

BTM RESOURCES BERHAD (303962-T)

Interim Report for the Fourth Quarter Ended 31 December 2010

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 2009.

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 2009, except for the adoption of the following new and revised Financial Reporting Standards ("FRS"), amendments to FRSs and the Issues Committee ("IC") Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") beginning on or after 1 January 2010 as described hereunder:-

FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments : Disclosures
Amendments to FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments : Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation - Component Part Classification for a Compound Financial Instrument
Amendments to FRS 139	Financial Instruments : Recognition and Measurement
Improvements to FRS (2009)	

The adoption of the above new and revised FRSs, amendments to FRSs and IC Interpretations 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.

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 RM14.67 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 RM3.05 million, an increase of 21.0% over the corresponding period last year. The Group recorded a pre-tax loss of RM340,000 as compared to a pre-tax loss of RM1.38 million in the corresponding period last year mainly due to higher turnover and gain from disposal of fixed assets in the current financial quarter.

14. Changes in the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 December 2010, the Group recorded a pre-tax loss of RM340,000 as compared a pre-tax loss of RM949,000 in the previous quarter ended 30 September 2010, mainly due to gain from disposal of fixed assets 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. The Group is of the view that the year 2011 will be another difficult year especially in view of the economic downturn.

16. Variance of Actual Profit From Forecast Profit

This is not applicable.

17. Taxation

Details of taxation are as follows :

	Current Year Quarter 31/12/2010 RM'000	Current Year To date 31/12/2010 RM'000
<i>Current taxation</i>	16	16
<i>Under provision in prior year</i>	41	41
<i>Deferred taxation</i>	(180)	(180)
	<u>(123)</u>	<u>(123)</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

On 16 February 2011, the Company announced that the Company intends to seek shareholders' approval for the following recurrent related party transactions of a revenue and trading in nature:-

- a) log supply agreement between Besut Tsuda Wood Products Sdn Bhd ("BTWP"), a wholly owned subsidiary of BTM, and SPPT Development Sdn Bhd ("SPPT"), a related party, wherein SPPT shall supply logs to BTWP; and
- b) outsourcing agreement between BTWP and Gimzan Plywood Sdn Bhd ("Gimzan"), a related party, wherein Gimzan shall carry out plywood processing on behalf of BTWP

which are in the ordinary course of business in compliance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad at the forthcoming extraordinary general meeting ("EGM") to be held. A circular containing the details of the above recurrent related party transactions and the mandate to be sought from the shareholders at the forthcoming EGM will be despatched to the shareholders of BTM in due course.

21. Utilisation of Rights Issue Proceeds

The utilisation of proceeds from the Rights Issue exercise completed on 29 December 2009, up to the end of the current quarter are as follows:-

	As Approved RM'000	Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation	Remark
Working capital	8,117	8,344	(227)	12 months	Note 1
Repayment of bank borrowings	600	600	0	6 months	Note 2
Corporate exercise expenses	600	373	227	6 months	Note 1
	<u>9,317</u>	<u>9,317</u>	<u>0</u>		

Note 1: The surplus in the fund allocated for the corporate exercise expenses have been adjusted accordingly to the portion being earmarked for the working capital requirements.

Note 2: The portion earmarked for repayment of bank borrowings has been fully utilised in the previous financial quarter.

22. Group Borrowings

Total Group borrowings as at 31 December 2010 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Term Loans	4,047
- Hire purchase	176
	<u>4,223</u>
Short Term Borrowings	
Secured - Overdraft	1,122
- Term Loans	1,446
- Hire purchase	30
	<u>2,598</u>

There are no borrowings denominated in foreign currency.

23. Off Balance Sheet Financial Instruments

There is no financial instrument with material off balance sheet risk at the date of this report.

24. Material Litigation

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

25. Dividends

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

26. 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 31/12/2010	Comparative Quarter 31/12/2009	Current Year To Date 31/12/2010	Comparative Year To Date 31/12/2009
Net loss for the period (RM'000)	(217)	(1,288)	(3,553)	(1,302)
Weighted average number of ordinary shares in issue ('000)	40,734	32,532	40,734	31,698
Basic loss per share (sen)	(0.53)	(3.96)	(8.72)	(4.11)

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.

27 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 31/12/2010 RM'000	As at 30/09/2010 RM'000
The accumulated losses of the Group		
- realised	(37,069)	(36,852)
- unrealised	(4,383)	(4,383)
Total Group accumulated losses	<u>(41,452)</u>	<u>(41,235)</u>

BY ORDER OF THE BOARD

DATED:28 February 2011

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Statement of Financial Position
As At 31 December 2010

	Unaudited as at 31/12/2010 RM'000	Audited as at 31/12/2009 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	13,616	14,674
Prepaid lease payments	632	671
Investments	40	40
Total Non-Current Assets	14,288	15,385
Current Assets		
Inventories	3,125	1,972
Trade receivables	5,618	4,128
Other receivables and deposits	773	580
Fixed deposits with a licensed bank	178	174
Cash and bank balances	664	9,320
Total Current Assets	10,358	16,174
TOTAL ASSETS	24,646	31,559
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	40,734	40,734
Share premium	7,628	7,628
Revaluation reserves	5,280	5,280
Accumulated losses	(41,452)	(37,899)
TOTAL EQUITY	12,190	15,743
Non-Current Liabilities		
Retirement benefits	1,234	1,136
Borrowings (secured)	4,223	4,693
Deferred taxation	756	933
Total Non-Current Liabilities	6,213	6,762
Current Liabilities		
Trade payables	1,052	1,084
Other payables and accruals	2,410	4,881
Borrowings (secured)	2,598	2,624
Taxation	183	465
Total Current Liabilities	6,243	9,054
TOTAL LIABILITIES	12,456	15,816
TOTAL EQUITY AND LIABILITIES	24,646	31,559
NET TANGIBLE ASSETS PER SHARE (RM)	0.30	0.39

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)

BTM RESOURCES BERHAD (303962-T)
Interim Report for the Quarter ended 31 December 2010
Unaudited Condensed Consolidated Statement of Comprehensive Income

	Current Quarter 31/12/2010 RM'000	Comparative Quarter 31/12/2009 RM'000	Current Year To Date 31/12/2010 RM'000	Comparative Year To Date 31/12/2009 RM'000
Revenue	3,049	2,520	12,497	8,425
Operating Expenses	(4,103)	(3,849)	(16,480)	(10,172)
Other Operating Income	<u>850</u>	<u>131</u>	<u>891</u>	<u>1,056</u>
Loss From Operations	(204)	(1,198)	(3,092)	(691)
Finance Costs	(136)	(181)	(584)	(702)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss From Ordinary Activities Before Tax	(340)	(1,379)	(3,676)	(1,393)
Taxation	<u>123</u>	<u>91</u>	<u>123</u>	<u>91</u>
Loss From Ordinary Activities After Tax	(217)	(1,288)	(3,553)	(1,302)
Other Comprehensive Income, net of Tax	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Loss For The Period	<u>(217)</u>	<u>(1,288)</u>	<u>(3,553)</u>	<u>(1,302)</u>
Loss and Total Comprehensive Loss attributable to: Equity holders of the Parent	<u>(217)</u>	<u>(1,288)</u>	<u>(3,553)</u>	<u>(1,302)</u>
Loss Per Share (sen)				
- Basic	(0.53)	(3.96)	(8.72)	(4.11)
- 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 2009)

BTM RESOURCES BERHAD (303962-T)
For the 12 Months Ended 31 December 2010
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 31-12-2010					
Balance at 01-01-2010	40,734	7,628	5,280	(37,899)	15,743
Total Comprehensive Loss for the period	0	0	0	(3,553)	(3,553)
Balance at 31-12-2010	<u>40,734</u>	<u>7,628</u>	<u>5,280</u>	<u>(41,452)</u>	<u>12,190</u>
12 months ended 31-12-2009					
Balance at 01-01-2009	31,418	8,133	5,283	(36,600)	8,234
Issue of shares under Rights Issue	9,316	0	0	0	9,316
Revaluation surplus of leasehold land transferred to accumulated losses on expiry of lease term	0	0	(3)	3	0
Share issue expenses	0	(505)	0	0	(505)
Total Comprehensive Loss for the period	0	0	0	(1,302)	(1,302)
Balance at 31-12-2009	<u>40,734</u>	<u>7,628</u>	<u>5,280</u>	<u>(37,899)</u>	<u>15,743</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 2009.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

For the 12 Months Ended 31 December 2010**Unaudited Condensed Consolidated Statement of Cash Flows**

	12 months Cumulative 31/12/2010 RM'000	12 months Cumulative 31/12/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,676)	(1,393)
Adjustments for:-		
Amortisation of prepaid lease payments	39	38
Depreciation on property, plant and equipment	1,339	1,379
Allowance for doubtful debts	0	19
Deposits written off	0	82
Defined benefit obligations	98	119
Reversal of retirement benefits	0	(73)
Gain on disposal of property, plant and equipment	(297)	(955)
Property, plant and equipment written off	0	160
Allowance for slow-moving inventories	0	26
Interest expense	584	702
Interest on fixed deposits	(4)	(6)
Operating (loss)/profit before working capital change:	(1,917)	98
Increase in inventories	(1,153)	(660)
Increase in trade receivables	(1,490)	(533)
Increase in other receivables and deposits	(193)	(166)
(Decrease)/increase in trade payables	(32)	234
(Decrease)/increase in other payables and accruals	(2,770)	1,152
Cash (used in)/generated from operations:	(7,555)	125
Interest paid	(125)	(179)
Tax paid	(496)	(246)
Retirement benefits paid	0	(20)
Net cash used in operating activities:	(8,176)	(320)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(132)	(29)
Proceeds from disposal of property, plant and equipment	312	1,016
Interest received	4	6
Net cash (used in)/generated from investing activities:	184	993
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares (net of expenses)	0	8,812
Increase in short-term deposits pledged as security	(4)	(6)
Repayment of hire purchase creditors	(28)	(10)
Net cash (used in)/generated from financing activities:	(32)	8,796
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,024)	9,469
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	7,568	(1,901)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	(456)	7,568
CASH AND CASH EQUIVALENTS COMPRISE:-		
Fixed deposits with a licensed bank	178	174
Cash and bank balances	664	9,320
Bank overdrafts	(1,122)	(1,754)
	(280)	7,740
Less: Deposits pledged as securities	(176)	(172)
	(456)	7,568