

**BTM RESOURCES BERHAD (303962-T)**  
(Incorporated In Malaysia)  
**Condensed Consolidated Balance Sheet**  
**As At 30 June 2004**

	<b>Unaudited as at 30/06/2004 RM'000</b>	<b>Audited as at 31/12/2003 RM'000</b>
PROPERTY, PLANT AND EQUIPMENT	22,547	15,854
INVESTMENTS	61	61
<b>CURRENT ASSETS</b>		
Inventories	5,556	5,048
Trade receivables	6,791	7,307
Other receivables and deposits	930	1,817
Deposits with a licensed bank	1,159	305
Cash and bank balances	992	428
	<u>15,428</u>	<u>14,905</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	3,393	4,451
Other payables and accruals	1,898	2,072
Bank borrowings	9,573	8,438
Hire purchase payables	21	20
Amount due to directors	47	14
Taxation	710	710
	<u>15,642</u>	<u>15,705</u>
<b>NET CURRENT LIABILITIES</b>	(214)	(800)
	<u>22,394</u>	<u>15,115</u>
<b>FINANCED BY:</b>		
<b>SHARE CAPITAL</b>	27,155	19,999
<b>SHARE PREMIUM</b>	8,207	6,460
<b>ACCUMULATED LOSSES</b>	<u>(14,828)</u>	<u>(11,906)</u>
<b>SHAREHOLDERS' EQUITY</b>	20,534	14,553
<b>NON-CURRENT LIABILITIES</b>		
Provision for retirement benefits	432	390
Bank borrowings	1,354	88
Hire purchase payables	74	84
	1,860	562
	<u>22,394</u>	<u>15,115</u>
<b>NET TANGIBLE ASSETS PER SHARE (RM)</b>	<u>0.76</u>	<u>0.73</u>

*(The condensed consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)*

**BTM RESOURCES BERHAD (303962-T)**  
**Interim Report for the Quarter ended 30 June 2004**  
**Unaudited Condensed Consolidated Income Statements**

	<b>Current Quarter 30/06/2004 RM'000</b>	<b>Comparative Quarter 30/06/2003 RM'000</b>	<b>Current Year To Date 30/06/2004 RM'000</b>	<b>Comparative Year To Date 30/06/2003 RM'000</b>
Revenue	7,116	7,981	13,539	13,518
Operating Expenses	(8,661)	(9,171)	(16,203)	(16,478)
Other Operating Income	<u>59</u>	<u>104</u>	<u>115</u>	<u>158</u>
Loss from Operations	(1,486)	(1,086)	(2,549)	(2,802)
Finance Costs	(183)	(183)	(373)	(347)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss from Ordinary activities before tax	(1,669)	(1,269)	(2,922)	(3,149)
Taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss from Ordinary activities after tax	(1,669)	(1,269)	(2,922)	(3,149)
Minority Interest	<u>0</u>	<u>6</u>	<u>0</u>	<u>23</u>
Net Loss for the period	<u><u>(1,669)</u></u>	<u><u>(1,263)</u></u>	<u><u>(2,922)</u></u>	<u><u>(3,126)</u></u>
Earnings per share (sen)				
- Basic	(6.42)	(6.32)	(12.71)	(15.63)
- Diluted	N/A	N/A	N/A	N/A

N/A - Not Applicable

*(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)*

**BTM RESOURCES BERHAD (303962-T)**

For the 6 Months Ended 30 June 2004

**Unaudited Condensed Consolidated Statement of Changes in Equity**

	<u>Non-distributable</u>			<u>Distributable</u>	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation and other reserves RM'000	Retained earnings RM'000	
<b>6 months ended 30-06-2004</b>					
Balance at 01-01-2004	19,999	6,460	0	(11,906)	14,553
Issue of shares	7,156	1,747	0	0	8,903
Net Loss for the year	0	0	0	(2,922)	(2,922)
Dividends for the period ended 30-06-2004	0	0	0	0	0
Balance at 30-06-2004	<u>27,155</u>	<u>8,207</u>	<u>0</u>	<u>(14,828)</u>	<u>20,534</u>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003*

**BTM RESOURCES BERHAD (303962-T)**

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Cash Flow Statements****6 months  
Cumulative  
30/06/2004  
RM'000****CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Loss before taxation</b>	(2,922)
Adjustments for:-	
Amortisation of leasehold land	4
Depreciation on property, plant and equipment	769
Provision for retirement benefits	42
Gain on disposal of property, plant and equipment	(6)
Interest expense	349
Interest income	(3)
<b>Operating loss before working capital changes</b>	(1,767)
Increase in inventories	(508)
Decrease in trade receivables	516
Decrease in other receivables and deposits	887
Decrease in trade payables	(1,058)
Decrease in other payables and accruals	(174)
Increase in amount due to directors	33
<b>Cash generated from operations</b>	(2,071)
Interest paid	(277)
<b>Net cash generated from operations</b>	(2,348)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Issuance of shares net of expenses	8,903
Purchase of property, plant and equipment	(7,553)
Proceeds from disposal of property, plant and equipment	93
Interest received	3
<b>Net cash used in investing activities</b>	1,446

**CASH FLOWS FROM FINANCING ACTIVITIES**

Bankers' acceptances discounted	2,431
Repayment of bankers' acceptance	(2,098)
Drawdown of revolving loan	2,998
Drawdown of term loan	1,709
Repayment of term loan	(500)
Repayment of hire purchase	(9)
Interest paid	(72)
<b>Net cash generated from financing activities</b>	4,459

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

3,557

**CASH AND CASH EQUIVALENTS AT 1ST JANUARY 2004**

(6,202)

**CASH AND CASH EQUIVALENTS AT 30TH JUNE 2004**(2,645)**CASH AND CASH EQUIVALENTS COMPRISE:-**

Deposits with a licensed bank	1,159
Cash and bank balances	992
Bank overdrafts	(4,796)
	<u>(2,645)</u>

# BTM RESOURCES BERHAD (303962-T)

## Interim Report for the Second Quarter Ended 30 June 2004

### NOTES

#### 1. **Basis of Preparation and Accounting Policies**

This consolidated interim financial statements are prepared in accordance with MASB 26: "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2003.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 December 2003.

#### 2. **Audit Qualification of Preceding Annual Financial Statements**

The audit report for the preceding annual financial statements was not subject to any qualification.

#### 3. **Seasonal or Cyclical Factors**

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the current financial quarter.

#### 4. **Unusual Items**

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the current financial quarter.

#### 5. **Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years, that have a material effect in the current financial quarter.

#### 6. **Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year other than the issuance of the following shares:-

- (i) 4,687,500 new ordinary shares of RM1.00 each at an issue price of RM1.60 per share pursuant to the assets acquisitions exercise on 12 April 2004; and
- (ii) 2,468,650 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the private placement exercise on 19 April 2004.

#### 7. **Dividend Paid**

There were no dividends paid during the current financial quarter.

#### **8. Segmental Information**

The Group is principally engaged in the wood-based activity of logging, sawmilling, timber trading and manufacturing of moulding, finger-jointed and laminated timber i.e within a single industry segment and its operations are located wholly in Malaysia. As such, no segment information reporting is prepared in the context of the Group.

#### **9. Revaluation of Property, Plant and Equipment**

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

#### **10. Material Events Subsequent to the end of the Reporting Period**

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements for the said period as at the date of issue of this quarterly report.

#### **11. Changes in the Composition of the Group**

There was no change in the composition of the Group during the current financial year to-date.

#### **12. Contingent Liabilities**

The Company has contingent liabilities of RM11.8 million in respect of guarantees to financial institutions for credit facilities granted to subsidiary companies.

#### **13. Performance Review on the Results of the Group**

For the second financial quarter under review, the Group recorded turnover of RM7.12 million and a pre-tax loss of RM1.67 million, a decrease of 11% and increase of 32% respectively over the corresponding period last year.

#### **14. Changes in the Quarterly Results Compared to Preceding Quarter**

For the quarter ended 30 June 2004, the Group recorded a higher pre-tax loss of RM1.67 million as compared to RM1.25 million in the previous quarter ended 31 March 2004, mainly due to lower sales margin coupled with higher operating cost incurred for the current financial quarter.

#### **15. Current Year Prospect**

The Group primarily depends on the income contribution from the wood-based industries sector. The group has and will continue to experience difficulties in view of shortage of raw materials especially rubber wood, this will affect the performance of the Group.

#### **16. Variance of Actual Profit From Forecast Profit**

This is not applicable.

## 17. Taxation

Details of taxation are as follows :

	Current Year Quarter 30/06/2004 RM'000	Current Year To date 30/06/2004 RM'000
<i>Current taxation</i>	-	-
<i>Deferred taxation</i>	-	-
<i>(Over)/under provision in prior year</i>	-	-
	<u>-</u>	<u>-</u>

## 18. Sale of Unquoted Investment and Properties

There were no sale of unquoted investment and properties, respectively for the current quarter and financial year to-date.

## 19. Quoted Securities

There were no purchase or disposal of quoted securities during the current quarter and financial year to-date.

## 20. Status of Corporate Proposals

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

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

No approvals have been obtained from relevant authorities on the above proposals.

## 21. Group Borrowings

Total Group borrowings as at 30 June 2004 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Hire Purchase	74
- Term Loan	<u>1,354</u>
	<u>1,428</u>
Short Term Borrowings	
Secured - Hire Purchase	21
- Bankers' Acceptances	1,481
- Overdrafts	4,796
- Revolving Loan	2,998
- Term Loan	<u>298</u>
	<u>9,594</u>

## 22. Off Balance Sheet Financial Instruments

There is no financial instrument with material off balance sheet risk at the date of this report.

### 23. Material Litigation

There is no pending material litigation for the Group at the date of this report.

### 24. Dividends

No dividend has been recommended or declared for the current financial quarter.

### 25. Earnings /(Loss) per Ordinary Share

#### a) Basic earnings/(loss) per share

Basic loss per share of the Group is calculated by dividing the net loss attributable for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	<b>Current Quarter 30/06/2004</b>	Comparative Quarter 30/06/2003	<b>Current Year To Date 30/06/2004</b>	Comparative Year To Date 30/06/2003
Net loss for the period (RM'000)	(1,669)	(1,263)	(2,922)	(3,126)
Weighted average number of ordinary shares in issue ('000)	25,997	19,999	22,998	19,999
Basic loss per share (sen)	(6.42)	(6.32)	(12.71)	(15.63)

#### a) Diluted earnings/(loss) per share

The effect on the loss per share of the assumed exercise of the Employees' Share Option Scheme granted on 1 June 2004 is anti-dilutive and hence, the diluted loss per share for the current quarter and year-to-date has not been presented.

### 26 Utilisation of Private Placement Proceeds

The utilisation of proceeds from the Private Placement exercise as noted in para 6 above, up to the end of the current quarter are as follows:-

	As Approved RM'000	Utilisation RM'000
Working capital	1,269	1,701
Corporate exercise expenses	1,200	768
	<u>2,469</u>	<u>2,469</u>

**BY ORDER OF THE BOARD**

**DATED : 30th August 2004**