

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Balance Sheet
As At 31 March 2004

	Unaudited as at 31/03/2004 RM'000	Audited as at 31/12/2003 RM'000
PROPERTY, PLANT AND EQUIPMENT	15,510	15,854
INVESTMENTS	61	61
CURRENT ASSETS		
Inventories	4,365	5,048
Trade receivables	6,664	7,307
Other receivables and deposits	1,792	1,817
Fixed deposits with a licensed bank	307	305
Cash and bank balances	374	428
	<u>13,502</u>	<u>14,905</u>
CURRENT LIABILITIES		
Trade payables	4,324	4,451
Other payables and accruals	1,788	2,072
Bank borrowings	8,381	8,438
Hire purchase payables	18	20
Amount due to directors	59	14
Taxation	710	710
	<u>15,280</u>	<u>15,705</u>
NET CURRENT LIABILITIES	(1,778)	(800)
	<u>13,793</u>	<u>15,115</u>
FINANCED BY:		
SHARE CAPITAL	19,999	19,999
SHARE PREMIUM	6,460	6,460
ACCUMULATED LOSSES	(13,158)	(11,906)
SHAREHOLDERS' EQUITY	<u>13,301</u>	<u>14,553</u>
NON-CURRENT LIABILITIES		
Provision for retirement benefits	411	390
Bank borrowings	0	88
Hire purchase payables	81	84
	492	562
	<u>13,793</u>	<u>15,115</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>0.67</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 31 March 2004
Unaudited Condensed Consolidated Income Statements

	Current Quarter 31/03/2004 RM'000	Comparative Quarter 31/03/2003 RM'000	Current Year To Date 31/03/2004 RM'000	Comparative Year To Date 31/03/2003 RM'000
Revenue	6,423	5,537	6,423	5,537
Operating Expenses	(7,542)	(7,307)	(7,542)	(7,307)
Other Operating Income	<u>56</u>	<u>54</u>	<u>56</u>	<u>54</u>
Loss from Operations	(1,063)	(1,716)	(1,063)	(1,716)
Finance Costs	(189)	(164)	(189)	(164)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss from Ordinary activities before tax	(1,252)	(1,880)	(1,252)	(1,880)
Taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss from Ordinary activities after tax	(1,252)	(1,880)	(1,252)	(1,880)
Minority Interest	<u>0</u>	<u>17</u>	<u>0</u>	<u>17</u>
Net Loss for the period	<u><u>(1,252)</u></u>	<u><u>(1,863)</u></u>	<u><u>(1,252)</u></u>	<u><u>(1,863)</u></u>
Earnings per share (sen)				
- Basic	(6.26)	(9.32)	(6.26)	(9.32)
- 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 3 Months Ended 31 March 2004

Unaudited Condensed Consolidated Statement of Changes in Equity

	<u>Non-distributable</u>			<u>Distributable</u>	
	Share Capital RM'000	Share Premium RM'000	Revaluation and other reserves RM'000	Retained earnings RM'000	Total RM'000
3 months ended 31-03-2004					
Balance at 01-01-2004	19,999	6,460	0	(11,906)	14,553
Net Loss for the year	0	0	0	(1,252)	(1,252)
Dividends for the period ended 31-03-2004	0	0	0	0	0
Balance at 31-03-2004	<u>19,999</u>	<u>6,460</u>	<u>0</u>	<u>(13,158)</u>	<u>13,301</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**3 months
Cumulative
31/03/2004
RM'000****CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(1,252)
Adjustments for:-	
Amortisation of leasehold land	2
Depreciation on property, plant and equipment	354
Provision for retirement benefits	21
Interest expense	174
Interest income	(1)
Operating loss before working capital changes	<u>(702)</u>
Decrease in inventories	683
Decrease in trade receivables	643
Decrease in other receivables and deposits	25
Decrease in trade payables	(127)
Decrease in other payables and accruals	(284)
Increase in amount due to directors	45
Cash generated from operations	<u>283</u>
Interest paid	(149)
Net cash generated from operations	<u>134</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(13)
Interest received	1
Net cash used in investing activities	<u>(12)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Bankers' acceptances discounted	1,400
Repayment of bankers' acceptance	(1,148)
Repayment of term loan	(88)
Repayment of hire purchase	(5)
Interest paid	(25)
Net cash generated from financing activities	<u>134</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS256**CASH AND CASH EQUIVALENTS AT 1ST JANUARY 2004**

(6,202)

CASH AND CASH EQUIVALENTS AT 31ST MARCH 2004(5,946)**CASH AND CASH EQUIVALENTS COMPRISE:-**

Fixed deposits with a licensed bank	307
Cash and bank balances	374
Bank overdrafts	(6,627)
	<u><u>(5,946)</u></u>

BTM RESOURCES BERHAD (303962-T)

Interim Report for the First Quarter Ended 31 March 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 quarter.

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 RM16.20 million in respect of Guarantee to financial institutions for credit facilities granted to subsidiary companies.

13. Performance Review on the Results of the Group

For the first financial quarter under review, the Group recorded turnover of RM6.42 million and a pre-tax loss of RM1.25 million, an improvement of 16% and 33% respectively over the corresponding period last year.

14. Changes in the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 March 2004, the Group recorded a higher pre-tax loss of RM1.25 million as compared to RM611,000 in the previous quarter ended 31 December 2003, mainly due to gain on disposal of a subsidiary company in the previous quarter 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. As the Malaysian economic outlook for 2004 is envisaged to be favourable, the Group expects to improve its performance in the current year.

16. Variance of Actual Profit From Forecast Profit

This is not applicable.

17. Taxation

Details of taxation are as follows :

	Current Year Quarter 31/03/2004 RM'000	Current Year To date 31/03/2004 RM'000
<i>Current taxation</i>	-	-
<i>Deferred taxation</i>	-	-
<i>(Over)/under provision in prior year</i>	-	-
	<hr/>	<hr/>
	-	-

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 20 March 2001 the following corporate proposals :-

- a) Proposed acquisition of land together with factory building erected thereon and plant and machineries from Gimzan Plywood Sdn Bhd ("Gimzan") for a total purchase consideration of RM27,000,000 to be satisfied via the issuance of 16,875,000 new ordinary shares of RM1.00 each in BTM Resources Berhad at an issue price of RM1.60 per share;
- b) Proposed acquisition of land and plant machineries from BTM Timber Industries Sdn Bhd ("BTM Timber") for a total purchase consideration of RM3,000,000 to be satisfied via the issuance of 1,875,000 new ordinary shares of RM1.00 each in BTM Resources Berhad at an issue price of RM1.60 per share;
- c) Proposed acquisition of 5 1/2 storey office building known as "Wisma Kam Choon" for a purchase consideration of RM5,000,000 to be satisfied via the issuance of 3,125,000 new ordinary shares of RM1.00 each in BTM Resources Berhad at an issue price of RM1.60 per share;
- d) Proposed private placement of up to 10% of the issued and paid-up share capital of the Company;
- e) Proposed restricted offer for sale of rights to allotments of 7,876,000 ordinary shares of RM1.00 each to the existing shareholders of BTM Resources Berhad; and
- f) Proposed establishment of Employee Share Option Scheme ("ESOS")

The proposals has been approved by the Ministry of International Trade and Industry ("MITI") on 10 August 2001 and Foreign Investment Committee ("FIC") on 21 September 2001

The Securities Commission had in its letter dated 26 December, 2001 approved the following :-

- a) the Proposed Assets Acquisition from BTM Timber was approved as proposed ;
- b) the Proposed Wisma Kam Choon Acquisition for a consideration of RM5,000,000 to be satisfied by an issuance of 3,215,000 new BTM Resources shares at an issue price of RM1.60 each was revised to a consideration of RM4,500,000 to be satisfied by an issuance of 2,812,500 new BTM Resources shares at an issue price of RM1.60 each ;
- c) the Proposed Restricted Offer for Sale of 7,876,000 new BTM Resources shares to the existing shareholders of BTM Resources Berhad other than Dato' Seri Yong Tu Sang, To' Puan Ng Ah Heng, Yong Emmy, Dato' Seri Yusof bin Dato' Biji Sura @ Mohamad, Dato' Mohd Zamry bin Yusof and Fatimah Zalina binti Yusof was revised to up to a maximum of 4,687,500 new BTM Resources shares ;
- d) the Proposed Private Placement was approved as proposed: and
- e) the Proposed ESOS was approved as proposed.

The Securities Commission had, however, rejected the proposed Assets Acquisition from Gimzan due to, inter-alia, the assets to be acquired had ceased operations, the past losses incurred by the assets and the unsatisfactory prospects of the assets. However, the Board of BTM Resources Berhad had on 25 January 2002 submitted an appeal to the Securities Commission against its decision on the Proposed Assets Acquisition from Gimzan and the Restricted Offer for Sales. However, the Securities Commission had on 4 June 2002 rejected the appeal by BTM Resources Berhad in respect of the Securities Commission's decision on the proposed Assets Acquisition from Gimzan.

In view of the above, the Company decided not to proceed with the Proposed Restricted Offer for Sales but will proceed with the Proposed Assets Acquisition from BTM Timber, the Proposed Wisma Kam Choon Acquisition, the Proposed Private Placement and the Proposed ESOS.

The Company has at an Extraordinary General Meeting held on 19 January 2004 obtained the approval from its shareholders on the proposals. The Proposed Assets Acquisition from BTM Timber and the Proposed Wisma Kam Choon Acquisition were completed on 14 April 2004. The Proposed Private Placement was completed on 19 April 2004. The new BTM shares issued in respect of the exercise was listed on the Second Board of the Bursa Malaysia Securities Berhad on the 28 April 2004.

21. Group Borrowings

Total Group borrowings as at 31 March 2004 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Hire Purchase	81
Short Term Borrowings	
Secured - Hire Purchase	18
- Bankers' Acceptances	1,400
- Overdrafts	6,627
- Term Loan	354
	<u>8,399</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

Basic loss per share of the Group for the current financial quarter and the financial year is calculated by dividing the net loss attributable to shareholders of RM1.25 million respectively by the weighted average number of ordinary shares in issue during the current financial quarter and financial year of 19,999,000.

BY ORDER OF THE BOARD

DATED : 31 May 2004