

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

	Unaudited as at 31/12/2004 RM'000	Audited as at 31/12/2003 RM'000
PROPERTY, PLANT AND EQUIPMENT	17,634	15,854
INVESTMENTS	61	61
CURRENT ASSETS		
Inventories	4,293	5,048
Trade receivables	6,775	7,307
Other receivables and deposits	1,293	1,817
Deposits with a licensed bank	163	305
Cash and bank balances	298	428
	<u>12,822</u>	<u>14,905</u>
CURRENT LIABILITIES		
Trade payables	2,993	4,451
Other payables and accruals	2,175	2,072
Bank borrowings	9,775	8,438
Hire purchase payables	22	20
Amount due to directors	66	14
Taxation	647	710
	<u>15,678</u>	<u>15,705</u>
NET CURRENT LIABILITIES	(2,856)	(800)
	<u>14,839</u>	<u>15,115</u>
FINANCED BY:		
SHARE CAPITAL	27,155	19,999
SHARE PREMIUM	8,207	6,460
ACCUMULATED LOSSES	<u>(22,274)</u>	<u>(11,906)</u>
SHAREHOLDERS' EQUITY	13,088	14,553
NON-CURRENT LIABILITIES		
Provision for retirement benefits	474	390
Bank borrowings	1,214	88
Hire purchase payables	63	84
	<u>1,751</u>	<u>562</u>
	<u>14,839</u>	<u>15,115</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>0.48</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 December 2004
Unaudited Condensed Consolidated Income Statements

	Current Quarter 31/12/2004 RM'000	Comparative Quarter 31/12/2003 RM'000	Current Year To Date 31/12/2004 RM'000	Comparative Year To Date 31/12/2003 RM'000
Revenue	3,880	4,976	25,144	27,271
Operating Expenses	(5,635)	(5,595)	(30,978)	(30,984)
Impairment on assets	(4,053)	0	(4,053)	0
Other Operating Income	<u>90</u>	<u>199</u>	<u>281</u>	<u>481</u>
Loss from Operations	(5,718)	(420)	(9,606)	(3,232)
Finance Costs	(189)	(191)	(762)	(728)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss from Ordinary activities before tax	(5,907)	(611)	(10,368)	(3,960)
Taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss from Ordinary activities after tax	(5,907)	(611)	(10,368)	(3,960)
Minority Interest	<u>0</u>	<u>71</u>	<u>0</u>	<u>94</u>
Net Loss for the period	<u><u>(5,907)</u></u>	<u><u>(540)</u></u>	<u><u>(10,368)</u></u>	<u><u>(3,866)</u></u>
Earnings per share (sen)				
- Basic	(21.75)	(2.70)	(41.33)	(19.33)
- 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 12 Months Ended 31 December 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	
12 months ended 31-12-2004					
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	(10,368)	(10,368)
Dividends for the year ended 31-12-2004	0	0	0	0	0
Balance at 31-12-2004	<u>27,155</u>	<u>8,207</u>	<u>0</u>	<u>(22,274)</u>	<u>13,088</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

	12 months Cumulative 31/12/2004 RM'000	12 months Cumulative 31/12/2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(10,368)	(3,960)
Adjustments for:-		
Amortisation of leasehold land	7	7
Depreciation on property, plant and equipment	1,638	1,541
Provision for retirement benefits	84	84
Loss/(Gain) on disposal of property, plant and equipment	6	(87)
Gain on disposal of subsidiary company	0	(84)
Property, plant and equipment written off	0	1
Impairment on assets	4,053	0
Interest expense	721	684
Interest income	(12)	(7)
Operating loss before working capital changes	<u>(3,871)</u>	<u>(1,821)</u>
Decrease in inventories	755	2,464
Decrease in trade receivables	532	2,457
Decrease in other receivables and deposits	524	253
Decrease in trade payables	(1,458)	(3,154)
Increase in other payables and accruals	103	1,101
Increase/(Decrease) in amount due to directors	52	(135)
Cash (used in)/generated from operations	<u>(3,363)</u>	<u>1,165</u>
Tax paid	(63)	0
Interest paid	(471)	(615)
Net cash (used in)/generated from operations	<u>(3,897)</u>	<u>550</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of shares net of expenses	8,903	0
Purchase of property, plant and equipment	(7,587)	(1,127)
Proceeds from disposal of property, plant and equipment	103	151
Effects of disposal of a subsidiary company	0	10
Interest received	12	7
Net cash generated from/(used in) investing activities	<u>1,431</u>	<u>(959)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptances discounted	2,994	1,929
Repayment of bankers' acceptance	(2,964)	(3,197)
Drawdown of revolving loans	3,738	0
Repayment of revolving loans	(10)	0
Drawdown of term loan	1,709	0
Repayment of term loan	(644)	(324)
Drawdown of hire purchase facility	0	61
Repayment of hire purchase	(19)	(54)
Interest paid	(250)	(70)
Net cash generated from/(used in) financing activities	<u>4,554</u>	<u>(1,655)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>2,088</u>	<u>(2,064)</u>
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	(6,202)	(4,138)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	<u>(4,114)</u>	<u>(6,202)</u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Deposits with a licensed bank	163	305
Cash and bank balances	298	428
Bank overdrafts	(4,575)	(6,935)
	<u>(4,114)</u>	<u>(6,202)</u>

BTM RESOURCES BERHAD (303962-T)

Interim Report for the Fourth Quarter Ended 31 December 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**

Other than an impairment on assets of RM4.05 million, there were no other 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 RM10.9 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 fourth financial quarter under review, the Group recorded turnover of RM3.88 million, a decrease of 22% over the corresponding period last year. The Group's pre-tax loss increased to RM5.91 million from RM0.54 million in the corresponding period last year mainly due to an impairment on asset of RM4.05 million and lower turnover recorded for the current financial quarter.

14. Changes in the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 December 2004, the Group recorded a higher pre-tax loss of RM5.91 million as compared to RM1.54 million in the previous quarter ended 30 September 2004, mainly due to an impairment on asset of RM4.05 million and lower turnover recorded 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 31/12/2004 RM'000	Current Year To date 31/12/2004 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 31 December 2004 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Hire Purchase	63
- Term Loan	<u>1,214</u>
	<u>1,277</u>
Short Term Borrowings	
Secured - Hire Purchase	22
- Bankers' Acceptances	1,178
- Overdrafts	4,575
- Revolving Loans	3,728
- Term Loan	<u>294</u>
	<u>9,797</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 31/12/2004	Comparative Quarter 31/12/2003	Current Year To Date 31/12/2004	Comparative Year To Date 31/12/2003
Net loss for the period (RM'000)	(5,907)	(540)	(10,368)	(3,866)
Weighted average number of ordinary shares in issue ('000)	27,155	19,999	25,088	19,999
Basic loss per share (sen)	(21.75)	(2.70)	(41.33)	(19.33)

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 : 28th February 2005