

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Balance Sheet
As At 31 December 2003

	Unaudited as at 31/12/2003 RM'000	Audited as at 31/12/2002 RM'000
PROPERTY, PLANT AND EQUIPMENT	15,855	16,377
INVESTMENTS	61	110
CURRENT ASSETS		
Inventories	5,047	7,643
Trade receivables	7,743	9,934
Other receivables and deposits	1,850	2,280
Fixed deposits with a licensed bank	306	266
Cash and bank balances	428	551
	<u>15,374</u>	<u>20,674</u>
CURRENT LIABILITIES		
Trade payables	4,927	8,087
Other payables and accruals	2,057	1,231
Bank borrowings	8,437	7,725
Hire purchase payables	19	50
Amount due to directors	29	150
Taxation	710	710
	<u>16,179</u>	<u>17,953</u>
NET CURRENT ASSETS	(805)	2,721
	<u>15,111</u>	<u>19,208</u>
FINANCED BY:		
SHARE CAPITAL	19,999	19,999
SHARE PREMIUM	6,460	6,460
ACCUMULATED LOSSES	(11,911)	(8,040)
SHAREHOLDERS' EQUITY	<u>14,548</u>	<u>18,419</u>
MINORITY INTEREST	0	23
NON-CURRENT LIABILITIES		
Provision for retirement benefits	390	306
Bank borrowings	88	413
Hire purchase payables	85	47
	<u>563</u>	<u>766</u>
	<u>15,111</u>	<u>19,208</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>0.73</u>	<u>0.92</u>

(The condensed consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002)

BTM RESOURCES BERHAD (303962-T)
Interim Report for the Quarter ended 31 December 2003
Unaudited Condensed Consolidated Income Statements

	Current Quarter 31/12/2003 RM'000	Comparative Quarter 31/12/2002 RM'000	Current Year To Date 31/12/2003 RM'000	Comparative Year To Date 31/12/2002 RM'000
Revenue	5,207	8,182	27,502	26,268
Operating Expenses	(5,847)	(11,122)	(31,236)	(33,832)
Other Operating Income	<u>123</u>	<u>46</u>	<u>405</u>	<u>118</u>
Loss from Operations	(517)	(2,894)	(3,329)	(7,446)
Finance Costs	(183)	(209)	(720)	(700)
Investing Results	<u>155</u>	<u>0</u>	<u>155</u>	<u>0</u>
Loss from Ordinary activities before tax	(545)	(3,103)	(3,894)	(8,146)
Taxation	<u>0</u>	<u>(48)</u>	<u>0</u>	<u>(48)</u>
Loss from Ordinary activities after tax	(545)	(3,151)	(3,894)	(8,194)
Minority Interest	<u>0</u>	<u>(20)</u>	<u>23</u>	<u>0</u>
Net Loss for the period	<u><u>(545)</u></u>	<u><u>(3,171)</u></u>	<u><u>(3,871)</u></u>	<u><u>(8,194)</u></u>
Earnings per share (sen)				
- Basic	(2.73)	(15.86)	(19.36)	(40.97)
- 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 2002)

BTM RESOURCES BERHAD (303962-T)
For the 12 Months Ended 31 December 2003
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
12 months ended 31-12-2003					
Balance at 01-01-2003	19,999	6,460	0	(8,040)	18,419
Net Loss for the year	0	0	0	(3,871)	(3,871)
Dividends for the year ended 31-12-2003	0	0	0	0	0
Balance at 31-12-2003	<u>19,999</u>	<u>6,460</u>	<u>0</u>	<u>(11,911)</u>	<u>14,548</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 2002

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Cash Flow Statements

	12 months Cumulative 31/12/2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(3,894)
Adjustments for:-	
Amortisation of leasehold land	7
Depreciation on property, plant and equipment	1,527
Property, plant and equipment written off	1
Provision for retirement benefits	84
Gain on disposal of property, land and equipment	(71)
Gain on disposal of a subsidiary company	(155)
Interest expense	669
Interest income	(14)
Operating loss before working capital changes	(1,846)
Decrease in inventories	2,465
Decrease in trade receivables	2,022
Decrease in other receivables and deposits	220
Decrease in trade payables	(2,679)
Increase in other payables and accruals	1,086
Decrease in amount due to directors	(121)
Cash generated from operations	1,147
Interest paid	(544)
Net cash generated from operations	603
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(1,050)
Proceeds from disposal of property, plant and equipment	71
Net proceeds from disposal of a subsidiary company	10
Interest received	14
Net cash used in investing activities	(955)
CASH FLOWS FROM FINANCING ACTIVITIES	
Drawdown of hire purchase facilities	61
Bankers' acceptances discounted	1,929
Repayment of bankers' acceptance	(3,197)
Repayment of term loan	(325)
Repayment of hire purchase	(54)
Interest paid	(125)
Net cash used in financing activities	(1,711)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,063)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY 2003	(4,138)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER 2003	(6,201)
CASH AND CASH EQUIVALENTS COMPRISE:-	
Fixed deposits with licensed banks	306
Cash and bank balances	428
Bank overdrafts	(6,935)
	(6,201)

BTM RESOURCES BERHAD (303962-T)

Interim Report for the Fourth Quarter Ended 31 December 2003

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 Malaysian Securities Exchange Berhad Listing Requirements, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2002.

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 2002, other than for the compliance with the applicable approved accounting standards that have come into effect during the current financial year. The adoption of the new accounting standards does not have any material effect on the financial statements.

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

On 31 December 2003, the Company disposed of 51,000 ordinary shares of RM1.00 each in NTL Marine Park Sdn Bhd ("NTL") representing 51% of the issued and paid-up share capital of NTL to Grandtime Marketing Sdn Bhd for a cash consideration of RM10,000.00.

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 fourth financial quarter under review, the Group recorded a pre-tax loss of RM545,000, an improvement of 83% over the corresponding period last year. However, the Group recorded a turnover of RM5.21 million, a reduction of 36% over the corresponding period last year.

14. Changes the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 December 2003, the Group recorded a higher pre-tax loss of RM545,000 as compared to RM200,000 in the previous quarter ended 30 September 2003, mainly due to lower turnover achieved 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 31/12/2003 RM'000	Current Year To date 31/12/2003 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 Company is currently proceeding with the implementation of the proposals.

21. Group Borrowings

Total Group borrowings as at 31 December 2003 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Hire Purchase	85
Unsecured - Term Loan	88
	<u>173</u>
Short Term Borrowings	
Secured - Hire Purchase	19
- Bankers' Acceptances	1,148
- Overdrafts	6,935
	<u>8,102</u>
Unsecured - Term Loan	<u>354</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 RM545,000 and RM3.87 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 : 28th February 2004