

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Statement of Financial Position
As At 31 March 2020

	Unaudited as at 31/03/2020 RM'000	Audited as at 31/12/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	28,456	28,856
Right of use asset	1,687	1,755
Prepaid lease payments	296	302
Total Non-Current Assets	30,439	30,913
Current Assets		
Inventories	4,989	6,000
Trade receivables	459	396
Other receivables, deposits and prepayments	839	793
Fixed deposits with licensed banks	234	234
Cash and bank balances	332	579
Total Current Assets	6,853	8,002
TOTAL ASSETS	37,292	38,915
EQUITY AND LIABILITIES		
EQUITY		
Share capital	29,038	29,038
Revaluation reserves	19,025	19,025
Capital reserves	532	532
Warrant reserve	3,602	3,602
Accumulated losses	(31,589)	(29,611)
Equity Attributable To Owners Of The Company	20,608	22,586
Non-Controlling Interest	(18)	(18)
TOTAL EQUITY	20,590	22,568
Non-Current Liabilities		
Retirement benefit obligations	2,093	2,033
Term loan (secured)	0	344
Hire purchase creditors	69	75
Lease liabilities	1,736	1,605
Deferred taxation	332	332
Total Non-Current Liabilities	4,230	4,389
Current Liabilities		
Trade payables	2,498	2,315
Other payables and accruals	3,171	3,060
Term loan (secured)	1,398	1,389
Amount due to directors	5,263	4,949
Hire purchase creditors	24	24
Lease liabilities	118	221
Total Current Liabilities	12,472	11,958
TOTAL LIABILITIES	16,702	16,347
TOTAL EQUITY AND LIABILITIES	37,292	38,915
NET TANGIBLE ASSETS PER SHARE (RM)	0.15	0.16

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Statement of Comprehensive Income
Interim Report for the Quarter ended 31 March 2020**

	Current Quarter 31/03/2020 RM'000	Comparative Quarter 31/03/2019 RM'000	Current Year To Date 31/03/2020 RM'000	Comparative Year To Date 31/03/2019 RM'000
Revenue	2,436	1,903	2,436	1,903
Operating Expenses	(4,400)	(3,775)	(4,400)	(3,775)
Other Operating Income	<u>68</u>	<u>111</u>	<u>68</u>	<u>111</u>
Loss From Operations	(1,896)	(1,761)	(1,896)	(1,761)
Finance Costs	(82)	(67)	(82)	(67)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss From Ordinary Activities Before Tax	(1,978)	(1,828)	(1,978)	(1,828)
Taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss From Ordinary Activities After Tax	(1,978)	(1,828)	(1,978)	(1,828)
Other Comprehensive Income, Net of Tax	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income for the Period	<u><u>(1,978)</u></u>	<u><u>(1,828)</u></u>	<u><u>(1,978)</u></u>	<u><u>(1,828)</u></u>
Loss attributable to:				
Owners of the Company	(1,978)	(1,828)	(1,978)	(1,828)
Non-Controlling Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>(1,978)</u></u>	<u><u>(1,828)</u></u>	<u><u>(1,978)</u></u>	<u><u>(1,828)</u></u>
Total Comprehensive Income attributable to:				
Owners of the Company	(1,978)	(1,828)	(1,978)	(1,828)
Non-Controlling Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>(1,978)</u></u>	<u><u>(1,828)</u></u>	<u><u>(1,978)</u></u>	<u><u>(1,828)</u></u>
Loss Per Share (sen)				
- Basic	(1.40)	(1.29)	(1.40)	(1.29)
- 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 2019)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Changes in Equity**For the 3 Months Ended 31 March 2020**

	<u>Non-distributable</u>				<u>Distributable</u>		Attributable To Owners Of The Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation reserves RM'000	Capital reserves RM'000	Warrant reserve RM'000	Retained earnings RM'000				
3 months									
<u>ended 31-03-2020</u>									
Balance at 01-01-2020	29,038	19,025	532	3,602	(29,611)	22,586	(18)	22,568	
Total Comprehensive Loss for the period	0	0	0	0	(1,978)	(1,978)	0	(1,978)	
Balance at 31-03-2020	<u>29,038</u>	<u>19,025</u>	<u>532</u>	<u>3,602</u>	<u>(31,589)</u>	<u>20,608</u>	<u>(18)</u>	<u>20,590</u>	
3 months									
<u>ended 31-03-2019</u>									
Balance at 01-01-2019	29,038	19,025	532	3,602	(23,672)	28,525	(13)	28,512	
Total Comprehensive Loss for the period	0	0	0	0	(1,828)	(1,828)	0	(1,828)	
Balance at 31-03-2019	<u>29,038</u>	<u>19,025</u>	<u>532</u>	<u>3,602</u>	<u>(25,500)</u>	<u>26,697</u>	<u>(13)</u>	<u>26,684</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 2019.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Cash Flows**For the 3 Months Ended 31 March 2020**

	3 months Cumulative 31/03/2020 RM'000	3 months Cumulative 31/03/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,978)	(1,828)
Adjustments for:-		
Amortisation of prepaid lease payments	5	5
Depreciation on property, plant and equipment	410	406
Depreciation on right of use asset	68	0
Defined benefit cost	60	69
Interest expense on lease liability	0	0
Interest expense	82	67
Interest income	0	0
Operating loss before working capital changes	<u>(1,353)</u>	<u>(1,281)</u>
Decrease in inventories	1,012	120
(Increase)/decrease in trade receivables	(63)	15
Increase in other receivables, deposits & prepayments	(46)	(214)
Increase in trade payables	182	387
Increase in other payables and accruals	112	478
Increase in amount due to directors	314	751
Net cash from operating activities	<u>158</u>	<u>256</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10)	(17)
Proceeds from disposal of property, plant and equipment	0	1
Net cash used in investing activities	(10)	(16)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(335)	(309)
Term loan interest paid	(39)	(65)
Payment of hire purchase liabilities	(6)	(9)
Hire purchase interest paid	(2)	(2)
Payment of lease liability	(10)	0
Lease liability interest paid	(3)	0
Net cash used in financing activities	<u>(395)</u>	<u>(385)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(247)</u>	<u>(145)</u>
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	813	604
CASH AND CASH EQUIVALENTS AT 31ST MARCH	<u>566</u>	<u>459</u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Fixed deposits with a licensed bank	234	226
Cash and bank balances	332	233
	<u>566</u>	<u>459</u>

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Interim Report for the First Quarter Ended 31 March 2020

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 2019.

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 2019, except for the adoption of the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are applicable to its financial statements:

Amendments to MFRS 3 - Definition of a Business

Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of Material

Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform

The adoption of the above 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 quarter.

7 Dividend Paid

There were no dividends paid during the current financial quarter.

8 Segmental Information

The Group activities are primarily conducted within a single industry segment comprising the logging, sawmilling, trading in sawn timbers, plywood and logs, timber moulding and manufacturing of finger-jointed timber and wood pellet 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 Group has contingent liabilities of RM100,000 in respect of secured bank guarantee to third parties.

The Company has contingent liabilities of RM1.40 million in respect of a guarantee to a financial institution for credit facilities granted to a subsidiary company.

13 Capital Commitments

The capital commitments contracted for by the Group as at 31 March 2020 is RM Nil (31 March 2019: RM Nil).

14 Performance Review on the Results of the Group

	Individual Period (1st Quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter 31/03/2020 RM'000	Preceding Year Corresponding Quarter 31/03/2019 RM'000		Current Year To-date 31/03/2020 RM'000	Preceding Year Corresponding Period 31/03/2019 RM'000	
Revenue	2,436	1,903	28.01%	2,436	1,903	28.01%
Loss Before Interest and Tax	(1,896)	(1,761)	7.67%	(1,896)	(1,761)	7.67%
Loss Before Tax	(1,978)	(1,828)	8.21%	(1,978)	(1,828)	-8.21%
Loss After Tax	(1,978)	(1,828)	8.21%	(1,978)	(1,828)	-8.21%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,978)	(1,828)	8.21%	(1,978)	(1,828)	-8.21%

For the first financial quarter under review, the Group recorded turnover of RM2.44 million, an increase of 28.01% over the corresponding period last year. The Group recorded a pre-tax loss of RM1.98 million as compared to a pre-tax loss of RM1.83 million in the corresponding period last year mainly due to higher operating overhead from its manufacturing operations during the current financial quarter.

15 Changes in the Quarterly Results Compared to Preceding Quarter

	Current Quarter 31/03/2020	Immediate Preceding Quarter 31/12/2019	Changes %
Revenue	2,436	2,311	5.41%
Loss Before Interest and Tax	(1,896)	(919)	106.31%
Loss Before Tax	(1,978)	(1,163)	70.08%
Loss After Tax	(1,978)	(1,071)	84.69%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,978)	(1,071)	84.69%

For the quarter ended 31 March 2020, the Group recorded a pre-tax loss of RM1.98 million as compared to a pre-tax loss of RM1.16 million in the previous quarter ended 31 December 2019, mainly due to higher operating overhead from its manufacturing operations during the current financial quarter.

16 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 2020 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.

17 Variance of Actual Profit From Forecast Profit

This is not applicable.

18 Taxation

Details of taxation are as follows :

	Current Year Quarter 31/03/2020 RM'000	Current Year To date 31/03/2020 RM'000
<i>Current taxation</i>	0	0
<i>Under provision in prior year</i>	0	0
<i>Deferred taxation</i>	0	0
	<u>0</u>	<u>0</u>

19 Status of Corporate Proposals

- (a) On 8 April 2019, the Company announced that its subsidiary company, BTM Biomass Products Sdn Bhd ("BTMBP") has on 1 April 2019 entered into a Memorandum of Understanding ("MOU") with Korea South-East Power Co. Ltd ("KOEN") and Mokpo City Gas Co. Ltd ("MOKPO") and MC Bio Sdn Bhd ("MC Bio") (collectively known as "the Parties") to develop a comprehensive cooperative framework for the successful execution of a wood pellet project in the State of Terengganu in Malaysia ("the Project"). KOEN and MOKPO are companies incorporated in the Republic of Korea while MC Bio is a company incorporated in Malaysia.

On 30 September 2019, BTMBP has entered into a Memorandum of Agreement ("MOA") with KOEN, MOKPO and MC Bio for the development of the Project as a shareholder. The Project will conduct the business of manufacturing / production, shipping / delivery and sales / off-take of wood pellets as contemplated by the Parties, which will comprised of production and sales of wood pellet. BTMP desires to supply the raw materials for the wood pellet. KOEN desires to off-take the wood pellet and conduct the feasibility study for the Project. MOKPO desires to engage into the services of logistics to provide ocean transportation and other related services for the sales. MC Bio desires to develop, construct, operate and manage the production and produce, manufacture and supply the wood pellet.

The MOA shall form the basis for each Party's intentions to invest in the Project and / or enter into the joint development agreement ("JDA"), shareholders' agreement for the Project ("the SHA"), Fuel Supply Agreement, Off-Take Agreement and other related agreements (collectively "the Project Documents").

The MOA shall remain in effect until the earlier to occur of (i) the execution of JDA or SHA among the Parties with respect to the Project, (ii) two (2) years after the execution date of the MOA in case the JDA or SHA is not executed by then, or (iii) unless earlier terminated or extended pursuant to the terms thereof or otherwise mutual agreement of the Parties. Notwithstanding anything to the contrary therein, a Party may withdraw from the MOA at its sole discretion by giving the other Parties thirty (30) days prior written notice without any liability to the other Party.

- (b) On 13 November 2019, M&A Securities Sdn Bhd ("M&A") on behalf of the Company announced that the Company has on 13 November 2019 entered into a Heads of Agreement ("HOA") with Markmore Energy (Labuan) Limited ("MELL") (collectively "Party(ies)") to set out the essential terms and conditions for the Company to participate in the proposed production of LPG (together with associated natural gas condensate ("Condensate")) from the natural gas supplied from the Rakushechnoye Oil and Gas Field in the Karakiyan District of the Mangistau Oblast, Republic of Kazakhstan ("Proposed LPG Production"). MELL wholly-owned subsidiary, CaspiOilGas LLP ("COG"), is the holder of the subsurface use rights of the Rakushechnoye Oil and Gas Field for a period of twenty-five (25) years commencing on 26 August 2000 and expiring on 25 August 2025 awarded by the Ministry of Oil and Gas of Kazakhstan ("Concession").

The Proposed LPG Production is envisaged to comprise of (i) a LPG production plant and gas processing facility with a capacity of 100 million standard cubic feet ("MMSCF") per day to be constructed in accordance to the terms of the HOA and operated by the Company ("LPG Plant"). The Company will be entitled to up to 116 metric tonne per day of LPG and 3700 barrel per day of Condensate produced at the LPG Plant which is expected to allow the Company to enjoy a minimum return of 12% per annum for this project, and (ii) MELL will undertake to exclusively supply natural gas from the Rakushechnoye Oil and Gas Field for processing at the LPG Plant.

The HOA is subject to inter-alia (i) detailed terms and conditions in relation to the Proposed LPG Production to be set out in various definitive agreements to be executed; and (ii) satisfactory outcome of due diligence being conducted on MELL and the Proposed LPG Production.

The obligations of the Parties to carry out the deliverables under the HOA are conditional upon the following conditions ("Conditions Precedent") being fulfilled by the Conditions Cut-Off Date ie the date falling six (6) months from the date of the HOA or any other extended period of time as may be agreed in writing by the Parties (i) the execution of the Product Agreement in accordance to the terms and conditions mutually agreeable between BTM and MELL; (ii) the execution of the Gas Supply Agreement in accordance to the terms and conditions mutually agreeable between COG, BTM and MELL; (iii) the execution and issuance of the Profit Guarantee Agreement by MELL to BTM in accordance to the terms and conditions mutually agreeable between MELL and BTM; (iv) the letter of consent / no objection from COG to MELL and BTM for the Parties to enter into the HOA in accordance with its respective terms; (v) MELL and BTM being satisfied with the outcome of the legal, technical and financial due diligence review to be carried out by their respective consultants and advisers on MELL (including matters relating to the Proposed Transactions) and BTM (as the case may be); (vi) the approval of the board of directors of MELL and BTM; (vii) the approval of the shareholders of MELL and BTM; (viii) the unconditional written approval given by Bursa Securities and any other appropriate authorities in respect of the proposed fund raising exercise to be undertaken by BTM in connection with the HOA and such fund raising exercise shall have been duly completed by BTM in accordance with the applicable law; and (ix) such other conditions to be mutually agreed in writing by and between the Parties.

The HOA shall determine / terminate upon occurrence of any of the following events: (i) if the Conditions Precedent are not fulfilled by the Conditions Cut-Off Date; or (ii) if any of the Party is not satisfied with the findings of the legal, technical and financial due diligence conducted over the other Party; or (iii) upon the Production Agreement and the Profit Guarantee Agreement being executed and stamped; or (iv) the liquidation, winding-up or dissolution of any of the Parties; or (v) any of the Party committed a material breach under the HOA; or (vi) termination by mutual agreement of the Parties.

On 12 May 2020, M&A on behalf of the Company announced that the HOA has been terminated as the Conditions Precedent is not being fulfilled by the Conditions Cut-Off Date (i.e. 6 months from the date of the HOA, 12 May 2020).

- (c) On 5 June 2020, M&A Securities Sdn Bhd ("M&A") on behalf of the Company announced that the Company proposed to undertake a private placement of up to 20% of the issued shares of BTM ("Proposed Private Placement").

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act, 2016 ("Act") based on the limit prescribed under Paragraph 6.03 of the Main Market Listing Requirement ("Listing Requirement") ("General Mandate Limit"). In line with the "Additional Temporary Relief Measures To Listed Issuers" announced by Bursa Securities on 16 April 2020, Bursa Securities has increased the General Mandate Limit from 10% to 20% of the total issued shares (excluding treasury shares) of company listed in the Main Market ("Listed Issuer") (20% General Mandate").

The Company had obtained the general mandate from its shareholders at its 25th Annual General Meeting ("AGM") convened on 29 May 2019, whereby the Board of Directors of the Company had been authorised to allot and issue new ordinary shares in BTM ("BTM Shares") not exceeding 10% of the total issued shares of the Company ("Current Shareholders' Mandate"). Therefore, any issuance of BTM Shares exceeding 10% pursuant to the Proposed Private Placement will only be made after the renewal of the Current Shareholders' Mandate to the 20% General Mandate at the forthcoming AGM of the Company to be convened ("New Shareholders' Mandate").

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

20 Group Borrowings

Total Group borrowings are as follows :-

	31/03/2020	31/03/2019
	RM'000	RM'000
Long Term Borrowings		
Secured - Term Loan	0	344
- Hire purchase	69	75
	<u>69</u>	<u>419</u>
Short Term Borrowings		
Secured - Term Loan	1,398	1,389
- Hire purchase	24	24
	<u>1,422</u>	<u>1,413</u>

There are no borrowings denominated in foreign currency.

21 Material Litigation

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

22 Dividends

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

23 Loss per Ordinary Share

a) Basic 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 31/03/2020	Comparative Quarter 31/03/2019	Current Year To Date 31/03/2020	Comparative Year To Date 31/03/2019
Net loss for the period (RM'000)	(1,978)	(1,828)	(1,978)	(1,828)
Weighted average number of ordinary shares in issue ('000)	141,344	141,344	141,344	141,344
Basic loss per share (sen)	(1.40)	(1.29)	(1.40)	(1.29)

b) Diluted 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 has not been presented.

24 Loss Before Taxation

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

	Current Quarter 31/03/2020 RM'000	Comparative Quarter 31/03/2019 RM'000	Current Year To Date 31/03/2020 RM'000	Comparative Year To Date 31/03/2019 RM'000
Other income	68	111	68	111
Interest expense	(82)	(67)	(82)	(67)
Amortisation of prepaid lease payments	(5)	(5)	(5)	(5)
Depreciation on property, plant and equipment	(410)	(406)	(410)	(406)
Depreciation on right of use assets	(68)	0	(68)	0

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: 30 JUNE 2020