

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Balance Sheet
As At 31 March 2006

	Unaudited as at 31/03/2006 RM'000	Audited as at 31/12/2005 RM'000
PROPERTY, PLANT AND EQUIPMENT	15,656	16,063
INVESTMENTS	61	61
CURRENT ASSETS		
Inventories	2,127	2,407
Trade receivables	4,073	4,393
Other receivables and deposits	1,225	1,273
Deposits with a licensed bank	168	168
Cash and bank balances	35	33
	7,628	8,274
CURRENT LIABILITIES		
Trade payables	3,771	3,977
Other payables and accruals	2,077	2,123
Bank borrowings (secured)	8,364	8,456
Hire purchase payables	19	15
Amount due to directors	179	156
Taxation	648	648
	15,058	15,375
NET CURRENT LIABILITIES	(7,430)	(7,101)
	8,287	9,023
FINANCED BY:		
SHARE CAPITAL	27,155	27,155
SHARE PREMIUM	8,207	8,207
ACCUMULATED LOSSES	(28,410)	(27,703)
SHAREHOLDERS' EQUITY	6,952	7,659
NON-CURRENT LIABILITIES		
Provision for retirement benefits	394	379
Bank borrowings (secured)	935	975
Hire purchase payables	4	8
Deferred taxation	2	2
	1,335	1,364
	8,287	9,023
NET TANGIBLE ASSETS PER SHARE (RM)	0.26	0.28

(The condensed consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2005)

BTM RESOURCES BERHAD (303962-T)
Interim Report for the Quarter ended 31 March 2006
Unaudited Condensed Consolidated Income Statements

	Current Quarter 31/03/2006 RM'000	Comparative Quarter 31/03/2005 RM'000	Current Year To Date 31/03/2006 RM'000	Comparative Year To Date 31/03/2005 RM'000
Revenue	2,513	4,349	2,513	4,349
Operating Expenses	(3,132)	(5,607)	(3,132)	(5,607)
Other Operating Income	<u>85</u>	<u>30</u>	<u>85</u>	<u>30</u>
Loss from Operations	(534)	(1,228)	(534)	(1,228)
Finance Costs	(173)	(197)	(173)	(197)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss from Ordinary activities before tax	(707)	(1,425)	(707)	(1,425)
Taxation	<u>0</u>	<u>(2)</u>	<u>0</u>	<u>(2)</u>
Loss from Ordinary activities after tax	(707)	(1,427)	(707)	(1,427)
Minority Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Loss for the period	<u><u>(707)</u></u>	<u><u>(1,427)</u></u>	<u><u>(707)</u></u>	<u><u>(1,427)</u></u>
Earnings per share (sen)				
- Basic	(2.60)	(5.26)	(2.60)	(5.26)
- 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 2005)

BTM RESOURCES BERHAD (303962-T)

For the 3 Months Ended 31 March 2006

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 31-03-2006					
Balance at 01-01-2006	27,155	8,207	0	(27,703)	7,659
Net Loss for the period	0	0	0	(707)	(707)
Balance at 31-03-2006	<u>27,155</u>	<u>8,207</u>	<u>0</u>	<u>(28,410)</u>	<u>6,952</u>
3 months ended 31-03-2005					
Balance at 01-01-2005	27,155	8,207	0	(22,277)	13,085
Net Loss for the period	0	0	0	(1,427)	(1,427)
Balance at 31-03-2005	<u>27,155</u>	<u>8,207</u>	<u>0</u>	<u>(23,704)</u>	<u>11,658</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 2005.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

For the 3 Months Ended 31 March 2006**Unaudited Condensed Consolidated Cash Flow Statements**

	3 months Cumulative 31/03/2006 RM'000	3 months Cumulative 31/03/2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(707)	(1,425)
Adjustments for:-		
Amortisation of leasehold land	2	2
Depreciation on property, plant and equipment	407	401
Provision for retirement benefits	15	15
Interest expense	171	193
Interest income	0	(1)
Operating loss before working capital changes	(112)	(815)
Decrease in inventories	280	636
Decrease in trade receivables	320	1,272
Decrease/(increase) in other receivables and deposits	48	(453)
Decrease in trade payables	(206)	(278)
Decrease in other payables and accruals	(46)	(200)
Increase in amount due to directors	23	28
Cash generated from operations	307	190
Interest paid	0	(97)
Net cash generated from operating activities	307	93
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2)	(2)
Interest received	0	1
Net cash used in investing activities	(2)	(1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in bank overdraft	72	78
Repayment of bankers' acceptance	(120)	0
Repayment of revolving loans	(84)	(34)
Repayment of term loan	0	(74)
Repayment of hire purchase	0	(6)
Interest paid	(171)	(96)
Net cash used in financing activities	(303)	(132)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2	(40)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	53	318
CASH AND CASH EQUIVALENTS AT 31ST MARCH	55	278
CASH AND CASH EQUIVALENTS COMPRISE:-		
Deposits with a licensed bank	168	163
Cash and bank balances	35	258
	203	421
Less: Deposits pledged as securities	(148)	(143)
	55	278

NOTES

1. Basis of Preparation and Accounting Policies

This consolidated interim financial statements are prepared in accordance with FRS 134: "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2005.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2005, except for the adoption of the new/revised FRS effective for financial period beginning 1 January 2006. The adoption of the new/revised FRS does not have significant financial impact on the Group.

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.

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. Accordingly, segment information reporting is not relevant 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

There were no changes in the contingent liabilities since the last annual balance sheet date.

13. Performance Review on the Results of the Group

For the first financial quarter under review, the Group recorded turnover of RM2.51 million, a decrease of 42.2% over the corresponding period last year. The Group's pre-tax loss decreased to RM0.71 million from RM1.43 million in the corresponding period last year mainly due to lower operating costs incurred for the current financial quarter.

14. Changes in the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 March 2006, the Group recorded a lower pre-tax loss of RM0.71 million as compared to RM1.38 million in the previous quarter ended 31 December 2005, mainly due to lower operating costs 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 which 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 31/03/2006 RM'000	Current Year To date 31/03/2006 RM'000
<i>Current taxation</i>	-	-
<i>Deferred taxation</i>	-	-
<i>(Over)/under provision in prior year</i>	-	-
	<hr/>	<hr/>
	-	-
	<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 announced on 17 June 2004, that it proposed to undertake a rights issue of up to 27,155,150 Rights Shares in the Company at an issue price of RM1.00 each payable in two calls upon application, on a renounceable basis of one (1) Rights Share for every one (1) existing Ordinary 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 ("Proposed Two-Call Rights Issue").

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

The Securities Commission ("SC") has approved the Proposed Two-Call Rights Issue on 25 March 2005. The shareholders has approved the Proposed Two-Call Rights Issue at the Extraordinary General Meeting on 24 June 2005. The SC has, vide its letter dated 20 September 2005, approved the extension of time of six (6) months to 24 March 2006 for the Company to complete the Proposed Two-Call Rights Issue.

On 9 March 2006, the SC approved the Company's application to revise the Two-Call Rights Issue as follows:-

- (i) Renounceable two-call rights issue of up to 28,804,650 new ordinary shares of RM1.00 each at an indicative issue price of RM1.00 each (of which the 1st call of RM0.72 per rights share shall be payable in cash upon application whilst the 2nd call of RM0.28 per rights share shall be paid from its share premium account), on the basis of 1 rights share for every existing ordinary share held on a date to be determined later, together with up to 28,804,650 new free detachable warrants on the basis of 1 warrant for every rights share subscribed; and
- (ii) 2nd extension of time of up to 24 June 2006, from the expiry date of 24 March 2006, for the Group to implement its revised Proposed Two-Call Rights Issue.

21. Group Borrowings

Total Group borrowings as at 31 March 2006 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Hire Purchase	4
- Term Loan	935
	<u>939</u>
Short Term Borrowings	
Secured - Hire Purchase	19
- Overdrafts	4,137
- Revolving Loans	3,786
- Term Loan	441
	<u>8,383</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.

	Current Quarter 31/03/2006	Comparative Quarter 31/03/2005	Current Year To Date 31/03/2006	Comparative Year To Date 31/03/2005
Net loss for the period (RM'000)	(707)	(1,427)	(707)	(1,427)
Weighted average number of ordinary shares in issue ('000)	27,155	27,155	27,155	27,155
Basic loss per share (sen)	(2.60)	(5.26)	(2.60)	(5.26)

b) 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.

BY ORDER OF THE BOARD

DATED: 31st May 2006