

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Condensed Consolidated Statement of Financial Position**As At 31 December 2013**

	Unaudited as at 31/12/2013 RM'000	Audited as at 31/12/2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	20,862	15,855
Prepaid lease payments	517	555
Investments	0	0
Total Non-Current Assets	21,379	16,410
Current Assets		
Inventories	4,092	2,779
Trade receivables	3,015	3,097
Other receivables, deposits and prepayments	590	1,226
Fixed deposits with licensed banks	414	401
Cash and bank balances	306	246
	8,417	7,749
Non-current asset classified as held for sale	4,114	0
Total Current Assets	12,531	7,749
TOTAL ASSETS	33,910	24,159
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	40,734	40,734
Share premium	7,628	7,628
Revaluation reserves	16,909	8,664
Accumulated losses	(46,417)	(45,670)
TOTAL EQUITY	18,854	11,356
Non-Current Liabilities		
Retirement benefits	1,176	1,074
Bank borrowings (secured)	766	2,040
Hire purchase creditors	94	118
Deferred taxation	167	2
Total Non-Current Liabilities	2,203	3,234
Current Liabilities		
Trade payables	592	572
Other payables and accruals	5,184	4,269
Bank borrowings (secured)	4,981	4,128
Amount due to directors	1,998	489
Hire purchase creditors	25	37
Taxation	73	74
Total Current Liabilities	12,853	9,569
TOTAL LIABILITIES	15,056	12,803
TOTAL EQUITY AND LIABILITIES	33,910	24,159
NET TANGIBLE ASSETS PER SHARE (RM)	0.46	0.28

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Statement of Comprehensive Income
Interim Report for the Quarter ended 31 December 2013**

	Current Quarter 31/12/2013 RM'000	Comparative Quarter 31/12/2012 RM'000	Current Year To Date 31/12/2013 RM'000	Comparative Year To Date 31/12/2012 RM'000
Revenue	2,368	1,190	7,833	4,640
Operating Expenses	(3,496)	(2,626)	(9,925)	(8,915)
Other Operating Income	<u>136</u>	<u>1,807</u>	<u>506</u>	<u>3,176</u>
(Loss)/Profit From Operations	(992)	371	(1,586)	(1,099)
Finance Costs	(492)	(656)	(751)	(988)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss From Ordinary Activities Before Tax	(1,484)	(285)	(2,337)	(2,087)
Taxation	<u>1,619</u>	<u>0</u>	<u>1,590</u>	<u>0</u>
Profit/(Loss) From Ordinary Activities After Tax	135	(285)	(747)	(2,087)
Other Comprehensive Income, net of Tax	<u>8,245</u>	<u>0</u>	<u>8,245</u>	<u>0</u>
Total Comprehensive Income/(Loss) For The Period	<u><u>8,380</u></u>	<u><u>(285)</u></u>	<u><u>7,498</u></u>	<u><u>(2,087)</u></u>
Total Comprehensive Income/(Loss) attributable to: Owners of the Company	<u><u>8,380</u></u>	<u><u>(285)</u></u>	<u><u>7,498</u></u>	<u><u>(2,087)</u></u>
(Loss)/Earnings Per Share (sen) attributable to Owners of the Company				
- Basic	0.33	(0.70)	(1.83)	(5.12)
- Diluted	N/A	N/A	N/A	N/A

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 2012)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Changes in Equity**For the 12 Months Ended 31 December 2013**

	<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 31-12-2013					
Balance at 01-01-2013	40,734	7,628	8,664	(45,670)	11,356
Total Comprehensive Income for the year	0	0	8,245	(747)	7,498
Balance at 31-12-2013	<u>40,734</u>	<u>7,628</u>	<u>16,909</u>	<u>(46,417)</u>	<u>18,854</u>
12 months ended 31-12-2012					
Balance at 01-01-2012	40,734	7,628	8,664	(43,584)	13,442
Total Comprehensive Loss for the year	0	0	0	(2,087)	(2,087)
Balance at 31-12-2012	<u>40,734</u>	<u>7,628</u>	<u>8,664</u>	<u>(45,671)</u>	<u>11,355</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 2012.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Cash Flows**For the 12 Months Ended 31 December 2013**

	12 months Cumulative 31/12/2013 RM'000	12 months Cumulative 31/12/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,337)	(2,087)
Adjustments for:-		
Amortisation of prepaid lease payments	38	38
Depreciation on property, plant and equipment	1,154	1,192
Defined benefit obligations	125	114
Allowance for impairment loss on investment	0	40
Gain on disposal of property, plant and equipment	(192)	(2,497)
Interest expense	751	988
Interest income	(13)	(119)
Operating loss before working capital changes	<u>(474)</u>	<u>(2,331)</u>
Increase in inventories	(1,313)	(489)
Decrease in trade receivables	82	1,629
Decrease/(increase) in other receivables and deposits & prepayments	636	(966)
Increase/(decrease) in trade payables	20	(53)
Increase/(decrease) in other payables and accruals	227	(189)
Increase in amount due to directors	1,509	373
Cash generated from/(used in) operations	<u>687</u>	<u>(2,026)</u>
Interest paid	(54)	(83)
Interest received	13	19
Taxation paid	(24)	(14)
Retirement benefit paid	(23)	(14)
Net cash generated from/(used in) operating activities	<u>599</u>	<u>(2,118)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(252)	(1)
Proceeds from disposal of property, plant and equipment	192	2,497
Net cash (used in)/generated from investing activities	(60)	2,496
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase liabilities	(36)	(29)
Hire purchase interest paid	(9)	(10)
Net cash used in financing activities	(45)	(39)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>494</u>	<u>339</u>
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	(28)	(367)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	<u><u>466</u></u>	<u><u>(28)</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Fixed deposits with licensed banks	414	401
Cash and bank balances	306	246
Bank overdrafts	(254)	(675)
	<u><u>466</u></u>	<u><u>(28)</u></u>

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Interim Report for the Fourth Quarter Ended 31 December 2013

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 2012.

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 2012, except for the adoption of the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are applicable to its financial statements:

Amendments to MFRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119 (Revised)	Employee Benefits
MFRS 127 (Revised)	Separate Financial Statements
Amendments to MFRS 7	Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance
Amendments to MFRS 101	Presentation of Financial Statements - (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment - (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 132	Financial Instruments : Presentation - (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 1	Interim Financial Reporting - (Annual Improvements 2009 - 2011 Cycle)

The adoption of the above new MFRSs and 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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year.

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 except for lands and buildings. During the current financial year, the lands and buildings were revalued upwards to RM20.3 million by an independent firm of valuers. As a result of the revaluation, the surplus arising from the revaluation (net of deferred taxation) of RM8.25 million has been credited to revaluation reserve.

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 Changes in Contingent Liabilities

There were no material changes in contingent liabilities since the last annual balance sheet as at 31 December 2012.

13 Performance Review on the Results of the Group

For the fourth financial quarter under review, the Group recorded turnover of RM2.37 million, an increase of 99.0% over the corresponding period last year due to higher sales volume of its sawntimber and timber products in the current quarter. The Group recorded a pre-tax loss of RM1.48 million as compared to a pre-tax loss of RM285,000 in the corresponding period last year mainly due to higher gain on disposal of fixed assets in the corresponding period last year.

14 Changes in the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 December 2013, the Group recorded a pre-tax loss of RM1.48 million as compared to a pre-tax loss of RM305,000 in the previous quarter ended 30 September 2013, mainly due to lower cost of raw material in the previous financial quarter coupled with higher interest charge 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. However, the global economic conditions in 2014 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 in the fourth quarter.

16 Variance of Actual Profit From Forecast Profit

This is not applicable.

17 Taxation

Details of taxation are as follows :

	Current Year Quarter 31/12/2013 RM'000	Current Year To date 31/12/2013 RM'000
<i>Current taxation</i>	2	2
<i>Under provision in prior year</i>	(8)	21
<i>Deferred taxation</i>	(1,613)	(1,613)
	<u>(1,619)</u>	<u>(1,590)</u>

18 Status of Corporate Proposals

- (i) On 30 October 2013, Hong Leong Investment Bank Berhad ("HLIB") had announced on behalf of the Company, that the Company proposes to implement the following proposals:-
- Proposed reduction of the issued and paid-up share capital of BTM pursuant to Section 64(1) of the Companies Act, 1965 ("Act") involving the cancellation of RM0.80 of the par value of each ordinary share of RM1.00 each in BTM ("Existing Share") ("Proposed Par Value Reduction");
 - Proposed reduction of RM3,959,431 from the share premium account of BTM pursuant to Sections 60(2) and 64(1) of the Act ("Proposed Share Premium Reduction");
 - Proposed amendments to the Memorandum & Articles of Association of BTM ("M&A") to facilitate the change in the par value of the ordinary shares in BTM from RM1.00 to RM0.20 arising from the Proposed Par Value Reduction ("Proposed M&A Amendments");
 - Proposed renounceable rights issue of up to 118,734,576 new ordinary shares of RM0.20 each in BTM ("BTM Shares")("Rights Shares") together with up to 47,493,830 free new detachable warrants ("Warrants") at an issue price of RM0.20 per Rights Share on the basis of two (2) Rights Shares for every one (1) BTM Share held after the Proposed Par Value Reduction together with four (4) Warrants for every ten (10) Rights Shares subscribed, based on a minimum subscription level of 36,328,586 Rights Shares together with 14,531,434 Warrants on an entitlement date to be determined and announced later ("Proposed Rights Issue with Warrants"); and

(e) Proposed exemption for Dato' Seri Yong Tu Sang ("DSYTS") and persons acting in concert with DSYTS ("PACs") from the obligation to undertake a take-over offer for all the remaining BTM Shares and convertible securities not already owned by them under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-overs and Mergers, 2010 ("Code")("Proposed Exemption").

(Collectively known as "the Proposals")

On 29 November 2013, the Company submitted the listing application for the Proposals to Bursa Securities. Bursa Securities has, vide its letter dated 18 December 2013, approved the following:-

- (a) admission to the Official List of Bursa Securities and the listing and quotation of up to 47,493,830 new Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
- (b) the listing and quotation of up to 118,734,576 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- (c) the listing and quotation of up to 1,352,740 Additional Warrants arising from the adjustment to the number of Outstanding Warrants pursuant to the Proposed Rights Issue with Warrants; and
- (d) the listing and quotation of up to 48,846,570 new Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants on the Main Market.

- (ii) On 29 April 2013, the Company announced that its wholly owned subsidiary, Besut Tsuda Wood Products Sdn Bhd, had on 29 April 2013 entered into an Assets Sale Agreement with Khas Promosi Sdn Bhd for the disposal of a unit of a woodwaste fired cogeneration system ("Boiler") for a disposal price of RM4,200,000.00 ("Proposed Disposal"). The shareholders of BTM had approved the Proposed Disposal at the Extraordinary General Meeting held on 5 July 2013.

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

19 Group Borrowings

Total Group borrowings as at 31 December 2013 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Term Loans	766
- Hire purchase	94
	<u>860</u>
Short Term Borrowings	
Secured - Overdraft	254
- Term Loans	4,727
- Hire purchase	25
	<u>5,006</u>

There are no borrowings denominated in foreign currency.

20 Material Litigation

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

21 Dividends

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

22 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 31/12/2013	Comparative Quarter 31/12/2012	Current Year To Date 31/12/2013	Comparative Year To Date 31/12/2012
Net profit/(loss) for the period (RM'000)	135	(285)	(747)	(2,087)
Weighted average number of ordinary shares in issue ('000)	40,734	40,734	40,734	40,734
Basic earning/(loss) per share (sen)	0.33	(0.70)	(1.83)	(5.12)

b) Diluted earnings/(loss) per share

The effect on the earnings/(loss) per share of the assumed exercise of the Warrants is anti-dilutive and hence, the diluted earnings/(loss) per share for respective periods have not been presented.

23 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 31/12/2013 RM'000	As at 31/12/2012 RM'000
The accumulated losses of the Group		
- realised	(86,692)	(85,945)
- unrealised	(2)	(2)
	<u>(86,694)</u>	<u>(85,947)</u>
Add: Consolidation adjustments	40,277	40,277
Accumulated losses as per financial statements	<u>(46,417)</u>	<u>(45,670)</u>

24 (Loss)/Profit Before Taxation

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

	Current Quarter 31/12/2013 RM'000	Comparative Quarter 31/12/2012 RM'000	Current Year To Date 31/12/2013 RM'000	Comparative Year To Date 31/12/2012 RM'000
Other income	41	516	314	679
Gain on disposal of property, plant and equipment	95	1,291	192	2,497
Interest expense	(492)	(656)	(751)	(988)
Amortisation of prepaid lease payments	(9)	(9)	(38)	(38)
Depreciation on property, plant and equipment	(290)	(297)	(1,154)	(1,192)
Allowance for impairment loss on investment	0	(40)	0	(40)

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:27 Februry 2014