BTM RESOURCES BERHAD
(199401018283 (303962-T))
(Incorporated in Malaysia)

ANNUAL REPORT 2022

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BTM RESOURCES BERHAD (199401018283(303962-T))
Level 5, Tower 8, Avenue 5
Horizon 2, Bangsar South City
59200 Kuala Lumpur

CONTENT

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting of BTM Resources Berhad will be held at the Andaman I, Level 2, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 27th June 2023 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 2022 together with the Reports of the Directors and Auditors thereon. ***(Please refer Explanatory Note 1)***
2. To approve the payment of Directors' fees of RM90,000 for the financial year ended 31st December 2022. **Resolution 1**
3. To re-elect Madam 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. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016.** **Resolution 5**

   "**THAT** subject always to the Companies Act 2016 ("Act"), Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant governmental/regulatory bodies (if applicable), the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue new shares in the Company from time to time and 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 to be issued during the preceding twelve (12) months pursuant to this resolution, does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being 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 pursuant to Section 85 of the Act read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Act AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company."

7. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions** **Resolution 6**

   "**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 28th April 2023 subject further to the following:-

   a) the transactions are, in the ordinary course of business at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders ;

   b) disclosure is made in the Annual Report of the breakdown of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year and 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."

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

By Order of the Board,

Chong Seok Tian (MIA 2502) (SSM PC No. 202008002866)
Wong Youn Kim (MAICSA 7018778) (SSM PC No. 201908000410)

Joint Secretaries

Kuala Lumpur
Date : 28th April 2023

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 Acclime Corporate Services Sdn Bhd, Level 5, Tower 8, Avenue 5, Horizon 2, 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 19th June 2023 (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 31st December 2022 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 - Authority for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.***

   The Ordinary Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016 is a renewal of the last mandate granted to the Directors at the Twenty-Eighth AGM held on 29th June 2022 and if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the best interests of the Company up to an aggregate not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company without convening a general meeting.

   The Ordinary Resolution,, if passed, shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Article 13.2 of the Company's Constitution and would allow the Directors of the Company to issue new shares to any person under the proposed general mandate without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance which will result in a dilution to their shareholding percentage in the Company.

   This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

   The renewal of this 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 future investment, working capital and / or acquisitions.

   As at the date of this Notice, no shares have been issued pursuant to the last mandate granted at the Twenty-Eighth AGM..

3. ***Ordinary Resolution 6 - 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-Eighth AGM held on 29th June, 2022. 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.

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. **Names of Directors who are standing for re-election/re-appointment at the Twenty-Ninth Annual General Meeting of the Company :-**

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

      i) Madam 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 and 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 86 of the Annual Report).

2. **Attendance of Directors at Board Meetings for year 2022**

   A total of Eleven (11) Board Meetings were held during the financial year ended 31 December 2022. Details of attendance of Directors are set out on page 16 of this 2022 Annual Report.

Name of Directors	Attendance
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	11 out of 11 meetings
Dato' Seri Yong Tu Sang	11 out of 11 meetings
Mr. Choong Show Tong	11 out of 11 meetings
Madam Yong Emmy	11 out of 11 meetings
Mr Yong Hin Siong	9 out of 11 meetings
Datuk Woo Thin Choy	11 out of 11 meetings

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

Date	:	Tuesday, 27 June 2023
Time	:	11.00 a.m.
Place	:	Andaman 1, Level 2, Hotel Armada, Lot 6, Lorong Utara C, Section 52 46200 Petaling Jaya Selangor Darul Ehsan

CORPORATE INFORMATION

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
Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Choong Show Tong
Chairman

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

Mdm Yong Emmy
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)(SSM PC No. 202008002866)

Ms Wong Youn Kim
(MAICSA 7018778)(SSM PC No. 201908000410)

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.,
Chartered 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 5, Tower 8, Avenue 5
Horizon 2, Bangsar South City
59200 Kuala Lumpur
Tel No : 03-2280 6388
Fax No : 03-2280 6399

BANK

Alliance Bank Malaysia Berhad
Public Bank Berhad
MBSB Bank Berhad

STOCK EXCHANGE LISTING MAIN MARKET BURSA MALAYSIA SECURITIES BERHAD

Stock Name : BTM

Stock Code : 7188

Warrant Code : 7188WB , 7188WC

WEBSITE

www.btmresources.com.my

GROUP FINANCIAL HIGHLIGHTS

Results (RM'000)	2022	2021	2020	2019	2018
Revenue	8,251	8,005	8,366	9,413	15,552
(Loss) / Profit Before Tax	(7,727)	(6,376)	(4,777)	(6,530)	(2,352)
(Loss) / Profit Attributable To Equity Holders of The Company	(7,726)	(6,053)	(4,198)	(6,448)	(2,600)
Financial Position (RM'000)					
Total Assets	45,521	38,935	38,621	38,916	40,661
Total Liabilities	34,516	20,203	16,496	16,348	12,149
Net Assets Attributable to Equity Owners of The Company (Shareholders Funds)	11,016	18,742	22,133	22,586	28,525
Share Capital	34,129	34,129	31,299	29,038	29,038
Share Information (Sen)					
Basic (Loss) / Earnings Per Share (Sen)	(4.52)	(3.68)	(2.91)	(4.56)	(1.87)
Gross Dividend Per Share (Sen)	-	-	-	-	-
Net Assets Per Share Attributable to Equity Owners of The Company (Sen)	6	11	14	16	20

DATUK HAJI MOHAMED IQBAL BIN M.M. MOHAMED GANEY

Position

Chairman, Independent Non-Executive Director

Age

74 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 a Director on 21 January 2010. He has been appointed as Chairman on 2 March 2020. Currently he also serves as Chairman of Remuneration Committee and member of Audit and Risk Management Committee and Nomination Committee.

He has vast experience in banking having worked with a 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 Cross Border Barter Trade chaired by Malayan Banking Berhad, an examiner for the International Trade Finance (DP06) a 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 was the Group Executive Director of a major recycler in the country and Chairman of a company involved in food production and distribution and a Senior Independent Director of one of the leading Money Changers and Remittance provider in the Country. 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 and currently the Vice Chairman of Malaysian Indian Muslim chamber of Commerce and Industry (MIMCOIN).

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.

DATO' SERI YONG TU SANG

Position

Executive Director / Managing Director

Age

76 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 50 years of experience in trading of timber. Currently sits on the Boards of several private limited companies in addition to companies within the BTM Resources Berhad Group.

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 the Company, father of Yong Hin Siong, an Executive Director of the Company.

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

67 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 he also serves as Chairman of Nomination Committee and Audit and Risk Management Committee. He also serves as 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 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.

YONG HIN SIONG

Position

Executive Director

Age

43 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 2 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, he 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 the 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, a 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 accompanying 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

48 years

Gender

Female

Nationality

Malaysian

Working Experience & Occupation

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

She has a Bachelor of Arts degree from National University of Singapore majoring in Economics and Japanese Studies and a Master of Business Administration from Oklahoma City University.

She 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 experience in international trade and finance and was appointed as Business Development Manager of Mizam Pte Ltd.

She has 9 years of experience in trading & marketing of wood-based products. Currently she 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

Executive Director

Age

58 years

Gender

Male

Nationality

Malaysian

Working Experience & Occupation

Y. Bhg Datuk Woo Thin Choy was appointed as a Director on 2 January 2019 and was appointed as an Executive Director on 1 June 2021. His professional qualification is civil and structure engineer from University of Malaya and also Master in Business Administration in year 2000.

He has vast experience in Malaysia property evident in his involvement with companies such as Berjaya Group, Mah Sing Group, Mayland and Ho Hup Construction Company Berhad. He 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 initiation of small apartments, otherwise known as Small Office Home Office, into Sri Hartamas in 1996. He 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)

He has been well commended for his involvement from hotels, apartments and commercial shopping centres. He is also the Managing Director of Terraton Development Sdn Bhd and has successfully completed numerous property development projects in Malaysia.

He 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.

Dear Shareholders,

On behalf of the Board of Directors, it is my great pleasure to present the Annual Report and the Audited Financial Statements of BTM Resources Berhad and its subsidiaries ("BTM Group") for the financial year ended 31 December 2022.

The year 2022 has been a year of hope, new challenges and opportunities as most countries worldwide including Malaysia transitioned into the endemic phase of the Covid-19 pandemic. The re-opening of the nation's economy with resumption of trading and social activities serves as the much needed impetus to kick-start and accelerate our economic growth.

However, post Covid-19, the geopolitical instability brought about by the Russian-Ukraine conflict has put a strain to the global supply chain and growing inflation. As a counter measure, many countries around the world have embarked on an aggressive tightening of their monetary policy by increasing interest rates. The Bank Negara Malaysia too has gradually increased interest rate several times during the year to support a sustainable growth in an environment of price stability.

Despite all these challenges, I am happy to report that on 23 August 2022, our shareholders had approved all the corporate proposals ("Proposals") at the Extraordinary General Meeting ("EGM") of BTM. Included in the Proposals is the Rights Issue with Warrants-C and diversification of the business of BTM Group into Biomass Energy Business. With the approval of the Proposals and availability of the funds, the management has now embark on the setting-up of its 10MW biomass renewable electrical power plant located at Telok Kalong, Kemaman, Terengganu Darul Iman.

GROUP'S PERFORMANCE

During the year under review, the Group recorded revenue of RM8.25 million and a loss after taxation of RM7.73 million as compared to revenue of RM8.00 million and a loss after taxation of RM6.05 million during last year.

PROSPECTS

The effect from the reopening of Malaysian economy with the resurgence of domestic demand, manufacturing and exports are expected to continue in year 2023. This coupled with the formation of the unity government towards the end of year 2022, the economy is expected to improve for the year of 2023 with a more stable political scenario.

For the year 2022, our Group is still principally involved in the following business activities :-

a) sawmilling and trading of sawn timber;
b) Kiln-drying operations, timber moulding and lamination boards; and
c) Manufacturing and sales of biomass wood pellets.

Due to the challenges mentioned earlier, the timber activities were not performing to the expectations as anticipated. However, the Group will continue to undertake several initiatives to improve the business such as increasing the utilisation of the production capacity for the wood pellet manufacturing lines, undertaking continuous cost optimisation exercise and expanding its existing business activities.

The Group is committed and has embark in its diversification into the Biomass Energy Business to diversify its income stream which helps to reduce the reliance on our Group's existing core business by providing a stable and recurring long-term source of income to be generated from the Biomass Power Plant. Beside the 10MW biomass renewable electrical power plant located at Telok Kalong, Kemaman, Terengganu Darul Iman, the Group has also secured another 7MW biomass renewable electrical power plant also located at Telok Kalong, Kemaman, Terengganu Darul Iman.

CORPORATE DEVELOPMENT

The following are the developments of the vital corporate proposals :-

A) On 20 January 2022, M&A Securities Sdn Bhd ("M&A") has announced on behalf of the Company the following :-

(i) Proposed sublease of approximately 2,255.33 hectares (5,572.912 acres) of secondary forest land identified as Block 10 (Lot Nos 28 to 31) and Block 11A (Lot No. 32) located in Mukim of Tebak/Bandi, District of Kemaman, Terengganu Darul Iman for a period of approximately 63 years expiring on 31 December 2084 from SPPT Development Sdn Bhd ("SPPT") for a total consideration of RM24,700,000 ("Proposed Sublease").

(ii) Proposed renounceable rights issue of new ordinary shares in BTM ("Rights Shares") together with free detachable of up to RM88.80 million ("Proposed Rights Issue with Warrants-C");

(iii) Proposed diversification of the business of BTM Group into the renewable energy business including the construction and operations of biomass power plant ("Proposed Diversification"); and

(iv) Proposed establishment and implementation of a long-term incentive plan ("LTIP") of up to 15% of the Company's total issued share capital (excluding treasury shares) at any point in time over the duration of the LTIP for eligible directors and employees of BTM Group (excluding dormant subsidiaries)("Proposed LTIP"). The Proposed LTIP comprises of an executive share grant scheme ("Proposed ESGS") and an employees' share option scheme ("Proposed ESOS").

(collectively referred to as the "Proposals")

All the above Proposals had been approved by the shareholders at the Extraordinary General Meeting held on 23 August 2022.

B) On 26 July 2022, M&A announced on behalf of the Company that Bursa Securities had vide its letter dated 26 July 2022, approved-in-principle the following :-

(i) Admission to the Official List and listing of and quotation for up to 394,643,068 Warrants-C to be issued pursuant to the Proposed Rights Issue with Warrants-C;

(ii) Listing of and quotation for up to 1,183,929,204 new BTM Shares to be issued pursuant to the Proposed Rights Issue with Warrants-C;

(iii) Listing of and quotation for up to 394,643,068 new BTM Shares to be issued arising from the exercise of Warrants-C;

(iv) Listing of and quotation for up to 8,830,063 additional Warrants-B to be issued pursuant to the adjustments in accordance with the Deed Poll constituting the Warrants-B dated 12 September 2014;

(v) Listing of and quotation for up to 8,830,063 new BTM Shares to be issued arising from the exercise of additional Warrants-B; and

(vi) Listing of and quotation for up to 15% of the total issued share capital of BTM to be issued pursuant to the Proposed LTIP.

C) On 16 January 2023, M&A announced on behalf of the Company that the Rights Issue with Warrants-C has been completed following the listing of and quotation for 921,571,130 Rights Shares, 307,190,331 Warrants-C and 8,642,716 additional Warrants-B on the Main Market of Bursa Securities.

DIVIDEND

The Group needs to priorities its financial resources on maintaining its existing business and to cater for setting-up of Renewable Biomass Energy business. Accordingly, the Board is not recommending any dividend payment for the year.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to convey my greatest appreciation to the management and staff for their diligence, dedication, loyalty and contribution during this difficult year. I wish to express my gratitude to our shareholders, financiers, advisers, business associates, regulatory authorities and other stakeholders for their continued support and confidence in the Group. Finally, I would like to express my appreciation to the Board members for their contribution and unwavering support and advice during the year. I look forward to their continued enthusiasm, wisdom and cooperation in guiding the Group through the challenges in the year ahead.

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

Dear Shareholders,

The year 2022 has been a year of hope, new challenges and opportunities as most countries worldwide including Malaysia transitioned into the endemic phase of the Covid-19 pandemic. The re-opening of the nation's economy with resumption of trading and social activities serves as the much needed impetus to kick-start and accelerate our economic growth. However, the geopolitical instability brought about by the Russian-Ukraine conflict has put a strain to the global supply chain and growing inflation.

REVENUE AND FINANCIAL RESULTS

BTM Group reports a revenue of RM8.25 million and loss before tax of RM7.73 million for the financial year ended 31 December 2022. This compares to a revenue of RM8.00 million and a loss before tax of RM6.38 million for the financial period ended 31 December 2021.

In the current financial year, the Group's revenue from sales of moulding timber, priming timber and sawn timber amounted to RM4.03 million as compared to RM4.50 million recorded in 2021. The reduction in revenue is mainly due to the lower demand for tropical timber from its existing customers.

Revenue from sales of wood pellets has increased to RM4.07 million in the year of 2022 as compared to RM3.35 million in 2021, mainly due to increased in the production of wood pellets

Cash and bank balances of the Group had increased from RM0.93 million in 2021 to RM1.93 million in 2022.

The Group's borrowing increased by RM3.22 million due to securing of a RM3.4 million term loan during the year.

The capital commitments contracted for by the Group as at 31 December 2022, is RM148.08 million comprising of an engineering, procurement, construction and commission of works ("EPCC") of RM109.82 million for the construction of its 10MW Renewable Energy Power Plant in Telok Kalong, Kemaman, Terengganu Darul Iman ("Telok Kalong Land"), the lease of Telok Kalong Land of RM13.56 million and sublease of plantation lands in Kemaman, Terengganu Darul Iman of RM24.70 million.

DIVERSIFICATION OF BUSINESS

The Group's intention to diversity into renewable energy business including the construction and operations of biomass power plant has been solidified after the shareholders of the Company had approved the proposals at the Extraordinary General Meeting held on 23 August 2022

OUTLOOK

Our Board expects the timber market outlook to remain very challenging due to the on-going COVID-19 pandemic still in existence in most part of the world, volatility of exchange rates of key foreign markets against Malaysia Ringgit, and geopolitical tension brought about by the Russian-Ukraine conflict. We will continue to focus and improve on existing core business of manufacturing of wood pellets, moulding and priming timber products and trading of sawn timber and logs. We will expedite the construction of Renewable Energy Power Plant which is only expected to be completed by next year.

The Board of Directors ("the Board") of BTM Resources Berhad ("the Company") is pleased to present this Corporate Governance Overview Statement to provide an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021" or "the Code") throughout the financial year ended 31 December 2022.

The Board is committed to ensure that high standards being applied throughout the Group towards enhancing business prosperity and corporate accountability to protect and enhance shareholders' value and financial performance of the Group.

The detailed application by Group for each practice as set out in the MCCG is disclosed in the Corporate Governance Report ("CG Report") which is available in the announcement by the Company along with the Annual Report 2022 on the Website of Bursa Malaysia Securities Berhad (Bursa Securities").

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 under the 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 three (3) Executive Directors and certain Board Committees, namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. 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 two Executive Directors:

- 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 Chairman of the Board, namely the Y. Bhg. Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey, who is an Independent Non-Executive Director, who has 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 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 to provide an avenue for raising concerns relate to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate and without fear of retaliation. The policy also provides contact details of Audit and Risk Management 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 eleven (11) meetings and attendances of Directors are as follows:

Name	No. of Board Meetings attended	Percentage of Attendance (%)
1. Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey *Independent Non-Executive Director, Chairman*	11	100%
2. Y. Bhg. Dato' Seri Yong Tu Sang *Managing Director*	11	100%
3. Mr. Choong Show Tong *Independent Non-Executive Director*	11	100%
4. Madam Yong Emmy *Non-Independent Non-Executive Director*	11	100%
5. Mr. Yong Hin Siong *Executive Director*	9	82%
6. Datuk Woo Thin Choy *Executive Director*	11	100%

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	• MIA Webinar Series-Auditor's Understanding of Design and Implementation of Internal Control Components for Effective Risk Assessments; • MIA Webinar Series-Audit Quality Enhancement Programme for SMPs; • Malaysian Tax Conference 2022 conducted by Malaysian Institute of Accountants; • National Tax Conference 2022 Organised by Lembaga Hasil Dalam Negeri and Chartered Tax Institute of Malaysia; • Taxation on Foreign Source Income conducted by Chartered Tax Institute of Malaysia.

As for Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey , Dato' Seri Yong Tu Sang, Madam Yong Emmy , Mr. Yong Hin Siong and Datuk Woo Thin Choy are not able to attend seminar or training due to on going COVID-19 pandemic and their tight business schedules which have hampered them to attend seminers and conference. However they have kept abreast with the industry especially the new business of Renewable Energy by sites visit to power plants within East and West Malaysia ,held discussion with the counter parts to learn the problems encountered by the industry and by reading newspaper, magazine and journals.

II BOARD COMPOSITION

The Board currently consists of six (6) members, comprising three (3) Executive Directors, two (2) Independent Non-Executive Directors, and one (1) Non-Independent Non-Executive Director. The composition of Independent Non-Executive Directors in the Board, which is not accords with Practice 4.2 of the MCCG (i.e. half the Board should be made up of Independent Non-Executive Directors), but met 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 two (2) Directors who will be retiring by rotation. Accordingly, the NC recommended to the Board for the two (2) Directors to be re-elected at the forthcoming Annual General Meeting ("AGM") of the Company to be held in 27 June 2023.

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, both have served as Independent Directors for more than twelve (12) years respectively as at end of financial year under review. Both the Independent Directors will be redesignated as Non-Executive Directors and or resign if they choose so.

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 43 years to 75 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 a Non-Independent Non-Executive 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 2022 is as follows:

Group	Fees	Salaries & Other emoluments	Total
Executive Directors			
Y. Bhg. Dato' Seri Yong Tu Sang	-	368,000	368,000
Mr. Yong Hin Siong	-	156,732	156,732
Y.Bhg Datuk Woo Thin Choy	-	302,400	302,400
Total for Executive Directors	-	827,132	827,132
Non-Executive Directors			
Independent			
Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey	30,000	-	30,000
Mr. Choong Show Tong	30,000	-	30,000
Non-Independent			
Madam Yong Emmy	30,000	181,440	211,440
Total for Non-Executive Directors	90,000	181,440	271,440
Grand Total	**90,000**	**1,008,572**	**1,098,572**

Company	Fees	Salaries & Other emoluments	Total
Executive Directors			
Y. Bhg. Dato' Seri Yong Tu Sang	-	332,000	332,000
Mr. Yong Hin Siong	-	156,732	156,732
Y.Bhg Datuk Woo Thin Choy	-	302,400	302,400
Total for Executive Directors	**-**	**791,132**	**791,132**
Non-Executive Directors			
Independent			
Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey	30,000	-	30,000
Mr. Choong Show Tong	30,000	-	30,000
Non-Independent			
Madam Yong Emmy	30,000	-	30,000
Total for Non-Executive Directors	90,000	-	90,000
Grand Total	**90,000**	**791,132**	**881,132**

The member of Directors distinguishing between Executive and Non-Executive Directors whose remuneration falls into the following bands is set out below :-

Range of Remuneration (RM)	Executive	Non-Executive
Less that RM50,000	0	2
RM150,000 to RM300,000	1	1
RM 300,000 to RM400,000	2	0

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 AND RISK MANAGEMENT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit and Risk Management Committee, comprising of three (3) members, two of whom are Independent Non-Executive Directors, with Mr Choong Show Tong as the Committee Chairman. The composition of three (3) comply with the minimum member of members of Audit and Risk Management Committee as required under the Listing Requirement of Bursa Malaysia.

The composition of the Audit and Risk Management 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 and Risk Management Committee Report on page 23 of this Annual Report. One of the key responsibilities of the Audit and Risk Management 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 and Risk Management 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 and Risk Management Committee's approval for such services. This is to enhance the process the Audit and Risk Management 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 and Risk Management Committee. Both these policies, once approved by the Board, will be included in the terms of reference of the Audit and Risk Management 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.

To assist the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group, the Board deploy an independent internal audit function that conducts internal audit on internal control and operation of the Group. This internal audit is outsourced to firm namely Baker Tilly Monteiro Heng Governance Sdn Bhd. The firm conducts internal audit based on an internal audit plan approved by the Audit and Risk Management Committee. Findings raised from internal audit are presented directly to the Audit and Risk Management Committee, including remedial measures and action plans agreed by Management to address the matters so highlighted. For more details on the internal Audit function, please refer to the Statement on Risk Management and Internal Control which as well as the Corporate Governance Report'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 the 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 28th AGM held on 29th June 2022 was issued by the Company on 29th April 2022, 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 online 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 adopted electronic voting during the 28th AGM and the voting process were conducted smoothly with the voting facilities provided by online meeting platform provided by Dvote Online and supervised by an independent scrutineer.

The Corporate Governance Overview Statement is made in accordance with resolution of the Board dated 25th April 2023.

INTRODUCTION

The Group is committed to ensuring business sustainability and strives to manage nature resources for the long-term benefit and wellbeing of the society.

The Group integrates the importance of sustainability practices in all aspects of our business operations and our business strategy takes into consideration the risks and rewards impacting the industries we are in and at the same time keeping abreast with the expectations of all stakeholders.

The responsibility to promote and embed sustainability in our business strategy lies with the Board of Directors. To this end a Sustainability Working Group ("SWG") has been formed under the supervision of the Audit and Risk Management Committee to facilitate the preparation of the Sustainability Statement for inclusion in the Annual Report

REPORTING SCOPE

This statement covers the reporting period from 1 January 2022 to 31 December 2022. The content of this report is based on the material matters that have identified from our core business of wood based industries and newly approved Renewable Energy Business .

STAKEHOLDER ENGAGEMENT

The Group will continue with its focus to enhance its relationship with all the stakeholders as stakeholders have significant influences in the Group's business sustainability. The Group had undertaken several initiatives to address some of the stakeholders' need and expectations towards the achievement of a long term sustainable growth.

We constantly engage with our stakeholders through various platforms in understanding their needs. Such engagements are important to ensure that we have a mutual understanding and better respond to each other's requirements and interest .Following are the engagements which the Group has with its stakeholders:

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 • Quarterly reporting • Annual Report
6.	Employees	• Employee welfare and health & safety • Employee benefits • Work-life balance	• Staff orientation • Internal communications • Meetings • Re-creational activities • Training and development programme

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 will work closely with our suppliers and vendors to embrace and work towards enhanced sustainability practices.

ENVIRONMENT

The revenue and wealth of timber industry generally come from Mother Nature and green forests. As such, it is vital that the Group is committed to reduce environmental impact of its operation by adopting practices such as waste management to preserve the 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 wood pellet business that utilise sawdust, off cuts and near waste timber as raw materials for production of wood pellets. It provide an avenue for nearby sawmills to dispose off these materials for further processing instead of discard to dump sites. This has help the protection of environment in the surrounding areas.

SOCIAL

Corporate Social Responsibilities

The Group promotes social responsibility as an integral part of the Group whilst pursuing business growth to enhance shareholders and stakeholders value. The Group is involved in community activities through contributions, donations and sponsorships especially in the area where we are present.

WORK PLACE

The Group admits that the employees are the most valuable assets to the Group. The Group recognise the need to continuously improve the quality, knowledge and competencies of our workforce. The Group continues its commitment towards human capital building. We provide our employees at all levels with the relevant training opportunities. Our employees are exposed to 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.

As the COVID-19 pandemic still exist in our country ,the Group has taken various prevention measures by applying COVID-19 specific Standards Operating Procedures ("SOP") such as temperature check and hand sanitizing, sterilization of the factory environment, limiting visitors and customers. The Group also arrange the workers to take their booster vaccinations during the year.

The Group provides a safe and conducive working environment to its employees. For factory workers protective devices are provided to all workers .Especially for machines operators apparatus to protect theirs ears and eyes are vital for their health. Factories and Stores are kept clean all the time and the supervisors will ensure that working environment are safe and clean for all employees.

CONCLUSION

The Group remain committed to carrying out its corporate responsibilities in preserving and creating shared values for its stakeholders even in this challenging times.

Composition, Meetings and Attendance

The Audit and Risk Management Committee ("ARMC") comprises of 3 members, two of whom are independent Non-Executive Directors and one member is a Non-Executive Director. During the year 2022, ARMC held five meetings of which all were held at the meeting room at No. 35-5, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

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

No.	Name	Designation	Attendance
1.	Mr. Choong Show Tong	Chairman	5/5
2.	Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	Member	5/5
3.	Madam Yong Emmy	Member	5/5

Summary of Activities

In discharging its functions and duties, the ARMC has carried out the following activities during the financial year ended 31 December 2022 :-

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 risk management and 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 and 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 : and
9. Overseeing the Sustainability Working Group for the facilitation of the preparation of sustainability statement for inclusion in the Annual Report

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 report directly to the ARMC and the internal audit function is independent of the activities or operations of other operating units. The main role of the Internal Audit function is to provide the ARMC 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. Follow-up Internal audit review of Sales & Delivery Controls, AR Accounting and Collection & Credit Control for Besut Tsuda Wood Products Sdn. Bhd. and BTM Biomass Products Sdn. Bhd. ;
2. Internal audit review on Human Resource & Payroll Function for BTM Biomass Products Sdn. Bhd. ;
3. Follow-up Internal audit review of Group Compliance of Section 17A of MACC Act 2009 (amended 2018) ;
4. Attended ARMC meetings to table and discuss Internal Audit ("IA") plan for financial year ended 31 December 2022 ; and
5. Issuance of IA reports and presentation of audit findings and recommendations for improvement and corrective action taken by Management in ARMC meetings.

The cost of internal audit services rendered by the Internal Auditors in respect of the financial year ended 31 December 2022 amounted to RM33,000.00

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 2022 and it has been prepared in compliance with Main Market Listing Requirements of Bursa.

The Audit and Risk Management Committee ("ARMC") 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 risk management and 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 and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). 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 AND RISK MANAGEMENT COMMITTEE AND INTERNAL AUDIT

The Group has outsourced the internal audit function to an independent professional firm which assists the ARMC 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 ARMC 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 ARMC. Significant audit findings and areas of improvement are reported to the ARMC 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 ARMC during the year are set out in the ARMC 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 ARMC 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 April 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year. The financial statements of the Company and the Group are prepared in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 ("the Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have :-

- Adopted appropriate accounting policies and applied them consistently;
- Made reasonable and prudent judgments and estimates ; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting and other records that disclose with reasonable accuracy the financial position of the Company and the Group, and hence enable them to ensure that the financial statements comply with the requirements of the Act.

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

This statement was approved by the Board on 25 April 2023.

1 Options, Warrants or Convertible Securities

During the year under review, no warrants B 2014/2024 have been exercised and the total number of warrants B 2014/2024 remained unexercised are 26,295,146 units.

2 American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

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

3 Share Buy-back

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

4 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.

5 Audit and Non-Audit Fee

The amount of audit fee payable to the external auditors by the Company and the Group for the financial year ended 31 December 2022 were RM 28,000 and RM 88,000 respectively.

The amount of non-audit fee paid and payable to the external auditors was RM 84,000 for review of the Company's Statement on Risk Management and Internal Control ("SORMIC") for the financial year ended 31 December 2022, fee as a Reporting Accountants for multiple proposals of the Company and application for pioneer status certificate from Malaysian Investment Development Authority ("MIDA").

6 Profit Guarantee

There were no profit guarantees by the Company and its subsidiaries for the financial year ended 31 December 2022

7 Material Contracts

BTM Biomass Products Sdn. Bhd. ("BTM Biomass"), a wholly-owned subsidiary has on 23 November 2020 awarded the engineering, procurement, construction and commissioning works ("ËPCC") in relation to the development of its 10 MW biomass renewable energy power plant to Samaiden Sdn. Bhd. , a wholly owned subsidiary of Samaiden Group Berhad, for a contract sum of RM 115,600,000.

On 12 December 2021, BTM Biomass has entered into a lease agreement with Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") for the lease of a piece of vacant leasehold industrial land measuring 20 acres out of a total of 80 acres (323,748.514 sq m) in area within the vicinity of Lot 153-C, Teluk Kalong, Mukim of Hulu Cukai, District of Kemaman, Terengganu Darul Iman for a period of 30 years from PMINT.

On 20 January 2022, BTM Biomass has entered into a sublease agreement with SPPT Development Sdn Bhd ("SPPT") in respect of the assignment of all SPPT's rights, interest and title in and to approximately 2,255.33 hectares (5,572.912 acres) of secondary forest land identified as Block 10 (Lot Nos. 28 to 31) and Block 11A (Lot No. 32)("Plantation Lands") located in Mukim of Tebak/Bandi, District of Kemaman, Terengganu Darul Iman for a period of approximately 63 years expiring on 30 December 2084 for a total sublease consideration of RM24,700,000.

On 20 January 2022, BTM Biomass has entered into a supply agreement with SPPT for the purchase of wood waste products over a period of 21 years commencing from 23 January 2023 from SPPT.

On 20 January 2022, BTM Biomass has entered into a supply agreement with BTM Timber Industries Sdn Bhd ("BTM Timber") for the purchase of wood waste products over a period of 21 years commencing from 23 January 2023 from BTM Timber.

On 25 July 2022, a wholly-owned subsidiary, BTM Land Sdn. Bhd. ("BTM Land") has entered into a renewable energy power purchase agreement ("REPPA") with Tenaga Nasional Berhad ("TNB") for a Feed-in-Tariff concession period of 21 years for electricity to be generated from its electrical energy power plant to be located at the Teluk Kalong Land with a net export capacity of 7 MW per hour to TNB at a fixed tariff rate of RM0.3383 per kWh commencing from 11 May 2025.

8 Variations in Results

There was no material variation between the audited results for the financial year ended 31 December 2022. and the unaudited results previously announced.

9 Recurrent Related Party Transactions

A list of significant related party transactions is set out in Note 31 of the Financial Statements 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 2022.

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 6(a) to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the year	(7,726,873)	(2,164,142)
Loss for the year attributable to:		
- Owners of the Company	(7,725,816)	(2,164,142)
- Non-controlling interest	(1,057)	-
	(7,726,873	(2,164,142)

DIVIDEND

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 of the Company 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)
Datuk Woo Thin Choy*	
Yong Emmy*	
Choong Show Tong	
Yong Hin Siong *	

* These directors also serve as directors of subsidiary companies

Other than the abovenamed directors, the name of other director of subsidiary companies who served during the financial year and during the period from the end of the financial year to the date of this report is as follows:-

Yong Ellen

DIRECTORS’ INTERESTS

According to the Register of Directors’ Shareholdings, the interests of the directors of the Company 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
	1.1.2022	Acquired	Disposed	31.12.2022
Dato’ Seri Yong Tu Sang				
- direct	12,339,081	-	-	12,339,081
- indirect #	10,108,299	-	-	10,108,299
Datuk Woo Thin Choy				
- indirect ##	6,293,400	-	-	6,293,400
Yong Emmy				
- direct	12,096,000	-	-	12,096,000

		Number of Warrants 2014/2024		
	As at	<----- During the financial year ----->		As at
	1.1.2022	Acquired	Disposed	31.12.2022
Dato’ Seri Yong Tu Sang				
- direct	2,290,321	-	-	2,290,321
- indirect #	804,546	-	-	804,546
Yong Emmy				
- direct	1,225,600	-	-	1,225,600

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

Deemed interest by virtue of his substantial shares held in a private company.

The details of the Warrants 2014/2024 are disclosed in Notes 16 to the financial statements.

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 of the Company 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 2014/2024.

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 the Directors' Remuneration section below) 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 and the sublease of a plantation land as disclosed in Notes 31 and 35(a) to the financial statements respectively.

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.

DIRECTORS' REMUNERATION

The remuneration received or receivable by the Directors of the Company from the Company and its subsidiary companies during the financial year are as follows: -

	Received or receivable from		
	Company RM	Subsidiary companies RM	Total RM
Fees	90,000	-	90,000
Salaries and other emoluments	791,132	217,440	1,008,572
	881,132	217,440	1,098,572

AUDITORS' RENUMERATION

The remuneration paid or payable to the auditors of the Group and of the Company for the financial year are RM172,000 and RM107,000 respectively.

No indemnity was given to nor was there any insurance effected for the auditors 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

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 April 2023

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 34 to 81 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 2022 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 April 2023.

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 34 to 81, 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 April 2023.

CHEN KAR MUN
(MIA Membership No. : 8964)

Before me,
Commissioner for Oaths
ZAINUL ABIDIN BIN AHMAD
NO. : W790

Consolidated Statement of Financial Position

As At 31 December 2022

	Note	2022 RM	2021 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	27,586,876	28,773,252
Right-of-use assets	5	1,028,995	1,299,932
		28,615,871	30,073,184
Current Assets			
Inventories	8	2,665,993	3,360,835
Trade receivables	9	752,818	418,614
Other receivables, deposits and prepayments	10	11,303,748	3,901,627
Fixed deposits with licensed banks	12	250,807	246,252
Cash and bank balances		1,931,348	934,158
		16,904,714	8,861,486
Total Assets		45,520,585	38,934,670
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	13	34,129,060	34,129,060
Revaluation reserves	14	20,713,753	20,713,753
Capital reserves	15	119,093	119,093
Warrant reserve	16	3,602,435	3,602,435
Accumulated losses		(47,548,332)	(39,822,516)
		11,016,009	18,741,825
Non-Controlling Interest		(11,652)	(10,595)
Total Equity		11,004,357	18,731,230
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	17	2,701,605	2,492,431
Lease liabilities	18	910,924	1,191,141
Hire purchase creditor	20	24,983	33,354
Team loan (secured)	19	2,309,606	-
Deferred taxation	21	458,000	458,000
		6,405,118	4,174,926
Current Liabilities			
Trade payables	22	1,689,557	2,641,628
Other payables and accruals		16,795,168	4 ,301,615
Lease liabilities	18	284,460	258,451
Term loan (secured)	19	1,090,394	161,178
Amount due to directors	23	8,223,044	8 ,626,169
Hire purchase creditor	20	28,487	39,473
		28,111,110	16,028,514
Total Liabilities		34,516,228	20,203,440
Total Equity and Liabilities		45,520,585	38,934,670

The notes on pages 42 to 81 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 2022

	Note	2022 RM	2021 RM
Revenue	24	8,250,889	8,004,961
Cost of sales		(11,231,491)	(10,824,601)
Gross loss		(2,980,602)	(2,819,640)
Other income		1,473,818	834,128
Distribution expenses		(494,124)	(599,709)
Administrative expenses		(5,408,526)	(3,631,100)
Other operating expenses		(164,242)	(8,206)
Finance costs		(153,197)	(151,779)
Loss before taxation	25	(7,726,873)	(6,376,306)
Taxation	26	-	321,600
Loss for the year, representing total comprehensive loss for the year		(7,726,873)	(6,054,706)
Loss for the year attributable to :-			
Owners of the Company		(7,725,816)	(6,052,617)
Non-controlling interest		(1,057)	(2,089)
		(7,726,873)	(6,054,706)
Total comprehensive loss for the year attributable to :-			
Owners of the Company		(7,725,816)	(6,052,617)
Non-controlling interest		(1,057)	(2,089)
		(7,726,873)	(6,054,706)
Loss per share attributable to owners of the Company			
Basic	27(a)	(4.52 sen)	(3.68 sen)
Diluted	27(b)	(4.52 sen)	(3.68 sen)

The notes on pages 42 to 81 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2022

	Share capital (Note 13) RM	Revaluation reserves (Note 14) RM	Capital reserves (Note 15) RM	Warrant reserve (Note 16) RM	Accumulated losses RM	Total RM	Non-controlling interest RM	Total equity RM
	<---------------------- Attributable to Owners of the Company ---------------------->							
		<------------ Non-distributable ----------->						
Balance as at 1 January 2021	31,299,360	20,713,753	119,093	3,602,435	(33,601,329)	22,133,312	(8,506)	22,124,806
Loss for the year representing total comprehensive loss for the year	-	-	-	-	(6,052,617)	(6,052,617)	(2,089)	(6,054,706)
Issuance of new shares	2,829,700	-	-	-	-	2,829,700	-	2,829,700
Share issue expenses	-	-	-	-	(168,570)	(168,570)	-	(168,570)
Balance as at 31 December 2021	34,129,060	20,713,753	119,093	3,602,435	(39,822,516)	18,741,825	(10,595)	18,731,230
Loss for the year representing total comprehensive loss for the year	-	-	-	-	(7,725,816)	(7,725,816)	(1,057)	(7,726,873)
Balance as at 31 December 2022	34,129,060	20,713,753	119,093	3,602,435	(47,548,332)	11,016,009	(11,652)	11,004,357

The notes on pages 42 to 81 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2022

	2022 RM	2021 RM
Cash Flows From Operating Activities		
Loss before taxation	(7,726,873)	(6,376,306)
Adjustments for :-		
Reversal of allowance for impairment loss on trade receivables	(1,268)	(5,047)
Depreciation of property, plant and equipment	1,377,807	1,373,935
Depreciation of right-of-use assets	276,936	277,004
Defined benefit cost	209,174	220,176
Property, plant and equipment written off	1,024	204
Gain on disposal of property, plant and equipment	-	(999)
Gain on derecognition of lease	-	(8,357)
Waiver of lease liabilities	-	(323,012)
Interest expenses	150,661	151,564
Interest income	(4,567)	(5,310)
Operating loss before working capital changes	(5,717,106)	(4,696,148)
Decrease in inventories	694,842	518,823
(Increase)/Decrease in trade receivables	(332,936)	124,602
Increase in other receivables, deposits and prepayments	(7,402,121)	(3,148,919)
(Decrease)/Increase in trade payables	(952,071)	1,043,971
Increase in other payables and accruals	12,493,553	814,849
(Decrease)/Increase in amount due to directors	(403,125)	3,134,021
Cash used in operations	(1,618,964)	(2,208,801)
Interest received	4,567	5,310
Interest paid	-	(2,715)
Net cash used in operating activities	(1,614,397)	(2,206,206)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(192,455)	(58,886)
Proceeds from disposal of property, plant and equipment	-	1,000
Net cash used in investing activities	(192,455)	(57,886)
Cash Flows From Financing Activities		
Proceeds from issuance of shares net of share issue expenses	-	2,661,130
Drawdown of term loan	3,400,000	-
Repayment of term loan	(161,178)	(1,013,656)
Term loan interest paid	(33,081)	(9,876)
Payment of hire purchase liabilities	(19,357)	(12,714)
Hire purchase interest paid	(2,868)	(4,547)
Payment of lease liabilities	(260,207)	(43,407)
Placement of fixed deposit pledged	(4,555)	(5,016)
Lease interest paid	(114,712)	(9,633)
Net cash from financing activities	2,804,042	1,562,281
Net Increase/(Decrease) In Cash And Cash Equivalents	997,190	(701,811)
Cash and cash equivalents at beginning of year	934,158	1,635,969
Cash And Cash Equivalents At End Of Year [Note 28(b)]	1,931,348	943,158

Statement of Financial Position

As At 31 December 2022

	Note	2022 RM	2021 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	7,028,322	6,948,397
Right-of-use assets	5	101,342	145,459
Subsidiary companies	6	2 ,183,038	1,283,038
Amount due from subsidiary companies	11	24,197,204	24,416,322
		33,509,906	32,793,216
Current Assets			
Other receivables, deposits and prepayments	10	12,130	336,463
Amount due from subsidiary companies	11	283,019	-
Cash and bank balances		1,666,687	263,932
		1,961,836	600,395
Total Assets		35,471,742	33,393,611
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	13	34,129,060	34,129,060
Revaluation reserves	14	3,892,496	3,892,496
Warrant reserve	16	3,602,435	3,602,435
Accumulated losses		(20,469,373)	(18,305,231)
Total Equity		21,154,618	23,318,760
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	17	674,567	644,311
Lease liabilities	18	62,587	106,357
Term loan (secured)	19	2,309,606	-
Deferred taxation	21	188,000	188,000
		3,234,760	938,668
Current Liabilities			
Other payables and accruals		3,535,903	811,873
Lease liabilities	18	43,769	41,960
Term loan (secured)	19	1,090,394	-
Amount due to a subsidiary company	11	484,681	-
Amount due to directors	23	5,927,617	8,282,350
		11,082,364	9,136,183
Total Liabilities		14,317,124	10,074,851
Total Equity and Liabilities		35,471,742	33,393,611

The notes on pages 42 to 81 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2022

	Note	2022 RM	2021 RM
Revenue	24	396,000	386,000
Other income		371,098	8,357
Administrative expenses		(2,890,222)	(2,686,118)
Finance costs		(41,018)	(9,568)
Loss before taxation	25	(2,164,142)	(2,301,329)
Taxation	26	-	-
Loss for the year, representing total comprehensive loss for the year		(2,164,142)	(2,301,329)

The notes on pages 42 to 81 form an integral part of these financial statements.

Statement of Changes in Equity

For the Financial Year Ended 31 December 2022

		<-------- Non-distributable ------->			
	Share capital (Note 13) RM	Revaluation reserves (Note 14) RM	Warrant reserve (Note 16) RM	Accumulated losses RM	Total RM
Balance as at 1 January 2021	31,299,360	3,892,496	3,602,435	(15,835,332)	22,958,959
Issuance of new shares	2,829,700	-	-	-	2,829,700
Share issue expenses	-	-	-	(168,570)	(168,570)
Loss for the year representing total comprehensive loss for the year	-	-	-	(2,301,329)	(2,301,329)
Balance as at 31 December 2021	34,129,060	3,892,496	3,602,435	(18,305,231)	23,318,760
Loss for the year representing total comprehensive loss for the year	-	-	-	(2,164,142)	(2,164,142)
Balance as at 31 December 2022	34,129,060	3,892,496	3,602,435	(20,469,373)	21,154,618

The notes on pages 42 to 81 form an integral part of these financial statements.

Statement of Cash Flows

For the Financial Year Ended 31 December 2022

	2022 RM	2021 RM
Cash Flows From Operating Activities		
Loss before taxation	(2,164,142)	(2,301,329)
Adjustments for :-		
Allowance for impairment losses on		
- amount due from subsidiary companies	48,298	999,305
- investment in subsidiary company	-	99,998
Depreciation of property, plant and equipment	87,411	86,350
Depreciation of right-of-use assets	44,117	44,113
Defined benefit cost	30,256	35,980
Interest expenses	40,830	9,527
Gain on derecognition of lease	-	(8,357)
Reversal of allowance for impairment loss on amount due from a subsidairy company	(371,098)	-
Operating loss before working capital changes	(2,284,328)	(1,034,413)
Decrease/(Increase) in other receivables, deposits and prepayments	324,333	(64,336)
Decrease/(Increase) in amount due from subsidiary companies	258,899	(4,700,274)
Increase in other payables and accruals	2,724,030	261,607
(Decrease)/Increase in amount due to directors	(2,354,733)	2,926,016
Increase in amount due to a subsidiary company	484,681	-
Net cash used in operating activities	(847,118)	(2,611,400)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(167,336)	(4,182)
Additional investment in subsidiary companies	(900,000)	(100,291)
Net cash used in investing activities	(1,067,336)	(104,473)
Cash Flows From Financing Activities		
Proceeds from issuance of shares net of share issue expenses	-	2,661,130
Drawdown of term loan	3,400,000	-
Payment of lease liabilities	(41,961)	(41,233)
Term loan interest paid	(33,081)	-
Lease interest paid	(7,749)	(9,527)
Net cash from financing activities	3,317,209	2,610,370
Net Increase/(Decrease) In Cash And Cash Equivalents	1,402,755	(105,503)
Cash and cash equivalents at beginning of year	263,932	369,435
Cash And Cash Equivalents At End Of Year [Note 28(b)]	1,666,687	263,932

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 5, Tower 8, Avenue 5, Horizon 2, 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 6(a) 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 April 2023 .

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 amendments to MFRSs adopted as disclosed in Note 2.2 below, where applicable.

The Group and the Company have incurred loss of RM7,726,873 (2021 : RM6,054,706) and RM2,164,142 (2021 : RM2,301,329) respectively for the year ended 31 December 2022 and as at that date, accumulated losses of the Group and of the Company amounted to RM47,548,332 (2021 : RM39,822,516) and RM20,469,373 (2021 : RM18,305,231) respectively. In addition, the current liabilities of the Group and of the Company have exceeded their current assets by RM11,206,396 (2021 : RM7,167,028) and RM9,120,528 (2021 : RM8,535,788) respectively as at 31 December 2022.

Notwithstanding, the financial statements of the Group and of the Company have been prepared on a going concern basis premised on the Group will be able to continue its existing businesses and embark on its new business that will achieve profitable results and generate positive cash flows, secure new funding and obtain support of its suppliers, bankers and major shareholders to enable the Group and the Company to continue as a going concern and to meet their obligations as and when they fall due.

Should the Group be unable to do so, the going concern basis on which the financial statements of the Group and of the Company have been prepared may not be appropriate and adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary would have to be made to the financial statements.

2.2 Adoption of Amendments to MFRSs

During the financial year, the Group has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period of the Group beginning on or after 1 January 2022 :-

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

Amendment to MFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the abovementioned amendments to MFRSs have no significant effect on the financial statements of the Group and of the Company.

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

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 2023
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a single transaction

Effective for annual periods beginning on or after 1 January 2024
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 - Non-current Liabilities with Covenants
Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback

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.

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

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.

2.6 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.

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

2.9 Property, Plant and Equipment (cont'd)

If the carrying 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.

The annual depreciation rates used are as follows :-

Buildings	3% to 5%
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.

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

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..

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.

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)

(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.

2.12 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")
- financial guarantee contracts

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.

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

2.12 Impairment of Financial Assets (cont'd)

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 Inventories

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 assets 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.

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 FVTPL are subsequently measured at amortised cost using the effective interest method.

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

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

2.16 Financial Liabilities (cont'd)

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

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.

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.

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

2.18 Leases (cont'd)

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.

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.

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

2.21 Foreign Currencies (cont'd)

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.

c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities presented are translated at the closing rate prevailing at reporting date ;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

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.

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.

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

2.22 Employee Benefits (cont'd)

iii) Defined Benefit Plans (cont'd)

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.

2.25 Revenue from other Sources and Other Income

(a) Rental income

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

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

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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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 when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Similar assessment for impairment of investments in subsidiary companies and other investment is performed in respect of the Company. 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 9.

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 RM3,638,313 (2021 : RM3,798,145) and RM493,593 (2021 : RM518,013) respectively.

The unrecognised unabsorbed tax losses, unutilised allowances and other deductible temporary differences are disclosed under Note 21(b) and the unrecognised deferred tax assets in connection thereto at the end of the reporting period are estimated at RM14,262,072 (2021 : RM12,791,544) and RM1,775,568 (2021 : RM1,492,200) for the Group and the Company 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 17.

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

Group	At valuation Freehold and leasehold properties (Refer *) RM	At cost Plant and machinery Subject to operating lease RM	Plant and machinery Own use RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Factory renovation RM	Unused plant RM	Total RM
2022								
Cost/Valuation								
At beginning of year	24,835,580	2,693,126	14,830,349	2,396,523	1,615,561	80,111	8,119,692	54,570,942
Additions	165,736	-	3,899	22,820	-	-	-	192,455
Write-off	-	-	(1,527)	(17,324)	-	-	-	(18,851)
At end of year	25,001,316	2,693,126	14,832,721	2,402,019	1,615,561	80,111	8,119,692	54,744,546
Accumulated depreciation								
At beginning of year	643,125	2,693,115	10,570,143	2,322,384	1,420,821	29,779	-	17,679,367
Charge for the year	649,336	-	662,849	28,282	33,334	4,006	-	1,377,807
Write-off	-	-	(513)	(17,314)	-	-	-	(17,827)
At end of year	1,292,461	2,693,115	11,232,479	2,333,352	1,454,155	33,785	-	19,039,347
Accumulated impairment loss								
At beginning/end of year	-	-	8,500	-	-	-	8,109,823	8,118,323
Net book value	23,708,855	11	3,591,742	68,667	161,406	46,326	9,869	27,586,876

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation	<----------	At cost	----------	----------	----------	---------->	
		Plant and machinery		Office				
Group	Freehold and leasehold properties (Refer *) RM	Subject to operating lease RM	Own use RM	equipment, furniture and fittings RM	Motor vehicles RM	Factory renovation RM	Unused plant RM	Total RM
2021								
Cost/Valuation								
At beginning of year	24,830,000	2,693,126	14,829,750	2,359,891	1,610,561	80,111	8,119,692	54,523,131
Additions	5,580	-	599	47,707	5,000	-	-	58,886
Disposals	-	-	-	(1,990)	-	-	-	(1,990)
Write-off	-	-	-	(9,085)	-	-	-	(9,085)
At end of year	24,835,580	2,693,126	14,830,349	2,396,523	1,615,561	80,111	8,119,692	54,570,942
Accumulated depreciation								
At beginning of year	-	2,693,115	9,903,243	2,306,410	1,387,761	25,773	-	16,316,302
Charge for the year	643,125	-	666,900	26,844	33,060	4,006	-	1,373,935
Disposals	-	-	-	(1,989)	-	-	-	(1,989)
Write-off	-	-	-	(8,881)	-	-	-	(8,881)
At end of year	643,125	2,693,115	10,570,143	2,322,384	1,420,821	29,779	-	17,679,367
Accumulated impairment loss								
At beginning/end of year	-	-	8,500	-	-	-	8,109,823	8,118,323
Net book value	24,192,455	11	4,251,706	74,139	194,740	50,332	9,869	28,773,252

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	Leasehold building RM	Total RM
2022					
Valuation					
At beginning of year	7,500,000	654,271	10,675,729	6,005,580	24,835,580
Additions	165,736	-	-	-	165,736
At end of year	7,665,736	654,271	10,675,729	6,005,580	25,001,316
Accumulated depreciation					
At beginning of year	-	17,218	458,396	167,511	643,125
Charge for the year	-	17,683	460,065	171,588	649,336
At end of year	-	34,901	918,461	339,099	1,292,461
Net book value	7,665,736	619,370	9,757,268	5,666,481	23,708,855
2021					
Valuation					
At beginning of year	7,500,000	654,271	10,675,729	6,000,000	24,830,000
Additions	-	-	-	5,580	5,580
At end of year	7,500,000	654,271	10,675,729	6,005,580	24,835,580
Accumulated depreciation					
At beginning of year	-	-	-	-	-
Charge for the year	-	17,218	458,396	167,511	643,125
At end of year	-	17,218	458,396	167,511	643,125
Net book value	7,500,000	637,053	10,217,333	5,838,069	24,192,455

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

Company	Freehold land RM	Freehold building: Subject to operating lease RM	Freehold building: Own use RM	Office equipment, motor vehicle, furniture and fittings RM	Total RM
	<----------------At valuation		--------------->	At cost	
2022					
Cost/Valuation					
At beginning of year	4,000,000	654,271	2,345,729	1,482,969	8,482,969
Additions	165,736	-	-	1,600	167,336
At end of year	4,165,736	654,271	2,345,729	1,484,569	8,650,305
Accumulated depreciation					
At beginning of year	-	17,218	61,729	1,455,625	1,534,572
Charge for the year	-	17,683	63,398	6,330	87,411
At end of year	-	34,901	125,127	1,461,955	1,621,983
Net book value	4,165,736	619,370	2,220,602	22,614	7,028,322
2021					
Cost/Valuation					
At beginning of year	4,000,000	654,271	2,345,729	1,478,787	8,478,787
Additions	-	-	-	4,182	4,182
At end of year	4,000,000	654,271	2,345,729	1,482,969	8,482,969
Accumulated depreciation					
At beginning of year	-	-	-	1,448,222	1,448,222
Charge for the year	-	17,218	61,729	7,403	86,350
At end of year	-	17,218	61,729	1,455,625	1,534,572
Net book value	4,000,000	637,053	2,284,000	27,344	6,948,397

a) The freehold land and building of the Group and of the Company with total carrying amount of RM7,005,708 (2021 : Nil) as at 31 December 2022 is subject to a fixed charge to secure a term loan granted by a moneylender to the Company as disclosed in Note 19.

In addition, the property, plant and equipment of a subsidiary company with a net carrying amount of RM11,267,836 (2021 : RM11,754,833) as at 31 December 2022 are subject to fixed and floating charges to secure a term loan facility for the subsidiary company as disclosed in Note 19. The charges are pending discharge by the lending bank upon full settlement of the term loan.

b) The freehold land and buildings, and leasehold building of the Group and of the Company were last revalued by the directors on 31 December 2020 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 buildings, and leasehold building of the Group and of the Company as at 31 December 2020 are RM24,830,000 and RM7,000,000 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.

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

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

c) Had the freehold land and buildings of the Group been carried under the cost model, the carrying amount as at 31 December 2022, would have been RM3,085,736 (2021 : RM2,920,000) and RM1,141,828 (2021 : RM1,179,008) respectively.

Had the leasehold building of the Group been carried under the cost model, the carrying amount as at 31 December 2022 would have been RM3,914,347 (2021 : RM4,029,500).

Had the freehold land and building of the Company been carried under the cost model, the carrying amount as at 31 December 2022, would have been RM2,285,736 (2021 : RM2,120,000) and RM894,347 (2021 : RM919,190) respectively.

d) The title to the freehold land of a subsidiary company with carrying amount of RM3,500,000 (2021 : RM3,500,000) as at 31 December 2022 has yet to be registered in the name of the subsidiary company as at the end of the reporting period. The transfer of the title is in progress as at the date of this report.

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

Group	Cost RM	Accumulated depreciation RM	Net book value RM	Current year depreciation RM
2022				
Motor vehicle	161,668	136,809	24,859	32,334
2021				
Motor vehicle	161,668	104,476	57,192	32,334

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 to three years. Advance lease rental payments of four months were collected to secure the rights of the subsidiary company 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 24. The lease income from operating leases of the plant and machineries recognised in profit or loss as disclosed in Note 25 is included in other income of the Group.

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

	2022		2021	
	Group RM	Company RM	Group RM	Company RM
Within one year	216,000	156,000	216,000	156,000
Between one year to two years	35,000	-	216,000	156,000
Between two years to three years	-	-	35,000	-
	251,000	156,000	467,000	312,000

5. RIGHT-OF-USE ASSETS

Group	Short term leasehold land RM	Office premises RM	Factory land RM	Office equipment RM	Total RM
2022					
Cost					
At beginning of year	195,000	173,728	1,847,157	3,289	2,219,174
Addition	-	-	-	5,999	5,999
Derecognition	-	-	-	(3,289)	(3,289)
At end of year	195,000	173,728	1,847,157	5,999	2,221,884
Accumulated depreciation					
At beginning of year	194,999	28,955	692,685	2,603	919,242
Charge for the year	-	43,431	230,895	2,610	276,936
Derecognition	-	-	-	(3,289)	(3,289)
At end of year	194,999	72,386	923,580	1,924	1,192,889
Carrying amount					
At end of year	1	101,342	923,577	4,075	1,028,995
2021					
Cost					
At beginning of year	195,000	175,685	1,847,157	9,277	2,227,119
Addition	-	173,728	-	-	173,728
Derecognition	-	(175,685)	-	(5,988)	(181,673)
At end of year	195,000	173,728	1,847,157	3,289	2,219,174
Accumulated depreciation					
At beginning of year	194,999	81,086	461,790	4,951	742,826
Charge for the year	-	42,469	230,895	3,640	277,004
Derecognition	-	(94,600)	-	(5,988)	(100,588)
At end of year	194,999	28,955	692,685	2,603	919,242
Carrying amount					
At end of year	1	144,773	1,154,472	686	1,299,932

Company	Office equipment RM	Office premises RM	Total RM
2022			
Cost			
At beginning of year	3,289	173,728	177,017
Derecognition	(3,289)	-	(3,289)
At end of year	-	173,728	173,728
Accumulated depreciation			
At beginning of year	2,603	28,955	31,558
Charge for the year	686	43,431	44,117
Derecognition	(3,289)	-	(3,289)
At end of year	-	72,386	72,386
Carrying amount			
At end of the year	-	101,342	101,342
2021			
Cost			
At beginning of year	3,289	175,685	178,974
Addition	-	173,728	173,728
Derecognition	-	(175,685)	(175,685)
At end of year	3,289	173,728	177,017
Accumulated depreciation			
At beginning of year	959	81,086	82,045
Charge for the year	1,644	42,469	44,113
Derecognition	-	(94,600)	(94,600)
At end of year	2,603	28,955	31,558
Carrying amount			
At end of the year	686	144,773	145,459

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

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.

Short term leasehold land of the Group is on lease term of 12 years (2021 : 12 years). The payment for this right-of-use asset has been settled in full upon acquisition of the lease by the Group.

Obligations for other lease payments are recognised as lease liabilities as disclosed in Note 18.

6. SUBSIDIARY COMPANIES

	COMPANY	
	2022 RM	2021 RM
Unquoted shares, at cost	20,874,894	19,974,894
Less : Accumulated impairment losses		
At beginning of year	(18,691,856)	(18,591,858)
Addition	-	(99,998)
At end of year	(18,691,856)	(18,691,856)
	2,183,038	1,283,038

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 unless otherwise stated, are as follows :-

Name of Company	Equity Interest (%) 2022	Equity Interest (%) 2021	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, plywood and logs
BTM Biomass Products Sdn. Bhd.	100.00	100.00	Manufacturing and sale of wood pellets, and renewable energy business (pre-operating)
BTM Land Sdn. Bhd.	100.00	100.00	Renewable energy business (pre-operating)
BTM Open Road Auto Sdn. Bhd.*	51.00	51.00	Dormant
BTM Renewable Green Energy Sdn. Bhd.*	100.00	100.00	Dormant
BTM Green Energy Sdn. Bhd.	100.00	100.00	Dormant
BTM Biomass NZ Limited # (Incorporated and with place of operation in New Zealand)	100.00	100.00	Marketing and sale of biomass wood pellets, moulding and finger-jointed timber (pre-operating)

* Subsidiaries under the process of striking off pursuant to Section 551 Companies Act 2016
# Not audited by Folks DFK & Co.

In the previous financial year, the Company had acquired all the issued and paid-up share capital of one ordinary share in BTM Green Energy Sdn. Bhd. for a cash consideration of RM1. In addition, the Company incorporated BTM Biomass NZ Limited in New Zealand with RM equivalent issued and paid-up share capital of RM292 comprising 100 ordinary shares. The acquisition and incorporation of these new subsidiary companies had no material effect on the financial statements of the Group for the previous year

b) Non-controlling interest in subsidiary companies

The Company's non-wholly owned subsidiary companies do not have non-controlling interests which are material to the Group at the reporting date as they are presently dormant.

7. INVESTMENT IN CLUB MEMBERSHIP

	GROUP/COMPANY	
	2022 RM	2021 RM
Golf club membership, at cost	40,000	40,000
Less : Allowance for impairment loss	(40,000)	(40,000)
	-	-

8. INVENTORIES

	GROUP	
	2022 RM	2021 RM
At cost :-		
Raw material	188,861	647,429
Logs and sawn timber	462,847	1,021,453
Manufactured timber products	1,755,744	1,296,669
Consumables stores	236,045	237,981
Manufactured wood pellets	22,496	22,800
	2,665,993	3,226,332
At net realisable value :-		
Sawn timber and manufactured timber products	-	134,503
	2,665,993	3,360,835

Inventories amounting to RM2,654,037 as at 31 December 2021 had been pledged as securities to a licensed bank for a term loan granted to a subsidiary company, which was fully settled during the year.

Cost of inventories recognised as an expense for the year amounted to RM11,231,491 (2021 : RM10,824,601).

9. TRADE RECEIVABLES

	GROUP	
	2022 RM	2021 RM
Trade receivables	777,818	444,882
Less : Allowance for impairment losses	(25,000)	(26,268)
	752,818	418,614

The normal credit term of trade receivables is 30 days (2021 : 30 days).

9. TRADE RECEIVABLES (cont'd)

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	Loss allowance RM	Net carrying amount RM
As at 31 December 2022			
Current	292,500	-	292,500
Past due 31 to 120 days	460,318	-	460,318
	752,818	-	752,818
Credit impaired			
Past due more than 120 days	25,000	(25,000)	-
	777,818	(25,000)	752,818
As at 31 December 2021			
Current	418,842	(1,268)	417,574
Past due more than 120 days	1,040	-	1,040
	419,882	(1,268)	418,614
Credit impaired			
Past due more than 120 days	25,000	(25,000)	-
	444,882	(26,268)	418,614

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	
	2022 RM	2021 RM
At beginning of year	26,268	31,315
Reversal	(1,268)	(5,047)
At end of year	25,000	26,268

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables and deposits	160,828	97,780	12,130	12,130
Prepayments	11,142,920	3,803,847	-	324,333
	11,303,748	3,901,627	12,130	336,463

Prepayments of the Group as at the end of the year include prepaid lease payments amounting to RM2,300,000 (2021 : RM2,300,000) for the lease of a parcel of vacant leasehold industrial land as further detailed in Note 35(a) and upfront payment of RM5,780,000 (2021 : Nil) to the main contractor for construction of a biomass renewable energy power plant on the land.

11. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The balances are interest-free, unsecured and repayable on demand. Amount due from subsidiary companies is stated net of impairment losses of RM20,604,518 (2021 : RM20,927,318). Movements in allowance for impairment losses on amount due from subsidiary companies are as follows :-

	Company	
	2022 RM	2021 RM
At beginning of year	20,927,318	19,928,013
Addition	48,298	999,305
Reversal	(371,098)	-
At end of year	20,604,518	20,927,318

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

12. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rate and maturity profile of the fixed deposits with licensed banks of the Group as at the end of the financial year are 1.85% (2021 : 2.04%) per annum and 12 months (2021 : 12 months) respectively.

Fixed deposits of the Group attributable to a subsidiary company were pledged to a licensed bank as securities for a term loan granted to the subsidiary company, which has been settled in full during the year.

13. SHARE CAPITAL

	GROUP/COMPANY			
Issued and fully paid :-	2022 Number	2021 Number	2022 RM	2021 RM
Ordinary shares				
At beginning of year	171,026,388	155,478,588	34,129,060	31,299,360
Issuance of new shares pursuant to private placement [Note 13(b)]	-	15,547,800	-	2,829,700
At end of year	171,026,388	171,026,388	34,129,060	34,129,060

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) In the previous financial year, the Company increased its issued and paid-up share capital through a private placement of new ordinary shares for cash consideration at the issue price of RM0.182 per ordinary share. The new ordinary shares rank pari passu in all respects with the existing issued ordinary shares of the Company.

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. REVALUATION RESERVES

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning/end of year	20,713,753	20,713,753	3,892,496	3,892,496

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.

15. CAPITAL RESERVES

	GROUP	
	2022 RM	2021 RM
At beginning/end of year	119,093	119,093

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

16. WARRANT RESERVE

	GROUP/COMPANY	
	2022 RM	2021 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 (2021 : 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	
	2022 Number	2021 Number
At beginning/end of year	26,295,146	26,295,146

17. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Present value of unfunded defined benefit obligations	2,701,605	2,492,431	674,567	644,311

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		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of year	2,492,431	2,272,255	644,311	608,331
Defined benefit cost recognised in profit or loss [Note 17(b)]	209,174	220,176	30,256	35,980
At end of year	2,701,605	2,492,431	674,567	644,311

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		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Current service cost	135,732	140,660	16,624	16,642
Interest cost	73,442	79,516	13,632	19,338
	209,174	220,176	30,256	35,980

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

	GROUP		COMPANY	
	2022 %	2021 %	2022 %	2021 %
Discount rate	4.40	4.40	4.40	4.40
Salary increment rate	4.50	4.50	4.50	4.50

17. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

d) A sensitivity analysis of the effects of changes to the significant actuarial assumptions [as disclosed in Note 17(c)] on the defined benefit obligations as at the end of the year, with all other assumptions remain constant is as follows :-

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Discount rate				
1% increase	(160,876)	(154,124)	(10,823)	(12,733)
1% decrease	190,943	182,821	11,545	13,647
Salary increment rate				
1% increase	255,776	227,445	23,284	21,326
1% decrease	(215,941)	(193,413)	(21,760)	(19,928)

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.

18. LEASE LIABILITIES

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current	910,924	1,191,141	62,587	106,357
Current	284,460	258,451	43,769	41,960
Total lease liabilities	1,195,384	1,449,592	106,356	148,317

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

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Not later than 1 year	372,722	372,722	48,960	49,710
Later than 1 year and not later than 2 years	371,972	371,972	48,960	48,960
More than 2 years	662,345	1,034,317	16,320	65,280
Total outstanding lease payments	1,407,039	1,779,011	114,240	163,950
Total cash outflow for leases for the year	410,911	73,496	50,760	50,760

19. TERM LOAN (SECURED)

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Amount due within one year (included under current liabilities)	1,090,394	161,178	1,090,394	-
Amount due more than one year (included under non-current liabilities)	2,309,606	-	2,309,606	-
Outstanding principal at year end	3,400,000	161,178	3,400,000	-

The Company's term loan of RM3,400,000 is granted from a licensed moneylender during the current year for the purpose of working capital financing. The loan is repayable over 36 equal monthly instalments and secured by a fixed charge over the freehold land and building of the Company as disclosed in Note 4(a) and a personal guarantee by a director of the Company. Interest is charged on the loan at the effective interest rate of 11.08% per annum.

The other term loan of the Group 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 which was repayable over 60 equal monthly instalments commencing February 2016 was settled in full during the current year. This term loan was 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 was charged on the term loan at the rate of 8.85% per annum for the previous year.

20. HIRE PURCHASE CREDITOR

	GROUP 2022 RM	GROUP 2021 RM
Future minimum payments:-		
Payable within one year	29,676	29,676
Payable between two to five years	25,018	45,145
	54,694	74,821
Future finance charges	(1,224)	(1,994)
Present value	53,470	72,827
Payable within one year (included under current liabilities)	(28,487)	(39,473)
Payable between two to five years (included under non-current liabilities)	24,983	33,354

21. DEFERRED TAXATION

	GROUP 2022 RM	GROUP 2021 RM	COMPANY 2022 RM	COMPANY 2021 RM
At beginning of year	458,000	779,600	188,000	188,000
Recognised in profit or loss (Note 26)	-	(321,600)	-	-
At end of year	458,000	458,000	188,000	188,000

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

Group	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
2022			
Deferred tax liabilities :-			
Revaluation of land and building	3,205,768	(147,455)	3,058,313
Accelerated capital allowances	738,393	52,648	791,041
Right-of-use assets	311,984	(65,025)	246,959
	4,256,145	(159,832)	4,096,313
Deferred tax assets :-			
Excess of depreciation over capital allowances	(64,290)	54,368	(9,922)
Unutilised capital allowances	(1,574,889)	(278,219)	(1,853,108)
Unabsorbed tax losses	(1,811,064)	322,673	(1,488,391)
Lease liabilities	(347,902)	61,010	(286,892)
	(3,798,145)	159,832	(3,638,313)
	458,000	-	458,000

Group	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
2021			
Deferred tax liabilities :-			
Revaluation of land and building	3,322,819	(117,051)	3,205,768
Accelerated capital allowances	645,802	92,591	738,393
Right-of-use assets	356,230	(44,246)	311,984
	4,324,851	(68,706)	4,256,145
Deferred tax assets :-			
Excess of depreciation over capital allowances	(85,088)	20,798	(64,290)
Unutilised capital allowances	(1,302,126)	(272,763)	(1,574,889)
Unabsorbed tax losses	(1,649,053)	(162,011)	(1,811,064)
Other deductible temporary differences	(123,320)	123,320	-
Lease liabilities	(385,664)	37,762	(347,902)
	(3,545,251)	(252,894)	(3,798,145)
	779,600	(321,600)	458,000

21. DEFERRED TAXATION (cont'd)

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

Company	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
2022			
Deferred tax liabilities :-			
Revaluation of land and building	668,447	(13,336)	655,111
Accelerated capital allowances	2,656	(496)	2,160
Right-of-use assets	34,910	(10,588)	24,322
	706,013	(24,420)	681,593
Deferred tax assets :-			
Unutilised capital allowances	(18,446)	(1,757)	(20,203)
Unabsorbed tax losses	(463,971)	16,106	(447,865)
Lease liabilities	(35,596)	10,071	(25,525)
	(518,013)	24,420	(493,593)
	188,000	-	188,000

Company	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
2021			
Deferred tax liabilities :-			
Revaluation of land and building	681,432	(12,985)	668,447
Accelerated capital allowances	782	1,874	2,656
Right-of-use assets	23,263	11,647	34,910
	705,477	536	706,013
Deferred tax assets :-			
Unutilised capital allowances	(17,957)	(489)	(18,446)
Unabsorbed tax losses	(474,257)	10,286	(463,971)
Lease liabilities	(25,263)	(10,333)	(35,596)
	(517,477)	(536)	(518,013)
	188,000	-	188,000

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Other deductible temporary differences	2,701,600	2,492,300	674,600	644,300
Unutilised capital allowances	25,200	20,000	-	-
Unabsorbed tax losses	53,305,500	47,392,800	6,723,600	5,573,200
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
	59,425,300	53,298,100	7,398,200	6,217,500

22. TRADE PAYABLES

The normal credit terms for trade payables range from 30 days to 90 days (2021 : 30 days to 90 days).

23. 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.

24. REVENUE

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers :-				
Sale of timber products	4,028,935	4,501,241	-	-
Sale of wood pellets	4,065,954	3,347,720	-	-
Management fee	-	-	240,000	230,000
	8,094,889	7,848,961	240,000	230,000
Revenue from other sources :-				
Rental income	156,000	156,000	156,000	156,000
	8,250,889	8,004,961	396,000	386,000

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

Revenue from contracts with customers of the Group and of the Company are recognised at a point in time.

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

25. LOSS BEFORE TAXATION

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
This is stated after charging :-				
Auditors' remuneration				
- statutory audit				
- current year	88,000	88,000	28,000	28,000
- overprovision in prior year	(5,000)	-	-	-
- other services	84,000	14,000	79,000	14,000
Allowance for impairment losses on				
- amount due from subsidiary companies	-	-	48,298	999,305
- investment in subsidiary company	-	-	-	99,998
Interest expenses :-				
- hire purchase	2,868	4,547	-	-
- term loan	33,081	9,876	33,081	-
- lease liabilities	114,712	134,426	7,749	9.527
- others	-	2,715	-	-
Depreciation of property, plant and equipment	1,377,807	1,373,935	87,411	86,350
Depreciation of right-of-use assets	276,936	277,004	44,117	44,113
Defined benefit cost	209,174	220,176	30,256	35,980
Directors' fees				
- directors of the Company	90,000	236,500	90,000	100,000
Directors' salaries, bonuses and other emoluments				
- directors of the Company	1,008,572	684,212	791,132	634,712
- director of subsidiary company	168,280	154,840	-	-
Property, plant and equipment written off	1,024	204	-	-
Rental of plant equipment				
- short-term lease	34,942	13,856	-	-
- low value asset	1,050	-	1,050	-
Rental of premises				
- short-term lease	-	6,600	-	-
Corporate exercise expenses	1,067,743	-	1,067,743	-

25. LOSS BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
And crediting :-				
Rental income	156,000	181,000	-	-
Interest income	4,567	5,310	-	-
Reversal of allowance for impairment losses on				
- trade receivables	1,268	5,047	-	-
- amount due from a subsidiary company	-	-	371,098	-
Waiver of lease liabilities	-	323,012	-	-
Project study fee	1,156,000	-	-	-
Gain on disposal of property, plant and equipment	-	999	-	-
Gain on derecognition of lease	-	8,357	-	8,357

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Employee information :-				
Employee benefits expense	5,375,085	4,243,764	1,177,015	1,018,852

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 RM383,776 and RM109,984 (2021 : RM327,639 and RM97,356) respectively.

Employee benefits expense for the previous financial year were stated net of wages subsidy of RM207,000 and RM2,400 in respect of the Group and of the Company respectively, received from the Malaysian government for certain employees who fulfilled eligibility criteria under the government wages subsidy programme to alleviate the impact of the COVID-19 pandemic.

26. TAXATION

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Transfer from deferred taxation (Note 21)	-	(321,600)	-	-

a) The statutory income tax rate in Malaysia applicable to the Group and the Company is 24% (2021 : 24%). Taxation for foreign jurisdiction is calculated at rate prevailing in the foreign jurisdiction.

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

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Loss before taxation	(7,726,873)	(6,376,306)	(2,164,142)	(2,301,329)
Taxation at the rate of 24% (2021 : 24%)	(1,854,450)	(1,530,313)	(519,394)	(552,319)
Tax effect of expenses not deductible for tax purposes	358,461	97,482	232,784	319,309
Underprovision of deferred tax in prior year	12,600	35,900	-	-
Deferred tax assets not recognised for the year	1,507,076	1,103,830	286,610	233,010
Realisation of deferred tax assets not recognised in prior year	(23,687)	(28,499)	-	-
	-	(321,600)	-	-

26. TAXATION (cont'd)

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
Unutilised capital allowances	7,746,470	6,582,034	84,179	76,859
Unabsorbed tax losses	59,507,125	54,937,748	8,589,748	7,506,455
	70,646,595	64,912,782	8,673,927	7,583,314

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 RM23,644 (2021 : RM28,478).

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. The Finance Act 2021 which became effective on 1 January 2022 has extended the maximum period for carrying forward of the unabsorbed tax losses to 10 years with effect from year of assessment 2019. Consequently, 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	
Year of Assessment	2022 RM	2021 RM	2022 RM	2021 RM
2028	39,541,417	39,640,017	4,945,276	4,945,276
2029	5,926,379	5,926,379	874,208	874,208
2030	4,815,605	4,815,605	806,138	806,138
2031	4,429,345	4,555,747	865,365	880,833
2032	4,794,379	-	1,098,761	-
	59,507,125	54,937,748	8,589,748	7,506,455

27. 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 RM7,725,816 (2021 : RM6,052,617) divided by the weighted average number of ordinary shares in issue during the financial year of 171,026,388 (2021 : 164,253,511).

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 2014/2024 where applicable.

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

The computation of diluted loss per share for the previous year excluded the exercise of Warrants 2014/2024 as their exercise would not result in any dilutive potential ordinary shares after adjusting for the number of such ordinary shares that would have been issued at fair value being average market price of the shares during the previous year.

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.

28. NOTES TO STATEMENTS OF CASH FLOWS

a) 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 :-

Group	Term Loan RM	Hire Purchase Financing RM	Lease Liabilities RM	Total RM
At 1 January 2022	161,178	72,827	1,449,592	1,683,597
Non-cash changes				
- Addition	3,400,000	-	5,999	3,405,999
Repayment of term loan	(161,178)	-	-	(161,178)
Payment of lease liabilities	-	-	(260,207)	(260,207)
Payment of hire purchase financing	-	(19,357)	-	(19,357)
Net changes in cash flows	(161,178)	(19,357)	(260,207)	(440,742)
At 31 December 2022	3,400,000	53,470	1,195,384	4,648,854
At 1 January 2021	1,174,834	85,541	1,606,932	2,867,307
Addition	-	-	173,728	173,728
Derecognition	-	-	(89,442)	(89,442)
Waiver of lease liabilities	-	-	(198,219)	(198,219)
Non-cash changes	-	-	(113,933)	(113,933)
Repayment of term loan	(1,013,656)	-	-	(1,013,656)
Payment of lease liabilities	-	-	(43,407)	(43,407)
Payment of hire purchase financing	-	(12,714)	-	(12,714)
Net changes in cash flows	(1,013,656)	(12,714)	(43,407)	(1,069,777)
At 31 December 2021	161,178	72,827	1,449,592	1,683,597

Company	Term Loan RM	Lease Liabilities RM	Total RM
At 1 January 2022	-	148,317	148,317
Non-cash changes - Addition	3,400,000	-	3,400,000
Changes in cash flows - Payment of lease liabilities	-	(41,961)	(41,233)
At 31 December 2022	3,400,000	106,356	3,506,356

Company	Lease Liabilities RM
At 1 January 2021	105,264
Addition	173,728
Derecognition	(89,442)
Non-cash changes	84,286
Changes in cash flows - Payment of lease liabilities	(41,233)
At 31 December 2021	148,317

b) Cash and cash equivalents at end of year

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	1,931,348	934,158	1,666,687	263,932
Fixed deposits with licensed banks	250,807	246,252	-	-
	2,182,155	1,180,410	1,666,687	263,932
Less : Fixed deposits pledged	(250,807)	(246,252)	-	-
	1,931,348	934,158	1,666,687	263,932

29. CONTINGENT LIABILITIES

	GROUP	
	2022 RM	2021 RM
Bank guarantee - secured	150,000	150,000

30. CAPITAL COMMITMENT

	GROUP	
	2022 RM	2021 RM
Authorised and contracted for :-		
Construction of biomass renewable energy power plant	109,820,000	115,600,000
Lease of leasehold industrial land	13,563,677	13,563,677
Sublease of leasehold plantation land	24,700,000	-
	148,083,677	129,163,677

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	
	2022 RM	2021 RM
Management fees charged to subsidiary companies	240,000	230,000

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 11 to the financial statements.

b) Transaction with director

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

	GROUP / COMPANY	
	2022 RM	2021 RM
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) Seri Indah Resort 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	
	2022 RM	2021 RM
Income		
Waiver of rental of premises by Gimzan Plywood Sdn Bhd	-	323,012
Expenditure		
Purchases of sawdust and waste product		
BTM Timber Industries Sdn. Bhd.	23,032	16,358
Purchases of plant and equipment		
BTM Timber Industries Sdn. Bhd.	-	11,630
Purchases of logs		
BTM Timber Industries Sdn. Bhd.	813,234	412,748
Sawing charges		
BTM Timber Industries Sdn. Bhd.	-	310,739
Management fee		
BTM Timber Industries Sdn. Bhd.	64,500	57,500
Rental of lorry		
BTM Timber Industries Sdn. Bhd.	24,000	10,000
Rental of quarter		
BTM Timber Industries Sdn. Bhd.	-	6,600
Rental of plant equipment		
BTM Timber Industries Sdn. Bhd.	10,942	3,856
Accommodation		
Seri Indah Resort Sdn. Bhd.	2,250	1,930
Services		
Seri Indah Enterprise Sdn. Bhd.	10,800	21,346

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

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in trade payables :-				
BTM Timber Industries Sdn. Bhd.	1,188,277	537,207	-	-
Included in other payables :-				
BTM Timber Industries Sdn. Bhd.	2,050	-	-	-
Sung Lee Timber Trading Sdn. Bhd.	126,101	126,101	15,900	15,900
Gimzan Plywood Sdn. Bhd	2,855,085	196,355	150,464	-
Seri Indah Resort Sdn. Bhd.	1,301	-	-	-
Seri Indah Enterprise Sdn. Bhd.	8,928	804	8,102	-

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term benefits	1,313,100	1,343,600	1,067,100	970,600
Post-employment benefits				
- Contribution to Employees Provident Fund	130,308	114,288	107,748	95,328
	1,443,408	1,457,888	1,174,848	1,065,928

32. SEGMENT INFORMATION

a) Operating Segment

The Group's 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 :-

	2022 Revenue			
	Sale of timber products RM	Sale of wood pellets RM	Rental income RM	Total RM
Malaysia	3,337,543	4,065,954	156,000	7,559,497
Australia	137,007	-	-	137,007
USA	122,338	-	-	122,338
Korea	274,394	-	-	274,394
Singapore	157,653	-	-	157,653
	4,028,935	4,065,954	156,000	8,250,889

	2021 Revenue			
	Sale of timber products RM	Sale of wood pellets RM	Rental income RM	Total RM
Malaysia	2,761,448	3,347,720	156,000	6,265,168
Australia	590,495	-	-	590,495
Korea	1,093,701	-	-	1,093,701
Singapore	55,597	-	-	55,597
	4,501,241	3,347,720	156,000	8,004,961

	2022 Non-current assets RM	2021 Non-current assets RM
Malaysia	28,615,871	30,073,184

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	
	2022 RM	2021 RM
Customer A	1,667,720	2,014,969
Customer B	2,408,184	1,093,701
Customer C	821,836	1,341,304
Customer D	1,349,549	1,411,496
	6,247,289	5,861,470

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. In respect of the Company, financial habilities include amount due to subsidiary company.

a) **Categories of Financial Instruments**

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

2022
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	752,818	752,818	-	-
Other receivables and deposits	160,828	160,828	12,130	12,130
Amount due from subsidiary companies	-	-	24,480,223	24,480,223
Fixed deposits with licensed banks	250,807	250,807	-	-
Cash and bank balances	1,931,348	1,931,348	1,666,687	1,666,687
	3,095,801	3,095,801	26,159,040	26,159,040

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	1,689,557	1,689,557	-	-
Other payables and accruals	16,795,168	16,795,168	3,535,903	3,535,903
Amount due to directors	8,223,044	8,223,044	5,927,617	5,927,617
Amount due to a subsidiary company	-	-	484,681	181,681
Term loan	3,400,000	3,400,000	3,400,000	3,400,000
Hire purchase creditor	53,470	53,470	-	-
	30,161,239	30,161,239	13,348,201	13,348,201

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)

2021
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	418,614	418,614	-	-
Other receivables and deposits	97,780	97,780	12,130	12,130
Amount due from subsidiary companies	-	-	24,416,322	24,416,322
Fixed deposits with licensed banks	246,252	246,252	-	-
Cash and bank balances	934,158	934,158	263,932	263,932
	1,696,804	1,696,804	24,692,384	24,692,384

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	2,641,628	2,641,628	-	-
Other payables and accruals	4,301,615	4,301,615	811,873	811,873
Amount due to directors	8,626,169	8,626,169	8,282,350	8,282,350
Term loan	161,178	161,178	-	-
Hire purchase creditor	72,827	72,827	-	-
	15,803,417	15,803,417	9,094,223	9,094,223

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.

33. FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

i) Credit Risk (cont'd)

Information on the exposure to credit risk and impairment of trade receivables are disclosed in Note 9.

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. There is no expected credit loss allowed for other receivables as 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 11 using the general approach under MFRS 9 based on management's assessment of changes in credit risk at the reporting date.

At the end of the previous financial year, the Company's exposure to credit risk arising from a financial guarantee (corporate guarantee) given to a financial institution for term loan facility of a subsidiary company was limited to the amount utilised by the subsidiary company at any point of time which amounted to RM161,178 at the end of that financial year as disclosed in Note 19. As at the end of the previous reporting date, there was no indication that the subsidiary company would not be able to fulfil its obligations for the amount of credit facility utilised. Accordingly, the Company had viewed 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 existing term loan, deposits with licensed banks and hire purchase financing are subject to interest based on fixed rates. The term loan in the previous year was subject to interest based on floating rate.

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 were sensitive to the change in the market interest rate as at the end of the previous reporting period due to its floating rate term loan in previous year. 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 previous 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 RM806. This sensitivity analysis assumed that all other risk variables had remained 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 2022					
Trade payables	1,689,557	-	-	1,689,557	-
Other payables and accruals	16,795,168	-	-	16,795,168	-
Term loan	1,337,328	2,674,672	-	4,012,000	11.08
Hire purchase creditor	29,676	25,018	-	54,694	6.29
Amount due to directors	8,223,044	-	-	8,223,044	-
Group 2021					
Trade payables	2,641,628	-	-	2,641,628	-
Other payables and accruals	4,301,615	-	-	4,301,615	-
Term loan	161,178	-	-	161,178	8.85
Hire purchase creditor	29,676	45,145	-	74,821	6.29
Amount due to directors	8,626,169	-	-	8,626,169	-
Company 2022					
Other payables and accruals	3,535,903	-	-	3,535,903	-
Team loan	1,337,328	2,674,672	-	4,012,000	11.08
Amount due to a subsidiary company	484,681	-	-	484,681	-
Amount due to directors	5,927,617	-	-	5,927,617	-
Company 2021					
Other payables and accruals	811,873	-	-	811,873	-
Amount due to directors	8,282,350	-	-	8,282,350	-
Financial guarantee contract	161,178	-	-	161,178	-

Financial guarantee contract (corporate guarantee) of the Company represents the maximum amount of guarantee that could be called in respect of a term loan facility utilised at the end of reporting period.

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 creditor 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	
	2022 RM	2021 RM
Total borrowings	3,453,470	234,005
Total equity attributable to owners of the Company	11,016,009	18,741,825
Debt-to-equity ratio	0.31	0.01

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

35. SIGNIFICANT EVENTS DURING THE YEAR

a) At the Extraordinary General Meeting of the Company ("BTM") held on 23 August 2022, the shareholders of the Company have approved the following to be undertaken by BTM: -

i) lease of a piece of vacant leasehold industrial land measuring a total of 80 acres (323,748.514 square metres) in area within the vicinity of Lot 153-C, Teluk Kalong, Mukim Hulu Chukai, Kemaman, Terengganu Darul Iman for a total lease consideration of RM15,863,677 ("Lease of Teluk Kalong Land");

ii) sublease of approximately 2,255.33 hectares (5,572.912 acres) of secondary forest land identified as Block 10 (Lot Nos. 28 to 31) and Block 11A (Lot No. 32) ("Plantation Lands") located in Mukim of Tebak/Bandi, District of Kemaman, Terengganu Darul Iman for a period of approximately 63 years expiring on 30 December 2084 from SPPT Development Sdn Bhd ("SPPT") for a total sublease consideration of RM24,700,000;

iii) diversification of the business of BTM and its subsidiaries into the renewable energy business including the construction and operations of biomass power plant;

iv) renounceable rights issue of up to 1,183,929,204 new ordinary shares in BTM ("Rights Shares") together with up to 394,643,068 free new detachable warrants ("Warrants-C") at the issue price of RM0.08 per RIghts Share on the basis of 6 Rights Shares for every 1 existing ordinary share in BTM together with 1 Warrant-C for every 3 Rights Shares subscribed ("Rights Issue with Warrants-C");

v) establishment and implementation of a long term incentive plan ("LTIP") of up to 15% of the Company's total issued share capital (excluding treasury shares) at any point in time over the duration of the LTIP for eligible directors of BTM and employees of the Group (excluding dormant subsidiaries). The LTIP comprises an executive share grant scheme ("ESGS") and an employees' share option scheme ("ESOS"); and

vi) awarding of ESGS and/or ESOS grants to the existing directors of the Company and certain employees of the Group who are persons connected to the directors at any time and from time to time during the duration of the approved LTIP.

The Lease of Teluk Kalong Land is in relation to a lease agreement dated 12 December 2021 ("Lease Agreement") entered into by the Company's wholly-owned subsidiary company, BTM Biomass Products Sdn. Bhd. ("BTM Biomass") with Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") for term of 30 years in respect of the lease of 20 acres out of 80 acres of the Teluk Kalong Land for a total lease payment of RM3,965,919. The Lease Agreement is pending completion as at the end of the financial year.

Pursuant to the Lease Agreement, BTM Biomass and PMINT have agreed that the remaining 60 acres of the land shall be under two separate leases of 30 acres of the land for lease payment of RM5,948,879 each. The lease agreements for these separate leases shall be executed once the parties have finalised the terms and conditions for the lease agreements. The total lease payments for the lease of the entire 80 acres of land is RM15,863,677. Upon execution of the Lease Agreement, prepaid lease payments amounting to RM2,300,000 has been made by BTM Biomass which is included under prepayments of the Group as disclosed in Note 10.

35. SIGNIFICANT EVENTS DURING THE YEAR (cont'd)

BTM Biomass has on 20 January 2022 entered into a conditional sublease agreement ("Sublease Agreement") with SPPT in respect of the assignment of all SPPT's rights, interest and title in and to the Plantation Lands to BTM Biomass for a total sublease consideration of RM24,700,000 payable upfront in cash. The sublease of the Plantation Land is a related party transaction by virtue of the interest of certain directors and shareholders of the Company in SPPT. The Sublease Agreement is pending completion as at the end of the financial year.

On 24 November 2022, the Company announced that the exercise price of the new Warrants-C is fixed at RM0.10 per Warrant-C.

On 30 November 2022, the Company announced that the entitlement date for the Rights Issue with Warrants-C shall be on 15 December 2022 and the Abridged Prospectus together with the notice of provisional allotment and rights subscription forms shall be despatched to entitled shareholders of BTM. The last date for acceptance and payment is fixed on 6 January 2023.

b) On 7 June 2022, the Company announced that its wholly-owned subsidiary company, BTM Land Sdn. Bhd. ("BTM Land") has received the Feed-in Tariff (FiT") Approval Certificate on 2 June 2022 via a letter from Sustainable Energy Development Authority ("SEDA") Malaysia dated 31 May 2022 following a successful application for FiT quota for biomass resources. The approval from SEDA is to build and operate an Electrical Energy Power Plant to be located at the Teluk Kalong Land with an installed capacity of 8 MW per hour to supply net export capacity of 7 MW per hour to Tenaga Nasional Berhad ("TNB") at a fixed tariff rate of RM0.3383 per kWh for 21 years commencing from 11 May 2025. BTM Land has subsequently executed the renewable energy power purchase agreement dated 25 July 2022 with TNB as announced by the Company on 25 July 2022.

36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

a) On 9 January 2023, the Company announced that it has received valid acceptances and excess applications for a total of 921,571,130 Rights Shares at the close of the Rights Issue with Warrants-C on 6 January 2023. The gross proceeds raised therefrom amounted to RM73,725,690. Following the completion of the Rights Issue with Warrants-C, a total of 921,571,130 Rights Shares, 307,190,331 Warrants-C and additional 8,642,716 Warrants 2014/2024 (arising from adjustments pursuant to the Rights Issue with Warrants-C) were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 January 2023.

b) On 17 January 2023, the Company announced that the effective date of the implementation of the Company's LTIP shall be 17 January 2023 following the submission of the final copy of the By-Laws of the LTIP to Bursa Securities on that date.

c) On 2 March 2023, the Company announced that it has on 1 March 2023 offered the grant of 163,889,200 new ordinary shares in BTM at no cost to certain directors and employees of the Group and of the Company including certain employees connected to the Company's directors pursuant to the ESGS under the LTIP. There is no vesting period for the grants offered and the shares vested immediately with the grantees upon their acceptance. The offers have been fully accepted and the aforesaid total number of new ordinary shares have been duly issued and listed on Main Market of Bursa Securities on 9 March 2023.

d) On 13 April 2023, the Company announced that the Sublease Agreement and Lease Agreement referred to in Note 35(a) have become unconditional upon fulfilment of all conditions precedent therein as confirmed by the solicitors for the agreements vide its letter dated 12 April 2023.

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 2022 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 34 to 81.

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 2022, 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' *international Code of Ethics for Professional Accountants (including International Independence Standards)* ("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	Our audit approach to address the key audit matters
1. Valuation of inventories Refer to Notes 2.13 and 8 to the financial statements. The Group held significant balance of inventories with carrying value of RM2,665,993 as at 31 December 2022. 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 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), 9 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, actions taken to eliminate threats or safeguards applied.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 6(a) to the financial statements.

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. : 03051/05/2023J
CHARTERED ACCOUNTANT

Kuala Lumpur
Date : 25 April 2023

ANALYSIS OF SHAREHOLDINGS

As at 31ST MARCH 2023

Class of Share	: Ordinary share
Paid-up capital	: RM107,854,751.40
Total number of issued shares	: 1,256,486,718 ordinary shares
Voting Rights	: One vote per share
Number of Shareholders	: 1,968

ANALYSIS OF SHAREHOLDERS

Range of Shareholdings	No. of Holders	% Over Total Shareholders	No. of Shares	%
1 - 99	15	0.76	487	0.00
100 - 1000	403	20.48	258,617	0.02
1,001 -10,000	538	27.34	3,100,647	0.25
10,001 - 100,000	631	32.06	26,499,600	2.11
100,001 - 62,824,336	377	19.16	817,579,725	65.07
62,824,336 and above (*)	4	0.20	409,047,642	32.55
TOTAL	1,968	100.00	1,256,486,718	100.00

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

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023

	No. of Shares held			
Name of Subtantial Shareholders	Direct Interest	%	Deemed Interest	%
Proven Venture Capital PLT	150,256,000	11.96	-	-
Dato' Seri Yong Tu Sang	113,972,081	9.07	(1) 244,510,099	19.46
Yong Emmy	104,084,900	8.28	(2) 254,397,280	20.25
Modern Mode Sdn Bhd	97,947,599	7.80	-	-
Datin Ng Ah Heng	72,499,999	5.77	(3) 285,982,181	22.76
Tan Kha Luong	44,524,925	3.54	(4) 313,957,255	24.99
Datuk Woo Thin Choy	36,000,000	2.87	(5) 75,182,850	5.98
Yong Ellen	17,174,075	1.37	(6) 341,308,105	27.16
Yong Hin Siong	6,226,200	0.50	(7) 352,255,980	28.03

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2023

	No. of Shares held			
Name of Directors	Direct Interest	%	Deemed Interest	%
Dato' Seri Yong Tu Sang	113,972,081	9.07	(1) 244,510,099	19.46
Yong Emmy	104,084,900	8.28	(2) 254,397,280	20.25
Datuk Woo Thin Choy	36,000,000	2.87	(5) 75,182,850	5.98
Yong Hin Siong	6,226,200	0.50	(7) 352,255,980	28.03
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	-	-	-	-
Choong Show Tong	-	-	-	-

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, brother 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 parents-in-law, sister-in-law, brother-in-law and spouse.
(5) Deemed interest by virtue of shares held by his son and interest in Confirmed Uptrend Sdn Bhd
(6) Deemed interest by virtue of shares held by her spouse, parents, brother and sister.
(7) 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.	Proven Venture Capital Plt	150,256,000	11.96
2.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Modern Mode Sdn Bhd*	97,947,542	7.80
3.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Yong Tu Sang*	85,244,100	6.78
4.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Yong Emmy*	75,600,000	6.02
5.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Ng Ah Heng*	62,500,000	4.97
6.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Confirmed Uptrend Sdn Bhd*	39,333,750	3.13
7.	Lee Choon Hooi	37,501,100	2.98
8.	Woo Thin Choy	36,000,000	2.87
9.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Tan Kha Luong*	35,063,125	2.79
10.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Chow Dai Ying*	31,250,000	2.49
11.	Woo Wen Jie	29,555,700	2.35
12.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Saham Terbilang Sdn Bhd*	29,273,206	2.33
13.	Yong Tu Sang	28,727,981	2.29
14.	Yong Emmy	28,484,900	2.27
15.	Kok Yew Fatt	25,001,000	1.99
16.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Tambah Mulia Holdings Sdn Bhd*	24,114,400	1.92
17.	Tan Zhen Lin	19,200,000	1.53
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Heng Sang*	16,844,300	1.34
19.	Yong Ellen	16,497,200	1.31
20.	Tye Yong Pou	15,000,000	1.19
21.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Kian Tak*	14,410,000	1.15
22.	Chen Kar Mun	12,683,100	1.01
23.	Cheong Hoey Wang	12,502,000	0.99
24.	Welmax Capital Sdn Bhd	12,502,000	0.99
25.	Chong Tze Seng	11,529,200	0.92
26.	Ng Ah Heng	9,999,999	0.80
27.	Tan Kha Luong	9,461,800	0.75
28.	Asia New Venture Capital Holdings Sdn Bhd	9,297,600	0.74
29.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teh Swee Heng*	8,500,000	0.68
30.	Ng Chee Seng	7,300,000	0.58
	TOTAL	991,580,003	78.92

ANALYSIS OF WARRANT B HOLDINGS

As at 31ST MARCH 2023

Warrant B	: 2014 / 2024
No. of Warrants B 2014 / 2024	: 34,937,862
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	31	9.48	1,629	0.01
100 - 1,000	37	11.32	9,771	0.03
1,001 - 10,000	94	28.75	283,974	0.81
10,001 - 100,000	112	34.25	4,580,707	13.11
100,001 and below 5%	47	14.37	16,291,264	46.63
5% and above	6	1.83	13,770,517	39.41
TOTAL	327	100.00	34,937,862	100.00

DIRECTORS' WARRANT B HOLDINGS AS AT 31 MARCH 2023

	Direct		Indirect	
Name of Directors	No. of Warrant B	%	No. of Warrant B	%
Dato' Seri Yong Tu Sang	3,043,120	8.71	(1) 4,610,737	13.20
Yong Emmy	1,628,439	4.66	(2) 6,025,418	17.25

SUBSTANTIAL WARRANT B HOLDERS AS AT 31 MARCH 2023

	No. of Warrant B held			
Name of Warrant B holder	Direct Interest	%	Deemed Interest	%
Modern Mode Sdn. Bhd.	3,375,329	9.66	-	-
Dato' Seri Yong Tu Sang	3,043,120	8.71	(1) 4,610,737	13.20
Tan Kha Luong	1,913,309	5.48	(3) 5,740,548	16.43
Saham Terbilang Sdn Bhd	1,826,856	5.23	-	-
Tham Kaam Siong	1,807,014	5.17	-	-
Tambah Mulia Holdings Sdn Bhd	1,804,889	5.17	-	-

<u>Note :</u>

(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-in-law, spouse and sister-in-law

ANALYSIS OF WARRANT B HOLDINGS
(cont'd)
As at 31ST MARCH 2023

LIST OF THIRTY LARGEST WARRANT B HOLDERS

No.	Name of Warrant B Holders	No. of Warrant B Held	Percentage
1.	Modern Mode Sdn Bhd	3,375,329	9.66
2.	Yong Tu Sang	3,043,120	8.71
3.	Tan Kha Luong	1,913,309	5.48
4.	Saham Terbilang Sdn Bhd	1,826,856	5.23
5.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Kaam Siong*	1,807,014	5.17
6.	Tambah Mulia Holdings Sdn Bhd	1,804,889	5.17
7.	Yong Emmy	1,628,439	4.66
8.	Cheah Oon Kean	1,097,212	3.14
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Geok Wah*	1,000,000	2.86
10.	Ng Ah Heng	885,790	2.54
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chin How*	757,484	2.17
12.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teh Teaw Kee*	696,099	1.99
13.	Yip Min Fang	684,938	1.96
14.	Yeo Keng Choong	664,343	1.90
15.	Maybank Nominees (Tempatan) Sdn Bhd *Mohd Azmer Bin Ibrahim*	606,300	1.74
16.	Tan Gaik Suan	605,084	1.73
17.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Sri Mohd Hussin Bin Abd Hamid*	567,892	1.63
18.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account Kiew Tik Wei*	398,606	1.14
19.	Teh Yee Liang	382,480	1.09
20.	Ng Soon Heng	380,934	1.09
21.	Maybank Nominees (Tempatan) Sdn Bhd *Harttzery Nazry Bin Hatta*	365,389	1.05
22.	Lee Kok Keng	344,476	0.99
23.	Sharren Bin Nasir	300,100	0.86
24.	Lee Xian Yang	265,737	0.76
25.	Maybank Nominees (Tempatan) Sdn Bhd *Tan Sun Ping*	265,737	0.76
26.	Cheah Seng Lai	252,450	0.73
27.	Cheah Keng Toh	248,597	0.71
28.	Kenanga Nominees (Tempatan) Sdn Bhd *Rakuten Trade Sdn Bhd for Chan Cheng Hui*	219,400	0.63
29.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Swee Mee*	216,310	0.62
30.	Ho Yip Yin	199,303	0.57
	TOTAL	26,803,617	76.72

ANALYSIS OF WARRANT C HOLDINGS

As at 31ST MARCH 2023

Warrant C	: 2023 / 2028
No. of Warrants C 2023 / 2028	: 307,190,331
Class of Securities	: Warrant C 2023 / 2028

ANALYSIS OF WARRANT C HOLDERS

Size of Warrant Holdings	No. of Warrant Holders	Percentage %	No. of Warrants	Percentage %
Less than 100	7	2.80	396	0.00
100 - 1,000	7	2.80	2,303	0.00
1,001 - 10,000	34	13.60	198,175	0.06
10,001 - 100,000	104	41.60	4,669,981	1.52
100,001 and below 5%	93	37.20	145,136,932	47.25
5% and above	5	2.00	157,182,544	51.17
TOTAL	250	100.00	307,190,331	100.00

DIRECTORS' WARRANT C HOLDINGS AS AT 31 MARCH 2023

	No. of Warrant C Held			
Name of Directors	Direct Interest	%	Deemed Interest	%
Dato' Seri Yong Tu Sang	28,414,699	9.25	(1) 57,946,664	18.86
Yong Emmy	25,199,999	8.20	(2) 61,161,364	19.91
Datuk Woo Thin Choy	-	-	(3) 13,111,249	4.27
Yong Hin Siong	-	-	(4) 86,361,363	28.11

SUBSTANTIAL WARRANT C HOLDERS AS AT 31 MARCH 2023

	No. of Warrant C Held			
Name of Warrant C holder	Direct Interest	%	Deemed Interest	%
Proven Venture Capital PLT	50,085,333	16.30	-	-
Modern Mode Sdn Bhd	32,649,180	10.63	-	-
Dato' Seri Yong Tu Sang	28,414,699	9.25	(1) 57,946,664	18.86
Yong Emmy	25,199,999	8.20	(2) 61,161,364	19.91
Datin Ng Ah Heng	20,833,333	6.78	(5) 65,528,030	21.33

Note :

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

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

(3) Deemed interest by virtue of Warrant C held by Confirmed Uptrend Sdn Bhd.

(4) Deemed interest by virtue of Warrant C held by parents, sisters and brother-in-law.

(5) Deemed interest by virtue of Warrant C held by spouse, children and son-in-law

ANALYSIS OF WARRANT C HOLDINGS

(cont'd)
As at 31ST MARCH 2023

LIST OF THIRTY LARGEST WARRANT C HOLDERS

No.	Name of Warrant C Holders	No. of Warrant C Held	Percentage
1.	Proven Venture Capital Plt	50,085,333	16.30
2.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Modern Mode Sdn Bhd*	32,649,180	10.63
3.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Yong Tu Sang*	28,414,699	9.25
4.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Yong Emmy*	25,199,999	8.20
5.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Ng Ah Heng*	20,833,333	6.78
6.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Confirmed Uptrend Sdn Bhd*	13,111,249	4.27
7.	Lee Choon Hooi	12,500,333	4.07
8.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Tan Kha Luong*	11,687,708	3.80
9.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Chow Dai Ying*	10,416,666	3.39
10.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Saham Terbilang Sdn Bhd*	9,757,735	3.18
11.	Kok Yew Fatt	8,333,333	2.71
12.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account Majestic Salute Sdn Bhd for Tambah Mulia Holdings Sdn Bhd*	8,038,133	2.62
13.	Tan Zhen Lin	6,400,000	2.08
14.	Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Seik Yee Kok*	5,282,799	1.72
15.	Cheong Hoey Wang	4,167,000	1.36
16.	Welmax Capital Sdn Bhd	4,167,000	1.36
17.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Kian Tak*	4,100,000	1.33
18.	Tye Yong Pou	3,666,699	1.19
19.	Maybank Nominees (Tempatan) Sdn Bhd *Tan Sun Ping*	2,380,000	0.77
20.	Chong Tze Seng	2,333,333	0.76
21.	Foo Yuk Weng	2,210,000	0.72
22.	Lee Mee Kuen	2,000,000	0.65
23.	Yong Chun Meng	1,966,666	0.64
24.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Yeong Wai*	1,731,800	0.56
25.	Tye Lim Huat	1,666,699	0.54
26.	Tye Sok Cin	1,666,699	0.54
27.	Tan Bee Yook	1,500,866	0.49
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kok Yew Fatt*	1,356,100	0.44
29.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lau Yen Chang*	1,100,000	0.36
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Choo Ian*	1,050,000	0.34
	TOTAL	279,773,362	91.07

LIST OF PROPERTIES

Location	Tenure	Description	Land Area	Approx. Age of Building	Net Book Value as at 31.12.2022 RM
BTM Resources Berhad No. 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman	Freehold	5 ½ Storey Office Building	385 sq.m	24 years	7,005,708
Besut Tsuda Wood Products Sdn Bhd Lot No 1654 Mukim of Tanggul District of Hulu Terengganu Terengganu Darul Iman	Freehold	Factory Buildings Kiln-dried chambers, office erected thereon.	4.055 Hectare	29 years	11,036,666
BTM Biomass Products Sdn Bhd Lot 12373, Mukim of Bukit Payung, District of Marang, Terengganu Darul Iman	-	Factory Building belonging to the company erected on rented land	-	4 years	5,666,481

BTM RESOURCES BERHAD

(199401018283 [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-Ninth Annual General Meeting of BTM Resources Berhad to be held at the Andaman 1 ,Level 2, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 27th June 2023 at 11.00 a.m. and any adjournment thereon for/against the resolution(s) to be proposed thereat.

No.	AGENDA			
1.	**Receive Accounts and Report**			
No.	**RESOLUTION**		**FOR**	**AGAINST**
2.	Approval of Directors' Fees	Resolution 1		
3.	Re-election of Director :- Madam Yong Emmy	Resolution 2		
4.	Re-election of Director :- Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	Resolution 3		
5.	Re-appointment of Auditors :- Messrs Folks DFK & Co.	Resolution 4		
6.	Approval of Director to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016	Resolution 5		
7.	Proposed Shareholders Mandate	Resolution 6		

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 19th June 2023 (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 Acclime Corporate Services Sdn Bhd, Level 5, Tower 8, Avenue 5, Horizon 2, 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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Stamp

BTM RESOURCES BERHAD (199401018283 (303962-T))
Level 5, Tower 8, Avenue 5
Horizon 2, Bangsar South City
59200 Kuala Lumpur

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