

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Statement of Financial Position
As At 31 December 2019

	Unaudited as at 31/12/2019 RM'000	Audited as at 31/12/2018 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	28,887	30,360
Right of use asset	1,751	0
Prepaid lease payments	302	324
Total Non-Current Assets	30,940	30,684
Current Assets		
Inventories	6,000	7,696
Trade receivables	923	891
Other receivables, deposits and prepayments	1,469	786
Fixed deposits with licensed banks	234	226
Cash and bank balances	579	378
Total Current Assets	9,205	9,977
TOTAL ASSETS	40,145	40,661
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	(29,617)	(23,672)
Equity Attributable To Owners Of The Company	22,580	28,525
Non-Controlling Interest	(18)	(13)
TOTAL EQUITY	22,562	28,512
Non-Current Liabilities		
Retirement benefit obligations	2,033	2,244
Term loan (secured)	382	1,695
Hire purchase creditors	81	99
Lease liabilities	220	0
Deferred taxation	446	446
Total Non-Current Liabilities	3,162	4,484
Current Liabilities		
Trade payables	2,574	1,451
Other payables and accruals	3,080	2,128
Term loan (secured)	1,351	1,299
Amount due to directors	5,796	2,756
Hire purchase creditors	18	31
Lease liabilities	1,602	0
Total Current Liabilities	14,421	7,665
TOTAL LIABILITIES	17,583	12,149
TOTAL EQUITY AND LIABILITIES	40,145	40,661
NET TANGIBLE ASSETS PER SHARE (RM)	0.16	0.20

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Statement of Comprehensive Income
Interim Report for the Quarter ended 31 December 2019**

	Current Quarter 31/12/2019 RM'000	Comparative Quarter 31/12/2018 RM'000	Current Year To Date 31/12/2019 RM'000	Comparative Year To Date 31/12/2018 RM'000
Revenue	2,330	3,622	9,432	15,552
Operating Expenses	(3,114)	(5,070)	(15,726)	(17,877)
Other Operating Income	<u>(26)</u>	<u>141</u>	<u>305</u>	<u>315</u>
Loss From Operations	(810)	(1,307)	(5,989)	(2,010)
Finance Costs	(244)	(81)	(432)	(342)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss From Ordinary Activities Before Tax	(1,054)	(1,388)	(6,421)	(2,352)
Taxation	<u>0</u>	<u>(253)</u>	<u>(15)</u>	<u>(253)</u>
Loss From Ordinary Activities After Tax	(1,054)	(1,641)	(6,436)	(2,605)
Other Comprehensive Income, Net of Tax	<u>486</u>	<u>0</u>	<u>486</u>	<u>0</u>
Total Comprehensive Income for the Period	<u><u>(568)</u></u>	<u><u>(1,641)</u></u>	<u><u>(5,950)</u></u>	<u><u>(2,605)</u></u>
Loss attributable to:				
Owners of the Company	(1,051)	(1,639)	(6,431)	(2,600)
Non-Controlling Interest	(3)	(2)	(5)	(5)
	<u>(1,054)</u>	<u>(1,641)</u>	<u>(6,436)</u>	<u>(2,605)</u>
Total Comprehensive Income attributable to:				
Owners of the Company	(565)	(1,639)	(5,945)	(2,600)
Non-Controlling Interest	(3)	(2)	(5)	(5)
	<u>(568)</u>	<u>(1,641)</u>	<u>(5,950)</u>	<u>(2,605)</u>
Loss Per Share (sen)				
- Basic	(0.74)	(1.16)	(4.55)	(1.87)
- 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 2018)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the 12 Months Ended 31 December 2019

	<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			
12 months ended 31-12-2019								
Balance at 01-01-2019	29,038	19,025	532	3,602	(23,672)	28,525	(13)	28,512
Total Comprehensive Loss for the year	0	0	0	0	(5,945)	(5,945)	(5)	(5,950)
Balance at 31-12-2019	<u>29,038</u>	<u>19,025</u>	<u>532</u>	<u>3,602</u>	<u>(29,617)</u>	<u>22,580</u>	<u>(18)</u>	<u>22,562</u>
12 months ended 31-12-2018								
Balance at 01-01-2018	26,561	19,025	532	3,602	(20,853)	28,867	(7)	28,860
Adjustments on initial application of MFRS 9	0	0	0	0	(86)	(86)	0	(86)
As restated	<u>26,561</u>	<u>19,025</u>	<u>532</u>	<u>3,602</u>	<u>(20,939)</u>	<u>28,781</u>	<u>(7)</u>	<u>28,774</u>
Issuance of new shares	2,477	0	0	0	0	2,477	0	2,477
Share issue expenses	0	0	0	0	(133)	(133)	0	(133)
Total Comprehensive Loss for the year	0	0	0	0	(2,600)	(2,600)	(6)	(2,606)
Balance at 31-12-2018	<u>29,038</u>	<u>19,025</u>	<u>532</u>	<u>3,602</u>	<u>(23,672)</u>	<u>28,525</u>	<u>(13)</u>	<u>28,512</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 2018.)

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Cash Flows**For the 12 Months Ended 31 December 2019**

	12 months Cumulative 31/12/2019 RM'000	12 months Cumulative 31/12/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,421)	(2,352)
Adjustments for:-		
Amortisation of prepaid lease payments	22	38
Allowance for impairment loss on trade receivables	0	39
Allowance for impairment loss on other receivables	0	31
Depreciation	1,647	1,590
Depreciation of right of use asset	271	0
Remeasurement on lease obligation	(336)	0
Defined benefit obligations	275	259
Interest expense	428	341
Interest income	(8)	(67)
Operating loss before working capital changes	<u>(4,122)</u>	<u>(121)</u>
Decrease/(increase) in inventories	1,696	(453)
(Increase)/decrease in trade receivables	(32)	338
Increase in other receivables, deposits & prepayments	(683)	(140)
Increase/(decrease) in trade payables	1,123	(982)
Increase in other payables and accruals	904	237
Increase in amount due to directors	3,040	1,288
Cash generated from operations	<u>1,926</u>	<u>167</u>
Interest received	8	7
Interest paid	0	(3)
Tax paid	(15)	0
Net cash generated from operating activities	<u>1,919</u>	<u>171</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(175)	(1,370)
Proceeds from disposal of property, plant and equipment	1	0
Net cash used in investing activities	<u>(174)</u>	<u>(1,370)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net of expenses	0	2,343
Repayment of term loan	(1,261)	(1,161)
Term loan interest paid	(236)	(336)
Payment of hire purchase liabilities	(31)	(27)
Hire purchase interest paid	(8)	(3)
Net cash (used in)/generated from financing activities	<u>(1,536)</u>	<u>816</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>209</u>	<u>(383)</u>
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	604	987
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	<u><u>813</u></u>	<u><u>604</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Fixed deposits with a licensed bank	234	226
Cash and bank balances	579	378
	<u><u>813</u></u>	<u><u>604</u></u>

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Interim Report for the Fourth Quarter Ended 31 December 2019

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 2018.

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 2018, except for the adoption of the following new MFRSs and amendments to MFRSs and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") which are applicable to its financial statements:

MFRS 16 - Leases

Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures

Amendments to MFRS 9 - Prepayment Features with Negative Compensation

Amendments to MFRS 3 and MFRS 11 - Previously Held Interest in a Joint Operation

Amendments to MFRS 112 - Income Tax Consequences of Payments on Financial Instruments classified as Equity

Amendments to MFRS 123 - Borrowing Cost Eligible for Capitalisation, Classified as "Annual Improvements to MFRSs 2015 - 2017 Cycle"

IC Interpretation 23 - Uncertainty Over Income Tax Treatments

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 RM1.73 million in respect of a guarantee to a financial institution for credit facilities granted to a subsidiary company.

13 Capital Commitments

Save as disclosed below, the Group has no other capital commitments as at 31 December 2019:-

	31/12/2019 RM'000	31/12/2018 RM'000
Authorised and contracted for:- Purchase of plant and machinery	0	0

14 Performance Review on the Results of the Group

	Individual Period (4th Quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter 31/12/2019 RM'000	Preceding Year Corresponding Quarter 31/12/2018 RM'000		Current Year To-date 31/12/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000	
Revenue	2,330	3,622	-35.67%	9,432	15,552	-39.35%
Loss Before Interest and Tax	(810)	(1,307)	-38.03%	(5,989)	(2,010)	197.96%
Loss Before Tax	(1,054)	(1,388)	-24.06%	(6,421)	(2,352)	-173.00%
Loss After Tax	(1,054)	(1,641)	-35.77%	(6,436)	(2,605)	-147.06%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,051)	(1,639)	-35.88%	(6,431)	(2,600)	-147.35%

For the fourth financial quarter under review, the Group recorded turnover of RM2.33 million, an decrease of 35.67% over the corresponding period last year. The Group recorded a pre-tax loss of RM1.05 million as compared to a pre-tax loss of RM1.39 million in the corresponding period last year mainly due to lower operating overhead from its manufacturing operations during the current financial quarter.

15 Changes in the Quarterly Results Compared to Preceding Quarter

	Current Quarter 31/12/2019	Immediate Preceding Quarter 30/09/2019	Changes %
Revenue	2,330	3,062	-23.91%
Loss Before Interest and Tax	(810)	(1,842)	-56.03%
Loss Before Tax	(1,054)	(1,904)	-44.64%
Loss After Tax	(1,054)	(1,919)	-45.08%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,051)	(1,918)	-45.20%

For the quarter ended 31 December 2019, the Group recorded a pre-tax loss of RM1.05 million as compared to a pre-tax loss of RM1.90 million in the previous quarter ended 30 September 2019, mainly due to lower 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 31/12/2019 RM'000	Current Year To date 31/12/2019 RM'000
<i>Current taxation</i>	0	0
<i>Under provision in prior year</i>	15	15
<i>Deferred taxation</i>	0	0
	<u>15</u>	<u>15</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.

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 :-

	31/12/2019	31/12/2018
	RM'000	RM'000
Long Term Borrowings		
Secured - Term Loan	382	1,695
- Hire purchase	81	99
	<u>463</u>	<u>1,794</u>
Short Term Borrowings		
Secured - Term Loan	1,351	1,299
- Hire purchase	1,602	0
	<u>2,953</u>	<u>1,299</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 31/12/2019	Comparative Quarter 31/12/2018	Current Year To Date 31/12/2019	Comparative Year To Date 31/12/2018
Net loss for the period (RM'000)	(1,051)	(1,639)	(6,431)	(2,600)
Weighted average number of ordinary shares in issue ('000)	141,344	141,344	141,344	139,077
Basic loss per share (sen)	(0.74)	(1.16)	(4.55)	(1.87)

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 31/12/2019 RM'000	Comparative Quarter 31/12/2018 RM'000	Current Year To Date 31/12/2019 RM'000	Comparative Year To Date 31/12/2018 RM'000
Other income	(34)	75	297	248
Interest income	8	66	8	67
Interest expense	(243)	(87)	(428)	(341)
Amortisation of prepaid lease payments	(6)	(9)	(22)	(38)
Allowance for impairment loss on trade receivables	0	(39)	0	(39)
Allowance for impairment loss on other receivables	0	(31)	0	(31)
Depreciation	(414)	(568)	(1,647)	(1,590)

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: 28 February 2020