

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Balance Sheet
As At 31 December 2007

| | Unaudited as at 31/12/2007 RM'000 | Audited as at 31/12/2006 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 18,164 | 20,159 |
| Investments | 40 | 61 |
| Prepaid lease payments | 748 | 968 |
| Total Non-Current Assets | 18,952 | 21,188 |
| Current Assets | | |
| Inventories | 1,905 | 1,678 |
| Trade receivables | 3,682 | 3,804 |
| Other receivables and deposits | 1,463 | 1,016 |
| Fixed deposits with a licensed bank | 180 | 174 |
| Cash and bank balances | 220 | 33 |
| Total Current Assets | 7,450 | 6,705 |
| TOTAL ASSETS | 26,402 | 27,893 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable To Equity Holders Of The Company | | |
| Share capital | 31,418 | 28,569 |
| Share premium | 8,133 | 8,207 |
| Revaluation reserves | 5,500 | 5,500 |
| Accumulated losses | (33,523) | (29,393) |
| TOTAL EQUITY | 11,528 | 12,883 |
| Non-Current Liabilities | | |
| Provision for retirement benefits | 498 | 438 |
| Deferred taxation | 1,690 | 1,690 |
| Total Non-Current Liabilities | 2,188 | 2,128 |
| Current Liabilities | | |
| Trade payables | 2,244 | 1,460 |
| Other payables and accruals | 1,627 | 2,494 |
| Bank borrowings (secured) | 7,956 | 8,097 |
| Hire purchase payables | 0 | 11 |
| Amount due to directors | 205 | 172 |
| Taxation | 654 | 648 |
| Total Current Liabilities | 12,686 | 12,882 |
| TOTAL LIABILITIES | 14,874 | 15,010 |
| TOTAL EQUITY AND LIABILITIES | 26,402 | 27,893 |
| NET TANGIBLE ASSETS PER SHARE (RM) | 0.37 | 0.45 |

(The condensed consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)

BTM RESOURCES BERHAD (303962-T)
Interim Report for the Quarter ended 31 December 2007
Unaudited Condensed Consolidated Income Statements

| | Current Quarter 31/12/2007 RM'000 | Comparative Quarter 31/12/2006 RM'000 | Current Year To Date 31/12/2007 RM'000 | Comparative Year To Date 31/12/2006 RM'000 |
|--|--|--|---|---|
| Revenue | 2,239 | 2,066 | 10,278 | 16,155 |
| Operating Expenses | (3,322) | (3,586) | (14,374) | (18,491) |
| Other Operating Income | <u>195</u> | <u>360</u> | <u>730</u> | <u>1,385</u> |
| Profit/(Loss) From Operations | (888) | (1,160) | (3,366) | (951) |
| Finance Costs | (322) | (182) | (758) | (739) |
| Investing Results | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Profit/(Loss) From Ordinary Activities Before Tax | (1,210) | (1,342) | (4,124) | (1,690) |
| Taxation | <u>(6)</u> | <u>0</u> | <u>(6)</u> | <u>0</u> |
| Profit/(Loss) From Ordinary Activities After Tax | (1,216) | (1,342) | (4,130) | (1,690) |
| Minority Interest | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Profit/(Loss) For The Period | <u><u>(1,216)</u></u> | <u><u>(1,342)</u></u> | <u><u>(4,130)</u></u> | <u><u>(1,690)</u></u> |
| Profit/(Loss) Per Share (sen) | | | | |
| - Basic | (3.87) | (4.75) | (13.38) | (6.16) |
| - 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 2006)

BTM RESOURCES BERHAD (303962-T)

For the 12 Months Ended 31 December 2007

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 31-12-2007 | | | | | |
| Balance at 01-01-2007 | 28,569 | 8,207 | 5,500 | (29,393) | 12,883 |
| Issue of shares | 2,849 | (74) | 0 | 0 | 2,775 |
| Surplus on revaluation of lands and buildings, net of deferred tax | 0 | 0 | 0 | 0 | 0 |
| Net Loss for the period | 0 | 0 | 0 | (4,130) | (4,130) |
| Balance at 31-12-2007 | <u>31,418</u> | <u>8,133</u> | <u>5,500</u> | <u>(33,523)</u> | <u>11,528</u> |
| 12 months ended 31-12-2006 | | | | | |
| Balance at 01-01-2006 | 27,155 | 8,207 | 0 | (27,703) | 7,659 |
| Issue of shares | 1,414 | 0 | 0 | 0 | 1,414 |
| Surplus on revaluation of lands and buildings, net of deferred tax | 0 | 0 | 5,500 | 0 | 5,500 |
| Net Loss for the period | 0 | 0 | 0 | (1,690) | (1,690) |
| Balance at 31-12-2006 | <u>28,569</u> | <u>8,207</u> | <u>5,500</u> | <u>(29,393)</u> | <u>12,883</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 2006.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

For the 12 Months Ended 31 December 2007**Unaudited Condensed Consolidated Cash Flow Statements**

| | 12 months Cumulative 31/12/2007 RM'000 | 12 months Cumulative 31/12/2006 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (4,124) | (1,690) |
| Adjustments for:- | | |
| Amortisation of leasehold land | 220 | 29 |
| Depreciation on property, plant and equipment | 1,833 | 1,913 |
| Allowance for doubtful debts | 0 | 106 |
| Provision for retirement benefits | 60 | 60 |
| Gain on disposal of property, plant and equipment | (675) | (1,211) |
| Property, plant and equipment written off | 27 | 0 |
| Gain on disposal of quoted investment | (6) | 0 |
| Interest expense | 750 | 728 |
| Dividend income | 0 | (8) |
| Interest on fixed deposits | (6) | (6) |
| Operating loss before working capital changes | <u>(1,921)</u> | <u>(79)</u> |
| (Increase)/decrease in inventories | (227) | 730 |
| Decrease in trade receivables | 122 | 482 |
| (Increase)/decrease in other receivables and deposits | (447) | 256 |
| Increase/(decrease) in trade payables | 784 | (2,517) |
| (Decrease)/increase in other payables and accruals | (496) | 70 |
| Increase in amount due to directors | 33 | 16 |
| Net cash used in operating activities | <u>(2,152)</u> | <u>(1,042)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Issuance of shares (net of expenses) | 2,775 | 1,414 |
| Purchase of property, plant and equipment | (22) | (37) |
| Proceeds from disposal of property, plant and equipment | 832 | 1,418 |
| Proceeds from disposal of quoted investment | 27 | 0 |
| Dividend received | 0 | 8 |
| Interest received | 6 | 6 |
| Net cash generated from investing activities | <u>3,618</u> | <u>2,809</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term deposits pledged as security | (6) | (5) |
| Repayment of bankers' acceptance | 0 | (120) |
| Repayment of term loan | (15) | 0 |
| Repayment of revolving loans | (184) | (714) |
| Repayment of hire purchase | (11) | 0 |
| Interest paid | (288) | (428) |
| Net cash used in financing activities | <u>(504)</u> | <u>(1,267)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>962</u> | <u>500</u> |
| CASH AND CASH EQUIVALENTS AT 1ST JANUARY | (3,511) | (4,011) |
| CASH AND CASH EQUIVALENTS AT 31ST DECEMBER | <u><u>(2,549)</u></u> | <u><u>(3,511)</u></u> |
| CASH AND CASH EQUIVALENTS COMPRISE:- | | |
| Fixed deposits with a licensed bank | 180 | 174 |
| Cash and bank balances | 220 | 33 |
| Bank overdrafts | (2,789) | (3,564) |
| | <u>(2,389)</u> | <u>(3,357)</u> |
| Less: Deposits pledged as securities | (160) | (154) |
| | <u><u>(2,549)</u></u> | <u><u>(3,511)</u></u> |

BTM RESOURCES BERHAD (303962-T)

Interim Report for the Fourth Quarter Ended 31 December 2007

NOTES

1. Basis of Preparation and Accounting Policies

This consolidated interim financial statements are prepared in accordance with Financial Reporting Standard ("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 2006.

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 2006, except for the adoption of the following new/revised FRS and Amendments that are effective for financial statements commencing 1 January 2007:-

| | |
|--------------------------------------|---|
| FRS 117 | Leases |
| FRS 124 | Related Party Disclosure |
| Amendment to FRS 119 ₂₀₀₄ | Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures |

The adoption of FRS 124 and Amendment to FRS 119₂₀₀₄ does not have a significant impact on the Group. The effect of the changes in accounting policy resulting from the adoption of FRS 117 is as follows:-

FRS 117: Leases

Prior to 1 January 2007, leasehold lands were classified as property, plant and equipment and were stated at valuation less accumulated depreciation and impairment losses. The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold lands which are now classified as an operating lease. The upfront payments made for the leasehold lands represents prepaid lease payments and continue to be amortised on a straight line basis over the lease term. The reclassification of leasehold lands as prepaid lease payments has no impact on the income statements. The Group has applied this change in accounting policy retrospectively. As a result of the adoption of FRS 117, comparative amounts as at 31 December 2006 have been reclassified as follows:-

| | As previously stated RM'000 | Effect of FRS 117 RM'000 | As restated RM'000 |
|-------------------------------|-----------------------------------|--------------------------------|--------------------------|
| As at 31 December 2006 | | | |
| Property, plant and equipment | 21,127 | (968) | 20,159 |
| Prepaid lease payments | 0 | 968 | 968 |

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 period, the issued and fully paid-up share capital of the Company was increased from RM28,568,650 to RM31,417,650 as a result of the issuance of the following shares:-

- (i) 35,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the Company's Employees' Share Option Scheme; and
- (ii) 2,814,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the Private Placement exercise.

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, 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 Company has contingent liabilities of RM17.67 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 RM2.24 million, an increase of 8.4% over the corresponding period last year. The Group recorded a pre-tax loss of RM1.21 million as compared to a pre-tax loss of RM1.34 million in the corresponding period last year mainly due to higher turnover in the current financial quarter.

14. Changes in the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 December 2007, the Group recorded a pre-tax loss of RM1.21 million as compared a pre-tax loss of RM0.82 million in the previous quarter ended 30 September 2007, mainly due to lower turnover recorded in the current financial quarter.

15. 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 at a lower cost. In addition, the Group is also making arrangement to secure additional raw materials from Papua New Guinea. Barring unforeseen circumstances, the Group expects a better performance for the year 2008.

16. Variance of Actual Profit From Forecast Profit

This is not applicable.

17. Taxation

Details of taxation are as follows :

| | Current Year Quarter 31/12/2007 RM'000 | Current Year To date 31/12/2007 RM'000 |
|---|---|---|
| <i>Current taxation</i> | 6 | 6 |
| <i>Deferred taxation</i> | 0 | 0 |
| <i>(Over)/under provision in prior year</i> | 0 | 0 |
| | <u>6</u> | <u>6</u> |

18. Sale of Unquoted Investment and Properties

There were no sale of unquoted investment for the current quarter and financial year to-date. During the current financial year to-date, Syarikat Maskayu Sawmill Sdn Bhd, a subsidiary of the Company has disposed off a parcel of its building located in Kuala Terengganu for a total sales proceeds of RM490,976 resulting in net realised gain of RM350,976.

19. Quoted Securities

There was no purchase of quoted securities during the current quarter and financial year to-date. During the current financial year to-date, Syarikat Maskayu Sawmill Sdn Bhd, a subsidiary of the Company has disposed off all its investments in quoted shares for a total sales proceeds of RM26,741 resulting in net realised gain of RM5,545.

20. Status of Corporate Proposals

The Company announced on 20 October 2006, that it proposed to undertake the following:-

- (i) Proposed private placement of up to 10% of the issued and paid-up share capital of the Company to investors to be identified ("Proposed Private Placement"); and
- (ii) Proposed rights issue of up to 10,480,550 new ordinary shares of RM1.00 each in the Company ("BTM Shares") at an issue price of RM1.00 each on the basis of one (1) rights share for every three (3) existing BTM Shares held on a date to be determined later together with up to 10,480,550 new free detachable warrants of RM1.00 each on the basis of one (1) warrant for every one (1) rights share subscribed ("Proposed Rights Issue").

The approval of the Securities Commission ("SC") and the SC, on behalf of the Foreign Investment Committee, for the Proposed Private Placement and the listing of and quotation for the Placement Shares was obtained vide the SC's letter dated 6 December 2006. Bursa Malaysia Securities Berhad ("Bursa Securities") has approved in-principle the listing of up to 2,814,000 new ordinary shares of RM1.00 each to be issued pursuant to the Private Placement vide Bursa Securities's letter dated 8 January 2007.

On 16 April 2007, the Company issued the first tranche of the Placement Shares, comprising of 590,940 new ordinary shares of RM1.00 each, which was listed on Bursa Securities on 24 April 2007. On 8 June 2007, the Company issued the second and final tranche of the Placement Shares comprising of 2,223,060 new ordinary shares of RM1.00 each, which was listed on Bursa Securities on 15 June 2007 and that the Private Placement is deemed completed on 15 June 2007.

On 15 November 2007, SC rejected the Proposed Rights Issue due to non-compliance with the requirements of Paragraph 13.02 of the Policies and Guidelines on Issue/Offer of Securities, which states that all proposals by distressed listed companies should be sufficiently comprehensive and capable of resolving all financial problems faced and should demonstrate an increase in shareholder value.

On 14 December 2007, the Company submitted an appeal on the SC's decision on the Proposed Rights Issue.

21. Group Borrowings

Total Group borrowings as at 31 December 2007 are as follows :-

| | RM'000 |
|-----------------------|--------------|
| Short Term Borrowings | |
| Secured - Overdrafts | 2,789 |
| - Revolving Loans | 3,566 |
| - Term Loan | 1,601 |
| | <u>7,956</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 31/12/2007 | Comparative Quarter 31/12/2006 | Current Year To Date 31/12/2007 | Comparative Year To Date 31/12/2006 |
|---|---|--------------------------------------|--|---|
| Net (loss)/profit for the period (RM'000) | (1,216) | (1,342) | (4,130) | (1,690) |
| Weighted average number of ordinary shares in issue ('000) | 31,418 | 28,264 | 30,856 | 27,448 |
| Basic (loss)/profit per share (sen) | (3.87) | (4.75) | (13.38) | (6.16) |

b) Diluted earnings/(loss) per share

The Company does not have any outstanding convertible shares or convertible financial instruments subsequent to the current financial quarter and current financial year-to-date.

The effect on the loss per share of the assumed exercise of the Employees' Share Option Scheme granted on 1 June 2004 for the comparative financial quarter and year-to-date is anti-dilutive and hence, the diluted loss per share have not been presented.

BY ORDER OF THE BOARD

DATED : 28 February 2008