
At 31 December 2019	135,142

The Group and the Company lease office premises, factory land and office equipment for the operations of the Group and the Company. The office premises and factory land have lease terms of four years and nine years respectively. Office equipment is leased for term of three years.

Obligations for the lease payments are recognised as lease liabilities as disclosed in Note 19.

6. PREPAID LEASE PAYMENTS

	GROUP	
	2019 RM	2018 RM
Cost		
At beginning/end of year	795,000	795,000
Accumulated amortisation		
At beginning of year	470,633	432,164
Charge for the year	22,222	38,469
At end of year	492,855	470,633
Net carrying amount at end of year	302,145	324,367

Prepaid lease payments are in respect of short term leasehold land of subsidiary companies. The leasehold land are amortised on a straight line basis over the period of their respective lease term ranging from 12 to 27 years.

7. SUBSIDIARY COMPANIES

	COMPANY	
	2019 RM	2018 RM
Unquoted shares, at cost	19,874,113	19,874,113
Accumulated impairment losses	(18,591,858)	(18,591,858)
	1,282,255	1,282,255

7. SUBSIDIARY COMPANIES (cont'd)

a) Details of the subsidiary companies

Details of the subsidiary companies, all of which have their place of incorporation and principal place of business in Malaysia are as follows :-

Name of Company	Equity Interest (%) 2019	2018	Principal Activities
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 and logs (presently dormant)
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 and plywood
BTM Biomass Products Sdn. Bhd.	100.00	100.00	Manufacturing and sale of wood pellets
BTM Land Sdn. Bhd.	100.00	100.00	Dormant
BTM Open Road Auto Sdn. Bhd.	51.00	51.00	Dormant
BTM Western Power Green Energy Sdn. Bhd.	51.00	51.00	Dormant

b) Non-controlling interest in subsidiary companies

The Company's non-wholly owned subsidiary companies namely BTM Open Road Auto Sdn. Bhd. and BTM Western Power Green Energy Sdn. Bhd. do not have non-controlling interest which are material to the Group at the reporting date as they are presently dormant.

8. INVESTMENT IN CLUB MEMBERSHIP

	GROUP/COMPANY 2019 RM	2018 RM
Golf club membership, at cost	40,000	40,000
Less : Allowance for impairment loss	(40,000)	(40,000)
	-	-

9. INVENTORIES

	GROUP 2019 RM	2018 RM
At cost :-		
Raw material	143,338	63,540
Sawn Timber	1,039,933	987,918
Manufactured timber products	3,783,843	5,720,626
Consumables stores	225,729	292,498
Manufactured wood pellets	622,207	446,312
	5,815,050	7,510,894
At net realisable value :-		
Sawn Timber	185,399	185,399
	6,000,449	7,696,293

Inventories amounting to RM5,234,904 (2018 : RM7,186,441) have been pledged as securities to a licensed bank for a term loan facility granted to a subsidiary company.

10. TRADE RECEIVABLES

	GROUP 2019 RM	GROUP 2018 RM
Trade receivables	422,763	1,025,832
Less : Allowance for impairment losses	(26,422)	(134,776)
	396,341	891,056

The normal credit term of trade receivables is 30 days (2018 : 30 days).

a) **Credit risk exposure**

Information about the exposure to credit risk and allowance for expected credit losses ("ECLs") in respect of trade receivables are as tabulated below :-

	Group Gross carrying amount RM	Group Loss allowance RM	Group Net carrying amount RM
As at 31 December 2019			
Current	363,543	(1,100)	362,443
Past due 31 to 120 days	22,508	(237)	22,271
Past due more than 120 days	11,712	(85)	11,627
	397,763	(1,422)	396,341
Credit impaired			
Past due more than 120 days	25,000	(25,000)	-
	422,763	(26,422)	396,341
As at 31 December 2018			
Current	285,136	(2,070)	283,066
Past due 1 to 30 days	9,468	(32)	9,436
Past due 31 to 120 days	2,051	(30)	2,021
Past due more than 120 days	651,521	(54,988)	596,533
	948,176	(57,120)	891,056
Credit impaired			
Past due more than 120 days	77,656	(77,656)	-
	1,025,832	(134,776)	891,056

Further information on credit risk exposure together with the recognition and measurement of allowance for ECLs are disclosed in Note 33(b)(i).

b) **Allowance for impairment losses**

Movements in allowance for impairment losses on trade receivables are as follows :-

	GROUP 2019 RM	GROUP 2018 RM
At beginning of year	134,776	95,709
(Reversal)/ Addition	(56,034)	39,067
Uncollectible debts written off	(52,320)	-
At end of year	26,422	134,776

Impairment loss allowance related to amount owing by related parties amounted to RM190 (2018 : RM55,821) at the end of the year. During the year, an impairment gain of RM55,631 (2018 : RM17,946) attributable to related parties was recognised from reversal of allowance for impairment losses.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables and deposits	285,695	276,981	12,130	19,130
Prepayments	507,489	509,179	182,347	190,064
	793,184	786,160	194,477	209,194

Movements in allowance for impairment losses on other receivables during the year were as follows :-

	GROUP	
	2019 RM	2018 RM
At beginning of year	-	48,333
Additional impairment losses	-	31,481
Uncollectible debts written off	-	(79,814)
At end of year	-	-

The allowance for impairment losses on other receivables was in respect of credit impaired balances which were assessed on individual basis.

12. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies are interest-free, unsecured and are repayable on demand. The amount is stated net of impairment loss of RM15,792,632 (2018 : RM13,846,313). Movements in allowance for impairment losses on amount due from subsidiary companies are as follows :-

	Company	
	2019 RM	2018 RM
At beginning of year	13,846,313	13,846,313
Additional impairment losses	1,946,319	-
At end of year	15,792,632	13,846,313

The classification of the net amount into current and non-current portions is based on their expected timing of settlement.

13. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rates and maturity profile of the fixed deposits with licensed banks of the Group as at the end of the financial year are 3.10% (2018 : 3.35%) per annum and 12 months (2018 : 12 months) respectively.

Fixed deposits of the Group attributable to a subsidiary company are pledged to a licensed bank as securities for a term loan facility granted to the subsidiary company.

14. SHARE CAPITAL

	GROUP/COMPANY			
	2019 Number	2018 Number	2019 RM	2018 RM
Issued and fully paid :-				
Ordinary shares				
At beginning of year	141,344,188	128,494,788	29,037,856	26,560,988
Issuance of new shares pursuant to private placement [Note 14]	-	12,849,400	-	2,476,868
At end of year	141,344,188	141,344,188	29,037,856	29,037,856

a) The new Companies Act 2016 which became effective from 31 January 2017 abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act provides that all shares issued before or upon commencement of the Act shall have no par or nominal value.

b) The Company increased its issued and paid-up share capital in the previous year through a private placement of 12,849,400 new ordinary shares for cash consideration amounting to RM2,476,868 as follows :-

   i) an issue of 7,849,400 new ordinary shares at an issue price of RM0.22 per ordinary share ("1st Tranche") on 14 February 2018; and

   ii) an issue of 5,000,000 new ordinary shares at an issue price of RM0.15 per ordinary share ("2nd Tranche") on 13 April 2018.

c) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

14. SHARE CAPITAL (cont'd)

Warrants 2009/2019

The Warrants 2009/2019 has expired during the current year. These warrants which were issued as free detachable warrants together with a rights issue of ordinary shares in 2009 carried the entitlement, at any time from the issue date on 21 December 2009 up to the close of business at 5.00 p.m. in Malaysia on the maturity date of 20 December 2019 ("Exercise Period"), to subscribe for one new ordinary share in the Company at the exercise price of RM0.94 which would be satisfied in cash. Any warrant not exercised during the Exercise Period lapsed and thereafter ceased to be valid for any purpose.

Warrants 2009/2019 were constituted by the Deed Poll dated 16 November 2009..

The movements in the total number of Warrants 2009/2019 that remained unexercised were as follows :-

	GROUP/COMPANY	
	2019 Number	**2018 Number**
At beginning of year	19,985,593	19,985,593
Expired	(19,985,593)	-
At end of year	-	19,985,593

15. REVALUATION RESERVES

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
At beginning/end of year	19,024,859	19,024,859	4,293,896	4,293,896

Revaluation reserves represent surplus net of tax arising from revaluation of land and building under property, plant and equipment.

16. CAPITAL RESERVES

	GROUP	
	2019 RM	**2018 RM**
At beginning/end of year	531,845	531,845

The above represents net surplus on the revaluation of the Group's short term leasehold land in 2006, recategorised as capital reserve on transition to MFRS framework.

17. WARRANT RESERVE

	GROUP/COMPANY	
	2019 RM	**2018 RM**
At beginning/end of year	3,602,435	3,602,435

The warrant reserve represents the fair value allocated to the outstanding 26,295,146 (2018 : 26,295,146) free detachable Warrants 2014/2024 issued together with a rights issue of ordinary shares by the Company in 2014. The fair value allocated to each of the Warrants 2014/2024 as at their issuance date is RM0.137 which has been ascertained through an independent valuation performed by professional valuers using the Black-Scholes option pricing model.

The Warrants 2014/2024 carry the entitlement, at any time from the issue date on 24 October 2014 up to the close of business at 5.00 p.m. in Malaysia on the maturity date of 23 October 2024 ("Exercise Period"), to subscribe for one new ordinary share in the Company at the exercise price of RM0.20 which shall be satisfied in cash. Any warrant not exercised during the Exercise Period will lapse and thereafter cease to be valid for any purpose.

Warrants 2014/2024 are constituted by the Deed Poll dated 12 September 2014.

The movements in the number of Warrants 2014/2024 that remained unexercised are as follows :-

	GROUP/COMPANY	
	2019 Number	**2018 Number**
At beginning/end of year	26,295,146	26,295,146

18. RETIREMENT BENEFIT OBLIGATIONS

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Present value of unfunded defined benefit obligations	2,033,260	2,243,923	557,338	502,103

a) Provision for employees' retirement benefit obligations was determined by an independent actuarial valuation using the Projected Unit Credit Actuarial Cost Method and was made to cover estimated obligations for payment of retirement benefits to employees. The latest valuation was performed as at 31 December 2019. These benefits are payable upon reaching the age of retirement, on retirement due to medical grounds or upon death in respect of employees who have served continuously for a period of ten (10) or more years.

The movements in the present value of unfunded defined benefit obligations during the year are as follows :-

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
At beginning of year	2,243,923	1,985,245	502,103	455,384
Defined benefit cost recognised in profit or loss [Note 18(b)]	275,225	258,678	49,425	46,719
Actuarial (gain)/loss arising from remeasurement due to:				
- Changes in demographic assumptions	(157)	-	(133)	-
- Changes in financial assumptions	144,111	-	19,372	-
- Experience adjustments	(629,842)	-	(13,429)	-
Actuarial (gain)/loss recognised in other comprehensive income	(485,888)	-	5,810	-
At end of year	2,033,260	2,243,923	557,338	502,103

b) The amount of defined benefit cost recognised in profit or loss of the Group and of the Company can be analysed into the following components :-

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Current service cost	168,299	161,683	23,581	22,837
Interest cost	106,926	96,995	25,844	23,882
	275,225	258,678	49,425	46,719

c) The significant actuarial assumptions used for determination of the present value of defined benefit obligations were as follows :-

	GROUP 2019 %	GROUP 2018 %	COMPANY 2019 %	COMPANY 2018 %
Discount rate	4.40	5.40	4.40	5.40
Salary increment rate	4.50	4.50	4.50	4.50

d) A sensitivity analysis of the effects of changes to the significant actuarial assumptions [as disclosed in Note 18(c)] on the defined benefit obligations as at the end of the year, with all other assumptions remain constant is as follows :-

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Discount rate				
1% increase	(144,112)	(150,329)	(19,372)	(19,384)
1% decrease	169,355	176,915	20,793	20,834
Salary increment rate				
1% increase	177,944	208,319	23,327	28,076
1% decrease	(154,325)	(179,582)	(22,114)	(26,374)

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligations as the change in assumptions unlikely would occur in isolation of one another as some of the assumptions may be correlated.

19. LEASE LIABILITIES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018
Non-current	1,604,543	-	102,875	-
Current	221,490	-	38,009	-
Total lease liabilities	1,826,033	-	140,884	-

Maturity analysis of the undiscounted lease payments is as follows :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018
Not later than 1 year	374,252	-	48,960	-
Later than 1 year and not later than 2 years	374,252	-	48,960	-
More than 2 years	1,680,342	-	65,280	-
Total outstanding lease payments	2,428,846	-	163,200	-
Total cash outflow for leases for the year	65,390	-	48,960	-

20. TERM LOAN (SECURED)

	GROUP	
	2019 RM	2018 RM
Amount due within one year (included under current liabilities)	1,388,627	1,298,413
Amount due more than one year (included under non-current liabilities)	344,493	1,695,181
Outstanding principal at year end	1,733,120	2,993,594

The above term loan granted by Small Medium Enterprise Development Bank Malaysia Berhad to a subsidiary company resulted from the restructuring of two previous outstanding loans. The restructured term loan is repayable over 60 equal monthly instalments commencing February 2016.

The Group's term loan is secured by :-

a) First fixed charge over land and buildings of a subsidiary company;
b) A debenture creating first fixed and floating charges on all present and future assets of the subsidiary company;
c) Unconditional and irrevocable corporate guarantee from the Company;
d) Unconditional and irrevocable joint and several guarantee from a director and past directors of the subsidiary company; and
e) Assignment of monies in sinking fund account in which an amount equivalent to five per cent from each export proceeds is to be deposited.

Interest charged on the term loan is at the rate of 8.85% (2018 : 8.85%) per annum.

21. HIRE PURCHASE CREDITORS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Future minimum payments:-				
Payable within one year	29,726	38,165	-	8,489
Payable between two to five years	81,565	111,241	-	-
	111,291	149,406	-	8,489
Future finance charges	(12,067)	(19,315)	-	(43)
Present value	99,224	130,091	-	8,446
Payable within one year (included under current liabilities)	(24,200)	(30,917)	-	(8,446)
Payable between two to five years (included under non-current liabilities)	75,024	99,174	-	-

22. DEFERRED TAXATION

	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
At beginning of year	446,400	192,000	80,000	80,000
Recognised in profit or loss (Note 27)	(91,649)	254,400	(1,378)	-
Recognised in other comprehensive income	(22,994)	-	-	-
At end of year	331,757	446,400	78,622	80,000

a) The components and movements of deferred tax liabilities and assets recognised in the financial statements during the financial year are as follows :-

Group 2019	At beginning of year - previously reported RM	Adjustment on initial application of MFRS 16 RM	At beginning of year - restated RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At end of year RM
Deferred tax liabilities :-						
Revaluation of land and building	2,658,881	-	2,658,881	(151,740)	-	2,507,141
Accelerated capital allowances	543,047	-	543,047	63,963	-	607,010
Right-of-use assets	-	486,918	486,918	(65,624)	-	421,294
	3,201,928	486,918	3,688,846	(153,401)	-	3,535,445
Deferred tax assets :-						
Excess of depreciation over capital allowances	(143,216)	-	(143,216)	33,806	-	(109,410)
Unutilised capital allowances	(891,103)	-	(891,103)	(134,028)	-	(1,025,131)
Unabsorbed tax losses	(1,711,494)	-	(1,711,494)	185,215	-	(1,526,279)
Other deductible temporary differences	(9,715)	-	(9,715)	(71,911)	(22,994)	(104,620)
Lease liabilities	-	(486,918)	(486,918)	48,670	-	(438,248)
	(2,755,528)	(486,918)	(3,242,446)	61,752	(22,994)	(3,203,688)
	446,400	-	446,400	(91,649)	(22,994)	331,757

Group 2018	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
Deferred tax liabilities :-			
Revaluation of land and building	2,808,465	(149,584)	2,658,881
Accelerated capital allowances	338,328	204,719	543,047
	3,146,793	55,135	3,201,928
Deferred tax assets :-			
Excess of depreciation over capital allowances	-	(143,216)	(143,216)
Unutilised capital allowances	(916,420)	25,317	(891,103)
Unabsorbed tax losses	(2,038,373)	326,879	(1,711,494)
Other deductible temporary differences	-	(9,715)	(9,715)
	(2,954,793)	199,265	(2,755,528)
	192,000	254,400	446,400

22. DEFERRED TAXATION (cont'd)

Company	At beginning of year - previously reported RM	Adjustment on initial application of MFRS 16 RM	At beginning of year - restated RM	Recognised in profit or loss RM	At end of year RM
2019					
Deferred tax liabilities :-					
Revaluation of land and building	487,977	-	487,977	(21,473)	466,504
Accelerated capital allowances	3,538	-	3,538	(2,755)	783
Right-of-use assets	-	42,164	42,164	(9,730)	32,434
	491,515	42,164	533,679	(33,958)	499,721
Deferred tax assets :-					
Unutilised capital allowances	(14,202)	-	(14,202)	(1,972)	(16,174)
Unabsorbed tax losses	(397,313)	-	(397,313)	26,200	(371,113)
Lease liabilities	-	(42,164)	(42,164)	8,352	(33,812)
	(411,515)	(42,164)	(453,679)	32,580	(421,099)
	80,000	-	80,000	(1,378)	78,622

Company	At beginning of year - previously reported RM	Adjustment on initial application of MFRS 16 RM	At end of year RM
Company 2018			
Deferred tax liabilities :-			
Revaluation of land and building	509,450	(21,473)	487,977
Accelerated capital allowances	278	3,260	3,538
	509,728	(18,213)	491,515
Deferred tax assets :-			
Unutilised capital allowances	(13,042)	(1,160)	(14,202)
Unabsorbed tax losses	(416,686)	19,373	(397,313)
	(429,728)	18,213	(411,515)
	80,000	-	80,000

b) Deferred tax assets have not been recognised in respect of the following items which are available for set-off against future taxable profit :-

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Other deductible temporary differences	1,597,300	2,203,400	557,300	502,100
Excess of depreciation over capital allowances	2,900	-	-	-
Unutilised capital allowances	7,800	-	-	-
Unabsorbed tax losses	40,948,250	35,446,600	4,403,400	3,641,700
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
	45,949,250	41,043,000	4,960,700	4,143,800

23. TRADE PAYABLES

The normal credit terms for trade payables range from 30 days to 90 days (2018 : 30 days to 90 days).

24. AMOUNT DUE TO DIRECTORS

The amount due to directors are unsecured, interest free and are repayable on demand. Repayment is expected to be in cash.

25. REVENUE

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers :-				
Sale of timber products	5,028,696	10,253,103	-	-
Sale of wood pellets	4,228,206	5,142,933	-	-
Management fee	-	-	240,000	240,000
	9,256,902	15,396,036	240,000	240,000
Revenue from other sources :-				
Rental income	156,000	156,000	156,000	156,000
	9,412,902	15,552,036	396,000	396,000

All intra-group transactions have been eliminated in arriving at the revenue of the Group.

The Group's and the Company's revenue from contracts with customers are recognised at a point in time.

Disaggregation of revenue by geographical location is as disclosed in Note 32(b).

26. LOSS BEFORE TAXATION

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
This is stated after charging :-				
Auditors' remuneration				
- statutory audit				
- current year	85,500	78,500	27,500	25,000
- underprovision in prior year	7,500	9,500	2,500	1,000
- other services	4,000	4,000	4,000	4,000
Amortisation of prepaid lease payments	22,222	38,469	-	-
Allowance for impairment losses on				
- trade receivables	-	39,067	-	-
- other receivables	-	31,481	-	-
- subsidiary companies	-	-	1,946,319	-
Interest expenses :-				
- hire purchase	7,543	2,879	338	815
- term loan	236,000	335,816	-	-
- lease liabilities	171,456	-	14,159	-
- others	2,965	2,800	-	-
Depreciation of property, plant and equipment	1,646,337	1,589,519	152,077	151,408
Depreciation of right-of-use assets	273,434	-	40,543	-
Defined benefit cost	275,225	258,678	49,425	46,719
Directors' fees				
- directors of the Company	258,000	120,000	150,000	120,000
Executive directors' salaries, bonuses and other emoluments				
- directors of the Company	640,448	643,224	449,412	463,612
Realised foreign exchange loss	457	589	-	-
Rental of plant equipment				
- short-term lease	6,350	9,679	-	-
Rental of premises				
- short-term lease	7,800	-	-	-
- applying MFRS 117	-	48,960	-	48,960

26. LOSS BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
And crediting :-				
Rental income	396,000	324,000	156,000	156,000
Interest income	7,605	66,747	18	67
Waiver of advances from a director	900,000	-	-	-
Reversal of allowance for impairment losses on trade receivables	56,034	-	-	-
Waiver of lease liabilities	323,013	-	-	-
Gain on disposal of property, plant and equipment	2,835	-	-	-
Realised foreign exchange gain	2,755	5,396	-	-
Employee information :-				
Employee benefits expense	4,356,938	5,083,941	865,832	884,992

Included in the employee benefits expense are contributions made to the Employees Provident Fund of directors and employees of the Group and of the Company amounting to RM227,987 and RM75,893 (2018 : RM313,796 and RM73,872) respectively.

27. TAXATION

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Under/(Over) provision of income tax in prior year	14,368	(1,712)	-	-
Transfer (from)/to deferred taxation (Note 22)	(91,649)	254,400	(1,378)	-
	(77,281)	252,688	(1,378)	-

a) The statutory income tax rate attributable to the Group and the Company is 24% (2018 : 24%).

b) Reconciliations of tax income applicable to loss before taxation at the statutory tax rate to the tax (income)/expense at the effective tax rate of the Group and of the Company are as follows :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before taxation	(6,530,017)	(2,352,496)	(3,089,466)	(1,198,883)
Taxation at the rate of 24% (2018 : 24%)	(1,567,204)	(564,599)	(741,472)	(287,732)
Tax effects of expenses not deductible for tax purposes	88,882	164,609	520,201	55,356
Under/(Over) provision of taxation in prior year	14,368	(1,712)	-	-
Underprovision of deferred tax in prior year	54,110	-	-	-
Deferred tax assets not recognised for the year	1,374,802	768,034	219,893	232,376
Realisation of deferred tax assets not recognised in prior year	(42,239)	(113,644)	-	-
	(77,281)	252,688	(1,378)	-

c) The following are estimated unutilised capital and reinvestment allowances and unabsorbed tax losses which subject to agreement with the Inland Revenue Board, are available for set-off against future taxable income :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
Unutilised capital allowances	4,279,137	3,712,960	67,391	59,176
Unabsorbed tax losses	47,307,716	42,637,647	5,949,671	5,297,219
	54,979,853	49,743,607	6,017,062	5,356,395

27. TAXATION (cont'd)

d) The Group's tax savings arising from the utilisation of brought forward unabsorbed tax losses for set-off against the current year's taxable income amounted to approximately RM42,258 (2018 : RM22,384).

e) Pursuant to the Finance Act 2018, any unabsorbed tax losses for the year of assessment 2019 onwards shall be available for utilisation for a maximum period of seven consecutive years of assessment immediately following that year of assessment and any excess at the end of the seventh year shall be disregarded. In this respect, the unabsorbed tax losses of the Group and of the Company at the end of the reporting period shall expire in the year of assessment as tabulated below :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Year of Assessment				
2025	42,322,495	42,637,647	5,183,964	5,297,219
2026	4,985,221	-	765,707	-
	47,307,716	42,637,647	5,949,671	5,297,219

28. LOSS PER SHARE

a) Basic

The basic loss per share attributable to owners of the Company is calculated based on the Group's loss for the year attributable to owners of the Company of RM6,447,816 (2018 : RM2,599,731) divided by the weighted average number of ordinary shares in issue during the financial year of 141,344,188 (2018 : 139,077,400).

b) Diluted

For the purpose of calculating diluted loss per share, the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of all potential ordinary shares arising from the assumed exercise of the Warrants 2009/2019 and Warrants 2014/2024 where applicable.

Warrants 2009/2019 were not considered in the computation of diluted loss per share for the previous financial year as their exercise price exceeded the weighted average share price during the period and hence, had no dilutive effect on loss per share.

Warrants 2014/2024 are not considered in the computation of diluted loss per share for the current and previous financial years as their exercise price also exceeded the weighted average share price during the year and hence, have no dilutive effect on loss per share.

Consequently, the diluted loss per share disclosed for both current and previous financial years equal the basic loss per share as they are computed on the same basis.

29. NOTES TO STATEMENTS OF CASH FLOWS

a) Purchase of property, plant and equipment

Property, plant and equipment acquired by the Group during the year were by the following means :-

	GROUP	
	2019 RM	2018 RM
Cash payments	193,336	1,370,264
Hire purchase financing	-	127,000
Aggregate - at cost	193,336	1,497,264

Property, plant and equipment acquired by hire purchase financing are reflected as cash flows from financing activities based on the principal amount of instalments made.

29. NOTES TO STATEMENTS OF CASH FLOWS (cont'd)

b) Liabilities arising from financing activities

Changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the reconciliation below :-

	Term Loan RM	Hire Purchase Financing RM	Lease Liabilities RM	Total RM
Group				
At 1 January 2019				
- previously reported	2,993,594	130,091	-	3,123,685
Adjustment on initial application of MFRS 16	-	-	2,028,830	2,028,830
At 1 January 2019 - restated	2,993,594	130,091	2,028,830	5,152,515
Waiver of lease liabilities	-	-	(166,173)	(166,173)
Repayment of term loan	(1,260,474)	-	-	(1,260,474)
Payment of lease liabilities	-	-	(36,624)	(36,624)
Payment of hire purchase financing	-	(30,867)	-	(30,867)
Net changes in cash flows	(1,260,474)	(30,867)	(36,624)	(1,327,965)
At 31 December 2019	1,733,120	99,224	1,826,033	3,658,377
At 1 January 2018	4,154,253	30,539	-	4,184,792
New hire purchase financing obtained for purchase of property, plant and equipment	-	127,000	-	127,000
Repayment of term loan	(1,160,659)	-	-	(1,160,659)
Payment of hire purchase financing	-	(27,448)	-	(27,448)
Net changes in cash flows	(1,160,659)	(27,448)	-	(1,188,107)
At 31 December 2018	2,993,594	130,091	-	3,123,685

	Hire Purchase Financing RM	Lease Liabilities RM	Total RM
Company			
At 1 January 2019 - previously reported	8,446	-	8,446
Adjustment on initial application of MFRS 16	-	175,685	175,685
At 1 January 2019 - restated	8,446	175,685	184,131
Payment of hire purchase financing	(8,446)	-	(8,446)
Payment of lease liabilities	-	(34,801)	(34,801)
Net changes in cash flows	(8,446)	(34,801)	(43,247)
At 31 December 2019	-	140,884	140,884
At 1 January 2018	30,539	-	30,539
Payment of hire purchase financing	(22,093)	-	(22,093)
At 31 December 2018	8,446	-	8,446

c) Cash and cash equivalents at end of year

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	578,824	377,576	36,585	23,384
Fixed deposits with licensed banks	233,963	226,380	-	-
	812,787	603,956	36,585	23,384

As disclosed in Note 13, fixed deposits attributable to a subsidiary company have been pledged to a licensed bank as securities for a term loan facility granted to the subsidiary company and hence, are not available for general use.

30. CONTINGENT LIABILITIES

	GROUP 2019 RM	GROUP 2018 RM
Bank guarantee - secured	150,000	100,000

	COMPANY 2019 Limit of facility RM	COMPANY 2019 Outstanding amount RM	COMPANY 2018 Limit of facility RM	COMPANY 2018 Outstanding amount RM
Corporate guarantee given to a bank for a term loan facility granted to a subsidiary company	5,881,682	1,733,120	5,881,682	2,993,594

31. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or one party controlled both.

a) Transactions and year-end outstanding balances with subsidiary companies

Transactions between the Company and its subsidiary companies during the financial year are as follows :-

	COMPANY 2019 RM	COMPANY 2018 RM
Management fees charged to subsidiary companies	240,000	240,000

The year-end outstanding balances with the subsidiary companies are as disclosed in the statement of financial position of the Company and their terms and conditions are as disclosed in Note 12 to the financial statements.

b) Transactions with a director, Dato' Seri Yong Tu Sang

Transactions between the Company and its director, Dato' Seri Yong Tu Sang during the financial year are as follows :-

	GROUP/ COMPANY 2019 RM	GROUP/ COMPANY 2018 RM
Waiver of advances from director	900,000	-
Rental of premises payable to director	48,960	48,960

c) Transactions and year-end outstanding balances with other related parties

i) Related party relationships exist between the Group and the undermentioned companies in which a director of the Company and certain family members of the director have substantial financial interest :-

(i) Gimzan Plywood Sdn. Bhd.
(ii) Seri Indah Enterprise Sdn. Bhd.
(iii) BTM Timber Industries Sdn. Bhd.
(iv) Sung Lee Timber Trading Sdn. Bhd.
(v) Oversea Timber Supplies Sdn. Bhd.
(vi) Seri Indah Resort Sdn. Bhd.
(vii) BTM Energy Sdn. Bhd.

31. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

c) Transactions and year-end outstanding balances with other related parties (cont'd)

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

	GROUP	
	2019	**2018**
	RM	**RM**
Income		
Sales of sawn and moulding timber		
Oversea Timber Supplies Sdn. Bhd.	179,852	1,178,561
Seri Indah Resort Sdn. Bhd.	1,132	756
Sales of lamination and board timber		
Oversea Timber Supplies Sdn. Bhd.	261,165	2,623,760
Services		
Oversea Timber Supplies Sdn. Bhd.	30,093	38,009
Waiver of rental of premises by Gimzan Plywood Sdn Bhd	323,013	-
Expenditure		
Purchases of sawn timber		
BTM Timber Industries Sdn. Bhd.	2,427,953	2,449,543
Oversea Timber Supplies Sdn. Bhd.	-	696,202
Purchases of sawdust and waste product		
BTM Timber Industries Sdn. Bhd.	58,477	30,200
Purchases of veneer		
Gimzan Plywood Sdn. Bhd.	-	559,960
Services		
Seri Indah Enterprise Sdn. Bhd.	123,147	220,461
BTM Timber Industries Sdn. Bhd.	9,949	22,685
Others		
Seri Indah Resort Sdn. Bhd.	510	906

Utilities necessary for the operation of a subsidiary company's factory were supplied through Gimzan Plywood Sdn. Bhd. for the previous financial year at no cost to the Group.

iii) Amounts due from/(to) other related parties at year end included in the statement of financial position are as follows :-

	GROUP	
	2019	**2018**
	RM	**RM**
Included in trade receivables :-		
Gimzan Plywood Sdn. Bhd.	-	651,521
Oversea Timber Supplies Sdn. Bhd.	25,109	113,799
Included in other receivables :-		
BTM Energy Sdn. Bhd.	88,036	1,228
Included in trade payables :-		
Sung Lee Timber Trading Sdn. Bhd.	38,195	28,194
BTM Timber Industries Sdn. Bhd.	674,418	-
Included in other payables :-		
Seri Indah Resort Sdn. Bhd.	504	-
Seri Indah Enterprise Sdn. Bhd.	-	65,571

31. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

d) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include all the directors and senior management personnel of the Company and their remuneration for the year are as follows :-

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term benefits	1,220,920	892,700	872,500	723,600
Post-employment benefits				
- Contribution to Employees Provident Fund	85,614	79,920	73,878	69,408
	1,306,534	972,620	946,378	793,008

32. SEGMENT INFORMATION

a) Operating Segment

The Group activities are primarily conducted within a single industry segment comprising the logging, sawmilling, trading in sawn timbers, plywood and logs, timber moulding and manufacturing of finger-jointed timber and wood pellet and its operations are located wholly in Malaysia. As such, the operating revenue and results of this segment is reflected in the Group's statement of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the Group's statement of financial position.

b) Geographical Information

Revenue and non-current assets information in respect of the Group based on the geographical location of customers and non-current assets respectively are as follows :-

	2019 Revenue			
	Sale of timber products RM	Sale of wood pellets RM	Rental income RM	Total RM
Malaysia	2,553,942	3,176,127	156,000	5,886,069
Australia	1,157,970	-	-	1,157,970
Korea	1,236,625	1,052,079	-	2,288,704
Philippines	80,159	-	-	80,159
	5,028,696	4,228,206	156,000	9,412,902

	2018 Revenue			
	Sale of timber products RM	Sale of wood pellets RM	Rental income RM	Total RM
Malaysia	5,903,819	4,654,591	156,000	10,714,410
Australia	1,773,467	-	-	1,773,467
Korea	1,877,346	488,342	-	2,365,688
Philippines	550,951	-	-	550,951
Thailand	147,520	-	-	147,520
	10,253,103	5,142,933	156,000	15,552,036

	2019 Non-current assets RM	2018 Non-current assets RM
Malaysia	30,913,306	30,683,812

32. SEGMENT INFORMATION (cont'd)

c) **Major Customers**

Revenue from transactions with major customers who individually accounted for 10 percent or more of Group's revenue are summarised below :-

	REVENUE	
		2018 RM
Customer A		3,802,321
Customer B		-
Customer C		-
Customer D		-
Customer E		-
		3,802,321

33. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include fixed deposits, cash and bank balances and trade and other receivables. In respect of the Company, financial assets include amount due from subsidiary companies.

Financial liabilities of the Group include trade and other payables and bank borrowings.

a) **Categories of Financial Instruments**

The financial instruments of the Group and of the Company are categorised as follows :-

2019 Financial Assets as per Statements of Financial Position

	GROUP		COMPANY	
	Carrying amount RM	**Financial assets at amortised cost RM**	**Carrying amount RM**	**Financial assets at amortised cost RM**
Trade receivables	396,341	396,341	-	-
Other receivables and deposits	285,695	285,695	12,130	12,130
Amount due from subsidiary companies	-	-	20,379,152	20,379,152
Fixed deposits with licensed banks	233,963	233,963	-	-
Cash and bank balances	578,824	578,824	36,585	36,585
	1,494,823	1,494,823	20,427,867	20,427,867

2019 Financial Liabilities as per Statements of Financial Position

	GROUP		COMPANY	
	Carrying amount RM	**Financial liabilities at amortised cost RM**	**Carrying amount RM**	**Financial liabilities at amortised cost RM**
Trade payables	2,315,486	2,315,486	-	-
Other payables and accruals	3,059,903	3,059,903	443,785	443,785
Amount due to directors	4,949,264	4,949,264	1,768,050	1,768,050
Term loan	1,733,120	1,733,120	-	-
Hire purchase creditors	99,224	99,224	-	-
	12,156,997	12,156,997	2,211,835	2,211,835

33. FINANCIAL INSTRUMENTS (cont'd)

a) Categories of Financial Instruments (cont'd)

The financial instruments of the Group and of the Company are categorised as follows :- (cont'd)

2018 Financial Assets as per Statements of Financial Position

	GROUP		COMPANY	
	Carrying amount RM	Financial assets at amortised cost RM	Carrying amount RM	Financial assets at amortised cost RM
Trade receivables	891,056	891,056	-	-
Other receivables and deposits	276,981	276,981	19,130	19,130
Amount due from subsidiary companies	-	-	22,693,510	22,693,510
Fixed deposits with licensed banks	226,380	226,380	-	-
Cash and bank balances	377,576	377,576	23,384	23,384
	1,771,993	1,771,993	22,736,024	22,736,024

2018 Financial Liabilities as per Statements of Financial Position

	GROUP		COMPANY	
	Carrying amount RM	Financial liabilities at amortised cost RM	Carrying amount RM	Financial liabilities at amortised cost RM
Trade payables	1,451,376	1,451,376	-	-
Other payables and accruals	2,128,071	2,128,071	324,414	324,414
Amount due to directors	2,755,948	2,755,948	1,302,129	1,302,129
Term loan	2,993,594	2,993,594	-	-
Hire purchase creditors	130,091	130,091	8,446	8,446
	9,459,080	9,459,080	1,634,989	1,634,989

b) Financial Risk Management

The Group's activities expose it to certain financial risks, including currency risk, interest rate risk, credit risk, market risk and liquidity and cash flow risks. 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.

i) Credit Risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade receivables.

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.

The Group assesses changes in its exposure to credit risk of its customers based primarily on past due information for customers' balances, their past payment trend and historical defaults experience, if any, together with other relevant credit risk related information affecting the financial standing of the customers which are available to management. The Group also considers macroeconomic information in respect of current market development and industry outlook that may affect its credit risk exposure.

The Group measures its exposure to credit risk by way of an allowance for expected credit losses ("ECLs"). ECLs take into consideration the probability of a default in payment of trade receivables before they become credit impaired. The Group uses the simplified approach, i.e. lifetime ECLs in determining the allowance for ECLs on trade receivables which are assessed individually based on their credit risk characteristics. In this respect, the ECLs are computed by way of estimating the present value of the receivables based on the expected timing of receipts of their cash flows, and the difference with their carrying amount is recognised as credit loss. For any trade receivables which are determined as credit impaired at the reporting date, ECLs are assessed and measured on an individual basis. Trade receivables are determined as credit impaired when they have defaulted on their payments and are considered to have financial difficulties in repaying their debts.

Information on the exposure to credit risk and impairment of trade receivables are disclosed in Note 10.

33. FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

i) Credit Risk (cont'd)

The Group has no significant concentration of credit risk arising from trade receivables as at 31 December 2019. As at 31 December 2018, the Group had significant concentration of credit risk arising from the exposure to trade balances owing by the related parties as disclosed in Note 31(c)(iii), which represented approximately 75% of the total gross carrying amount of trade receivables on that date.

Impairment loss of other receivables is determined based on the general approach under MFRS 9 dependent on whether there has been a significant increase in credit risk since initial recognition of the financial assets. A 12-month expected credit loss is recognised if there is no significant increase in the credit risk. If the credit risk has increased significantly at the reporting date, a lifetime expected credit loss is recognised. Other than the credit loss allowed for credit-impaired other receivables in the previous year as disclosed in Note 11, the probability of default on other receivables of the Group and the Company is assessed as low.

Cash and cash equivalents are placed with major financial institutions which have low credit risk. The Group views that any expected credit loss arising on these financial assets is insignificant.

The Company considers advances to its subsidiary companies generally have low credit risk and monitors the financial position of the subsidiary companies in managing the exposure to their credit risk. Appropriate loss allowance has been made for outstanding balances due from subsidiary companies as disclosed in Note 12 using the general approach under MFRS 9 based on management's assessment of changes in credit risk at the reporting date.

The Company's exposure to credit risk arising from a financial guarantee given to a financial institution for credit facility of a subsidiary company is limited to the amount utilised by the subsidiary company at any point of time as disclosed in Note 30. As at the reporting date, there is no indication that the subsidiary company would not be able to fulfil its obligations for the amount of credit facility utilised. Accordingly, the Company views any expected credit loss arising from this financial guarantee to be insignificant.

The maximum exposure to credit risk at the end of the reporting period is represented by the carrying amount of the financial assets recognised in the statements of financial position of the Group and of the Company at the reporting date.

None of the Group's financial assets are secured by collateral or other credit enhancements.

ii) Interest Rate Risk

The Group has interest rate risk in respect of its deposits with licensed banks and bank borrowings.

The Group's term loan is subject to interest based on floating rate while its deposits with licensed banks and hire purchase financing are subject to interest based on fixed rates.

Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate interest bearing instruments and borrowings arrangements are restructured or reduced.

Interest rate risk sensitivity analysis

The Group's profit or loss and equity are sensitive to the change in the market interest rate as at the end of the reporting period due to its floating rate term loan. An increase in the market interest rate would have unfavourable effects on the profit or loss and equity of the Group. A reasonably possible increase of 50 basis points in the market interest rate as at the end of the reporting period would reduce the Group's profit or loss for the year then ended and equity of the Group as at that date by RM8,666 (2018 : RM14,968). This sensitivity analysis assumes that all other risk variables remain constant.

iii) Market Risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposure is in respect of interest rate fluctuation which is discussed under the interest rate risk heading.

iv) Liquidity and Cash Flow Risk

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in its funding requirements through a mix of equity capital, external borrowings and supplies credit.

33. FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

iv) Liquidity and Cash Flow Risk (cont'd)

Maturity Analysis

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows :-

	<-------------- Maturity Profile	------------->			
	Less than one year RM	More than one year and less than five years RM	More than five years RM	Total RM	Effective interest rate %
Group 2019					
Trade payables	2,315,486	-	-	2,315,486	-
Other payables and accruals	3,059,903	-	-	3,059,903	-
Term loan	1,496,475	347,122	-	1,843,597	8.85
Hire purchase creditors	29,726	81,565	-	111,291	6.29
Amount due to directors	4,949,264	-	-	4,949,264	-
Group 2018					
Trade payables	1,451,376	-	-	1,451,376	-
Other payables and accruals	2,128,071	-	-	2,128,071	-
Term loan	1,496,475	1,870,596	-	3,367,071	8.85
Hire purchase creditors	38,165	111,241	-	149,406	5.24 - 6.29
Amount due to directors	2,755,948	-	-	2,755,948	-
Company 2019					
Other payables and accruals	443,785	-	-	443,785	-
Amount due to directors	1,768,050	-	-	1,768,050	-
Company 2018					
Other payables and accruals	324,414	-	-	324,414	-
Hire purchase creditor	8,489	-	-	8,489	5.24
Amount due to directors	1,302,129	-	-	1,302,129	-

c) Fair Value of Financial Instruments

i) The carrying amounts of fixed deposits, cash and bank balances, trade and other receivables and trade and other payables approximate their fair values due to the relatively short term nature of these financial instruments.

ii) The carrying amount of balances with subsidiary companies approximate their fair values due to their repayable on demand settlement terms.

iii) The fair values of term loan and hire purchase creditors approximate their carrying amounts.

34. CAPITAL MANAGEMENT

The main objective in managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern so as to maintain market confidence and sustain future business development. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital using debt to equity ratio, which is total borrowings divided by total equity attributable to owners of the Company. Borrowings consist of term loan and hire purchase financing. The debt-to-equity ratios at the reporting dates were as follows :-

	GROUP	
	2019 RM	2018 RM
Total borrowings	1,832,344	3,123,685
Total equity	22,585,632	28,524,566
Debt-to-equity ratio	0.08	0.11

There were no changes in the Group's approach to capital management during the financial year.

35. SIGNIFICANT EVENT DURING THE YEAR

On 8 April 2019, the Company announced that its subsidiary company, BTM Biomass Products Sdn. Bhd. ("BTMBP") has on 1 April 2019 entered into a Memorandum of Understanding ("MOU") with Korea South-East Power Co., Ltd. ("KOEN") and Mokpo City Gas Co., Ltd ("MOKPO") and MC Bio Sdn. Bhd. ("MC BIO") [collectively known as "the Parties"] to develop a comprehensive cooperative framework for the successful execution of a wood pellet project in the State of Terengganu in Malaysia ("the Project").

KOEN and MOKPO are companies incorporated in the Republic of Korea while MC BIO is a company incorporated in Malaysia.

BTMBP's obligations are to make investment in the Project as a shareholder and to procure raw material for the Project.

The obligations of KOEN and MOKPO are to invest in and develop the Project as shareholders. In addition, MOKPO is to guarantee agreed quantity and quality of product and to deliver the product to KOEN. KOEN is to off-take the product from the Project.

The obligations of MC BIO are to invest and develop the Project as a shareholder and to produce the product which specification meet KOEN's requirement.

Further to the abovementioned MOU, the Company announced on 23 October 2019 that BTMBP has executed a Memorandum of Agreement ("MOA") dated 30 September 2019 with KOEN, MOKPO and MC BIO for the development of the Project as shareholders.

Under the terms of the MOA, the Project will comprise the production of the wood pellets ("Production Project") and the sales of wood pellets ("Sales Project") (collectively the "Terengganu Project"). The Parties agreed that they shall evaluate the feasibility study of the Terengganu Project and to jointly develop the Terengganu Project as exclusive partners. The Parties shall negotiate the terms and conditions of the Joint Development Agreement ("JDA") if the results of the feasibility study to be undertaken by KOEN and MOKPO is satisfactory to the Parties and to enter into the Shareholders' Agreement ("SHA") for the Terengganu Project.

Pursuant to the MOA, it is the responsibilities of BTMBP to provide any information required by KOEN and MOKPO for the feasibility study, and to make an equity contribution to the Production Project and procure all necessary raw material for the production of the wood pellets.

The MOA is effective from the date of execution and shall remain in effect until the earlier of the date of execution of the JDA or SHA, and 2 years after the date of execution of the MOA if no JDA or SHA is executed unless the MOA is earlier terminated or extended pursuant to mutual agreement of the Parties. A Party may withdraw from the MOA at its sole discretion by giving the other Parties 30 days prior written notice without any liability to the other Parties.

36. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE YEAR

a) On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 as a global pandemic. In order to contain the spread of COVID-19 in Malaysia, the Malaysian Government has issued the Movement Control Order ("MCO") effective from 18 March 2020 which has since been relaxed under various conditions in phases with the latest phase scheduled to end on 31 August 2020. During the initial period of the MCO until the end of April 2020, the Group's operations were disrupted as its factories' operational capacities were constrained by the government's lockdown and precautionary measures. The COVID-19 pandemic has caused disruptions to business activities and brought about significant economic uncertainties in Malaysia.

   The Group considers the effects of the Covid-19 outbreak to be a non-adjusting subsequent event for these financial statements as it was not a condition that existed as at 31 December 2019. As the pandemic is still evolving, an estimate of the financial effects on the Group subsequent to the current reporting date is not practicable.

b) On 12 May 2020, the Company announced that the Heads of Agreement ("HOA") entered into between the Company and Markmore Energy (Labuan) Limited ("MELL") for the Proposed Production of Liquefied Petroleum Gas ("LPG") has been terminated as the conditions precedent under the HOA were not fulfilled by the cut-off date of 6 months from the date of the HOA. The execution of the HOA dated 13 November 2019 was announced by the Company on 13 November 2019 and it set out the essential terms and conditions for the Company to participate in the proposed production of LPG (together with associated natural gas condensate) from the natural gas supplied from the Rakushechnoye Oil and Gas Field located in the Republic of Kazakhstan. The termination of the HOA has no material financial impact on the Group.

c) On 5 June 2020, the Company announced that it proposes to undertake a private placement of up to 20% of the issued shares of the Company in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016. The higher 20% general mandate instead of 10% under paragraph 6.03(1) of the Main Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") is an interim relief measure announced by Bursa Malaysia on 16 April 2020 due to the Covid-19 pandemic. The Company has obtained the 10% general mandate from its shareholders at the previous Annual General Meeting ("AGM") held on 29 May 2019. Hence, the issuance of any new shares exceeding the 10% general mandate pursuant to the proposed private placement will only be made after the renewal of the current shareholders' mandate to the 20% general mandate at the forthcoming AGM of the Company to be convened.

   The proposed private placement of up to 20% of the issued shares of the Company entails the issuance of up to 28,268,000 new shares in the Company (before the full exercise of existing warrants) at an issue price to be determined and announced at a later date. The proceeds from the proposed private placement are to be utilised for working capital requirements of the Group and to defray expenses for the proposed private placement exercise. Barring unforeseen circumstances, the Company expects the exercise to be completed by the second half of 2020.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BTM RESOURCES BERHAD, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 78.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Key audit matters

1. Valuation of inventories

   Refer to Notes 2.13 and 9 to the financial statements.

   The Group held significant balance of inventories with carrying value of RM6,000,449 as at 31 December 2019. The inventories are valued at the lower of cost and net realisable value. The risk of a decline in the net realisable value of the inventories below cost due to obsolescence or declining market demand and any significant error in application of the costing methodology for the inventories may have a material impact on the carrying value of inventories, which will affect the financial results of the Group.

Our audit approach to address the key audit matters

Our audit approach included the following:

- Attended inventory counts performed by the management to determine the existence of inventories and assessed their completeness.
- Reviewed the management's costing methodology and performed recomputation of the costing of selected sample of inventories to determine the accuracy of the valuation of inventories.
- Reviewed the listing of inventories and made appropriate inquiries of the management to identify any obsolete or slow moving inventories which required evaluation for write-down to their net realisable values.
- Assessed the management's basis in analysing and determining inventory obsolescence and conclude on the adequacy of the amount of write-down of inventories recognised in the financial statements.
- Assessed the net realisable values of major categories of inventories by checking selected samples to sales made subsequent to year end.

Key audit matters	Our audit approach to address the key audit matters
2. Impairment of trade receivables Refer to Notes 2.12, 3(b)(ii), 10 and 33(b)(i) to the financial statements. Trade receivables are subject to assessment for expected credit loss ("ECL") based on the simplified approach impairment model under MFRS 9 Financial Instruments. The ECL impairment model is a forward-looking approach which requires management's significant judgement on assumptions and estimates which have significant impact on the valuation of trade receivables of the Group. For determining ECL at the reporting date, the Group uses a provision matrix based on the age of receivables and assumptions on credit risk profiling, expected future cash flows and macro economic conditions.	Our audit approach included the following: • Assessed the management's internal controls for monitoring the debts, in particular those of related parties, and assessing the credit risk of the debts. • Reviewed past due ageing report of the trade receivables and performed inquiries with the management regarding actions taken to recover overdue debts for the purpose of identfying any credit impaired debts. • Assessed the appropriateness of the expected credit loss impairment model adopted by management to measure the loss allowance for trade receivables, including reasonableness of the value assumed for inputs to the model. We also performed recomputation of the expected credit loss for arithmetical accuracy.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also :-

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

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

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

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.
FIRM NO. : AF 0502
CHARTERED ACCOUNTANTS

NG YONG CHIN
NO. : 03051/05/2021J
CHARTERED ACCOUNTANT

Kuala Lumpur
Date : 25 June 2020

Class of Share	: Ordinary share
Paid-up capital	: RM29,037,856.00
Total number of issued shares	: 141,344,188 ordinary shares
Voting Rights	: One vote per share
Number of Shareholders	: 1,452

ANALYSIS OF SHAREHOLDERS

Range of Shareholdings	No. of Holders	% Over Total Shareholders	No. of Shares	%
1 - 99	11	0.76	296	-
100 - 1000	393	27.07	269,725	0.19
1,001 -10,000	479	32.99	2,656,966	1.88
10,001 - 100,000	463	31.89	17,814,563	12.60
100,001 - 6,817,209	102	7.02	77,947,558	55.15
6,817,209 and above (*)	4	0.27	42,655,080	30.18
TOTAL	1,452	100.00	141,344,188	100.00

Note:
** 5% of issued and paid-up Share Capital*

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 10 JUNE 2020

	Direct		Indirect	
SUBSTANTIAL SHAREHOLDERS	No. of Shares	%	No. of Shares	%
Dato' Seri Yong Tu Sang	12,339,081	8.73	(1) 27,814,399	19.68
Yong Emmy	12,096,000	8.56	(2) 28,057,480	19.85
Ng Ah Heng	9,999,999	7.07	(3) 30,153,481	21.33
Tan Sri Datuk Seri Mohd Hussin Bin Abd Hamid	8,220,000	5.81	(4) 1,458,400	1.03

DIRECTORS AND THEIR SHAREHOLDINGS AS AT 10 JUNE 2020

	Direct		Indirect	
DIRECTORS	No. of Shares	%	No. of Shares	%
Dato' Seri Yong Tu Sang	12,339,081	8.73	(1) 27,814,399	19.68
Yong Emmy	12,096,000	8.56	(2) 28,057,480	19.85
Yong Hin Siong	-	-	(5) 40,153,480	28.41
Choong Show Tong	-	-	-	-
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	-	-	-	-
Datuk Woo Thin Choy	-	-	-	-

Note :
(1) Deemed interest by virtue of shares held by his spouse, children and son-in-law.
(2) Deemed interest by virtue of shares held by her parents, sister and brother-in-law.
(3) Deemed interest by virtue of shares held by her spouse, children and son-in-law.
(4) Deemed interest by virtue of shares held by his son.
(5) Deemed interest by virtue of shares held by his parents, sisters and brother-in-law.

LIST OF THIRTY LARGEST SHAREHOLDERS:

No	Name of Shareholders	No. of Shares Held	Percentage
1.	Yong Tu Sang	12,339,081	8.73
2.	Yong Emmy	12,096,000	8.56
3.	Ng Ah Heng	9,999,999	7.07
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Mohd Hussin Bin Abd Hamid	8,220,000	5.82
5.	Yeo Keng Choong	6,842,300	4.84
6.	Confirmed Uptrend Sdn Bhd	6,293,400	4.45
7.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tham Kaam Siong	6,020,400	4.26
8.	Kong Tiam Ming	5,938,200	4.20
9.	Modern Mode Sdn Bhd	5,907,757	4.18
10.	Tan Kha Luong	5,610,100	3.97
11.	Saham Terbilang Sdn Bhd	4,878,701	3.45
12.	Paling Masyhur Sdn Bhd	4,348,000	3.08
13.	Tambah Mulia Holdings Sdn Bhd	4,018,900	2.84
14.	Liang Chong Wai	2,700,000	1.91
15.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abdul Malik Bin Mohd Hussin	1,458,400	1.03
16.	Yap Leong Seng	1,000,000	0.71
17.	RHB Capital Nominees (Tempatan) Sdn Bhd Siew Kiat Seng	843,600	0.60
18.	Yap Han Chin	800,000	0.57
19.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Chia Hui	711,000	0.50
20.	Maybank Nominees (Tempatn) Sdn Bhd Pledged Securities Account for Razali Bin Mohammad	600,000	0.42
21.	Safwan Bin Johari	600,000	0.42
22.	Yeo Kim Team	600,000	0.42
23.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chai Seong Min	590,000	0.42
24.	Cheong Ah San	537,000	0.38
25.	Vasanti A/P Muthukumaroo	530,000	0.37
26.	Ab Ghaus Bin Ismail	515,600	0.36
27.	Wong Moi Fong	500,000	0.35
28.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Geok Wah	442,200	0.31
29.	Zainul Abideen Bin Fazle Abbas	440,000	0.31
30.	Lim Keng Jin	415,000	0.29
	Total	105,795,638	74.85

ANALYSIS OF WARRANT B HOLDINGS

As at 10TH JUNE 2020

Warrant B 2014 / 2024

No. of Warrants B 2014 / 2024 : 26,295,146

Class of Securities : Warrants B 2014 / 2024

ANALYSIS OF WARRANT B HOLDERS

Size of Warrant Holdings	No. of Warrant Holders	Percentage %	No. of Warrants	Percentage %
Less than 100	33	11.50	1,764	0.01
100 - 1,000	45	15.68	25,822	0.10
1,001 - 10,000	84	29.27	359,059	1.37
10,001 - 100,000	92	32.05	3,540,432	13.46
100,001 and below 5%	28	9.06	9,950,645	37.84
5% and above	7	2.44	12,417,423	47.22
TOTAL	287	100.00	26,295,146	100.00

DIRECTORS' WARRANT B HOLDINGS AS AT 10 JUNE 2020

	Direct		Indirect	
Name of Directors	No. of Warrant B	%	No. of Warrant B	%
Dato' Seri Yong Tu Sang	2,290,421	8.71	(1) 3,561,146	13.54
Yong Emmy	1,225,600	4.66	(2) 4,625,967	17.59
Yong Hin Siong	-	-	(3) 5,851,567	22.25

SUBSTANTIAL WARRANT B HOLDERS AS AT 10 JUNE 2020

	Direct		Indirect	
Name of Warrant B Holders	No. of Warrant B	%	No. of Warrant B	%
Modern Mode Sdn. Bhd.	2,560,349	9.74	-	-
Dato' Seri Yong Tu Sang	2,290,421	8.71	(1) 3,561,146	13.54
Tan Sri Datuk Seri Mohd Hussin Bin Abd Hamid	2,032,000	7.73	(4) 261,200	0.99
Tan Kha Luong	1,440,000	5.47	-	-
Saham Terbilang Sdn Bhd	1,374,933	5.23	-	-
Tham Kaam Siong	1,361,320	5.18	-	-
Tambah Mulia Holdings Sdn Bhd	1,358,400	5.17	-	-

(1) Deemed interest by virtue of Warrant B held by his spouse, children and son-in-law.

(2) Deemed interest by virtue of Warrant B held by her parents, sister and brother-in-law.

(3) Deemed interest by virtue of Warrant B held by his parents, sisters and brother-in-law.

(4) Deemed interest by virtue of Warrant B held by his child

LIST OF THIRTY LARGEST WARRANT B HOLDERS:

No.	Name of Warrant B holders	No. of Warrant B Held	Percentage
1.	Modern Mode Sdn Bhd	2,560,349	9.74
2.	Yong Tu Sang	2,290,421	8.71
3.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Sri Mohd Hussin Bin Abd Hamid*	2,032,000	7.73
4.	Tan Kha Luong	1,440,000	5.48
5.	Saham Terbilang Sdn Bhd	1,374,933	5.23
6.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Kaam Siong*	1,361,320	5.18
7.	Tambah Mulia Holdings Sdn Bhd	1,358,400	5.17
8.	Yong Emmy	1,225,600	4.66
9.	Lim Siew Lee	1,100,000	4.18
10.	Yeo Keng Choong	1,015,000	3.86
11.	Confirmed Uptrend Sdn Bhd	751,000	2.86
12.	Ng Ah Heng	666,666	2.54
13.	Rodzali Bin Din	538,800	2.05
14.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chin How*	500,100	1.90
15.	Teoh See Cheng	350,000	1.33
16.	Goh Seng Huat	309,100	1.18
17.	Cheah Keng Toh	298,300	1.13
18.	Tham Wooi Loon	297,300	1.13
19.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kiew Tik Wei*	289,500	1.10
20.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohd Mansor Bin Ismail*	286,000	1.09
21.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Abdul Malik Bin Mohd Hussin*	261,200	0.99
22.	Koh Sok Hong	229,900	0.87
23.	Yong Ellen	228,880	0.87
24.	Maybank Nominees (Tempatan) Sdn Bhd *Harttzery Nazry Bin Hatta*	210,000	0.80
25.	Lee Cheng Yen	200,000	0.76
26.	Lim Keng Jin	195,600	0.74
27.	Ng Soon Heng	180,100	0.68
28.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Eng Min*	178,900	0.68
29.	Cho Han Woon	150,000	0.57
30.	Ang Chen Hong	143,900	0.55
	Total	22,023,269	88.75

Location	Tenure	Description	Land Area	Approx. Age of Building	Net Book Value as at 31.12.2019 RM
BTM Resources Berhad No. 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman	Freehold	5 ½ Storey Office Building	385 sq.m	21 years	7,310,000
Syarikat Maskayu Sawmill Sdn Bhd Lot No :- 11966 Mukim of Kuala Nerus Kuala Terengganu Terengganu Darul Iman	60 year's leasehold expiring on 29-11-2033	Vacant Industrial Land	0.998 Hectare	-	302,147
Besut Tsuda Wood Products Sdn Bhd 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	26 years	11,336,045

BTM RESOURCES BERHAD

(303962-T)
(INCORPORATED IN MALAYSIA)

PROXY FORM

I/We ____
(BLOCK LETTERS)

of ____

being a Member / Members of **BTM Resources Berhad** hereby appoint ______________________

______________________ (NRIC No.) ______________________

of ____

or failing him/her ____

______________________ (NRIC No.) ______________________

of ____

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of BTM Resources Berhad to be held at the Arcadia I, Level 3, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 9th September 2020 at 11.00 a.m. and any adjournment thereon for/against the resolution(s) to be proposed thereat.

No.	AGENDA 7			
1.	Receive Accounts and Report			
No.	**RESOLUTION**		**FOR**	**AGAINST**
2.	Approval of Directors' Fees	Resolution 1		
3.	Re-election of Directors :- Mdm Yong Emmy	Resolution 2		
4.	Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	Resolution 3		
5.	Re-appointment of Auditors :- Messrs Folks DFK & Co.,	Resolution 4		
6.	Continuing in Office for Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey as Independent Non-Executive Director	Resolution 5		
7.	Continuing in Office for Mr. Choong Show Tong as Independent Non-Executive Director	Resolution 6		
8.	Approval of Director to allot and issue shares pursuant to Section 75 and 76 of the Companies Art, 2016	Resolution 7		
9.	Proposed Shareholders Mandate	Resolution 8		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of shares	
CDS A/C No.	

______________________ Date

______________________ Signature

Notes : -

i) Only depositors whose name appear in the Record of Depositors as at 2nd September 2020 (General Meeting Record of Depositors) be regarded as members and entitled to attend, speak and vote at the meeting.

ii) 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 right as the member he represents including the right to vote on a show of hands and on a poll and to demand a poll.

iii) A proxy may but need not be a member.

iv) 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.

v) If the appointer is a corporation, the proxy should be executed under its common seal or under the hand of an officer or attorney duly authorised.

vi) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

vii) The instrument appointing a proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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BTM RESOURCES BERHAD (303962-T)
Level 2, Tower 1, Avenue 5, Bangsar South City
59200 Kuala Lumpur

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