

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Balance Sheet
As At 31 December 2009

| | Unaudited as at 31/12/2009 RM'000 | Audited as at 31/12/2008 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 14,674 | 16,164 |
| Prepaid lease payments | 671 | 709 |
| Investment | 40 | 40 |
| Total Non-Current Assets | 15,385 | 16,913 |
| Current Assets | | |
| Inventories | 1,998 | 1,338 |
| Trade receivables | 4,128 | 3,595 |
| Other receivables and deposits | 592 | 515 |
| Fixed deposits with a licensed bank | 174 | 177 |
| Cash and bank balances | 9,320 | 362 |
| Total Current Assets | 16,212 | 5,987 |
| TOTAL ASSETS | 31,597 | 22,900 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable To Equity Holders Of The Company | | |
| Share capital | 40,734 | 31,418 |
| Share premium | 7,644 | 8,133 |
| Revaluation reserves | 5,283 | 5,283 |
| Accumulated losses | (38,030) | (36,600) |
| TOTAL EQUITY | 15,631 | 8,234 |
| Non-Current Liabilities | | |
| Retirement benefits | 1,136 | 1,109 |
| Bank borrowings (secured) | 5,114 | 5,376 |
| Deferred taxation | 1,157 | 1,157 |
| Total Non-Current Liabilities | 7,407 | 7,642 |
| Current Liabilities | | |
| Trade payables | 1,653 | 849 |
| Other payables and accruals | 2,521 | 1,991 |
| Bank borrowings (secured) | 2,768 | 2,531 |
| Amount due to directors | 1,179 | 1,075 |
| Taxation | 438 | 578 |
| Total Current Liabilities | 8,559 | 7,024 |
| TOTAL LIABILITIES | 15,966 | 14,666 |
| TOTAL EQUITY AND LIABILITIES | 31,597 | 22,900 |
| NET TANGIBLE ASSETS PER SHARE (RM) | 0.38 | 0.26 |

(The condensed consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)

BTM RESOURCES BERHAD (303962-T)
Interim Report for the Quarter ended 31 December 2009
Unaudited Condensed Consolidated Income Statements

| | Current Quarter 31/12/2009 RM'000 | Comparative Quarter 31/12/2008 RM'000 | Current Year To Date 31/12/2009 RM'000 | Comparative Year To Date 31/12/2008 RM'000 |
|---|--|--|---|---|
| Revenue | 2,520 | 2,993 | 8,425 | 11,476 |
| Operating Expenses | (3,874) | (3,839) | (10,197) | (14,495) |
| Other Operating Income | <u>203</u> | <u>985</u> | <u>1,128</u> | <u>1,346</u> |
| Profit/(Loss) From Operations | (1,151) | 139 | (644) | (1,673) |
| Finance Costs | (159) | (193) | (680) | (757) |
| Investing Results | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Loss From Ordinary Activities Before Tax | (1,310) | (54) | (1,324) | (2,430) |
| Taxation | <u>(106)</u> | <u>156</u> | <u>(106)</u> | <u>156</u> |
| Profit/(Loss) From Ordinary Activities After Tax | (1,416) | 102 | (1,430) | (2,274) |
| Minority Interest | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Profit/(Loss) For The Period | <u><u>(1,416)</u></u> | <u><u>102</u></u> | <u><u>(1,430)</u></u> | <u><u>(2,274)</u></u> |
| Profit/(Loss) Per Share (sen) | | | | |
| - Basic | (4.35) | 0.32 | (4.51) | (7.24) |
| - 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 2008)

BTM RESOURCES BERHAD (303962-T)
For the 12 Months Ended 31 December 2009
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 31-12-2009 | | | | | |
| Balance at 01-01-2009 | 31,418 | 8,133 | 5,283 | (36,600) | 8,234 |
| Issue of shares | 9,316 | (489) | 0 | 0 | 8,827 |
| Surplus on revaluation of lands and buildings, net of deferred tax | 0 | 0 | 0 | 0 | 0 |
| Net Loss for the year | 0 | 0 | 0 | (1,430) | (1,430) |
| Balance at 31-12-2009 | <u>40,734</u> | <u>7,644</u> | <u>5,283</u> | <u>(38,030)</u> | <u>15,631</u> |
| 12 months ended 31-12-2008 | | | | | |
| Balance at 01-01-2008 | 31,418 | 8,133 | 5,283 | (34,326) | 10,508 |
| Issue of shares | 0 | 0 | 0 | 0 | 0 |
| Surplus on revaluation of lands and buildings, net of deferred tax | 0 | 0 | 0 | 0 | 0 |
| Net Loss for the year | 0 | 0 | 0 | (2,274) | (2,274) |
| Balance at 31-12-2008 | <u>31,418</u> | <u>8,133</u> | <u>5,283</u> | <u>(36,600)</u> | <u>8,234</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 2008.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

For the 12 Months Ended 31 December 2009**Unaudited Condensed Consolidated Cash Flow Statements**

| | 12 months Cumulative 31/12/2009 RM'000 | 12 months Cumulative 31/12/2008 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (1,324) | (2,430) |
| Adjustments for:- | | |
| Amortisation of prepaid lease payments | 38 | 38 |
| Depreciation on property, plant and equipment | 1,388 | 1,667 |
| Defined benefit obligations | 27 | 118 |
| Gain on disposal of property, plant and equipment | (804) | (365) |
| Impairment of property, plant and equipment | 0 | 92 |
| Write down in value of inventories | 0 | 112 |
| Interest expense | 668 | 748 |
| Interest on fixed deposits | (6) | (6) |
| Waiver of amount due to a director | 0 | (897) |
| Operating loss before working capital changes | (13) | (923) |
| (Increase)/decrease in inventories | (660) | 317 |
| (Increase)/decrease in trade receivables | (533) | 507 |
| (Increase)/decrease in other receivables and deposits | (77) | 294 |
| Increase/(decrease) in trade payables | 804 | (988) |
| Increase/(decrease) in other payables and accruals | 530 | (724) |
| Increase in amount due to directors | 104 | 1,951 |
| Cash generated from operations | 155 | 434 |
| Interest paid | (172) | (244) |
| Tax paid | (246) | (100) |
| Retirement benefits paid | 0 | (10) |
| Net cash (used in)/generated from operating activities | (263) | 80 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Issuance of shares (net of expenses) | 8,827 | 0 |
| Purchase of property, plant and equipment | (110) | (141) |
| Proceeds from disposal of property, plant and equipment | 1,016 | 747 |
| Interest received | 6 | 6 |
| Net cash generated from investing activities | 9,739 | 612 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of term loan | 0 | (19) |
| Increase in short-term deposits pledged as security | (7) | (6) |
| Interest paid | 0 | (21) |
| Net cash used in financing activities | (7) | (46) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 9,469 | 646 |
| CASH AND CASH EQUIVALENTS AT 1ST JANUARY | (1,901) | (2,547) |
| CASH AND CASH EQUIVALENTS AT 31ST DECEMBER | 7,568 | (1,901) |
| CASH AND CASH EQUIVALENTS COMPRISE:- | | |
| Fixed deposits with a licensed bank | 174 | 177 |
| Cash and bank balances | 9,320 | 362 |
| Bank overdrafts | (1,754) | (2,275) |
| | 7,740 | (1,736) |
| Less: Deposits pledged as securities | (172) | (165) |
| | 7,568 | (1,901) |

BTM RESOURCES BERHAD (303962-T)

Interim Report for the Fourth Quarter Ended 31 December 2009

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 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 2008.

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 2008.

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 issued and fully paid-up share capital of the Company was increased from RM31,417,650 to RM40,734,196 as a result of the issuance of 9,316,546 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the Rights Issue exercise as noted in para 20 below.

During the current financial quarter, the Company issued 18,633,092 new Warrants pursuant to the Rights Issue exercise. Each Warrant carries the entitlement to subscribe for one (1) new ordinary share of RM1.00 each in the Company at RM1.00 which shall be satisfied by cash as noted in para 20 below.

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 RM7.9 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 RM2.52 million, a decrease of 16% over the corresponding period last year. The Group recorded a pre-tax loss of RM1.31 million as compared to a pre-tax loss of RM54,000 in the corresponding period last year mainly due to lower turnover in the current financial quarter and higher other income in the previous financial quarter.

14. Changes in the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 December 2009, the Group recorded a pre-tax loss of RM1.31 million as compared a pre-tax profit of RM110,000 in the previous quarter ended 30 September 2009, mainly due to lower operating cost incurred in the previous 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. Barring unforeseen circumstances, the Group expects to improve its performance in year 2010.

16. Variance of Actual Profit From Forecast Profit

This is not applicable.

17. Taxation

Details of taxation are as follows :

| | Current Year Quarter 31/12/2009 RM'000 | Current Year To date 31/12/2009 RM'000 |
|---|---|---|
| <i>Current taxation</i> | 106 | 106 |
| <i>Deferred taxation</i> | 0 | 0 |
| <i>(Over)/under provision in prior year</i> | 0 | 0 |
| | <u>106</u> | <u>106</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

As stipulated under the Listing Requirements of Bursa Securities ("Listing Requirements") , the minimum issued and paid-up capital of a company listed on the Second Board of Bursa Securities shall be RM40 million. On 15 April 2008, Bursa Securities had suspended the trading of the securities of the Company and in the event the Company fail to comply with paragraph 8.16A of the Listing Requirements, upon the expiry of six (6) months from the date of suspension, delisting procedures shall commenced against the Company.

On 29 October 2008, Bursa Securities had granted the Company an extension of time for a period of six (6) months up to 15 April 2009 for the Company to comply with paragraphs 3.04(2) and 8.16A of the Listing Requirements ("Extended Timeframe").

On 21 May 2009, Bursa Securities has decided to grant BTM an extension of time until 8 July 2009 to submit its proposals to comply with paragraph 8.16A of the Listing Requirements to the relevant authorities for approval.

On 6 July 2009, Public Investment Bank Berhad ("PIVB") had announced on behalf of the Company, that the Company proposes to implement the following proposals:-

- (i) Proposed renounceable rights issue of up to 10,472,550 new ordinary shares of RM1.00 each in BTM ("Rights Shares") at an indicative issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every three (3) existing ordinary shares of RM1.00 each held in BTM ("BTM Shares") together with up to 20,945,100 free detachable warrants ("Warrants"), on the basis of two (2) Warrants for every one (1) Rights Share held on an entitlement date to be determined later ("Proposed Rights Issue"); and
- (ii) Proposed exemption to Dato' Seri Yong Tu Sang ("DSYTS") and persons acting in concert with him ("PAIC") from the obligation to extend a mandatory take-over offer for the remaining BTM Shares not already owned by DSYTS and PAIC upon the completion of the Proposed Rights Issue pursuant to Practice Note 2.9.1 ("PN2.9.1") of the Malaysian Code on Take-overs and Mergers, 1998 ("Code")("Proposed Exemption").

PIVB had on behalf of the Company, on 8 July 2009, submitted an application to the Securities Commission ("SC") on the Proposed Rights Issue and Proposed Exemption.

SC had on 15 July 2009 informed, amongst others, that the application for the Proposed Exemption would only be considered by the SC after the following conditions have been met. DSYTS and PAIC are to fulfill the following requirements under PN2.9.1:-

- (i) Obtaining approval from the independent holders of voting shares of BTM, on a poll in a general meeting in which the interested parties are to abstain from voting. The result of the poll has to be confirmed by an independent auditor;
- (ii) Providing competent independent advice regarding the Proposed Exemption to the shareholders of BTM. The appointment of the independent adviser and the independent adviser's circular to the shareholders are to be first approved and consented by the SC; and
- (iii) DSYTS and PAIC are to submit declarations (to be furnished after the general meeting) addressed to the SC, attesting that they have not acquired any shares in BTM subsequent to the discussion in relation to the Proposed Rights Issue (the date of the discussion is to be stated in the declaration) until the date of the declaration and undertake not to acquire any BTM shares from the date of the declaration until the granting of the Proposed Exemption by the SC (if so decided).

Further, PIVB/DSYTS and his PAIC are required to provide the SC the reasons for the substantial percentage of votes that are against and abstained from voting (excluding the abstinence by the interested parties) on the Proposed Exemption.

Bank Negara Malaysia had on 3 August 2009 approved the application for the issuance of up to 20,945,100 Warrants to non-resident shareholders of BTM pursuant to the Proposed Rights Issue.

On 24 August 2009, SC approved the Proposed Rights Issue with the condition that PIVB and BTM fully complying with the relevant requirements under the SC's Guidelines on the Offering of Equity and Equity-Linked Securities pertaining to the implementation of the Rights Issue.

On 15 October 2009, PIVB, on behalf of BTM, announced that the issue price of the Rights Issue and the exercise price of the Warrants to be issued pursuant to the Rights Issue have been fixed at RM1.00 per Rights Share/Warrant, which were arrived at after taking into consideration the par value of BTM shares of RM1.00 each and the 5 day weighted average market price of BTM shares up to 14 April 2008 (being the latest practicable date immediately preceding the date of suspension of BTM shares) of approximately RM0.17 per BTM share.

Bursa Securities had on 15 October 2009, granted its approval-in-principle for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotations for the Rights Shares, Warrants and BTM shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. The official quotation for the Rights Shares and Warrants will commence after receipt of confirmation from Bursa Depository that the respective CDS accounts of the Entitled Shareholders/renounees (if applicable) have been duly credited and notices of allotment have been despatched to them.

At an Extraordinary General Meeting held on 14 November 2009, BTM's shareholders have approved the Proposed Rights Issue and Proposed Exemption. On 16 November 2009, PIVB had on behalf of BTM, announced that the Entitlement Date had been fixed on 1 December 2009.

On 18 November 2009, SC had approved the Proposed Exemption subject to the condition that DSYTS and PAIC are to comply with the disclosure requirements under Practice Note 2.9.1 of the Code. On 2 December 2009, Bursa Securities uplift the trading suspension of the securities of the Company.

On 21 December 2009, PIVB had on behalf of BTM, announced that at the close of acceptance and payment for the Rights Issue on 16 December 2009, total acceptances and excess applications received for the Rights Issue was 9,316,546.

On 21 December 2009, the Company allotted 9,316,546 new ordinary shares of RM1.00 each together with 18,633,092 new Warrants pursuant to the Rights Issue exercise.

The Rights Issue exercise has been completed on 29 December 2009, upon the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and the Warrants issued pursuant to the Rights Issue on the Main Market of Bursa Securities on 29 December 2009.

21. Group Borrowings

Total Group borrowings as at 31 December 2009 are as follows :-

| | RM'000 |
|-----------------------|--------------|
| Long Term Borrowings | |
| Secured - Term Loans | <u>5,114</u> |
| Short Term Borrowings | |
| Secured - Overdraft | 1,754 |
| - Term Loans | <u>1,014</u> |
| | <u>2,768</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 earnings/(loss) per share of the Group is calculated by dividing the net profit/(loss) attributable for the financial period by the weighted average number of ordinary shares in issue during the financial period.

| | Current Quarter 31/12/2009 | Comparative Quarter 31/12/2008 | Current Year To Date 31/12/2009 | Comparative Year To Date 31/12/2008 |
|---|---|--------------------------------------|--|---|
| Net profit/(loss) for the period (RM'000) | (1,416) | 102 | (1,430) | (2,274) |
| Weighted average number of ordinary shares in issue ('000) | 32,532 | 31,418 | 31,698 | 31,418 |
| Basic profit/(loss) per share (sen) | (4.35) | 0.32 | (4.51) | (7.24) |

b) Diluted earnings/(loss) per share

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

26 Utilisation of Rights Issue Proceeds

The utilisation of proceeds from the Rights Issue exercise as noted in para 20 above, up to the end of the current quarter are as follows:-

| | As Approved RM'000 | Utilisation RM'000 |
|------------------------------|-----------------------|-----------------------|
| Working capital | 8,117 | 30 |
| Repayment of bank borrowings | 600 | 63 |
| Corporate exercise expenses | 600 | 40 |
| | <u>9,317</u> | <u>133</u> |

BY ORDER OF THE BOARD**DATED : 25 February 2010**