

Submitting Merchant Bank	:	PERWIRA AFFIN MERCHANT BANK BERHAD
Company Name	:	BTM RESOURCES BERHAD
Stock Name	:	BTMRES
Date Announced	:	14/03/2000

Type : Announcement

Subject :
BTM RESOURCES BERHAD ("BTM" or "the Company")

- Proposed rights issue of 29,998,500 new ordinary shares of RM1.00 each at par
- Proposed acquisition of the entire equity interests in BTM Timber Industries Sdn Bhd (formerly known as Mizan Timber Industries Sdn Bhd)("BTI")
- Proposed employees' share option scheme ("ESOS")

Contents :

1. INTRODUCTION

On 24 December 1999, on behalf of the Board of Directors of BTM, Perwira Affin Merchant Bank Berhad ("PAMB"), announced the following proposals :-

(i) a proposed rights issue of 19,999,000 new ordinary shares of RM1.00 each in BTM ("Rights Shares(s)") at par together with 19,999,000 detachable warrants ("Warrant(s)") on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing ordinary share held ("Proposed Rights Issue"). The issue price of RM1.00 per share represented a discount of 38 sen or 27.5% from the theoretical ex-rights price of RM1.38 based on the five (5) day weighted average market price of BTM shares up to 23 December 1999 of RM1.76;

(ii) a proposed acquisition of the entire equity interest in BTI comprising 600,000 ordinary shares of RM1.00 each for a consideration of RM21,000,000 to be satisfied partly by the issuance of 7,333,000 new ordinary shares of RM1.00 each in BTM at a proposed issue price of RM1.50 per share and the balance of RM10,000,000 in cash ("Proposed Acquisition"). The proposed issue price of RM1.50 represented a premium of 12 sen or 8.7% from the theoretical ex-rights price of RM1.38 based on the five (5) day weighted average market price of BTM shares up to 23 December 1999 of RM1.76; and

(iii) a proposed employees' share option scheme ("Proposed ESOS").

(collectively referred to as the "Proposals").

2. PROPOSED REVISIONS

2.1 Proposed Rights Issue

On 30 December 1999, the Securities Commission ("SC") announced that it has amended its Policies and Guidelines on Issue/Offer of Securities ("SC's Guidelines") on pricing of securities for various corporate proposals, inter-alia, the pricing of rights issue of shares with warrants attached whereby the issue price of the rights shares shall be fixed at a discount of not more than 20% from the theoretical ex-rights price based on the 5-day weighted average market price at the price-fixing date to be determined after the approval of the SC has been obtained. However, where no warrants are attached and the issue price is set at a discount of more than 30% from theoretical ex-rights price based on the 5-day weighted average market price at the price-fixing date, the promoters and directors of the listed company are required to give an undertaking to the SC that they would not dispose of their shares from the "ex-date" of the shares until 10 market days after the listing of the rights shares.

After considering the amendments to the SC's Guidelines and the prevailing market share price of BTM, the Board of Directors of BTM have proposed to revise the Proposed Rights Issue to a proposed rights issue of 29,998,500 new ordinary shares of RM1.00 each at a proposed issue price of RM1.00 each on the basis of three (3) Rights Shares for every two (2) existing ordinary shares held in BTM. The proposed issue price of RM1.00 per share represents a discount of 79 sen or 44% from the theoretical ex-rights price of RM1.79 based on the five (5) day weighted average market price of BTM shares up to 13 March 2000 of RM2.97.

Based on the proposed issue price of RM1.00 per share, the total proceeds receivable from the Proposed Rights Issue will amount to approximately RM30.0 million. The gross proceeds will be utilised to part-finance the Proposed Acquisition, repayment of borrowings, working capital and defray expenses relating to the Proposals as shown in Table 1 below.

2.2 Proposed Acquisition

As a result of the revision in the Proposed Rights Issue, the purchase consideration of RM21,000,000 for the Proposed Acquisition will now be satisfied partly by the issuance of 5,500,000 new ordinary shares of RM1.00 each in BTM at a proposed issue price of RM2.00 per share and the balance of RM10,000,000 in cash. The proposed issue price of RM2.00 represents a premium of 21 sen or 11.7% from the theoretical ex-rights price of RM1.79 based on the five (5) day weighted average market price of BTM shares up to 13 March 2000 of RM2.97.

2.3 Proposed ESOS

The Proposed ESOS remains unchanged.

3. REVISED FINANCIAL EFFECTS

We set out hereunder only the financial effects arising from the abovesaid revisions.

3.1 Share Capital

The effects of the Proposals on the issue and paid-up share capital of BTM are set out in Table 2 below.

3.2 Earnings

The Proposals will not have any effect on the earnings of BTM for the financial year ending 31 December 2000 as the Proposals are expected to be completed close to the financial year end of BTM. However, the Proposals are expected to have a positive impact on the future earnings of the BTM Group.

3.3 Net Tangible Assets ("NTA")

The proforma effect of the Proposals on the consolidated NTA of BTM based on the latest audited accounts as at 31 December 1998 is set out in Table 3 below.

4. APPLICATION TO THE SC, CIRCULAR TO SHAREHOLDERS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

The application to the SC for the Proposals will be made within six (6) months from the date of this announcement. A circular setting out full details of the Proposals and the Notice of Extraordinary General Meeting will be despatched to the shareholders of BTM in due course.

TABLE 1

	RM'million
Proposed Acquisition	10.0
Repayment of borrowings	8.0
Working capital	10.5
Estimated expenses	1.5
	30.0

TABLE 2

	RM'000

Existing	19,999
To be issued pursuant to the Proposed Rights Issue	29,999
	49,998
To be issued pursuant to the Proposed Acquisition	5,500
	55,498
To be issued upon full exercise of the ESOS options	5,549
	61,047
Enlarged issued share capital	

TABLE 3

	As at 31.12.98 RM'000	(i) After the Proposed Rights Issue RM'000	(ii) After the Proposed Acquisition RM'000
Share capital	19,999	49,998	55,498
Share premium	6,460	6,460	10,460*
Accumulated profits	9,230	9,230	9,230
Shareholders' funds	35,689	65,688	75,188
Less :- Goodwill	-	-	1,072#
NTA	35,689	65,688	74,116
NTA per share (RM)	1.78	1.31	1.34

* After deducting estimated expenses of RM1.5 million for the Proposals.

The goodwill arising from the Proposed Acquisition does not take into account the effects of two (2) BTI's subsidiary companies, Seri Indah Resorts Sdn Bhd and United Resun Enterprise Sdn Bhd, as the said companies' account have not been consolidated into BTI Group's accounts for the year ended 31 July 1998. The accounts of the said companies were not consolidated as the directors of BTI were of the view that investments in the said companies were of short term in nature.