

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Condensed Consolidated Statement of Financial Position**As At 31 December 2014**

	Unaudited as at 31/12/2014 RM'000	Audited as at 31/12/2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	19,604	20,862
Prepaid lease payments	478	517
Investments	0	0
Total Non-Current Assets	20,082	21,379
Current Assets		
Inventories	4,269	4,092
Trade receivables	2,559	3,016
Other receivables, deposits and prepayments	407	589
Fixed deposits with licensed banks	10,440	414
Cash and bank balances	3,363	307
	21,038	8,418
Non-current asset held for sale	0	4,114
Total Current Assets	21,038	12,532
TOTAL ASSETS	41,120	33,911
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	24,441	40,734
Share premium	0	7,628
Revaluation reserves	16,378	16,378
Capital reserves	532	532
Warrant reserve	4,464	0
Accumulated losses	(17,996)	(46,512)
TOTAL EQUITY	27,819	18,760
Non-Current Liabilities		
Retirement benefits	1,478	1,270
Bank borrowings (secured)	4,174	766
Hire purchase creditors	69	94
Deferred taxation	167	167
Total Non-Current Liabilities	5,888	2,297
Current Liabilities		
Trade payables	1,445	592
Other payables and accruals	1,892	5,185
Bank borrowings (secured)	1,708	4,981
Amount due to directors	2,268	1,998
Hire purchase creditors	25	25
Taxation	75	73
Total Current Liabilities	7,413	12,854
TOTAL LIABILITIES	13,301	15,151
TOTAL EQUITY AND LIABILITIES	41,120	33,911
NET TANGIBLE ASSETS PER SHARE (RM)	0.23	0.46

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Statement of Comprehensive Income
Interim Report for the Quarter ended 31 December 2014**

	Current Quarter 31/12/2014 RM'000	Comparative Quarter 31/12/2013 RM'000	Current Year To Date 31/12/2014 RM'000	Comparative Year To Date 31/12/2013 RM'000
Revenue	2,676	2,368	9,082	7,833
Operating Expenses	(7,908)	(3,473)	(17,791)	(9,902)
Other Operating Income	<u>2,716</u>	<u>136</u>	<u>2,896</u>	<u>506</u>
Loss From Operations	(2,516)	(969)	(5,813)	(1,563)
Finance Costs	(363)	(483)	(523)	(742)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss From Ordinary Activities Before Tax	(2,879)	(1,452)	(6,336)	(2,305)
Taxation	<u>(8)</u>	<u>1,619</u>	<u>(8)</u>	<u>1,590</u>
(Loss)/Profit From Ordinary Activities After Tax	(2,887)	167	(6,344)	(715)
Other Comprehensive Income, net of Tax	<u>0</u>	<u>7,844</u>	<u>0</u>	<u>7,844</u>
Total Comprehensive (Loss)/Income For the Period	<u>(2,887)</u>	<u>8,011</u>	<u>(6,344)</u>	<u>7,129</u>
Total Comprehensive (Loss)/Income attributable to: Owners of the Company	<u>(2,887)</u>	<u>8,011</u>	<u>(6,344)</u>	<u>7,129</u>
(Loss)/Earnings Per Share (sen) attributable to Owners of the Company				
- Basic	(2.83)	0.41	(11.30)	(1.76)
- 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 2013)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Changes in Equity**For the 12 Months Ended 31 December 2014**

	<u>Non-distributable</u>			<u>Distributable</u>			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation reserves RM'000	Capital reserves RM'000	Warrant reserve RM'000	Retained earnings RM'000	
12 months ended 31-12-2014							
Balance at 01-01-2014	40,734	7,628	16,378	532	0	(46,512)	18,760
Par Value Reduction	(32,587)	0	0	0	0	32,587	0
Share Premium Reduction	0	(3,959)	0	0	0	3,959	0
Issuance of shares and warrants	16,294	(3,669)	0	0	4,464	(1,686)	15,403
Total Comprehensive Loss for the year	0	0	0	0	0	(6,344)	(6,344)
Balance at 31-12-2014	<u>24,441</u>	<u>0</u>	<u>16,378</u>	<u>532</u>	<u>4,464</u>	<u>(17,996)</u>	<u>27,819</u>
12 months ended 31-12-2013							
Balance at 01-01-2013	40,734	7,628	8,132	532	0	(45,395)	11,631
Total Comprehensive Income for the year	0	0	8,246	0	0	(1,117)	7,129
Balance at 31-12-2013	<u>40,734</u>	<u>7,628</u>	<u>16,378</u>	<u>532</u>	<u>0</u>	<u>(46,512)</u>	<u>18,760</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 2013.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Cash Flows**For the 12 Months Ended 31 December 2014**

	12 months Cumulative 31/12/2014 RM'000	12 months Cumulative 31/12/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,336)	(2,305)
Adjustments for:-		
Amortisation of prepaid lease payments	39	38
Depreciation on property, plant and equipment	1,710	1,154
Defined benefit obligations	208	93
Gain on disposal of property, plant and equipment	(95)	(192)
Impairment of property, plant and equipment	4,104	0
Waiver of term loan interest	(2,510)	0
Interest expense	523	742
Interest income	(29)	(52)
Operating loss before working capital changes	<u>(2,386)</u>	<u>(522)</u>
Increase in inventories	(177)	(1,313)
Decrease in trade receivables	457	117
Decrease in other receivables and deposits & prepayments	182	637
Increase in trade payables	853	20
(Decrease)/increase in other payables and accruals	(900)	240
Increase in amount due to directors	270	1,509
Cash (used in)/generated from operations	<u>(1,701)</u>	<u>688</u>
Interest paid	(11)	(24)
Interest received	29	13
Taxation paid	(6)	(56)
Retirement benefit paid	0	(22)
Net cash (used in)/generated from operating activities	<u>(1,689)</u>	<u>599</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(442)	(251)
Proceeds from disposal of property, plant and equipment	95	192
Net cash used in investing activities	<u>(347)</u>	<u>(59)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net of expenses	15,403	0
Payment of hire purchase liabilities	(25)	(36)
Hire purchase interest paid	(6)	(9)
Net cash generated from/(used in) financing activities	<u>15,372</u>	<u>(45)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>13,336</u>	<u>495</u>
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	467	(28)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	<u>13,803</u>	<u>467</u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Fixed deposits with a licensed bank	10,440	414
Cash and bank balances	3,363	307
Bank overdrafts	0	(254)
	<u>13,803</u>	<u>467</u>

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Interim Report for the Fourth Quarter Ended 31 December 2014

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 2013.

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 2013, except for the adoption of the following amendments to MFRSs and new Interpretation Committee ("IC") Interpretations issued by the Malaysian Accounting Standards Board ("MASB") which are applicable to its financial statements:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above amendments to MFRSs and new IC Interpretation 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

On 6 August 2014, the par value of each existing ordinary share in BTM was reduced from RM1.00 per share to RM0.20 per share pursuant to the Proposed Par Value Reduction, Proposed Share Premium Reduction and Proposed M&A Amendment as noted in para 18 below.

During the current financial quarter, the issued and fully paid-up share capital of the Company was

increased from RM8,146,839.20 to RM24,440,517.60 as a result of the issuance of 81,468,392 new ordinary shares of RM0.20 each at an issue price of RM0.20 per share pursuant to the Rights Issue exercise as noted in para 18 below.

During the current financial quarter, the Company issued 32,587,346 new Warrants 2014/2024 pursuant to the Rights Issue exercise. Each Warrant 2014/2024 carries the entitlement to subscribe for one (1) new ordinary share of RM0.20 each in the Company at RM0.20 which shall be satisfied by cash as noted in para 18 below.

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

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 RM9.67 million in respect of a guarantee to a financial institution for credit facilities granted to a subsidiary company.

13 Performance Review on the Results of the Group

For the fourth financial quarter under review, the Group recorded turnover of RM2.68 million, an increase of 13.0% over the corresponding period last year due to higher sales volume of its manufactured products in the current quarter. The Group recorded a pre-tax loss of RM2.88 million as compared to a pre-tax loss of RM1.45 million in the corresponding period last year mainly due to impairment on its property, plant and equipment of RM4.10 million set off against waiver of term loan interest totalling RM2.51 million in the current financial quarter.

14 Changes in the Quarterly Results Compared to Preceding Quarter

For the quarter ended 31 December 2014, the Group recorded a pre-tax loss of RM2.88 million as compared to a pre-tax loss of RM900,000 in the previous quarter ended 30 September 2014, mainly due to impairment on its property, plant and equipment of RM4.10 million set off against waiver of term loan interest totalling RM2.51 million 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 2015 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.

16 Variance of Actual Profit From Forecast Profit

This is not applicable.

17 Taxation

Details of taxation are as follows :

	Current Year Quarter 31/12/2014 RM'000	Current Year To date 31/12/2014 RM'000
<i>Current taxation</i>	4	4
<i>Under provision in prior year</i>	4	4
<i>Deferred taxation</i>	0	0
	<u>8</u>	<u>8</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:-
- (a) 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");
 - (b) 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");
 - (c) 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");
 - (d) 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 ("New 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) New 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 New 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 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 2009/2019 arising from the adjustment to the number of Outstanding Warrants 2009/2019 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 New Warrants and Additional Warrants 2009/2019 on the Main Market.

The shareholders of BTM had approved the Proposals at the Extraordinary General Meeting held on 29 April 2014. The Securities Commission Malaysia had, on 4 July 2014, approved the application by Dato' Seri Yong Tu Sang and persons acting in concert with him for the Proposed Exemption. The High Court of Malaya at Kuala Lumpur had, on 30 July 2014, granted an order confirming the Proposed Par Value Reduction and Proposed Share Premium Reduction pursuant to Sections 60(2) and 64 of the Companies Act, 1965 ("Court Order")

The Court Order had been lodged with the Companies Commission of Malaysia on 6 August 2014. Pursuant thereto, the reduction of the par value of each existing ordinary share in BTM from RM1.00 to RM0.20 was deemed effective on 6 August 2014. In relation thereto, the Proposed Par Value Reduction, Proposed Share Premium Reduction and Proposed M&A Amendment have been completed.

On 23 October 2014, HLIB had on behalf of BTM, announced that at the close of acceptance, excess application and payment for the Rights Issue with Warrants on 15 October 2014, BTM had received valid acceptances and excess applications for a total of 98,452,700 Rights Shares. This represents an over subscription of approximately 20.85% over the total number of Rights Shares available under the Rights Issue with Warrants. Accordingly, the excess Rights Shares will be allocated in accordance with the basis as stated in the abridged prospectus dated 29 September 2014 in relation to the Rights Issue with Warrants.

On 24 October 2014, the Company allotted 81,468,392 new ordinary shares of RM0.20 each together with 32,587,346 New Warrants pursuant to the Rights Issue with Warrants exercise. In addition, 1,352,501 Additional Warrants 2009/2019 were issued arising from the adjustments to the Outstanding Warrants 2009/2019 pursuant to the Rights Issue with Warrants.

On 30 October 2014, HLIB had announced that the 81,468,392 Rights Shares and 32,587,346 New Warrants pursuant to the Rights Issue with Warrants were listed and quoted on the Main Market of Bursa Securities on 29 October 2014, marking the completion of the Rights Issue with Warrants and Exemption. In addition, the 1,352,501 Additional Warrants 2009/2019 issued pursuant to the adjustments to the Outstanding Warrants 2009/2019 as a consequence of the Rights Issue with Warrants were also listed and quoted on the Main Market of Bursa Securities on 29 October 2014.

- (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 ("Khas Promosi") 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 Utilisation of Rights Issue Proceeds

The utilisation of proceeds from the Rights Issue with Warrants exercise as noted in para 18 above, up to the end of the current quarter are as follows:-

	As Approved RM'000	Utilisation RM'000
Working capital requirements	9,224	2,838
Repayment of borrowings	1,100	0
Estimated expenses in relation to the exercise	970	562
To set up factory and purchase of plant and machineries for the manufacturing of wood pellet business	5,000	0
	<u>16,294</u>	<u>3,400</u>

20 Group Borrowings

Total Group borrowings as at 31 December 2014 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Term Loans	4,174
- Hire purchase	69
	<u>4,243</u>
Short Term Borrowings	
Secured - Term Loans	1,708
- Hire purchase	25
	<u>1,733</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 Earnings /(Loss) per Ordinary Share

a) Basic earnings/(loss) per share

Basic (loss)/earnings per share of the Group is calculated by dividing the net (loss)/profit attributable for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	Current Quarter 31/12/2014	Comparative Quarter 31/12/2013	Current Year To Date 31/12/2014	Comparative Year To Date 31/12/2013
Net (loss)/profit for the period (RM'000)	(2,887)	167	(6,344)	(715)
Weighted average number of ordinary shares in issue ('000)	101,835	40,734	56,135	40,734
Basic (loss)/earnings per share (sen)	(2.83)	0.41	(11.30)	(1.76)

b) Diluted earnings/(loss) per share

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

24 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 31/12/2014 RM'000	As at 31/12/2013 RM'000
The accumulated losses of the Group		
- realised	(56,585)	(86,787)
- unrealised	(1,688)	(2)
	<u>(58,273)</u>	<u>(86,789)</u>

Add: Consolidation adjustments	40,277	40,277
Accumulated losses as per financial statements	<u>(17,996)</u>	<u>(46,512)</u>

25 Loss Before Taxation

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

	Current Quarter 31/12/2014 RM'000	Comparative Quarter 31/12/2013 RM'000	Current Year To Date 31/12/2014 RM'000	Comparative Year To Date 31/12/2013 RM'000
Other income	203	41	291	314
Waiver of term loan interest	2,510	0	2,510	0
Gain on disposal of property, plant and equipment	3	95	95	192
Interest expense	(363)	(483)	(523)	(742)
Amortisation of prepaid lease payments	(10)	(9)	(39)	(38)
Depreciation on property, plant and equipment	(433)	(290)	(1,710)	(1,154)
Impairment of property, plant and equipment	(4,104)	0	(4,104)	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:26 February 2015