

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Statement of Financial Position
As At 31 March 2018

	Unaudited as at 31/03/2018 RM'000	Audited as at 31/12/2017 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	30,200	30,452
Prepaid lease payments	353	363
Total Non-Current Assets	30,553	30,815
Current Assets		
Inventories	8,320	7,243
Trade receivables	1,590	1,294
Other receivables, deposits and prepayments	1,071	678
Fixed deposits with licensed banks	220	219
Cash and bank balances	747	767
Total Current Assets	11,948	10,201
TOTAL ASSETS	42,501	41,016
EQUITY AND LIABILITIES		
EQUITY		
Share capital	28,288	26,561
Revaluation reserves	19,025	19,025
Capital reserves	532	532
Warrant reserve	3,602	3,602
Accumulated losses	(21,279)	(20,853)
Equity Attributable To Owners Of The Company	30,168	28,867
Non-Controlling Interest	(7)	(7)
TOTAL EQUITY	30,161	28,860
Non-Current Liabilities		
Retirement benefit obligations	2,050	1,985
Term loan (secured)	2,674	2,939
Hire purchase creditors	0	6
Deferred taxation	192	192
Total Non-Current Liabilities	4,916	5,122
Current Liabilities		
Trade payables	2,865	2,433
Other payables and accruals	1,606	1,891
Term loan (secured)	1,196	1,215
Amount due to directors	1,730	1,468
Hire purchase creditors	25	25
Taxation	2	2
Total Current Liabilities	7,424	7,034
TOTAL LIABILITIES	12,340	12,156
TOTAL EQUITY AND LIABILITIES	42,501	41,016
NET TANGIBLE ASSETS PER SHARE (RM)	0.22	0.22

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Statement of Comprehensive Income
Interim Report for the Quarter ended 31 March 2018**

	Current Quarter 31/03/2018 RM'000	Comparative Quarter 31/03/2017 RM'000	Current Year To Date 31/03/2018 RM'000	Comparative Year To Date 31/03/2017 RM'000
Revenue	3,617	3,126	3,617	3,126
Operating Expenses	(3,981)	(2,959)	(3,981)	(2,959)
Other Operating Income	<u>29</u>	<u>48</u>	<u>29</u>	<u>48</u>
(Loss)/Profit From Operations	(335)	215	(335)	215
Finance Costs	(91)	(113)	(91)	(113)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(Loss)/Profit From Ordinary Activities Before Tax	(426)	102	(426)	102
Taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(Loss)/Profit From Ordinary Activities After Tax	(426)	102	(426)	102
Other Comprehensive Income, Net of Tax	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income for the Period	<u><u>(426)</u></u>	<u><u>102</u></u>	<u><u>(426)</u></u>	<u><u>102</u></u>
(Loss)/Profit attributable to:				
Owners of the Company	(426)	102	(426)	102
Non-Controlling Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>(426)</u></u>	<u><u>102</u></u>	<u><u>(426)</u></u>	<u><u>102</u></u>
Total Comprehensive Income attributable to:				
Owners of the Company	(426)	102	(426)	102
Non-Controlling Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>(426)</u></u>	<u><u>102</u></u>	<u><u>(426)</u></u>	<u><u>102</u></u>
(Loss)/Earnings Per Share (sen)				
- Basic	(0.32)	0.08	(0.32)	0.08
- Diluted	N/A	0.08	N/A	0.08

N/A - Not Applicable

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the 3 Months Ended 31 March 2018

	<u>Non-distributable</u>				<u>Distributable</u>		Attributable To Owners Of The Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation reserves RM'000	Capital reserves RM'000	Warrant reserve RM'000	Retained earnings RM'000			
3 months ended 31-03-2018									
Balance at 01-01-2018	26,561	0	19,025	532	3,602	(20,853)	28,867	(7)	28,860
Issuance of new shares	1,727	0	0	0	0	0	1,727	0	1,727
Total Comprehensive Loss for the period	0	0	0	0	0	(426)	(426)	0	(426)
Balance at 31-03-2018	<u>28,288</u>	<u>0</u>	<u>19,025</u>	<u>532</u>	<u>3,602</u>	<u>(21,279)</u>	<u>30,168</u>	<u>(7)</u>	<u>30,161</u>
3 months ended 31-03-2017									
Balance at 01-01-2017	25,061	425	16,377	532	4,039	(20,032)	26,402	(1)	26,401
Effect of change to no par value shares on 31-01-2017	425	(425)	0	0	0	0	0	0	0
Total Comprehensive Income for the period	0	0	0	0	0	102	102	0	102
Balance at 31-03-2017	<u>25,486</u>	<u>0</u>	<u>16,377</u>	<u>532</u>	<u>4,039</u>	<u>(19,930)</u>	<u>26,504</u>	<u>(1)</u>	<u>26,503</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 2017.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Cash Flows**For the 3 Months Ended 31 March 2018**

	3 months Cumulative 31/03/2018 RM'000	3 months Cumulative 31/03/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(426)	102
Adjustments for:-		
Amortisation of prepaid lease payments	10	9
Depreciation	343	218
Defined benefit obligations	65	63
Interest expense	91	113
Interest income	0	(7)
Operating profit before working capital changes	<u>83</u>	<u>498</u>
Increase in inventories	(1,077)	(370)
Increase in trade receivables	(296)	(192)
Increase in other receivables, deposits & prepayments	(393)	(151)
Increase/(decrease) in trade payables	432	(589)
Decrease in other payables and accruals	(285)	(90)
Increase in amount due to directors	262	223
Cash used in operations	<u>(1,274)</u>	<u>(671)</u>
Interest received	0	7
Net cash used in operating activities	<u>(1,274)</u>	<u>(664)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(91)	(368)
Net cash used in investing activities	(91)	(368)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net of expenses	1,727	0
Repayment of term loan	(284)	(138)
Term loan interest paid	(90)	(112)
Payment of hire purchase liabilities	(6)	(4)
Hire purchase interest paid	(1)	(1)
Net cash generated from/(used in) financing activities	<u>1,346</u>	<u>(255)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(19)</u>	<u>(1,287)</u>
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	986	2,778
CASH AND CASH EQUIVALENTS AT 31ST MARCH	<u>967</u>	<u>1,491</u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Fixed deposits with a licensed bank	220	1,283
Cash and bank balances	747	208
	<u>967</u>	<u>1,491</u>

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Interim Report for the First Quarter Ended 31 March 2018

NOTES

1 Basis of Preparation and Accounting Policies

This condensed consolidated interim financial statements ("Condensed Report") are prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" and paragraph 9.22 of the Main Market 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 2017.

The significant 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 2017, except for the adoption of the following new MFRSs and amendments to MFRSs and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") which are applicable to its financial statements:

MFRS 9 - Financial Instruments (IFRS 9 issued in July 2014)

MFRS 15 - Revenue from Contracts with Customers

Clarifications to MFRS 15 - Revenue from Contracts with Customers

Amendments to MFRS 2 - Classification and Measurement of Share-Based Payment Transactions

Amendments to MFRS 128 - Investments in Associates and Joint Ventures Classified as "Annual Improvements to MFRSs 2014 - 2016 Cycle"

Amendments to MFRS 140 - Transfers of Investment Property

IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments to MFRSs does not have any significant impact on the interim financial report upon their initial application.

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

During the current financial quarter, the contributed share capital of the Company was increased from RM26,560,988 to RM28,287,856 as a result of the issuance of 7,849,400 new ordinary shares at an issue price of RM0.22 per share pursuant to the private placement exercise of the Company.

There were no other 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 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. Accordingly, segmental 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

The Group has contingent liabilities of RM100,000 in respect of secured bank guarantee to third parties.

The Company has contingent liabilities of RM3.87 million in respect of a guarantee to a financial institution for credit facilities granted to a subsidiary company.

13 Capital Commitments

Save as disclosed below, the Group has no other capital commitments as at 31 March 2018:-

	31/03/2018 RM'000	31/03/2017 RM'000
Authorised and contracted for:- Purchase of plant and machinery	<u>91</u>	<u>545</u>

14 Performance Review on the Results of the Group

	Individual Period (1st Quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter 31/03/2018 RM'000	Preceding Year Corresponding Quarter 31/03/2017 RM'000		Current Year To-date 31/03/2018 RM'000	Preceding Year Corresponding Period 31/03/2017 RM'000	
Revenue	3,617	3,126	15.71%	3,617	3,126	15.71%
(Loss)/Profit Before Interest and Tax	(335)	215	-255.81%	(335)	215	-255.81%
(Loss)/Profit Before Tax	(426)	102	-517.65%	(426)	102	517.65%
(Loss)/Profit After Tax	(426)	102	-517.65%	(426)	102	517.65%
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(426)	102	-517.65%	(426)	102	517.65%

For the first financial quarter under review, the Group recorded turnover of RM3.62 million, an increase of 15.71% over the corresponding period last year. The Group recorded a pre-tax loss of RM426,000 as compared to a pre-tax profit of RM102,000 in the corresponding period last year mainly due to higher operating overhead from its manufacturing operations during the current financial quarter.

15 Changes in the Quarterly Results Compared to Preceding Quarter

	Current Quarter 31/03/2018	Immediate Preceding Quarter 31/12/2017	Changes %
Revenue	3,617	3,179	13.78%
Loss Before Interest and Tax	(335)	(1,834)	-81.73%
Loss Before Tax	(426)	(1,951)	-78.17%
Loss After Tax	(426)	(1,279)	-66.69%
Loss Attributable to Ordinary Equity Holders of the Parent	(426)	(1,275)	-66.59%

For the quarter ended 31 March 2018, the Group recorded a pre-tax loss of RM426,000 as compared to a pre-tax loss of RM1.95 million in the previous quarter ended 31 December 2017, mainly due to higher revenue and lower operating overhead during the current financial quarter.

16 Current Year Prospect

The Group primarily depends on the income and contribution from the subsidiaries which rely on the availability of raw materials. The Group is making arrangements to secure raw materials in Kelantan, Terengganu and Thailand where the raw materials are now available. However, the global economic conditions in 2018 are expected to remain challenging which will affect the demand for timber products. The Directors expect the current year to be challenging but hope that its financial performance will improve.

17 Variance of Actual Profit From Forecast Profit

This is not applicable.

18 Taxation

Details of taxation are as follows :

	Current Year Quarter 31/03/2018 RM'000	Current Year To date 31/03/2018 RM'000
<i>Current taxation</i>	0	0
<i>Under provision in prior year</i>	0	0
<i>Deferred taxation</i>	0	0
	<u>0</u>	<u>0</u>

19 Status of Corporate Proposals

On 17 April 2017, the Company announced that the Company has on 14 April 2017 entered into a Memorandum of Understanding ("MOU") with China Western Power International Pte Ltd ("China Western Power") and Sichuan No. 2 Electric Power Construction Company ("Sicuan Power") at Chengdu, The People's Republic of China, with the intention to set up a Municipal Waste to Energy Plant ("WtE Plant") with a capacity of not less than 1,000 tons/day in the State of Melaka, Malaysia ("the Power Generation Project"), subject to approval of the relevant authorities. Pursuant thereto, on 27 November 2017, the Company announced that BTM Western Power Green Energy Sdn Bhd ("BTMWP") has on 26 November 2017 entered into a Heads of Agreement ("HOA") with SEPCO Electric Power Construction Corporation ("SEPCO") with the intention to award the Engineering, Procurement, Construction, Commission with Finance ("EPC+F") contract to SEPCO for the developing of the Power Generation Project. On 23 May 2018, the Company announced that BTMWP has received a letter dated 3 May 2018 from Jabatan Pengurusan Sisa Pepejal Negara ("JPSPN") informing that JPSPN is not able to consider BTMWP's application for setting up a Municipal Solid Waste-to-Energy Generation Plant in the State of Melaka.

There were no other corporate proposals that have been announced by the Group but not completed as at the date of this announcement.

20 Group Borrowings

Total Group borrowings are as follows :-

	31/03/2018 RM'000	31/03/2017 RM'000
Long Term Borrowings		
Secured - Term Loan	2,674	3,924
- Hire purchase	0	24
	<u>2,674</u>	<u>3,948</u>
Short Term Borrowings		
Secured - Term Loan	1,196	912
- Hire purchase	25	21
	<u>1,221</u>	<u>933</u>

There are no borrowings denominated in foreign currency.

21 Material Litigation

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

22 Dividends

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

23 (Loss)/Earnings per Ordinary Share

a) Basic (loss)/earnings per share

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

	Current Quarter 31/03/2018	Comparative Quarter 31/03/2017	Current Year To Date 31/03/2018	Comparative Year To Date 31/03/2017
Net (loss)/profit for the period (RM'000)	(426)	102	(426)	102
Weighted average number of ordinary shares in issue ('000)	132,594	125,303	132,594	125,303
Basic (loss)/earnings per share (sen)	(0.32)	0.08	(0.32)	0.08

b) Diluted earnings per share

Diluted earnings per share of the Group is calculated by dividing the net profit attributable for the financial period by the adjusted weighted average number of ordinary shares in issue and issuable during the financial period.

	Comparative Quarter 31/03/2017	Comparative Year To Date 31/03/2017
Net profit for the period (RM'000)	102	102
Weighted average number of ordinary shares in issue ('000)	125,303	125,303
Effect of dilution from assumed exercise of Warrants 2014/2024	9,291	9,291
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	<u>134,594</u>	<u>134,594</u>
Diluted earnings per share (sen)	0.08	0.08

The effect on the loss per share of the assumed exercise of the Warrants for the current financial quarter and year to date is anti-dilutive and hence, the diluted loss per share for the current financial quarter and year to date has not been presented.

24 Realised and unrealised accumulated losses

The breakdown of the accumulated losses of the Group as at the end of the reporting periods, into realised and unrealised accumulated losses, is as follows:-

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
The accumulated losses of the Group		
- realised	(59,878)	(59,444)
- unrealised	(1,686)	(1,686)
	<u>(61,564)</u>	<u>(61,130)</u>
Add: Consolidation adjustments	40,285	40,277
Accumulated losses as per financial statements	<u>(21,279)</u>	<u>(20,853)</u>

25 (Loss)/Profit Before Taxation

(Loss)/Profit before taxation is stated after crediting/(charging):-

	Current Quarter 31/03/2018 RM'000	Comparative Quarter 31/03/2017 RM'000	Current Year To Date 31/03/2018 RM'000	Comparative Year To Date 31/03/2017 RM'000
Other income	29	41	29	41
Interest income	0	7	0	7
Interest expense	(91)	(113)	(91)	(113)
Amortisation of prepaid lease payments	(10)	(9)	(10)	(9)
Depreciation	(343)	(218)	(343)	(218)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

BY ORDER OF THE BOARD

DATED:31 May 2018