THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your shares in BTM Resources Berhad ("**BTM**" or the "**Company**"), you should at once hand this Abridged Prospectus, together with the Notice of Provisional Allotment ("**NPA**") and the Rights Subscription Form ("**RSF**") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein) should be addressed to our Share Registrar, Sectrars Services Sdn Bhd at No.28-1, Jalan Tun Sambanthan 3, Brickfields, 50470 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and the RSF, is not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants complies with laws of any countries or jurisdictions other than the laws of Malaysia. The distribution of this Abridged Prospectus, together with the NPA and the RSF, may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions or in respect of certain persons under the relevant laws of those jurisdictions. This Abridged Prospectus, together with the NPA and the RSF, does not constitute an offer, solicitation or invitation to subscribe for the Rights Issue with Warrants in any jurisdiction other than Malaysia or to any person to whom it would be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, this Abridged Prospectus, together with the NPA and the RSF, has not been and will not be despatched to shareholders with a registered address outside Malaysia ("**Foreign Shareholders**"), unless they have provided an address in Malaysia for the service of this Abridged Prospectus, together with the NPA and the RSF, by the entitlement date as set out below. However, nothing shall preclude Foreign Shareholders from collecting this Abridged Prospectus, together with the NPA and the RSF, in person, at the office of our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to this Rights Issue with Warrants. Our Company and Hong Leong Investment Bank Berhad ("**HLIB**") shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the entitled shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for this Rights Issue with Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 29 April 2014. Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 18 December 2013 for the admission of the New Warrants (as defined herein) to the Official List of Bursa Securities, the listing of and quotation for the Rights Shares (as defined herein), New Warrants and the new BTM Shares (as defined herein) to be issued upon the exercise of the New Warrants on the Main Market of Bursa Securities.

Admission to the Official List of Bursa Securities for the listing of and quotation for the Rights Shares and New Warrants are in no way reflective of the merits of the Rights Issue with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

Our Board of Directors ("**Board**") has seen and approved all the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus together with the NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted would make any statements in these documents false or misleading.

HLIB, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 5 HEREIN.

BTM RESOURCES BERHAD

(Company No. 303962-T)
(Incorporated in Malaysia under the Companies Act, 1965)

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) EXISTING ORDINARY SHARE HELD AS AT 5.00 P.M. ON 29 SEPTEMBER 2014 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

Adviser

HongLeong Investment Bank

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Monday, 29 September 2014 at 5.00 p.m.
Last date and time for the sale of provisionally allotted Rights Shares with New Warrants	:	Tuesday, 7 October 2014 at 5.00 p.m.
Last date and time for the transfer of provisionally allotted Rights Shares with New Warrants	:	Friday, 10 October 2014 at 4.00 p.m.
Last date and time for acceptance and payment	:	Wednesday, 15 October 2014 at 5.00 p.m.*
Last date and time for excess application and payment	:	Wednesday, 15 October 2014 at 5.00 p.m.*

* or such later date and time as our Board and Adviser may decide and announce not less than 2 Market Days (as defined in this Abridged Prospectus) before the stipulated date and time.

This Abridged Prospectus is dated 29 September 2014

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE WITH WARRANTS AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT 2007.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS & SERVICES ACT 2007 (SUCH AS OUR DIRECTORS AND ADVISERS) ARE RESPONSIBLE.

THE DISTRIBUTION OF THIS ABRIDGED PROSPECTUS TOGETHER WITH THE NPA AND RSF (COLLECTIVELY KNOWN AS THE "DOCUMENTS") IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" PAGE OF THIS ABRIDGED PROSPECTUS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

"Act"	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
"Amendment"	:	Amendments to the Memorandum of Association of BTM to facilitate the change in the par value of the ordinary shares in BTM from RM1.00 to RM0.20 arising from the Par Value Reduction
"AMBMH"	:	Abdul Malik Bin Mohd Hussin
"Board"	:	Board of Directors of BTM
"BTM" or the "Company"	:	BTM Resources Berhad
"BTM Group" or the "Group"	:	BTM and its subsidiaries, collectively
"BTM Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.20 each in BTM
"BTWP"	:	Besut Tsuda Wood Products Sdn Bhd, a wholly-owned subsidiary of BTM
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CDS"	:	A securities account established by Bursa Depository for a depositor for the recording of deposits and dealings in such securities by the depositor
"Code"	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
"Corporate Exercises"	:	The Par Value Reduction, Share Premium Reduction, Amendment, Rights Issue with Warrants and Exemption, collectively
"CUSB"	:	Confirmed Uptrend Sdn Bhd
"Documents"	:	This Abridged Prospectus and the accompanying NPA and RSF, collectively
"Deed Poll 2009/2019"	:	The deed poll dated 16 November 2009 constituting the Outstanding Warrants
"Deed Poll"	:	The deed poll dated 12 September 2014 constituting the New Warrants
"DSYTS"	:	Dato' Seri Yong Tu Sang, being the Managing Director and a substantial shareholder of BTM
"EGM"	:	Extraordinary general meeting
"Entitled Shareholders"	:	Shareholders whose names appear in our Record of Depositors on the Entitlement Date

"Entitlement Date"	:	A date on which our shareholders must be registered in our Record of Depositors in order to be entitled to the Rights Issue with Warrants, being 5.00 p.m. on Monday, 29 September 2014
"EPS"	:	Earnings per share
"Exercise Price"	:	The exercise price of the New Warrants of RM0.20 per Warrant
"Excess Application"	:	Applications for additional Rights Shares with New Warrants in excess of an Entitled Shareholder's entitlement under the Rights Issue with Warrants as set out in Section 10.6 of this Abridged Prospectus
"Excess Rights Shares with New Warrants"	:	Rights Shares with New Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable)
"Exemption"	:	Exemption for DSYTS and the PACs from the obligation to undertake a take-over offer for all the remaining Shares and convertible securities in BTM not already owned by them under Paragraph 16.1 of Practice Note 9 of the Code
"Foreign Entitled Shareholders"	:	Our shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date and having an address outside Malaysia as set out in Bursa Depository's records, which are entitled under the Rights Issue with Warrants
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be
"HLIB" or "Adviser"	:	Hong Leong Investment Bank Berhad
"Issue Price"	:	Issue price of RM0.20 per Rights Share
"LAT"	:	Loss after tax
"LBT"	:	Loss before tax
"LPS"	:	Loss per share
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"LPD"	:	12 September 2014, being the latest practicable date prior to the date of this Abridged Prospectus
"Market Day"	:	Any day on which the stock market of Bursa Securities is open for trading in securities
"Maximum Scenario"	:	A scenario assuming all the Entitled Shareholders fully subscribed for their respective entitlements under the Rights Issue with Warrants and all the Outstanding Warrants are exercised prior to the implementation of the Rights Issue with Warrants
"Minimum Scenario"	:	A scenario based on the Minimum Subscription Level and assuming none of the Outstanding Warrants will be exercised prior to the implementation of the Rights Issue with Warrants

DEFINITIONS *(Cont'd)*

"Minimum Subscription Level"	:	A minimum subscription level of 36,328,586 Rights Shares together with 14,531,434 New Warrants
"MMSB"	:	Modern Mode Sdn Bhd
"NA"	:	Net assets
"New Warrant(s)" or "Right Warrant(s)"	:	Up to 47,493,830 free detachable warrants to be issued pursuant to the Rights Issue with Warrants
"NPA"	:	Notice of provisional allotment in relation to the Rights Issue with Warrants
"Outstanding Warrants" or "Warrants 2009/2019"	:	The existing 18,633,092 outstanding warrants 2009/2019 issued by the Company constituted by the Deed Poll 2009/2019
"PACs"	:	Persons acting in concert with DSYTS in relation to the Exemption, namely TPNAH, Yong Emmy, Yong Ellen and Yong Hin Siong
"Par Value Reduction"	:	Reduction of the issued and paid-up share capital of BTM pursuant to Section 64(1) of the Act involving the cancellation of RM0.80 of the par value of each ordinary share of RM1.00 each in BTM
"Provisional Rights Shares with New Warrants"	:	Rights Shares with New Warrants provisionally allotted to the Entitled Shareholders
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository
"Rights Issue with Warrants"	:	Renounceable rights issue of up to 118,734,576 Rights Shares together with up to 47,493,830 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 on the Entitlement Date together with four (4) New Warrants for every ten (10) Rights Shares subscribed, based on the Minimum Subscription Level
"Rights Shares"	:	New BTM Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"RSF"	:	Rights subscription form in relation to the Rights Issue with Warrants
"Rules of Bursa Depository"	:	The rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
"SC"	:	Securities Commission Malaysia
"Share Registrar"	:	Sectrars Services Sdn Bhd
"Share Premium Reduction"	:	Reduction of RM3,959,431 from the share premium account of BTM pursuant to Sections 60(2) and 64(1) of the Act
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
"TERP"	:	Theoretical ex-rights price of Shares

DEFINITIONS *(Cont'd)*

"TPNAH"	:	To' Puan Ng Ah Heng
"TSDMH"	:	Tan Sri Dato' Mohd Hussin Bin Abdul Hamid
"Undertakings"	:	Irrevocable written undertaking from the Undertaking Shareholders that they will not dispose any of their BTM Shares following the announcement of the Corporate Exercises and they will subscribe in full for their respective entitlement of the Rights Shares pursuant to the Rights Issue with Warrants
"Undertakings Shareholders"	:	DSYTS, TSDMH, Yong Emmy, TPNAH, AMBMH, Yong Ellen, CUSB and MMSB, collectively
"VWAMP"	:	Volume weighted average market price

All references to "**our Company**" in this Abridged Prospectus are to BTM, and references to "**our Group**" are to our Company and our subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context requires otherwise, our Group.

All references to "**you**" in this Abridged Prospectus are to our Entitled Shareholders and/or where the context otherwise requires, their renouncee(s) and/or transferee(s).

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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CORPORATE DIRECTORY

OUR BOARD

Name *(Designation)*	Address	Nationality	Occupation
Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman *(Chairman, Senior Independent Non-Executive Director)*	No. 11A, Lorong Batai Damansara Heights 50490 Kuala Lumpur	Malaysian	Company Director
Dato' Seri Yong Tu Sang *(Non-Independent Executive Director / Managing Director)*	50, Jalan Eksekutif U1/6 Seksyen U1 Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Yong Hin Siong *(Non-Independent Executive Director)*	50, Jalan Eksekutif U1/6 Seksyen U1 Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey *(Independent Non-Executive Director)*	27, Jalan Terasek 7 Bangsar Baru 58100 Kuala Lumpur	Malaysian	Company Director
Choong Show Tong *(Independent Non-Executive Director)*	Apt 24-5B Taman Supreme Apts Taman Supreme Cheras 56100 Kuala Lumpur	Malaysian	Company Director
Yong Emmy *(Non-Independent Non-Executive Director)*	50, Jalan Eksekutif U1/6 Seksyen U1 Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Yong Ellen *(Alternate to Yong Emmy)* *(Non-Independent Non-Executive Alternate Director)*	50, Jalan Eksekutif U1/6 Seksyen U1 Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman	Chairman	Senior Independent Non-Executive Director
Choong Show Tong	Member	Independent Non-Executive Director
Yong Emmy	Member	Non-Executive Director

CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARIES	:	Wong Youn Kim (MAICSA 7018778) 1041, Jalan Kuang Gunung 4 Taman Kepong 52100 Kuala Lumpur Mary Margret A/P V. Pelly (LS 04402) 134, Jalan Bukit 43000 Kajang Selangor Darul Ehsan Chong Seok Tian (MIA 2502) 700/16, Lorong 9, Jalan Bandar Baru, Pulau Kambing 21100 Kuala Terengganu Terengganu Darul Iman
REGISTERED OFFICE	:	Level 2, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur Tel no: (603) 2241 5800 Fax no: (603) 2282 5022 Email address: btmkl@streamyx.com Website : www.btmresources.com.my
REPORTING ACCOUNTANTS/ AUDITORS	:	Folks DFK & Co., Chartered Accountants 12th Floor, Wisma Tun Sambanthan No. 2, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel no: (603) 2273 2688 Fax no: (603) 2274 2688
SHARE REGISTRAR	:	Sectrars Services Sdn Bhd No. 28-1, Jalan Tun Sambanthan 3 Brickfields 50470 Kuala Lumpur Tel no: (603) 2274 6133 Fax no: (603) 2274 1016
PRINCIPAL BANKER	:	Alliance Bank Malaysia Berhad Head Office, Menara Multi-Purpose, Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel no: (603) 2694 8800 Fax no: (603) 2694 6200
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Ben & Partners 7-2, Level 2, Block D2, Dataran Prima, Jalan PJU 1/39, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Tel no: (603) 7805 2922 Fax no: (603) 7805 3922

CORPORATE DIRECTORY *(Cont'd)*

PRINCIPAL ADVISER	:	Hong Leong Investment Bank Berhad Level 23, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel no: (603) 2168 1168 Fax no: (603) 2164 8880
STOCK EXCHANGE LISTED	:	Main Market of Bursa Securities

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Company No. 303962-T

BTM RESOURCES BERHAD
(Company No. 303962-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

29 September 2014

Board of Directors:

Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman	*(Chairman, Senior Independent Non- Executive Director)*
Dato' Seri Yong Tu Sang	*(Non-Independent Executive Director / Managing Director)*
Yong Hin Siong	*(Non-Independent Executive Director)*
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	*(Independent Non-Executive Director)*
Choong Show Tong	*(Independent Non-Executive Director)*
Yong Emmy	*(Non-Independent Non-Executive Director)*
Yong Ellen	*(Non-Independent Non-Executive Alternate Director to Yong Emmy)*

To: Our shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 118,734,576 RIGHTS SHARES TOGETHER WITH UP TO 47,493,830 NEW WARRANTS AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING BTM SHARE HELD AS AT 5.00 P.M. ON 29 SEPTEMBER 2014 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

1. INTRODUCTION

On 30 October 2013, HLIB had announced, on behalf of our Board, that our Company proposed to undertake, *inter alia*, the Rights Issue with Warrants.

Subsequently, on 23 December 2013, HLIB had, on behalf of our Board, announced that Bursa Securities had, via its letter dated 18 December 2013, given its approval for the following:

(i) 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 Rights Issue with Warrants on the Main Market of Bursa Securities;

(ii) listing and quotation of up to 118,734,576 Rights Shares to be issued pursuant to the Rights Issue with Warrants;

(iii) listing and quotation of up to 1,352,740 additional Warrants 2009/2019 to be issued arising from the adjustment to the number of Outstanding Warrants pursuant to the Rights Issue with Warrants; and

(iv) listing and quotation of up to 48,846,570 new Shares to be issued pursuant to the exercise of the New Warrants and up to 1,352,740 additional Warrants 2009/2019 in consequence of the adjustment arising from the Rights Issue with Warrants.

The approval of Bursa Securities is subject to, *inter alia*, the following conditions:

No.	Conditions imposed	Status of compliance
(1)	BTM and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	Noted
(2)	BTM and HLIB to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(3)	BTM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed;	To be complied
(4)	BTM is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of New Warrants as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied
(5)	BTM and HLIB to furnish a copy of SC's approval for the Exemption; and	Complied
(6)	BTM and HLIB to furnish a copy of the court order sanctioning the Par Value Reduction and Share Premium Reduction;	Complied

Our shareholders had, at our EGM held on 29 April 2014, approved, *inter alia*, the Rights Issue with Warrants. A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 4 July 2014, HLIB had, on behalf of our Board, announced that the SC had, via its letter dated 4 July 2014, approved the exemption for DSYTS and the PACs from the obligation to undertake a take-over offer for all the remaining Shares and convertible securities in BTM not already owned by them upon completion of the Rights Issue with Warrants under Paragraph 16.1 of Practice Note 9 of the Code.

On 30 July 2014, HLIB had, on behalf of our Board, announced that the High Court of Malaya in Kuala Lumpur had, on even date, granted an order confirming the Par Value Reduction and Share Premium Reduction pursuant to Sections 60(2) and 64(1) of the Act ("**Court Order**").

On 6 August 2014, HLIB had, on behalf of our Board, announced that the sealed order of the Court Order granted by the Court dated 30 July 2014 has been duly lodged with the Companies Commission of Malaysia on 6 August 2014, thus being the effective date and marking the completion of the Par Value Reduction, Share Premium Reduction and the Amendment.

On 12 September 2014, HLIB announced on behalf of our Board the Entitlement Date and other relevant dates pertaining to the Rights Issue with Warrants.

The official listing of and quotation for the Rights Shares, New Warrants and new Shares to be issued arising from the exercise of the New Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) are ready for crediting and notices of allotment have been despatched to them.

No person is authorised to give any information or make any representation not contained in the Documents in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us and/or HLIB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. RIGHTS ISSUE WITH WARRANTS AND OTHER CORPORATE EXERCISES

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 118,734,576 Rights Shares for subscription by our Entitled Shareholders on the basis of two (2) Rights Shares for every one (1) BTM Share held on the Entitlement Date together with up to 47,493,830 New Warrants on the basis of four (4) New Warrants for every ten (10) Rights Shares subscribed at the issue price of RM0.20 per Rights Share.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, you can subscribe for and/or renounce and/or transfer your entitlements for the Rights Shares with New Warrants in full or in part.

The shareholders of our Company who renounce their entitlements to the Rights Shares will not be entitled to the New Warrants and shall be deemed to have also renounced their entitlements to the New Warrants. The shareholders of BTM who accept only part of the Rights Shares shall only be entitled to the New Warrants in the proportion to their acceptance of the Rights Shares. The New Warrants will be immediately detached from the Rights Shares upon issuance and separately traded.

Shareholders whose names appear in our Record of Depositors as at the Entitlement Date are entitled to participate in the Rights Issue with Warrants. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

Any Rights Shares and New Warrants which are not taken up or not validly taken up shall be made available for excess applications by other Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) in the manner set out in Section 10.6 of this Abridged Prospectus.

Any fractional Rights Shares and New Warrants arising from the Rights Issue with Warrants shall be disregarded and fractional entitlements of the Rights Shares with New Warrants which are not allotted or validly taken up for any reason will be aggregated and dealt with in such manner as our Board shall in their absolute discretion deems fit or expedient and in the best interest of our Company.

Any dealings in the Rights Shares, which are prescribed securities under the CDS, will be subject to the provisions of the SICDA and the Rules of Bursa Depository. Accordingly, upon allotment and issuance by our Company, the Rights Shares with New Warrants will be credited directly into your and/or your renouncee(s)' and/or transferee(s)' respective CDS accounts. No physical certificates will be issued to you and/or your renouncee(s) and/or transferee(s).

As an Entitled Shareholder, you will find enclosed with this Abridged Prospectus an NPA setting out the number of Provisional Rights Shares with New Warrants which you are entitled to subscribe for and an RSF which is to be used for the acceptance of the Provisional Rights Shares with New Warrants and for the Excess Application, should you wish to do so

YOU SHOULD READ THIS ABRIDGED PROSPECTUS IN ITS ENTIRETY BEFORE MAKING A DECISION.

2.2 Basis of determining the issue price of the Rights Share and the Exercise Price of the New Warrants

2.2.1 Rights Shares

The Board has fixed the issue price of the Rights Shares at RM0.20 per Rights Share using market based principles after taking into consideration the following:

(i) the 5-day VWAMP of BTM Shares of RM0.2226 up to and inclusive of 29 October 2013, being the last trading day prior to the announcement of the Corporate Exercises; and

(ii) the par value of BTM Shares after the Par Value Reduction of RM0.20 each.

For illustration purposes, the Issue Price represents:

(a) a discount of approximately 3.63% to the TERP of RM0.2075, based on the 5-day VWAMP of BTM Shares up to and including 29 October 2013 of RM0.2226, being the last trading day prior to the announcement of the Corporate Exercises; and

(b) a discount of approximately 12.89% to the TERP of RM0.2296, based on the 5-day VWAMP of BTM Shares up to and including LPD of RM0.2889.

2.2.2 New Warrants

The New Warrants are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their renouncee(s) who have successfully subscribed for the Rights Shares, and are exercisable into new BTM Shares. Each New Warrant will entitle its holder to subscribe for one (1) BTM Share at the exercise price of RM0.20 per New Warrant.

The Board has fixed the exercise price of RM0.20 per New Warrant after taking into consideration the following:

(iii) the TERP of BTM Shares based on the 5-day VWAMP of BTM Shares up to and inclusive of 29 October 2013 of RM0.2075; and

(iv) the par value of BTM Shares after the Par Value Reduction of RM0.20 each.

The Exercise Price represents a discount of approximately 3.63% to the TERP of RM0.2075 based on the 5-day VWAMP of BTM Shares up to and including 29 October 2013 of RM0.2226, being the last trading day prior to the announcement of the Corporate Exercises.

The issuance of the New Warrants is expected to enhance the attractiveness of the Rights Issue with Warrants as well as to enable BTM to raise further proceeds as and when any of the New Warrants are exercised in the future. In addition, the New Warrants would also enable the Entitled Shareholders to benefit from the future growth of the Company.

2.3 Ranking of the Rights Shares and new BTM Shares to be issued arising from the exercise of the New Warrants and additional Warrants 2009/2019

The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing BTM Shares in issue, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the allotment date of the Rights Shares.

The new BTM Shares to be issued pursuant to the exercise of the New Warrants and additional Warrants 2009/2019 (in consequence of the adjustment arising from the Rights Issue with Warrants) will, upon allotment and issue, rank *pari passu* in all respects with the then existing BTM Shares in issue, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the allotment date of the said new BTM Shares.

2.4 Salient terms of the New Warrants

Issue size	:	Up to 47,493,830 New Warrants to be issued in conjunction with the Rights Issue with Warrants to the Entitled Shareholders on the basis of four (4) New Warrants for ten (10) Rights Shares successfully subscribed.
Form and denomination	:	The New Warrants to be issued with the Rights Shares are immediately detached upon its allotment and issuance and will be separately traded. The New Warrants will be issued in registered form and constituted by a Deed Poll.
Exercise Rights	:	Each New Warrant shall entitle the registered holder, at any time during the Exercise Period, to subscribe for 1 new BTM Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Price	:	The exercise price of the New Warrants has been fixed by the Board at RM0.20 per New Warrant.
Exercise Period	:	The New Warrants may be exercised at any time within 10 years commencing on and including the date of issuance of the New Warrants until 5.00 p.m. on the expiry date, but excluding the 5 Market Days prior to a book closure date or entitlement date announced by the Company and those days during that period on which the Record of Depositors of the Company and/ or the New Warrants register is closed. Any New Warrant not exercised during the Exercise Period will cease to be valid for any purpose and will be deemed to have lapsed.
Expiry Date	:	The close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the 10^{th} anniversary of the date of issuance of the New Warrants or if such a date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day. Any New Warrants which have not been exercised and delivered to the registrar will cease to be valid for any purpose and will be deemed to have lapsed.

Board lot	:	For the purpose of trading on Bursa Securities, a board lot of New Warrants shall comprise 100 New Warrants carrying the right to subscribe for 100 new BTM Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities.
Listing status	:	The New Warrants will be listed on the Main Market of Bursa Securities.
Rights of New Warrant holders	:	The registered holder of the New Warrants are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in BTM unless and until the New Warrant holder becomes a shareholder by exercising his/ her New Warrants into new BTM Shares.
Adjustment in the Exercise Price and/or number of New Warrants	:	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised New Warrants held by each New Warrant holder may be adjusted by the Board in consultation with the approved adviser and if deemed necessary, certified by the auditors appointed by BTM, in the event of any alteration to the share capital of BTM in accordance with the provisions set out in the Deed Poll.
Rights in the event of winding up, amalgamation, reconstruction	:	Where a resolution has been passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then: (a) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the New Warrant holders, or some persons designated by them for such purposes by a Special Resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the New Warrant holders; and (b) in any other case, every New Warrant holder will be entitled at any time within 6 weeks after the passing of such resolution or the granting of the court order, by irrevocable surrender of his/her New Warrants together with payment of the relevant subscription monies, to elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by that New Warrant to the extent specified in the Exercise Forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he/she had on such date been the holder of the new Shares to which he/she would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.

Further Issues	:	Subject to the provisions of the Deed Poll, the Company will be at liberty to issue Shares or other securities convertible to Shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the New Warrant holders will not have any participating rights in such issue unless the New Warrant holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by the Company in a general meeting.
Modification	:	Save for modification which is not materially prejudicial to the interests of the New Warrant holders or to correct a manifest error or to comply with the mandatory provisions of the laws of Malaysia, any modifications, amendments, deletions or additions to the Deed Poll must be effected by a deed poll executed by the Company and expressed to be supplemental and comply with the relevant provisions of the Deed Poll.
Governing law	:	Laws of Malaysia.

2.5 Details of other corporate exercises

Save for the Rights Issue with Warrants and the corporate proposals disclosed below, our Board confirms that there are no other corporate exercises which have been approved by our shareholders and/or the regulatory authorities but not yet completed as at the LPD.

(i) On 29 April 2013, BTM announced that its wholly-owned subsidiary, BTWP had on 29 April 2013 entered into an Asset Sale Agreement ("**ASA**") 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 subject to terms and conditions contained therein ("**Proposed Disposal**"). The shareholders of BTM had approved the Proposed Disposal at its EGM held on 5 July 2013. Subsequently on 30 August 2013, the Board announced that BTM has entered into a supplemental letter to extend the cut-off date for the conditions precedents ("**CPs**") for a period of 2 months up to 28 October 2013 for the parties to fulfil the CPs under the ASA.

On 28 October 2013, the Board further announced that the Company has yet to receive the consent from Small Medium Enterprise Development Bank Malaysia Berhad ("**Chargee**" or "**SME Bank**") and as mutually agreed between the parties, to further extend the cut-off date for the CPs for another period of 2 months up to 28 December 2013 for the parties to fulfil the CPs under the ASA.

On 6 January 2014, the Board further announced that the Company has yet to receive the consent from the Chargee and as mutually agreed between the parties, to further extend the cut-off date for the CPs for another period of 2 months up to 28 February 2014 for the parties to fulfil the CPs under the ASA.

On 20 March 2014, the Board further announced that the Company has yet to receive the consent from the Chargee and as mutually agreed between the parties, to further extend the cut-off date for the CPs for another period of 4 months up to 27 June 2014 for the parties to fulfil the CPs under the ASA.

On 3 July 2014, the Board further announced that the Company has yet to receive the consent from the Chargee and as mutually agreed between the parties, to further extend the cut-off date for the CPs for another period of 4 months up to 26 October 2014 for the parties to fulfil the CPs under the ASA. As at LPD, the disposal has yet to be completed. Accordingly, the Company has been made to understand that the consent from the Chargee is pending the completion of the restructuring of the existing bank borrowing facilities maintained with the Chargee. Please refer Section 9.2 of this Abridged Prospectus for further details on the restructured bank borrowing facilities.

3. UTILISATION OF PROCEEDS

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the total number of Rights Shares issued.

Based on the full subscription level and the issue price of RM0.20 per Rights Share, the Proposed Rights Issue with Warrants will raise gross proceeds of up to approximately RM23.75 million and is expected to be utilised as follows:

	Note	Minimum Scenario RM'000	Maximum Scenario RM'000	Estimated timeframe for utilisation of proceeds from the date of listing of Rights Shares
Working capital requirements	(i)	5,196	21,677	Within 12 months
Repayment of borrowings	(ii)	1,100	1,100	Within 12 months
Estimated expenses in relation to the Corporate Exercises	(iii)	970	970	Within 1 month
		7,266	23,747	

Notes:

(i) The proceeds of up to RM21.68 million shall be utilised for the Group's working capital requirements, including operational expenses and administrative expenses. Operating expenses are expenses incurred within the ordinary course of business including but not limited to purchase of raw materials such as logs, sawn timber and plywood, workers' and staff salaries and wages and freight charges. The breakdown of the working capital requirements are as follows:

	Minimum Scenario (RM'000)	*Maximum Scenario (RM'000)*
Purchase of raw materials	*4,176*	*19,637*
Workers and staff costs	*750*	*1,500*
Selling and distribution cost	*270*	*540*
	5,196	***21,677***

The Board anticipates that approximately RM2.09 million (under the minimum scenario) and approximately RM9.82 million (under the maximum scenario) of the proceeds allocated for the purchase of raw materials will be utilised for the purchases from its mandated related parties (which include, amongst others, Gimzan Plywood Sdn Bhd and Sung Lee Timber Trading Sdn Bhd) as stated in BTM's Circular to Shareholders dated 4 June 2014.

The minimum amount of approximately RM4.18 million allocated for the purchase of raw materials was derived from the required supply of raw materials of approximately 990 cubic metres per month for the Group's manufacturing activities for a period of 6 months. This is expected to result in an increase in sales volume. Please refer to Section 6.3 for more details on the future prospects of the Group.

After taking into account the factors listed above, the Board opines that minimum proceeds for working capital of approximately RM5.20 million to be raised based on the Minimum Subscription Level is sufficient to secure additional supply of raw materials to increase its production level and thereby increase its sales volume. The aforesaid is then expected to positively contribute to the future growth in revenue and the Group's competitiveness and viability of its business by:

(i) Improve competitiveness

The amount raised would enable the Group to purchase the required raw materials for mass production of the Group's white primed window reveal which has been receiving increasing orders from its overseas customers, mainly from Australia, which contributes approximately 40% of the Group's revenue for the FYE 2012 and FYE 2013 and 50% of the Group's eight (8)-months revenue for the FPE 31 August 2014. The increase in production will result in lower unit cost due to economies of scale.

(ii) Increase viability of its business

The Board opines that the business can increase its viability by achieving a production rate above the breakeven point of 350 cubic metres per month as the outlook of the industry is getting better with higher demand for its white prime window reveal product. The Group also strategise to prioritise the usage of the proceeds for its manufacturing activity instead of spreading the proceeds over sawmilling, manufacturing and trading activities.

The Board had allocated approximately 80% (under the minimum scenario) and approximately 91% (under the maximum scenario) of the working capital requirements for the purchase of raw materials as the Group requires to stock up on the its raw materials as its production process for its products will take at least 3 months on average. In addition, save for the expected purchases of raw materials from its related parties, all other purchases from external parties are on a cash basis thereby requiring the need for a higher working capital. Separately, the Board expects that the Group shall be able to partly finance the workers and staff cost and selling and distribution cost from its internally generated funds following the increase in production level and thereafter its sales resulting from the increase in the supply of raw materials.

(ii) The proposed repayment of part of the Group's bank borrowings is expected to contribute to interest savings of approximately RM119,000 per annum based on the average interest rate of 10.85% per annum. Details are as below:

Name of financial institution/(Type of facility)	***Total bank borrowings as at LPD (RM'000)***	***Amount to be repaid from the proceeds raised (RM'000)***	***Average effective interest rates per annum (%)***	***Expected interest expense per annum (RM'000)***
SME Bank/ (Term loan)	*8,527 (includes outstanding interest amounting to approximately RM3.034 million)*	*1,100 (of which RM731,000 will be used to repay the principal amount and RM369,000 will be used for interest repayment of the restructured facility)*	*10.85%*	*119*

The aging analysis of the outstanding interest amounting to approximately RM3.034 million is as follows:

Past due	***RM***
Less than 90 days	*55,082*
90 – 180 days	*48,726*
Over 180 days	*2,930,383*

*The loan facilities with SME Bank was first obtained on 7 May 2004 which comprises two term loan facility facilities (Term Loan 1 and Term Loan 2) with a maximum sum of RM6,675,000 and a revolving loan facility with a maximum sum of RM3,000,0000. The purpose of the Term Loan 1 was to finance the total cost of installation and refurbishment of boiler and turbine equipment, purchase of timber-drying equipment and chambers and construction of boiler-house, kiln drying building and timber warehouse ("**Expansion activities**") while Term Loan 2 and the revolving loan were to refinance its existing loan with the other banks and for working capital purposes, respectively. In 2007, the Group restructured and rescheduled its outstanding Term Loan 2 and revolving loan facilities to be repayable by 96 monthly instalments commencing November 2007. The repayment of the term loan was suspended pending negotiations for the restructuring of the said term loan pursued by the Group to achieve a long term resolution of the indebtedness to the bank.*

The negotiations were concluded on 19 December 2013 with the Group on the following terms:

(a) Full settlement of the total loan outstanding sum of RM6,381,682.37 as at 31 October 2013;

(b) Waiver of normal interest and penalty interest amounted to RM1,274,725 and RM1,235,570 respectively;

(c) Upfront payment of RM500,000 upon acceptance of the proposed debts settlement plan. The upfront payment of RM500,000 has been made by the subsidiary company on 29 January 2014;

(d) *The outstanding balance of principal and interest sum of RM5,881,682 (after deducting the upfront payment of RM500,000) shall be capitalised and restructured as a term loan and shall be repayable over a five-year term by 60 monthly instalments, with interest charged at two percent above bank's prevailing rate; and*

(e) *No change to the existing securities and guarantors.*

As at the LPD, the repayment of the new term loan is suspended pending the execution of the new supplementary agreement/deed of settlement with SME Bank.

(iii) *The estimated expenses of approximately RM0.97 million consist of estimated professional fees, fees payable to the relevant authorities, printing costs of the circular and abridged prospectus to be despatched to the shareholders of the Company and other miscellaneous expenses. Any surplus or shortfall of funds for the payment of expenses for the Corporate Exercises will be adjusted accordingly from the working capital, as the case may be. The breakdown of the estimated expenses are as follows:*

	RM
Professional fees	*671,500*
Estimated fees payable to the relevant authorities	*167,000*
Miscellaneous expenses, which includes printing, advertising and estimated costs for the EGM	*131,500*
Total	*970,000*

It is to be noted that the utilisation of proceeds does not include any allocation for capital expenditure as the Group already has in place most of the necessary plant and machineries which are currently under utilised. The Group had incurred losses throughout the years mainly due to the lack of working capital to purchase raw materials which resulted in low production utilisation rate. With the proceeds from the Rights Issue with Warrants, the Group will have sufficient working capital to secure a constant supply of raw materials to increase its production level to achieve the optimum level of production i.e. economies of scale, hence resulting in a higher profit margin due to the increased sales volume which is expected to contribute to its future growth.

The proceeds to be raised from the exercise of New Warrants is dependent on the actual number of New Warrants exercised during the tenure of the New Warrants. The proceeds raised from the exercise of New Warrants shall be utilised for the working capital requirements of the BTM Group.

Pending the utilisation of the proceeds by BTM, the proceeds from the Rights Issue with Warrants will be placed in interest-bearing deposit accounts or investments in money markets as the Board may deem fit.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants is undertaken with the following objectives:

(i) the Rights Issue with Warrants provides an opportunity for the Entitled Shareholders to increase their equity participation in BTM through the subscription of the Rights Shares and New Warrants;

(ii) to raise immediate funds for BTM without incurring interest costs as compared to other means of financing such as through bank borrowings or the issuance of debt instruments;

(iii) the New Warrants, which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for their Rights Shares. They would also enable the Entitled Shareholders to benefit from the future growth of the Company and any potential capital appreciation arising from the exercise of the New Warrants, depending on the future performance of BTM Shares; and

(iv) the Company can raise additional interest free funds for working capital purposes when the New Warrants are exercised in the future.

5. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following key risk factors before subscribing for or investing in the Rights Issue with Warrants. There may be additional risk factors, which are not disclosed below, which are not presently known to us or which we currently deem to be less significant, which may materially and adversely affect our business, financial condition, operating results and prospects in the future.

5.1 Risk relating to our business

5.1.1 Business risks

The principal activity of BTM is that of investment holding and provision of management services while its subsidiary companies are involved in logging, sawmilling, trading of sawn timber, logs and plywood, kiln-drying operations, timber moulding, manufacturing of finger jointed timber and lamination boards and letting of plant and machineries. However, as at the LPD, the Group has ceased or suspended the following activities:

(i) Logging activities

The Group has suspended the logging activities since the cessation of its Hulu Besut concession on 14 October 2003. The Group will revive its logging operation upon Syarikat Maskayu Sawmill Sdn. Bhd., a 99.99% subsidiary company of BTM ("**Maskayu Sawmill**") obtaining its logging licence. Please refer to Section 6.3 of this Abridged Prospectus for further information on Maskayu Sawmill's logging licence.

(ii) Sawmilling activities

The Group has suspended the sawmilling activities since 2011 due to lack of capital to acquire logs and low profit margins from sawmilling activities. The Group will revive its sawmilling operation upon Maskayu Sawmill obtaining its logging licence.

(iii) Letting of plant and machineries

The Group has ceased letting of plant and machineries since the subsidiary company, BTM Global Holdings Sdn Bhd, disposed of all its plant and machineries in November 2008. There is no intention to revive this operation.

Our Group is exposed to certain risks inherent to the timber industry. These include but not limited to changes in general economic conditions (such as inflation, changes in interest rates and foreign exchange rate fluctuations), changes in the legal and environmental framework within which the industry operates, constraints in labour and timber supply, rapid changes in manufacturing technology, fluctuations in selling prices of timber related products, drop in demand for timber related products, increase in the cost of labour and raw materials, re-negotiation or nullification of existing sales orders and contracts as well as negative publicity from non-governmental organisations concerned on environmental impact of logging activities.

Although we seek to limit these risks through, inter-alia, practising prudent management policies, maintaining good relationships with our suppliers and customers, as well as adequate emphasis on personnel development, no assurance can be given that any changes to these inherent factors will not have a material adverse effect on our business.

5.1.2 Raw materials

The raw materials of our Group mainly comprise sawn timber and logs. Hence, our business may be subject to the Group's ability to obtain adequate and reliable supply of raw materials at competitive prices. The prices of raw materials are also susceptible to fluctuations affected by supply and demand in the timber industry.

In view of BTM Group being in the industry for approximately 18 years, the Group has maintained good rapport and strong business relationships with its suppliers over the years. Further details on its suppliers are set out below:

(i) Number of suppliers as at the LPD and corresponding length of relationship:

Length of relationship	**No. of suppliers**	
	Related parties	**Non-related parties**
Less than 1 years	-	4
2- 4 years	-	3
4 -8 years	1	2
More than 8 years	3	4
Total	**4**	**13**

(ii) Nature of relationship: Suppliers for sawn timber, plywood, rubber wood, logs and other species of logs (We do not have any formal relationship with the non-related parties for the supply of raw materials to the Group).

(iii) % purchased on a year-to year basis over the last 3 years

	8 months to 31 August 2014	**FYE 2013**	**FYE 2012**	**FYE 2011**
Related parties	44.67%	55.42%	47.99%	61.62%
Non-related parties	55.33%	44.58%	52.01%	38.38%

The Group maintains its good and strong business relationship with its suppliers by ensuring prompt payments to the suppliers. However, there is no assurance can be given that it will not face disruption in the supply of raw materials in the future.

5.1.3 Dependence on key personnel

Our Group believes that its continued success depends on our Group's ability to hire, train and retain qualified and competent personnel. Our Group's success also depends to a certain extent on the continued employment of our Group's executive directors, senior management team and key technical personnel. The Group is continuously making efforts to prepare other members of the management team to assume more responsibilities in order to nurture and maintain a good relationship with its senior management team and key technical personnel, there can be no assurance that the loss of any of the key employees can be avoided.

5.1.4 Future prospects

Our Group's future growth will be much dependent upon, among other things, our Group's ability to obtain consistent supply of raw materials, enter into contracts or other arrangement with customers on favourable terms, hire and retain skilled management and other key personnel, successfully manage growth including monitoring operations and controlling costs and obtain adequate financing when needed. There can be no assurance that our Group will be able to successfully implement its business plan or that unanticipated change in the market forces, financial constraints or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans.

5.1.5 Adequacy of insurance

Our Group is aware of the adverse consequences arising from inadequate insurance coverage that could affect our business operations. In ensuring such risk are minimised, we have taken the necessary measures to ensure that all our material assets are adequately covered by insurance in accordance with standard industry practice wherein the material assets of the Group such as buildings, factory premises, office, machinery as well as its motor vehicles are adequately insured with fire, consequential loss and equipment and office risk insurance policies. As at the LPD, the Group has total insurance coverage of RM20.14 million. However, there can be no assurance that the coverage would be adequate for the replacement cost of the assets which is unable to be estimated at this juncture. Any losses or liabilities that are not covered by our standard insurance plan may have a material adverse effect on our business, financial condition and results of our operations.

5.1.6 Political, economic and regulatory considerations

Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial position and prospects of our business. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules or regulation affecting the timber industry, changes in interest rates, inflation, taxation method, general employment outlook and political leadership.

In mitigating such risks, our Group will continue to review its business development strategies in response to the changes in political, monetary, fiscal and economic conditions. Nonetheless, no assurance can be given that any change to these factors would not have any material adverse impact on our Group's business in the future.

5.1.7 Cash flow requirements

The BTM Group has been experiencing losses since 1998 mainly due to shortage of working capital funds which affected the Group's ability to purchase raw materials, resulting in lower sales which were insufficient to cover the high fixed costs incurred. The primary objective of the Rights Issue with Warrants is to enable the BTM Group to raise funds to finance its working capital requirements and to repay part of its borrowings.

The performance and the cash flow of the Group, to a certain extent, will be dependent on the successful implementation of the Rights Issue with Warrants. In mitigating this risk, the Company had obtained the Undertakings from DSYTS to subscribe for all his entitlement and any excess Right Shares with Warrants not taken up by the other Entitled Shareholders, based on the Minimum Subscription Level.

5.2 Risks relating to the Rights Issue with Warrants

5.2.1 Market price for the BTM Shares

A variety of factors could cause the prices of BTM Shares to fluctuate, including announcements of developments relating to our Group's business, fluctuations in our operating/financial results or revenue levels and change in regulatory requirements or market conditions. In addition, external factors such as economic, political and industry conditions, volatility of equity markets, movements in interest rates and prevailing market sentiments/ liquidity could also adversely affect the prices of BTM Shares. There can be no assurance that the market price of the Rights Shares will be traded above the TERP after the completion of the Rights Issue with Warrants.

5.2.2 Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be delayed or aborted on the occurrence of any one or more of the following events:

(i) *force majeure* events or material adverse change of events/circumstances which are beyond the control of our Company arising prior or during the implementation of the Rights Issue with Warrants; and/or

(ii) Undertaking Shareholders may not fulfill or be able to fulfill their Undertakings to subscribe in full for their entitlements under the Rights Issue with Warrants as at the Entitlement Date as set out in Section 8 of this Abridged Prospectus.

Notwithstanding the risks, we will exercise our best endeavours to ensure that the Rights Issue with Warrants is successfully implemented. However, there can be no assurance that the above events will not occur, and cause the delay or abortion of the Rights Issue with Warrants. In the event the Rights Issue with Warrants is aborted, all the subscription/application monies for the Rights Issue with Warrants will be refunded without interest to the subscribing Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable).

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) and the Rights Issue with Warrants is subsequently aborted or terminated, a return of subscription monies to all holders of the Rights Shares would only be achievable by way of cancellation of our share capital as provided for under the Act and its related rules. Such cancellation requires the sanction of our shareholders by way of a special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. In such an event, there can be no assurance that such monies can be returned within a short period of time or at all.

5.2.3 Capital market risk

The performance of our local bourse is affected by a number of factors, amongst them are the general economic climate of Malaysia, the Southeast Asia region and the rest of the world, the performance of the global capital markets and investors' sentiments. These factors contribute to the volatility of trading volumes on Bursa Securities.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility. Share prices of many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. There can be no assurance that the price and trading of our Shares will not be subject to such fluctuations in the future.

In view of the foregoing, there can be no assurance that the Rights Shares will trade at or above the TERP after completion of the Rights Issue with Warrants.

5.3 Forward-looking statements

This Abridged Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Abridged Prospectus, including without limitation, those regarding our financial position, business strategies, plans and objectives of our management for our future operations, are forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, *inter-alia*, general economic and business conditions, competitions, the impact of new laws and regulations affecting us and the industries we operate in, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by us or our Adviser that such plans and objectives will be achieved.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

6.1 The Malaysian economy

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%), underpinned by higher exports and continued strength in private domestic demand. On the supply side, growth in the major economic sectors remained firm, supported by trade and domestic activity. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

Exports and private sector activity remained the key drivers of growth during the quarter. Private investment continued to register double-digit growth, expanding by 12.1% (1Q 2014: 14.1%), reflecting investments in the services and manufacturing sectors. Private consumption increased by 6.5% (1Q 2014: 7.1%), supported by stable employment conditions and continued wage growth. In contrast, public sector expenditure declined by 2.1% (1Q 2014: 2.7%).

Public consumption declined marginally by 1.3% (1Q 2014: 11.2%), reflecting lower Government spending on emoluments, and supplies and services. Public investment declined by of 3.3% (1Q 2014: -6.4%), due to lower spending on fixed assets by both the Federal Government and public enterprises.

On the supply side, growth in the major economic sectors remained strong. The services sector recorded sustained growth, supported mainly by the trade-related sub-sectors. The manufacturing sector expanded at a faster pace, underpinned by the electronics and electrical cluster, particularly semiconductors. The construction sector expanded at a more moderate pace, driven mainly by the residential and non-residential sub-sectors. Meanwhile, the agriculture sector registered strong growth, reflecting higher production of palm oil. The mining sector turned around to record positive growth, due mainly to higher production of both natural gas and crude oil.

(Source: Quarterly Bulletin, Second Quarter 2014, Bank Negara Malaysia)

The Malaysian economy is expected to expand further by 5% - 5.5% in 2014 (2013: 4.7), supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Although some degree of uncertainty exists in the global environment due to the volatility of capital flows associated with the possibility of reduced global liquidity, Malaysia's external sector is expected to improve. This is in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which is evident in the second half of 2013. The better outlook of Malaysia's external sector is premised upon China's real gross domestic product growth, which is expected to be sustained at around 7.5%, while global trade will continue to grow at steady pace of 5% in 2014.

Domestic demand is expected to continue its strong growth momentum, driven mainly by the private sector. Strong domestic fundamentals, including low unemployment, rising household income and sustained consumer confidence, will support the continued expansion of private consumption. Growth in private investment is expected to remain strong in line with improving external demand and increasing domestic activity. Public expenditure will be largely underpinned by increased spending on supplies and services.

(Source: Economic Performance and Prospects, Economic Report 2013/2014, Ministry of Finance, Malaysia)

6.2 Outlook of the timber industry

During the Third Industrial Master Plan (IMP3) period (2006 -2020), exports of the timber industry is targeted to grow at an annual rate of 6.4 per cent to reach RM53 billion by 2020. The main contributors to this targeted growth will be furniture and panel products such as MDF and plywood. The National Timber Industry Policy 2009 - 2020 ("**NATIP**") was officially launched on 17 February 2009 to ensure the continued viability of the wood-based industry in Malaysia up to the year 2020. The policy directions presented in NATIP are set out as a course of actions designed specifically for the industry to maintain and enhance its competitive edge in the global marketplace. More emphasis will be given to higher value-added downstream activities that are expected to generate 60 per cent of the export earning valued at RM31.8 billion. These activities include the manufacture of wooden and composite furniture products, panel products such as medium density fibreboard, blockboard, plywood, particleboard, laminated veneer lumber and engineered wood products. It is envisaged that the remaining 40 per cent (RM21.2 billion) will be derived from export of primary processed wood products such as logs, sawn timber and plywood.

(Source: Natip 2009 - 2020, Ministry of Plantation Industries and Commodities Malaysia)

The wood-based industry is a major contributor to value-added, export earnings and employment in the manufacturing sector. It has extensive backward linkages wilh the primary sector, principally tropical hardwood timber and rubberwood, and forward linkages to the metals, and machinery and equipment industries.

(Source: Third Industrial Master Plan 2006 – 2020)

For the second quarter of 2014, value-added of the forestry and logging subsector turned around by 5.9% supported by higher logging activities, particularly in Sarawak and Peninsular Malaysia.

(Source: Malaysian Economy, Second Quarter 2014, Ministry of Finance Malaysia)

6.3 Prospects of BTM

The Group's activities comprises the logging, sawmilling, trading in sawn timbers, plywood and logs, timber moulding and manufacturing of finger-jointed timber. Some of the activities and products of the Group are depicted as follows:

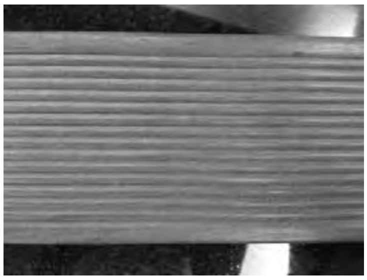
Cross cutting of timber

Timber moulding

Lamination of block board

Laminated boards

White primed window reveal[1]



Outdoor decking/flooring

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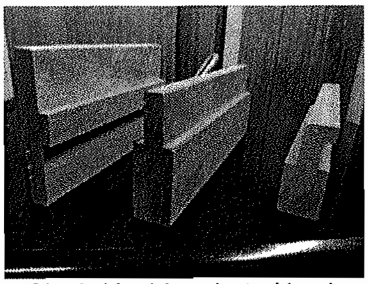
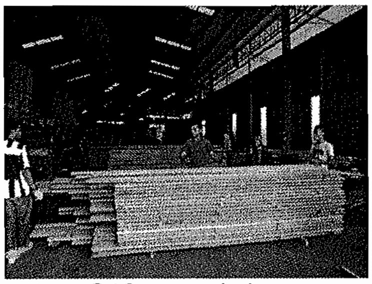
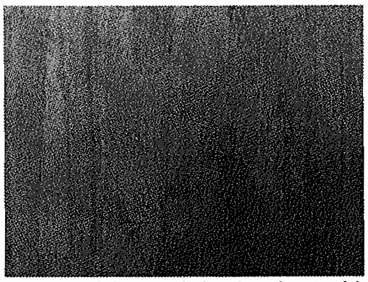
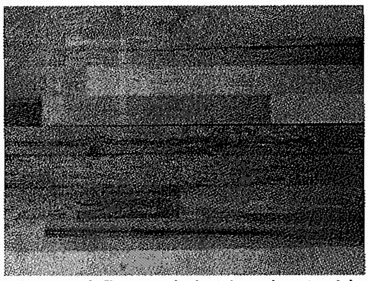
[1] Window reveals is the timber liner on the inside edge of a window. They bridge the width of the plaster, studs, cavity of the wall, and the cladding system being used. The white primed window reveal are coated in a smooth white base coat of paint on all 4 edges of the timber.


Single/double rebated jamb


S4S sawn timber


Rubber wood finger joint laminated board


Mixed wood finger joint laminated board

During the past financial years, the BTM Group had carried out various fund raising exercises to raise additional funds amounting to an aggregate RM14.60 million for the purposes of financing the Group's working capital requirements, repayment of bank borrowings and to improve the Company's equity condition. Such fund raising exercises were then expected to enhance the Group's capital base and cashflow to support its growth, profitability and liquidity. The details of the aforesaid fund raising exercises are as follows:

Type of fund raising and date of completion of fund raising	Private placement of 2,468,650 ordinary shares of RM1.00 each in BTM, which was completed on 27 April 2004	Private placement of 2,814,000 ordinary shares of RM1.00 each in BTM, which was completed on 15 June 2007	Rights issue of up to 10,472,550 ordinary shares of RM1.00 each in BTM together with up to 20,945,100 Outstanding Warrants, which was completed on 29 December 2009
Breakdown of utilisation of proceeds:			
- Working capital (RM'000)(1)	1,701	2,365	8,344
- Repayment of bank borrowings (RM'000)	-	375	600
- Corporate exercise expenses (RM'000)	768(2)	74	373
Total (RM'000)	2,469	2,814	9,317
Completion date of usage of funds	2nd quarter of 2004	3rd quarter of 2007	4th quarter of 2010

Notes:

(1) *The breakdown of the actual utilisation of proceeds under the working capital requirements are as follows:*

	Private placement of 2,468,650 ordinary share of RM1.00 each in BTM (RM'000)	*Private placement of 2,814,000 ordinary share of RM1.00 each in BTM (RM'000)*	*Rights issue of up to 10,472,550 ordinary share of RM1.00 each in BTM together with up to 20,945,100 Outstanding Warrants (RM'000)*
Purchase of raw materials	*1,545*	*1,185*	*4,310*
Workers and staff costs	*-*	*516*	*2,084*
Selling and distribution cost	*-*	*30*	*279*
Other administration and production cost	*156*	*634*	*1,671*
	1,701	***2,365***	***8,344***

(2) *Comprise expenses arising from the acquisition of land and plant and machineries from BTM Timber Industries Sdn Bhd, the acquisition of Wisma Kam Choon from Sung Lee Timber Trading Sdn Bhd and the private placement exercise.*

The Group's performance was severely affected by the cessation of logging activities for its 4 year non-renewable timber concession of approximately 607.04 acres located at Tembat Forest Reserve, District of Besut, Hulu Terengganu in 1998 and its timber concession of approximately 50,000 acres located at Hulu Besut Forest Reserve, District of Besut, Terengganu due to the non-renewal of its concession agreement by the relevant authorities in 2003.

The Hulu Besut concession was for a period of 25-year which expired in 1999. The Group in recognising the need to ensure an adequate and sustainable supply of raw materials, had commenced negotiations with the Terengganu State Government for an extension of the concession period. The Terengganu State Government had then agreed to rescind the agreement earlier and enter into a new concession agreement for a further period of 25-year commencing 1 January 1996. However, the new concession agreement was not concluded due to the change in the ruling state government following the 1999 General Election. Nonetheless, the Group was allowed to continue logging in the Hulu Besut concession until 14 October 2003.

In view of the abovementioned cessations of logging activities, the Group had to purchase logs from external parties which resulted in an increase in the cost of raw material leading to lower margins throughout the years. Throughout the years from 1995 to 2013, BTM had continuously been liaising with the State Government for the renewal of new concession agreement in Hulu Besut. However, the new concession agreement has still not concluded yet. Separately, BTM have also been assessing new concessions area located elsewhere but after considering the logistics and economic viability, decided not to pursue such new concession. As a consequence, the sawmilling activity of the Group was temporarily suspended in 2011.

For the FYE 2012, the Group's manufacturing of moulding and priming timber have slowed down due to lack of working capital to purchase raw materials. The sawmilling activity, which was temporarily suspended in 2011 due to lack of working capital to secure a constant supply of logs, continued to be suspended due to lack of supply of logs.

The logging activity of the Group is carried out by Maskayu Sawmill, which had on 3 July 2011 entered into an agreement to extract logs with the State Government of Terengganu in Terengganu with an area of about 404.70 hectares for a period of 3 years effective from July 2011 to July 2014. Maskayu Sawmill is currently pursuing the issuance of logging licence from the Terengganu State Forestry Department. As at the LPD, the logging licence has yet to be obtained as the boundary survey and marking of trees has not been completed yet to enable the issuance of the licence. In view of the delay in obtaining the logging licence, Maskayu Sawmill had on 13 January 2014 applied for an extension of the abovementioned agreement to extract logs.

The salient terms of the agreement to extract logs, as announced by BTM on 12 July 2011 are as follows:

(i) The State Government of Terengganu agrees to grant Maskayu Sawmill a forest concession at compartment 125(part) and compartment 124(part) in Hutan Simpan Cerul, District of Kemaman with an area of approximately 404.70 hectares;

(ii) Maskayu Sawmill shall pay to the State Government of Terengganu the royalties and cess for round timber extracted from the licenced area according to the rates fixed and published stated in the Government Gazette together with a premium of RM3,700 per hectare per annum in the forest concession;

(iii) Maskayu Sawmill to comply with Akta Perhutanan Negara 1984, Kaedah-Kaedah Hutan 1986 and the relevant regulations and procedures as required by the Forestry Department; and

(iv) The yield (round timber) from the concession is estimated at 28 cubic metres per hectare as required under the logging licence.

Trading of sawntimber and plywood are carried out by BTM Marketing & Trading Sdn. Bhd., a marketing arm of BTM Resources Berhad. During the FYE 2012, the Group was faced with a shortage in the supply of plywood due to the shortage of raw materials faced by its main supplier, Gimzan Plywood Sdn. Bhd. ("**Gimzan**"). In addition, the Group's turnover was also affected by the slowdown in the world economy (resulting from the euro area debt crisis), which had negatively affected the demand for plywood.

In view of the continued losses incurred by the BTM Group and the need to obtain consistent supply of raw materials, the Board has taken the following steps to improve the financial position of the BTM Group which entail, amongst others:

(i) BTM have entered into the log supply agreements with its related parties to secure a steady supply of logs as raw material for its sawmill operation.

(a) As announced by BTM on 14 March 2011, Besut Tsuda Wood Products Sdn Bhd ("**BTWP**"), the wholly-owned subsidiaries of BTM had on even date entered into a log supply agreement with SPPT Development Sdn Bhd ("**SPPT**") for the purchase of logs for a period of 5 years commencing from 1 April 2011.

Based on the terms of the log supply agreement, SPPT shall ensure that a minimum of 36,000 cubic metres shall be provided to BTWP on an annual basis, with additional tonnage subject to availability and requirement to be agreed upon between the parties. SPPT contracts to provide the logs to BTM based on size as per the following breakdown:

Species	Size (inches)	RM per cubic metres
Mixed species	24 and up	367.00
Mixed species	20 to 23	353.00
Mixed species	18 to 19	310.00
Mixed species	13 to 17	297.00
Mixed species	6 to 12	282.00

At all times the price for the logs supplied by SPPT to BTWP shall be below prevailing market prices per cubic metres and all relevant costs to deliver the logs, contractor's and legal fees. Prices shall be subject to review every quarter with reference to actual market conditions, whereby the parties shall agree to a price where BTWP shall enjoy a discount to prevailing market prices of logs. The agreed price shall also reflect a margin above the cost cubic metres for SPPT, and the difference between prevailing market price and costs shall be allocated 48.50% to BTWP as a discount and 51.50% to SPPT as a margin of profit.

BTWP shall pay SPPT, which may be to SPPT directly or SPPT's nominated contractors, the cost of extracting the timber upon delivery of the log. The balance of the difference between the cost of extracting the timber and the selling price shall be paid 30 days after delivery of logs. The cost of timber extraction will include SPPT contractor's fee, transportation costs and state royalties, all of which shall be at market rates and thus determined by market conditions.

The log supply agreement with SPPT is subject to SPPT obtaining the required logging licence for the extraction of logs from its concession area. Accordingly, SPPT had only managed to obtained the said logging licence in January 2014 and the supply of logs by SPPT to BTWP had only commenced in May 2014.

(b) As announced by BTM on 16 January 2013, BTWP and Besut Tsuda Industries Sendirian Berhad, both being wholly-owned subsidiaries of BTM, had on 15 January 2013 entered into a log supply agreement with Gimzan Plywood Sdn Bhd ("**Gimzan**") and Sung Lee Timber Trading Sdn. Bhd. ("**SLTT**") respectively for the purchase of logs over a period of 2 years commencing from 1 January 2013.

The salient terms of the log supply agreements with Gimzan and SLTT are as follows:

Gimzan log supply agreement	SLTT log supply agreement
▪ Gimzan is the licence holder of the forest concession of approximately 124.2 hectares in the Kompartmen 68 (part) (Block 4B) and Kompartmen 122 (part) (Block 3C) of Hutan Simpan Cherul, Mukim Bandi, Daerah Kemaman, Terengganu Darul Iman.	▪ SLTT is the beneficial owner of all the standing timber in approximately 180 hectares in the Kompartmen 168 (Block 2) of Hutan Simpan Kekal Tembat, Mukim Hulu Terengganu, Daerah Hulu Terengganu, Terengganu Darul Iman.
▪ Gimzan shall supply to BTWP total amount of logs of 3,400 cubic metres over the period of 2 years with effect from 1 January 2013.	▪ SLTT shall supply to BTI total amount of logs of 9,000 cubic metres over the period of 2 years with effect from 1 January 2013.
▪ The price for the log supplied by Gimzan to BTWP shall be at a discount of 10% from the prevailing market price applicable for species and size of the respective logs at the time of delivery.	▪ The price for the log supplied by SLTT to BTI shall be at a discount of 10% from the prevailing market price applicable for species and size of the respective logs at the time of delivery.

Further details of SPPT, Gimzan and SLTT such as principal activities, directors and substantial shareholders are as follows:

	SPPT	Gimzan	SLTT
Principal activities	Selling of logs, plantation of oil palm and resort development	Plywood manufacturing	Logging and timber trading
Directors	DSYTS and Yong Ellen	DSYTS and Yong Ellen	DSYTS and TPNAH
Substantial shareholders	DSYTS and Yong Ellen	BTM Timber Industries Sdn Bhd	DSYTS and TPNAH

	SPPT	Gimzan	SLTT
Nature of relationship	Common directors as both DSYTS and Yong Ellen are directors of SPPT, BTWP and BTM. DSYTS and Yong Ellen are also substantial shareholders in BTM and SPPT.	Common directors as both DSYTS and Yong Ellen are directors of Gimzan, BTM Timber Industries Sdn Bhd, BTWP, Maskayu Sawmill and BTM. DSYTS and Yong Ellen are also substantial shareholders in BTM Timber Industries Sdn Bhd.	DSYTS is director of SLTT and BTM. DSYTS and TPNAH are substantial shareholders of SLTT and BTM.
Length of business relationship with the Group	More than 10 years	More than 10 years	More than 10 years
% of supply in relation to total purchase requirement based on the eight (8)-months FPE 31 August 2014	10%	27%	2%

Prior to 2013, the Group had purchased its raw materials from external parties after the cessation/expiry of its logging concessions, which is more expensive and on cash terms. In addition, BTM was unable to enter into log supply agreements with external parties as BTM Group's logs and timber requirements are of various species and cut according to different customers' specification. Thus it is not practicable to enter into long term log supply agreements with external parties as they will not be able to supply all the species according to quality, quantity and prices required as it is very much dependable on the specific requirement of the customers at any particular times. Furthermore, the price of logs and timber fluctuate considerably. Once the log extraction from the Group's related parties' concessions was made available, BTM had then entered into the log supply agreements with its related parties to secure a steady supply of logs as raw material for its sawmill operations. The Group is able to purchase its raw materials with a discount to the prevailing market price as disclosed above and with a 30-day credit term as compared to its current purchases on a cash basis from other external parties. The related parties were also able to meet BTM Group's logs and timber requirements as the related parties, whom are owned and controlled by DSYTS, are willing to reduce their profitability in support of the BTM Group. Accordingly, the related parties are willing to cut and supply the logs to the Group upon receipt of the Group's order for specific logs requirement whereas other external suppliers are unable to facilitate this request of the Group as the external suppliers usually cut their logs according to general market demand in advance to maximise their profits;

(ii) Purchased new machineries for its moulding and priming manufacturing to increase productivity and efficiency. The new machineries amounting to RM230,734 were purchased in 2013 via internally generated funds. The new machineries consist mainly of sawing and sanding machines which have improved the productivity and efficiency of our operations as follows:

(a) The sawing machines were purchased for the purposes of sawing rubber wood logs to sawn rubber wood timber, which is cheaper as compared to the purchase of sawn rubber wood timber. In addition to the cost savings, the sawing machines also allow us to process the sawn timber according to our customers' specific requirement at any given time if their request on the cut and sizes are not readily available or expensive to purchase from suppliers.

(b) The sanding machines in turn enabled the automation of the sanding process wherein the production timeframe for the Group's products was reduced by 20%. The reduced production timeframe thus increased the productivity and efficiency of the operations. The sanding machines have also managed to reduce 50% of the labour required as compared to the sanding process which was done manually previously;

(iii) Embarked on marketing activities wherein the Group currently market its products via established marketing agents, which are commission-based, to expand to the overseas market base. The Group also participates in Malaysia Timber Council's and Malaysia Wood Moulding and Joinery Council's overseas mission, trade fairs and exhibitions. Currently, approximately 89% of the manufactured products of BTM are exported to Australia while the remaining 11% of the manufactured products are sold locally. BTM is constantly looking for new buyers from China, USA, Canada, Europe (e.g. Belgium, Eastern Europe, Romania, Poland) and the Middle East (e.g. Dubai) to export its manufactured products directly to them; and

(iv) Ventured/Intend to venture into the following activities in the local market to generate faster cash flow to BTM Group:

(a) manufacture small parts and components for door industry whereby BTWP can utilise left over/small size timber thereby reducing wastages. As at the LPD, the Group has yet to commence the manufacturing of small parts and components for door industry;

(b) securing contracts for producing original equipment manufacturer (OEM)'s product for other timber companies such as making Pallet wood for Japan and local market. As at the LPD, the Group has yet to secure any contracts for the production of OEM products; and

(c) offering kiln drying services to nearby sawmill which in turn will fully utilised our kiln drying facilities. The Group has started offering kiln drying services on a per order basis and has generated an aggregate revenue of approximately RM96,000 from its kiln drying services for the FYE 31 December 2013. Since January 2014 up to the LPD, the Group had generated an aggregate revenue of approximately RM171,000 from its kiln drying services. The kiln drying services are currently 80% utilised (after taking into consideration the 20% utilisation rate for the kiln drying services offered to nearby sawmill) and has a 5% profit contribution towards the current 8-month FPE 31 August 2014.

The new activities are ventured into to utilise the left over/small size timber and spare kiln-drying chambers which are currently under utilised due to low production level for the Group's sawmilling activity. However, with the proceeds raised from the Rights Issue with Warrants, the Group will have sufficient working capital to secure a constant supply of raw materials to increase its production level. Thus, the resources to be allocated to these new ventures will be reduced, especially kiln-drying facilities. The Group expects a 5% profit contribution from the abovementioned new activities.

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Moving forward, BTM Group will continue to concentrate on its existing core business of integrated timber operations and at the same time, putting continuous efforts to optimise the existing production capacity and efficiency of the Group by venturing into new businesses as set out above. The Board opines that the existing core business of integrated timber operations is sustainable provided that the Group has sufficient working capital to secure a consistent supply of raw materials thereby increasing its production level (The production break-even point is approximately 350 cubic metres per month, which would require approximately RM2.42 million working capital over a 3 months period for the purchase of raw materials, workers and staff costs and selling and distribution expenses). The improvement in productivity together with the cost cutting measures, quality improvement and market entrenchment is expected to result in higher profit margin and contribute to its future growth, competitiveness and viability of its business. In addition, the Board believes that the new ventures as set out above can help the Group to diversify into new local markets and provide faster turnover period, thus allow faster cash generation for the Group. Besides, BTM Group had on 29 April 2013 entered into an ASA with Khas Promosi Sdn Bhd to dispose of its asset not in use i.e. a Woodwaste Fired Cogeneration System for a disposal price of RM4.2 million to generate funds for the Company and reduce the operating costs. As at the LPD, the disposal has yet to be completed.

Notwithstanding, in order to obtain long term consistent supply of raw material, BTM Group has entered into log supply agreements with 2 related parties i.e. Gimzan and SLTT for the supply of logs from their respective concessions as set out above. Gimzan and SLTT have obtained their logging licences since 2011 and 2012 respectively (which is renewed every 6 months) from the Terengganu State Forestry Department to extract the logs from their respective concessions as set out above. As the log prices per the above agreements are lower than market price, the above long term log supply agreements will generate higher profit margin for the Group. Additionally, depending on the species, cut and grade requirements, the Group will also acquire additional raw materials from external parties.

Furthermore, given that the Group have entered into the log supply agreements with its related parties to ensure consistent supply of logs for production and with the additional raw materials from the external suppliers, the Group is able to increase its production capacity per month from the existing of 20% to 80% per month in average as the recurring issues of raw material shortages will be resolved. This would enable the Group to achieve its optimum level of production hence resulting in an increase in sales volume and higher profit margin. As such, these improve the competitiveness and viability of the business and contribute to future growth of the Group.

The Group had in 2009 carried out a rights issue exercise with the expectation to increase the production capacity of the Group to 80% through the utilisation of the proceeds to enter into supply agreements with raw material suppliers to ensure the continuous supply of raw materials. As disclosed in the Abridged Prospectus dated 1 December 2009, the Group has been incurring losses since 1998. This was mainly due to the shortage of working capital funds which affected the Group's ability to purchase raw materials, resulting in lower sales which were inadequate to cover the high fixed costs incurred by its operations. Via the aforesaid fund raising exercise the Group will have sufficient working capital to enter into supply agreements with raw material suppliers for the purchase of raw materials. The Group was convinced at the point of time that once its supply of raw materials is secured, the Group will be able to turnaround its operations. However, the Group was unable to secure the intended supply agreements to ensure the adequate supply of raw materials. Furthermore, part of the proceeds from the rights issue exercise in 2009 allocated for the Group's working capital were utilised for the Group's sawmilling activity which has been making losses due to the low profit margins and has thus been suspended since 2011. At the same time, the cost of raw materials especially rubber wood has been increasing about 5% annually since 2009 and due to increase in global oil prices, the freight charges (representing 5.25% of the cost of manufactured products of the Group for FYE 2010) has increased significantly in 2010 by about 30%. All these factors have affected the gross margin of the Group and hence unable to turn the Group to profitability despite successfully raising approximately RM9.32 million from the shareholders through the rights issue exercise in 2009.

Notwithstanding to the above, moving forward, BTM's management is of the opinion that it will able to increase its production capacity to 80% given that the Group has currently established and built its reputation as a supplier of white primed window revel which is highly demanded in Australia in the recent years. As at the LPD, the current outstanding orders for the white prime window reveal amounts to approximately RM4.80 million. Moreover, to ensure that the insufficient working capital will not continue to be a recurring issue, our current strategy is to prioritise on securing its raw materials for the manufacturing activity whereby its products are in high demand nowadays whilst previously the proceeds from the rights issue were spread out between sawmilling, manufacturing and trading activities.

BTM's management noted that the timber industry is highly competitive characterised by fluctuations in raw material prices and the sustainability of log supply. However, the management believes that the risk can be mitigated by the strong business relationships between BTM with timber suppliers and customers in view of BTM Group being in the industry for approximately 18 years. For example, because of the strong business relationships between BTM with timber suppliers, the suppliers of BTM (which are non-related parties) will give exceptional business terms to BTM such as allowing them to place order in advance, better pricing and credit terms of 1 to 2 weeks instead of payment upon delivery. This is expected to cushion the impact of the fluctuations in raw material prices (For the timber industry, the payments are usually on cash terms hence the impact of the price fluctuations in raw materials are unavoidable unless the company has entered into supply agreement). As at the LPD, we do not have any formal relationship or have entered into any log supply agreements with the timber suppliers that are not related parties. The management also capitalise on its long term relationships with its suppliers (related parties) to secure contracts for the consistent supply of raw materials to the Group. For more details on the suppliers of BTM, please refer to Section 5.1.2 of this Abridged Prospectus. Nonetheless, the financial position of the Group is affected by shortage of working capital fund, which has significantly reduced the purchasing capability of the Group, affecting the purchase of raw materials, and thus resulting in low production level and low sales which were inadequate to cover the high production overheads and fixed operating costs incurred by the Group's operations such as depreciation and staff expenses.

In overall, BTM believes that the Group is able to maintain its competitiveness in this highly challenging operating environment after taking into consideration of the strengths of BTM Group on its productivity, quality of products, expertise, technological advancement and its good rapport and long term business relationships with its customers. As such, the future prospects of BTM Group are expected to be encouraging. Besides, the management of the Group believes that with the proceeds from the Rights Issue with Warrants, the Group will be able to secure consistent supply of raw materials, which are crucial in the timber industry, and thus enabling it to increase its production level to achieve the optimum level of production i.e. economies of scale, hence resulting in a higher profit margin due to the increased sales volume which will then contribute to its future growth, competitiveness and viability of its business. Other than securing consistent supply of raw materials and implementing the initiatives to improve the financial position of the Group as set out in this section, our Group believes that the following initiatives will also ultimately improve profit margins thus resolved working capital shortage and contribute to future growth:

(a) make efforts to increase the production which in turn reduce average cost per cubic metre thereby translating to better profit margins;

(b) increase marketability of the products of BTM by embarking on marketing activities wherein the Group currently market its products via established marketing agents, which are commission-based, to expand to the overseas market base;

(c) to negotiate for bulk discount and longer credit term; and

(d) to purchase rubber wood logs and process the logs into sawn timber ourselves instead of buying sawntimber straight from the suppliers.

(Source: Management of BTM)

7. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

The pro forma effects of the Rights Issue with Warrants assuming the Minimum Scenario and Maximum Scenario are set out below:

7.1 Issued and paid-up share capital

The pro forma effects of the Rights Issue with Warrants on the issued and paid-up share capital of BTM are set out below:

	Par Value (RM)	Minimum Scenario		Maximum Scenario	
		No. of shares	Value (RM)	No. of shares	Value (RM)
Issued and paid-up share capital					
Existing as at LPD	0.20	40,734,196	8,146,839	40,734,196	8,146,839
BTM Shares to be issued pursuant to full exercise of Warrants 2009/2019	0.20	-	-	18,633,092	3,726,619
After the full exercise of Warrants 2009/2019	0.20	40,734,196	8,146,839	59,367,288	11,873,458
BTM Shares to be issued pursuant to the Rights Issue with Warrants	0.20	36,328,586	7,265,717	118,734,576	23,746,915
After the Rights Issue with Warrants	0.20	77,062,782	15,412,556	178,101,864	35,620,373
BTM Shares to be issued pursuant to full exercise of New Warrants	0.20	14,531,434	2,906,287	47,493,830	9,498,766
Maximum enlarged issued and paid-up share capital (up to)	0.20	**91,594,216**	**18,318,843**	**225,595,694**	**45,119,139**

The Par Value Reduction and the Share Premium Reduction were completed on 6 August 2014.

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7.2 NA per share and gearing

Minimum Scenario

BTM Group	Audited as at 31 December 2013 (RM'000)	(I) After the Par Value Reduction (RM'000)	(II) After (I) and the Share Premium Reduction (RM'000)	(III) After (II) and the Rights Issue with Warrants (RM'000)	(IV) After (III) and assuming the full exercise of New Warrants (RM'000)
Share capital	40,734	8,147	8,147	15,413	18,319
Share premium	7,628	7,628	3,669	(1)(2)-	2,699
Warrants reserves	-	-	-	2,761	-
Revaluation reserves	16,378	16,378	16,378	16,378	16,378
Capital reserves	532	532	532	532	532
Accumulated losses	(46,512)	(13,925)	(9,966)	(2)(10,028)	(9,966)
Shareholders' funds / NA	18,760	18,760	18,760	25,056	27,962
Par value (RM)	1.00	0.20	0.20	0.20	0.20
No. of shares ('000)	40,734	40,734	40,734	77,063	91,594
NA per share (RM)	0.46	0.46	0.46	0.33	0.31
Total borrowings (RM'000)	5,866	5,866	5,866	4,766	4,766
Gearing (times)	0.31	0.31	0.31	0.19	0.17

Notes:

(1) After deducting the estimated expenses incidental to the Corporate Exercises of approximately RM970,000.

(2) After accounting for the warrants reserve based on the issuance of 14,531,434 New Warrants at an allocated fair value of RM0.19 per New Warrant. The fair value of the New Warrants was estimated using the Black-Scholes pricing model based on the following input data:

(a) Fair value of share: RM0.18 to 0.22
(b) New Warrant exercise price: RM0.20
(c) New Warrant exercise period: 10 years commencing from date of issuance until date of expiry
(d) Risk free interest rate: 3.68% per annum
(e) Volatility of share price: 100% to 150% based on annualised historical volatility

Maximum Scenario

BTM Group	**Audited as at 31 December 2013 (RM'000)**	**(I) After the full exercise of Warrants 2009/2019 (RM'000)**	**(II) After (I) and the Par Value Reduction (RM'000)**	**(III) After (II) and the Share Premium Reduction (RM'000)**	**(IV) After (III) and the Rights Issue with Warrants (RM'000)**	**(V) After (IV) and assuming the full exercise of New Warrants (RM'000)**
Share capital	40,734	59,367	11,873	11,873	35,620	45,119
Share premium	7,628	7,628	7,628	3,669	(1)(2) -	2,699
Warrants reserves	-	-	-	-	9,024	-
Revaluation reserves	16,378	16,378	16,378	16,378	16,378	16,378
Capital reserves	532	532	532	532	532	532
Retained earnings / (Accumulated losses)	(46,512)	(46,512)	982	4,941	(2)(1,384)	4,941
Shareholders' funds / NA	18,760	37,393	37,393	37,393	60,170	69,669
Par value (RM)	1.00	1.00	0.20	0.20	0.20	0.20
No. of shares ('000)	40,734	59,367	59,367	59,367	178,102	225,596
NA per share (RM)	0.46	0.63	0.63	0.63	0.34	0.31
Total borrowings (RM'000)	5,866	5,866	5,866	5,866	4,766	4,766
Gearing (times)	0.31	0.16	0.16	0.16	0.08	0.07

Notes:

(1) After deducting the estimated expenses incidental to the Corporate Exercises of approximately RM970,000.

(2) After accounting for the warrants reserve based on the issuance of 47,493,830 New Warrants at an allocated fair value of RM0.19 per New Warrant. The fair value of the New Warrants was estimated using the Black-Scholes pricing model based on the following input data:

(a) Fair value of share: RM0.18 to 0.22
(b) New Warrant exercise price: RM0.20
(c) New Warrant exercise period: 10 years commencing from date of issuance until date of expiry
(d) Risk free interest rate: 3.68% per annum
(e) Volatility of share price: 100% to 150% based on annualised historical volatility

7.3 Earnings and EPS

The Rights Issue with Warrants is expected to be completed by the 4th quarter of 2014 and hence is expected to have an immediate material effect on the earnings of the BTM Group for the FYE 2014, whilst the proceeds to be raised are expected to be utilised within 12 months from the completion date of the Rights Issue with Warrants. However, the EPS of the BTM Group will be diluted as a result of the increase in the number of BTM Shares pursuant to the issuance of the Rights Shares under the Rights Issue with Warrants.

The effect of the Rights Issue with Warrants on the future earnings of the BTM Group will depend on the eventual returns derived from the utilisation of proceeds. The EPS of the BTM Group will be diluted as a result of the increase in the number of BTM Shares in issue arising from any exercise of the New Warrants and Warrants 2009/2019 during the respective tenure of the New Warrants and Warrants 2009/2019.

7.4 Adjustments to the Warrants 2009/2019

Necessary adjustments to the Warrants 2009/2019 as a result of the Rights Issue with Warrants will be made in accordance with the provisions of the Deed Poll 2009/2019 in order to mitigate equity dilution such that the status of the holders of Warrants 2009/2019 would not be prejudiced after the Rights Issue with Warrants is implemented. Such adjustments (which include adjustments made to the number of Warrants 2009/2019 held as well as exercise price of the Warrants 2009/2019) are effective on the next Market Day following the Entitlement Date for the Rights Issue with Warrants. A notice to the holders of the Warrants 2009/2019 explaining the mechanism of the adjustment will be issued by our Company.

8. MINIMUM SUBSCRIPTION LEVEL, IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

Our Board had determined to undertake the Rights Issue with Warrants on a Minimum Subscription Level basis. Based on the issue price of RM0.20 per Rights Share, our Company will raise minimum proceeds of approximately RM7.27 million from the Rights Issue with Warrants.

The Minimum Subscription Level was determined by the Board after taking into consideration the gearing position and the minimum level of funds we wish to raise from the Rights Issue with Warrants, which will be channelled towards the proposed utilisation of proceeds as set out in Section 3 of this Abridged Prospectus.

To meet the Minimum Subscription Level, our Company had on 16 October 2013, procured the Undertakings from the following shareholders of BTM to subscribe in full for their respective entitlements of Rights Shares pursuant to the Rights Issue with Warrants. The details of the Undertakings are follows:

	Shareholdings as at LPD		Rights Shares to be subscribed pursuant to the Undertakings		
Shareholders	**No. of Shares**	**%(1)**	**No. of Rights Shares**	**%(2)**	**RM**
DSYTS	4,113,027	10.10	8,226,054	22.64	1,645,211
TSDMH	2,540,000	6.24	5,080,000	13.98	1,016,000
Yong Emmy	4,032,000	9.90	8,064,000	22.20	1,612,800
TPNAH	3,333,333	8.18	6,666,666	18.35	1,333,333
AMBMH	326,500	0.80	653,000	1.80	130,600
Yong Ellen	36,100	0.09	72,200	0.20	14,440
CUSB	1,900,000	4.66	3,800,000	10.46	760,000
MMSB	1,883,333	4.62	3,766,666	10.37	753,333
Total	18,164,293	44.59	36,328,586	100.00	7,265,717

Notes:

(1) Based on the issued and paid-up share capital of BTM as at the LPD.
(2) Based on the Minimum Subscription Level pursuant to the Undertakings.

Accordingly, the Undertaking Shareholders have confirmed that they have sufficient financial resources to subscribe for their respective entitlements of Rights Shares under the Rights Issue with Warrants. Based on the documentary evidence provided by the respective Undertaking Shareholders, HLIB, as the Adviser in relation to the Rights Issue with Warrants, has verified that they have sufficient financial resources to subscribe for their respective Rights Shares entitlements.

In view of the Undertakings and Minimum Subscription Level, underwriting will not be required for the Rights Issue with Warrants.

Assuming that only the Undertaking Shareholders subscribe for their respective entitlements of Rights Shares pursuant to the Undertakings, the shareholdings of DSYTS and his PACs in BTM's enlarged issued and paid-up share capital will increase from 28.27% to 44.83% after the Rights Issue with Warrants. As it is not the intention of DSYTS and his PACs to undertake a mandatory take-over offer for the remaining BTM Shares and convertible securities of BTM not already held as a result of the Undertakings, DSYTS and his PACs had obtained shareholders' approval on the Exemption at BTM's EGM held on 29 April 2014. Pursuant thereto, the SC had vide its letter dated 4 July 2014 granted approval for the Exemption.

As at the LPD, the public shareholding spread of BTM stands at 26,352,732 BTM Shares or 64.69%. Upon completion of the Rights Issue with Warrants and assuming that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level, the pro forma public shareholding spread of BTM will be reduced to 22,569,399 BTM Shares or 29.29%.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the amount to be raised from the Rights Issue with Warrants, funds generated from our operations and banking facilities available, our Group will have sufficient working capital to meet our current core business requirements due within a period of twelve (12) months from the date of issuance of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group had total outstanding borrowings of approximately RM8.63 million, all of which are interest-bearing, comprising the following:

	RM '000
Short term borrowings (payable within 12 months)	(1)8,552
Long term borrowings (payable after 12 months)	78
	8,630

Note:

(1) Includes the term loans with SME Bank amounting to RM8.53 million. The aforesaid term loans have been restructured as detailed in Section 3 of this Abridged Prospectus. The repayment of the term loans is suspended pending the execution of the new supplementary agreement/deed of settlement with SME Bank

There has not been any default on payments of either interest and/or principal sums by our Group in respect of any borrowings throughout the past one (1) financial year and for the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board confirms that there are no contingent liabilities incurred or known to be incurred by our Group, which upon being enforceable, may have a material adverse impact on the financial results or position of our Group.

	<--------------- Company ------------>		Subsidiary Companies
	Limit of Facilities RM'000	Outstanding Amount RM'000	RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiary companies	9,675	8,527	-
Bank guarantee – secured	-	-	100

9.4 Material commitments

As at the LPD, our Board confirms that there are no other material commitments incurred or known to be incurred by our Group that has not been provided for that, upon being enforceable, may have a material adverse impact on the financial results or position of our Group.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION

10.1 General

The Provisional Rights Shares with New Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Rights Shares with New Warrants will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renouncee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS accounts when making applications to subscribe for the Rights Shares with New Warrants.

If you are an Entitled Shareholder, your CDS account will be duly credited with the number of provisionally allotted Rights Shares with New Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants.

If you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional Rights Shares with New Warrants into your CDS account and the RSF to enable you to subscribe for such Rights Shares with New Warrants provisionally allotted to you, as well as to apply for Excess Rights Shares with New Warrants if you choose to do so.

10.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares with New Warrants (whether in full or in part) is **Wednesday, 15 October 2014** at **5.00 p.m.**, or such extended date and time as may be decided and announced by our Board and Adviser at their absolute discretion not less than two (2) Market Days before the stipulated date and time.

10.3 Procedures for acceptance and payment

ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH NEW WARRANTS TO YOU AS AN ENTITLED SHAREHOLDER MUST BE MADE ON THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES WHICH DO NOT CONFORM TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH NEW WARRANTS, EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You and/or your renouncee(s) and/or transferee(s) (if applicable) accepting the Provisional Rights Shares with New Warrants are required to complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Sectrars Services Sdn Bhd
No. 28-1, Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur

Tel no: (603) 2274 6133
Fax no: (603) 2274 1016

so as to arrive **not later than 5.00 p.m. on Wednesday, 15 October 2014**, being the last time and date for acceptance and payment, or such later time and date as may be decided and announced by our Board and Adviser at their absolute discretion not less than two (2) Market Days before the stipulated time and date.

One (1) RSF can only be used for acceptance of Provisional Rights Shares with New Warrants standing to the credit of one (1) CDS account. Separate RSFs must be used for separate CDS account(s). The Rights Shares with New Warrants subscribed by you in accordance with the procedures set out in the RSF will be credited into the respective CDS accounts where the Provisional Rights Shares with New Warrants are standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You should take note that a trading board lot for the Rights Shares and New Warrants will comprise of 100 BTM Shares and 100 New Warrants, respectively. Successful applicants of the Rights Shares will be given the New Warrants on the basis of four (4) New Warrants for every ten (10) Rights Shares successfully subscribed for. The minimum number of Rights Shares with New Warrants that can be accepted is ten (10) Rights Share, which will be accompanied by four (4) New Warrants. Fractions of the Rights Share and/or New Warrant arising from the Rights Issue with Warrants will be dealt by our Board as they may deem fit.

If acceptance and payment for the Provisional Rights Shares with New Warrants (whether in full or in part) is not received by our Share Registrar by 5.00 p.m. on Wednesday, 15 October 2014, being the last time and date for acceptance and payment, or such later time and date as may be decided and announced by our Board and Adviser at their absolute discretion not less than two (2) Market Days before the stipulated time and date, you will be deemed to have declined the Provisional Rights Shares with New Warrants made to you and it will be cancelled. Such Rights Shares with New Warrants not taken up will be allotted to the applicants applying for Excess Rights Shares with New Warrants, if the Rights Shares with New Warrants are not fully taken up by such applicants in the manner as set out in Section 10.6 of this Abridged Prospectus.

If you lose, misplace or for any other reasons require another copy of the Abridged Prospectus and/or the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com or our Share Registrar at the address stated above or our Registered Office.

Each completed RSF must be accompanied by remittance in RM for the full and exact amount payable for the Rights Shares with New Warrants accepted, in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia crossed "**ACCOUNT PAYEE ONLY**" and made payable to "**BTM RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with the name and CDS account of the applicant in block letters to be received by our Share Registrar.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH NEW WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

YOU SHOULD NOTE THAT THE RSF SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

Notification on the outcome of your application for the Provisional Rights Shares with New Warrants will be despatched to you by ordinary post to the address as shown in Bursa Depository's record at your own risk within the timelines as follows:

(i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Provisional Rights Shares with New Warrants; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Provisional Rights Shares with New Warrants.

10.4 Procedures for sale or transfer of Provisional Rights Shares with New Warrants

As the Provisional Rights Shares with New Warrants are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Rights Shares with New Warrants to one (1) or more persons for the period up to the last date and time for sale or transfer of the Provisional Rights Shares with New Warrants (in accordance with the Rules of Bursa Depository).

Should you wish to sell or transfer all or part of your entitlement to one (1) or more person(s), you may do so through your stockbrokers without first having to request for a split of the Provisional Rights Shares with New Warrants standing to the credit of your CDS account. You may sell such entitlement on Bursa Securities or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository, both for the period up to the last date and time for the sale or transfer of the Provisional Rights Shares with New Warrants.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES WITH NEW WARRANTS, YOU NEED NOT DELIVER ANY DOCUMENT INCLUDING THE RSF, TO ANY STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT THERE ARE SUFFICIENT PROVISIONAL RIGHTS SHARES WITH NEW WARRANTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

If you have sold or transferred only part of the Provisional Rights Shares with New Warrants, you may still accept the balance of the Provisional Rights Shares with New Warrants by completing Parts I(a) and II of the RSF. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

10.5 Procedures for acceptance by renouncee(s) and/or transferee(s)

Renouncees or transferees who wish to accept the Provisional Rights Shares with New Warrants must obtain a copy of the RSF from their stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar or our Registered Office.

Please complete the RSF in accordance with the notes and instructions printed therein and submit the same together with the remittance to our Share Registrar at the above-stated address.

As a renouncee or transferee, the procedures for acceptance, payment, selling and transferring of the Provisional Rights Shares with New Warrants are the same as that applicable to the Entitled Shareholders as set out in Sections 10.3 and 10.4 of this Abridged Prospectus.

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.

10.6 Procedures for application for Excess Rights Shares with New Warrants

If you are an Entitled Shareholder, you and/or your renouncee(s) and/or transferee(s) (if applicable) may apply for Excess Rights Shares with New Warrants in addition to your Provisional Rights Shares with New Warrants. If you wish to do so, please complete Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights Shares with New Warrants applied for) using the envelope provided (at your own risk) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on Wednesday, 15 October 2014**, being the last time and date for acceptance and payment, or such extended time and date as may be decided and announced by our Board and Adviser at their absolute discretion not less than two (2) Market Days before the stipulated time and date.

Payment for the Excess Rights Shares with Warrants applied for should be made in the same manner as described in Section 10.3 above, except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia should be made payable to "**BTM EXCESS RIGHTS ISSUE ACCOUNT**" crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with the name and CDS account of the applicant in block letters to be received by our Share Registrar.

It is the intention of our Board to allot the Excess Rights Shares with New Warrants, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who have applied for the Excess Rights Shares with New Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with New Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholder who have applied for Excess Rights Shares with New Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with New Warrants applied for; and

(iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for Excess Rights Shares with New Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with New Warrants applied for.

Nevertheless our Board reserves the right to allot the Excess Rights Shares with New Warrants applied for under Part I(b) of the RSF in such manner as our Board deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in (i) to (iv) above is achieved.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH NEW WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

YOU SHOULD NOTE THAT THE RSF SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

Notification on the outcome of your application for the Excess Rights Shares with New Warrants will be despatched to you by ordinary post to the address as shown in Bursa Depository's records at your own risk within the timelines as follows:

(i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares with New Warrants; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares with New Warrants.

10.7 Form of issuance

Bursa Securities has already prescribed the BTM Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with New Warrants are prescribed securities and as such, the SICDA and and the Rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in the application being rejected.

No physical share and warrant certificates shall be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with New Warrants will be credited directly into your CDS accounts.

Any person who intends to subscribe for the Rights Shares with New Warrants as a renouncee(s) and/or transferee(s) by purchasing the provisional allotment of Rights Shares with New Warrants from an Entitled Shareholder will have his Rights Shares with New Warrants credited directly as prescribed securities into his CDS account.

If you have multiple CDS accounts into which the Provisional Rights Shares with New Warrants have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares with New Warrants. Separate RSF must be used for separate CDS accounts. The Excess Rights Shares with New Warrants, if allotted to the successful applicant who applies for Excess Rights Shares with New Warrants, will be credited directly as prescribed securities into his CDS account.

10.8 Procedures for part acceptance

You can accept part of your Provisional Rights Shares with New Warrants. The minimum number of securities that can be subscribed for or accepted is ten (10) Rights Shares which will be accompanied with four (4) New Warrants.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares with New Warrants which you are accepting and Part II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.3 of this Abridged Prospectus.

The portion of the Provisional Rights Shares with New Warrants that have not been accepted shall be allotted to the applicants applying for Excess Rights Shares with New Warrants.

10.9 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any country or jurisdiction other than Malaysia. The Rights Issue with Warrants to which the Documents relate is only available to Entitled Shareholders receiving the Documents electronically or otherwise within Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

HLIB, our Company and our Directors and officers (collectively, the "**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the countries or jurisdictions to which they are or may be subject. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

If you are a Foreign Entitled Shareholder who does not have a registered address in Malaysia, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

Accordingly, the Documents has not been (and will not be) sent to the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights Issue with Warrants. Such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms in the Documents, the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties that:

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which those Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to;

(ii) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are aware that the Provisional Rights Shares with New Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with New Warrants; and

(vi) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with New Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with New Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights Shares with New Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares with New Warrants relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares with New Warrants available for excess application by the other Entitled Shareholders. You and/or your renouncee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your and/or your renouncee(s)'s and/or transferee(s)'s entitlement under the Rights Issue with Warrants or to any net proceeds thereof.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with New Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in the Documents.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
BTM RESOURCES BERHAD

Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman
(Chairman, Senior Independent Non-Executive Director)

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 29 APRIL 2014

BTM RESOURCES BERHAD
(Company No. 303962-T)
(Incorporated in Malaysia)

Certified Extract of the Extraordinary General Meeting of the Company held at Latitude 1.03, Level 1, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 24 April 2014.

ORDINARY RESOLUTION 1

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")

IT WAS RESOLVED THAT subject to and conditional upon the passing of Special Resolutions 1 and 3 and Ordinary Resolution 2 and subject to all approvals being obtained from the relevant authorities, including but without limiting to the approval-in-principle of Bursa Malaysia Securities Berhad ("**Bursa Securities**") being obtained for the listing of and quotation for the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities, approval be and is hereby given to the Board of Directors of BTM to provisionally allot and issue by way of a renounceable rights issue of up to 118,734,576 Rights Shares together with up to 47,493,830 free detachable Warrants to the registered shareholders of the Company whose names appear in the Record of Depositors at the close of business on a date to be determined by the Directors of the Company as they may deem fit, on the basis of 2 Rights Shares for every 1 existing BTM Share held and 4 Warrants for every 10 Rights Shares subscribed;

THAT the Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing BTM Shares in issue, save and except that they will not be entitled to any dividends, rights, allotment and/or other distributions that may be declared, made or paid prior to the allotment and issue of the Rights Shares;

THAT the new BTM Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing BTM Shares in issue, save and except that they will not be entitled to any dividends, rights, allotment and/or other distributions that may be declared, made or paid prior to the allotment and issue of the new BTM Shares;

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 29 APRIL 2014 *(Cont'd)*

THAT any fractional entitlements under the Proposed Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion think expedient in the best interests of the Company;

THAT the Directors be and are hereby authorised to do all acts and things as they may consider necessary or expedient in the best interests of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required, or imposed by the relevant authorities, and to take all steps and to enter into all such agreements, arrangements, undertakings, indemnities, transfer, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Rights Issue with Warrants;

THAT the Directors be and are hereby authorised with full power to issue and allot the Warrants and new BTM Shares as may be required arising from any exercise by the Warrant holders or pursuant to any adjustment in the number of Warrants which may be carried out in accordance with the Deed Poll;

AND THAT the Directors be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give effect to the aforesaid Deed Poll.

CERTIFIED TRUE COPY BY :

…………………………………	…………………………………
DATO' SERI YONG TU SANG	CHONG SEOK TIAN (MIA 2502)
Managing Director	Company Secretary

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

BTM was incorporated in Malaysia on 10 June 1994 under the Act as a public limited company. BTM was listed on the Main Market of Bursa Securities on 27 March 1996.

The principal activity of BTM is that of investment holding and provision of management services while its subsidiary companies are involved in logging, sawmilling, trading of sawn timber, logs and plywood, kiln-drying operations, timber moulding, manufacturing of finger jointed timber and lamination boards, and letting of plant and machineries.

2. SHARE CAPITAL

2.1 Authorised, issued and paid-up share capital

The authorised and issued and paid-up share capital of our Company as at the LPD are as follows:

	Number Of BTM Shares	Par Value RM	Amount RM
Authorised	500,000,000	0.20	100,000,000
Issued and fully paid-up	40,734,196	0.20	8,146,839.20

2.2 Changes in issued and paid-up share capital

The changes in the issued and paid-up share capital of BTM for the last three (3) years and up to the LPD are as follows:

Date of allotment/ change	No. of ordinary shares allotted	Par value RM	Type of issue / Consideration	Total (cumulative) ssued and paid-up share capital RM
06/08/2014	-	0.20	Share capital reduction via cancellation of RM0.80 of the par value of every existing ordinary share of RM1.00 each in the issued and paid-up share capital	8,146,839.20

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3. SUBSTANTIAL SHAREHOLDERS

For illustrative purposes, the pro forma effects of the Corporate Exercises on the shareholdings of our substantial shareholders, based on the Minimum Scenario and Maximum Scenario, are set out below:

Minimum Scenario

Substantial Shareholders	As at LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming the full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
DSYTS	4,113	10.10	(1)7,401	18.17	12,339	16.01	(1)22,204	28.81	15,630	17.06	(1)28,125	30.71
TSDMH	2,540	6.24	(2)327	0.80	7,620	9.89	(2)980	1.27	9,652	10.54	(2)1,241	1.35
Yong Emmy	4,032	9.90	(3)7,482	18.37	12,096	15.70	(3)22,447	29.13	15,321	16.73	(3)28,433	31.04
TPNAH	3,333	8.18	(4)8,181	20.09	10,000	12.98	(4)24,543	31.85	12,667	13.83	(4)31,088	33.94
AMBMH	327	0.80	(5)2,540	6.24	980	1.27	(5)7,620	9.89	1,241	1.35	(5)9,652	10.54
Yong Ellen	36	0.09	(6)11,478	28.18	108	0.14	(6)34,435	44.68	138	0.15	(6)43,618	47.62
CUSB	1,900	4.66	-	-	5,700	7.40	-	-	7,220	7.88	-	-
MMSB	1,883	4.62	-	-	5,650	7.33	-	-	7,157	7.81	-	-
Chen Chee Way	-	-	(7)1,900	4.66	-	-	(7)5,700	7.40	-	-	(7)7,220	7.88
Lye Woon Lan	-	-	(7)1,900	4.66	-	-	(7)5,700	7.40	-	-	(7)7,220	7.88
Siow Chiew Liang	-	-	(8)1,883	4.62	-	-	(8)5,650	7.33	-	-	(8)7,157	7.81
Yeow Bee Kean	-	-	(8)1,883	4.62	-	-	(8)5,650	7.33	-	-	(8)7,157	7.81
Yong Hin Siong	-	-	(9)11,514	28.27	-	-	(9)34,543	44.82	-	-	(9)43,756	47.77

Notes:

(1) Deemed interested by virtue of the shareholdings of his spouse (namely TPNAH) and children (namely Yong Emmy and Yong Ellen).
(2) Deemed interested by virtue of the shareholdings of his child (namely AMBMH).
(3) Deemed interested by virtue of the shareholdings of her parents (namely DSYTS and TPNAH) and sibling (namely Yong Ellen).
(4) Deemed interested by virtue of the shareholdings of her spouse (namely DSYTS) and children (namely Yong Emmy and Yong Ellen).
(5) Deemed interested by virtue of the shareholdings of his parent (namely TSDMH).
(6) Deemed interested by virtue of the shareholdings of her parents (namely DSYTS and TPNAH) and sibling (namely Yong Emmy).
(7) Deemed interested by virtue of Section 6A of the Act through CUSB.
(8) Deemed interested by virtue of Section 6A of the Act through MMSB.
(9) Deemed interested by virtue of the shareholdings of his parents (namely DSYTS and TPNAH) and siblings (namely Yong Emmy and Yong Ellen).

Maximum Scenario

Substantial Shareholders	As at LPD				(I) After the full exercise of the existing warrants in issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
DSYTS	4,113	10.10	(1)7,401	18.17	4,113	6.93	(1)10,875	18.32
TSDMH	2,540	6.24	(2)327	0.80	2,540	4.28	(2)327	0.55
Yong Emmy	4,032	9.90	(3)7,482	18.37	6,048	10.19	(3)8,940	15.06
TPNAH	3,333	8.18	(4)8,181	20.09	4,791	8.07	(4)10,197	17.18
AMBMH	327	0.80	(5)2,540	6.24	327	0.55	(5)2,540	4.28
Yong Ellen	36	0.09	(6)11,478	28.18	36	0.06	(6)14,952	25.19
CUSB	1,900	4.66	-	-	1,900	3.20	-	-
MMSB	1,883	4.62	-	-	1,883	3.17	-	-
Chen Chee Way	-	-	(7)1,900	4.66	-	-	(7)1,900	3.20
Lye Woon Lan	-	-	(7)1,900	4.66	-	-	(7)1,900	3.20
Siow Chiew Liang	-	-	(8)1,883	4.62	-	-	(8)1,883	3.17
Yeow Bee Kean	-	-	(8)1,883	4.62	-	-	(8)1,883	3.17
Yong Hin Siong	-	-	(9)11,514	28.27	-	-	(9)14,988	25.25

INFORMATION ON OUR COMPANY *(Cont'd)*

Substantial Shareholders	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming the full conversion of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
DSYTS	12,339	6.93	(1)32,626	18.32	15,630	6.93	(1)41,328	18.32
TSDMH	7,620	4.28	(2)980	0.55	9,652	4.28	(2)1,241	0.55
Yong Emmy	18,144	10.19	(3)26,821	15.06	22,982	10.19	(3)33,975	15.06
TPNAH	14,374	8.07	(4)30,591	17.18	18,207	8.07	(4)38,750	17.18
AMBMH	980	0.55	(5)7,620	4.28	1,241	0.55	(5)9,652	4.28
Yong Ellen	108	0.06	(6)44,857	25.19	138	0.06	(6)56,819	25.19
CUSB	5,700	3.20	-	-	7,220	3.20	-	-
MMSB	5,650	3.17	-	-	7,157	3.17	-	-
Chen Chee Way	-	-	(7)5,700	3.20	-	-	(7)7,220	3.20
Lye Woon Lan	-	-	(7)5,700	3.20	-	-	(7)7,220	3.20
Siow Chiew Liang	-	-	(8)5,650	3.17	-	-	(8)7,157	3.17
Yeow Bee Kean	-	-	(8)5,650	3.17	-	-	(8)7,157	3.17
Yong Hin Siong	-	-	(9)44,965	25.25	-	-	(9)56,957	25.25

Notes:

(1) Deemed interested by virtue of the shareholdings of his spouse (namely TPNAH) and children (namely Yong Emmy and Yong Ellen).
(2) Deemed interested by virtue of the shareholdings of his child (namely AMBMH).
(3) Deemed interested by virtue of the shareholdings of her parents (namely DSYTS and TPNAH) and sibling (namely Yong Ellen).
(4) Deemed interested by virtue of the shareholdings of her spouse (namely DSYTS) and children (namely Yong Emmy and Yong Ellen).
(5) Deemed interested by virtue of the shareholdings of his parent (namely TSDMH).
(6) Deemed interested by virtue of the shareholdings of her parents (namely DSYTS and TPNAH) and sibling (namely Yong Emmy).
(7) Deemed interested by virtue of Section 6A of the Act through CUSB.
(8) Deemed interested by virtue of Section 6A of the Act through MMSB.
(9) Deemed interested by virtue of the shareholdings of his parents (namely DSYTS and TPNAH) and siblings (namely Yong Emmy and Yong Ellen).

4. DIRECTORS

For illustration purposes only, based on our Company's Register of Directors as at the LPD, the pro forma effects of the Corporate Exercises on the shareholdings of our Directors are as follows:

Minimum Scenario

Directors	As at LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming the full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	-	-	-	-	-	-	-	-	-	-	-	-
DSYTS	4,113	10.10	(1)7,401	18.17	12,339	16.01	(1)22,204	28.81	15,630	17.06	(1)28,125	30.71
Yong Hin Siong	-	-	(2)11,514	28.27	-	-	(2) 34,543	44.82	-	-	(2)43,756	47.77
Dauk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	-	-	-	-	-	-	-	-	-	-	-	-
Choong Show Tong	-	-	-	-	-	-	-	-	-	-	-	-
Yong Emmy	4,032	9.90	(3)7,482	18.37	12,096	15.70	(3)22,447	29.13	15,321	16.73	(3)28,433	31.04
Yong Ellen	36	0.09	(4)11,478	28.18	108	0.14	(4)34,435	44.68	138	0.15	(4)43,618	47.62

Notes:

(1) Deemed interested by virtue of the shareholdings of his spouse (namely TPNAH) and children (namely Yong Emmy and Yong Ellen).
(2) Deemed interested by virtue of the shareholdings of his parents (namely DSYTS and TPNAH) and siblings (namely Yong Emmy and Yong Ellen).
(3) Deemed interested by virtue of the shareholdings of her parents (namely DSYTS and TPNAH) and sibling (namely Yong Ellen).
(4) Deemed interested by virtue of the shareholdings of her parents (namely DSYTS and TPNAH) and sibling (namely Yong Emmy).

INFORMATION ON OUR COMPANY *(Cont'd)*

Maximum Scenario

Directors	As at LPD				(I) After the full exercise of the existing warrants in issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	-	-	-	-	-	-	-	-
DSYTS	4,113	10.10	(1)7,401	18.17	4,113	6.93	(1)10,875	18.32
Yong Hin Siong	-	-	(2)11,514	28.27	-	-	(2)14,988	25.25
Dauk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	-	-	-	-	-	-	-	-
Choong Show Tong	-	-	-	-	-	-	-	-
Yong Emmy	4,032	9.90	(3)7,482	18.37	6,048	10.19	(3)8,940	15.06
Yong Ellen	36	0.09	(4)11,478	28.18	36	0.06	(4)14,952	25.19

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INFORMATION ON OUR COMPANY *(Cont'd)*

Directors	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming the full conversion of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	-	-	-	-	-	-	-	-
DSYTS	12,339	6.93	[(1)]32,626	18.32	15,630	6.93	[(1)]41,328	18.32
Yong Hin Siong	-	-	[(2)]44,965	25.25	-	-	[(2)]56,957	25.25
Dauk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	-	-	-	-	-	-	-	-
Choong Show Tong	-	-	-	-	-	-	-	-
Yong Emmy	18,144	10.19	[(3)]26,821	15.06	22,982	10.19	[(3)]33,975	15.06
Yong Ellen	108	0.06	[(4)]44,857	25.19	138	0.06	[(4)]56,819	25.19

Notes:

(1) Deemed interested by virtue of the shareholdings of his spouse (namely TPNAH) and children (namely Yong Emmy and Yong Ellen).
(2) Deemed interested by virtue of the shareholdings of his parents (namely DSYTS and TPNAH) and siblings (namely Yong Emmy and Yong Ellen).
(3) Deemed interested by virtue of the shareholdings of her parents (namely DSYTS and TPNAH) and sibling (namely Yong Ellen).
(4) Deemed interested by virtue of the shareholdings of her parents (namely DSYTS and TPNAH) and sibling (namely Yong Emmy).

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5. SUBSIDIARIES AND ASSOCIATED COMPANY

The subsidiaries and associated company of our Company as at the LPD are as follows:

Company	Date / Place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest %	Principal activities
Subsidiary companies				
Besut Tsuda Industries Sendirian Berhad	23/12/1974 Malaysia	4,000,000	100.00	Investment holding, logging, sawmilling and trading of sawn timber and logs
Syarikat Maskayu Sawmill Sdn. Bhd.	29/1/1973 Malaysia	1,836,850	99.99	Logging, sawmilling, and trading of sawn timber and logs.
Besut Tsuda Wood Products Sdn. Bhd. (held directly through Besut Tsuda Industries Sendirian Berhad)	23/09/1983 Malaysia	20,500,000	100.00	Kiln-drying operations, timber moulding and manufacturing of finger jointed timber and lamination boards.
BTM Marketing & Trading Sdn. Bhd.	09/08/1997 Malaysia	2	100.00	Trading of sawn timber and plywood
BTM Global Holdings Sdn. Bhd.	15/10/1997 Malaysia	2	100.00	Letting of plant and machinery

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6. PROFIT AND DIVIDEND RECORD

A summary of the results of BTM based on its audited consolidated results for the past three (3) FYEs up to FPE 30 June 2014 are as follows:

	Audited FYE 31 December			Unaudited
	Restated 2011	Restated 2012	2013	FPE 30 June 2014
	RM '000	RM '000	RM '000	RM '000
Revenue	12,715	4,640	7,833	3,805
Cost of sales	(12,420)	(5,728)	(6,781)	(4,555)
Gross profit/(loss)	295	(1,088)	1,052	(749)
Other income	1,000	3,176	506	57
Distribution cost	(684)	(137)	(235)	(128)
Administrative expenses	(3,552)	(3,017)	(2,886)	(1,628)
Other operating expenses	(24)	(40)	-	-
Finance costs	(841)	(988)	(742)	(109)
LBT	(3,806)	(2,094)	(2,305)	(2,557)
Taxation	1,854	-	1,590	-
LAT	(1,952)	(2,094)	(715)	(2,557)
(Loss)/Earnings before interest, taxation, depreciation and amortisation	(1,608)	124	(371)	(1,580)
LAT attributable to:				
Equity holders of the Company	(1,952)	(2,094)	(715)	(2,557)
Non-controlling interests	-	-	-	-
Weighted average number of BTM Shares in issue (adjusted for treasury shares) ('000):	40,734	40,734	40,734	40,734
LPS (sen):				
- Basic	(4.8)	(5.1)	(1.8)	(6.3)
- Diluted	N/A	N/A	N/A	N/A
Dividend per share declared (sen)	-	-	-	-
Profit/(Loss) margin:				
Gross profit/(loss) margin (%)	2.32	(23.44)	13.43	(19.68)
Net loss margin (%)	(15.28)	(45.13)	(9.13)	(67.18)

Commentary on financial performance:

FYE 31 December 2011

The BTM Group incurred a loss before taxation of RM3.80 million for the FYE 31 December 2011 compared to a loss before taxation of RM3.52 million in FYE 31 December 2010. Turnover for the year increased by 1.74% to RM12.71 million compared to RM12.50 million in FYE 31 December 2010. The losses were mainly due to low gross margin as the turnover is inadequate to cover the high production overhead and fixed operating cost. The lower losses after taxation recorded for FYE 2011 as compared to previous financial year was mainly due to the recognition of deferred tax assets not recognised in prior year in the FYE 2011. Notwithstanding, BTM Group has recorded other income of approximately RM1.00 million which comprises of gain on disposal of fixed asset of approximately RM102,000, write back of accrued liabilities no longer required of approximately RM457,000, gain on settlement of defined benefit plan of approximately RM336,000, interest income of approximately RM44,000 and other income of approximately RM61,000.

In view of the loss incurred, the directors did not recommend the payment of any dividend for the FYE 31 December 2011.

FYE 31 December 2012

The BTM Group incurred a loss before taxation of RM2.09 million for the FYE 31 December 2012 compared to a loss before taxation of RM3.80 million in FYE 31 December 2011. The losses were mainly due the decrease in turnover by 63.49% to RM4.64 million as compared to RM12.71 million in FYE 31 December 2011 as a result of a shortage of working capital funds due to the losses in the past few years have eroded the working capital funds of the Group which in turn affected the Group's ability to purchase raw materials. This in turn resulted in the lower sales volume of its trading division and timber products which were inadequate to cover the high production overhead and fixed operating costs. Notwithstanding, BTM Group has recorded other income of approximately RM3.18 million which comprises of gain on disposal of sawmilling equipment and motor vehicles of approximately RM2,497,000 (following the suspension of Maskayu Sawmill's sawmilling activities in 2011), rental income of approximately RM420,000, interest income of approximately RM119,000 and other income of approximately RM140,000.

In view of the loss incurred, the directors did not recommend the payment of any dividend for the FYE 31 December 2012.

FYE 31 December 2013

The BTM Group incurred a loss before taxation of RM2.30 million for the FYE 31 December 2013 compared to a loss before taxation of RM2.09 million in FYE 31 December 2012. Turnover for the year increased by 68.81% to RM7.83 million compared to RM4.64 million in FYE 31 December 2012. The Group also recorded a gross profit margin of 13.43% for the FYE 31 December 2013 due mainly to the lower cost of raw materials purchased from related parties. However, despite of the increase in turnover and better gross profit margin due to lower cost of raw materials purchased from related parties, the Group still recorded losses as the turnover is inadequate to cover the high production overhead and fixed operating cost. The lower LBT in 2012 is mainly due to gain on disposal of fixed assets of RM2.497 million in FYE 2012, whilst in FYE 2013 the gain on disposal of fixed assets is only RM0.192 million. The lower LAT recorded for FYE 2013 as compared to previous financial year was mainly due to the realisation of deferred tax assets not recognised in prior year.

In view of the loss incurred, the directors did not recommend the payment of any dividend for the FYE 31 December 2013.

Unaudited six (6)-month FPE 30 June 2014

The BTM Group incurred a loss before taxation of RM2.56 million for the FPE 30 June 2014 compared to a loss before taxation of RM0.55 million in the corresponding FPE 30 June 2013. Turnover for the period increased by 2.39% to RM3.81 million compared to RM3.72 million in FPE 30 June 2013. The higher loss before taxation of the BTM Group for the FPE 30 June 2014 as compared to the previous financial period was mainly due to the higher operating expenses such as higher raw material cost, higher depreciation charges and higher staff costs for the FPE 30 June 2014.

In view of the loss incurred, the directors did not recommend the payment of any dividend for the FPE 30 June 2014.

HISTORICAL SHARE PRICES

The monthly high and low prices of BTM Shares traded on the Main Market of Bursa Securities for the past twelve (12) months are set out below:

	High RM	Low RM
2013		
September	0.280	0.195
October	0.260	0.190
November	0.235	0.195
December	0.250	0.215
2014		
January	0.365	0.235
February	0.295	0.250
March	0.240	0.210
April	0.355	0.225
May	0.350	0.240
June	0.270	0.240
July	0.285	0.260
August	0.315	0.260

Last transacted market price of BTM Shares on 29 October 2013, being the last trading day prior to the date of announcement of, amongst others, the Rights Issue with Warrants	0.21
Last transacted market price of BTM Shares on the LPD	0.270
Last transacted market price of BTM Shares on 24 September 2014, being the last trading day prior to the ex-date for the Rights Issue with Warrants	0.380

(Source: Bloomberg Finance L.P.)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

Folks DFK & Co (No. AF 0502)
Chartered Accountants

An Independent Member Firm of DFK INTERNATIONAL

Date : 12 SEP 2014

The Board of Directors
BTM Resources Berhad
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Dear Sirs,

BTM Resources Berhad ("BTM" or "the Company")
Reporting Accountants' Letter on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 December 2013 for inclusion in the Abridged Prospectus

We have completed our assurance engagement to report on the accompanying compilation of pro forma consolidated statements of financial position as at 31 December 2013 and notes thereto of BTM and its subsidiaries ("BTM Group") by the Directors of BTM ("Directors"), which we have stamped for identification purpose, for inclusion in the Abridged Prospectus to be issued in connection with the Company's 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) existing ordinary share held 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 ("Rights Issue with Warrants").

The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statements of financial position are described in the notes thereto.

The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the Par Value Reduction, Share Premium Reduction and Rights Issue with Warrants, which form part of the Company's corporate exercises as described in Note 1 thereto, on the consolidated statement of financial position of BTM as at 31 December 2013 if the aforesaid corporate exercises had been completed on 31 December 2013. As part of this process, information about the financial position of BTM Group as at 31 December 2013 has been extracted by the Directors from the financial statements of BTM Group for the year ended 31 December 2013, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

It is the responsibility of the Directors to compile the pro forma consolidated statements of financial position of BTM Group as at 31 December 2013 and the related notes on the basis of the applicable criteria as described in the notes thereto.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position of BTM Group as at 31 December 2013 and the related notes have been compiled, in all material respects, by the Directors on the basis of the applicable criteria as described in the notes thereto.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors has compiled, in all material respects, the pro forma consolidated statements of financial position and the related notes on the basis of the applicable criteria as described in the notes thereto.

Folks 12th Floor, Wisma Tun Sambanthan, No. 2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia.
Tel: 603-2273 2688 Fax: 603-2274 2688 e-mail: audit@folksdfk.com / general@folksdfk.com

DFK INTERNATIONAL

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical information used in compiling the pro forma consolidated statements of financial position and the related notes, nor have we, in the course of this engagement, performed an audit or review of the financial information in compiling the pro forma consolidated statements of financial position and the related notes.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented in the pro forma financial information.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the entity, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position of BTM Group as at 31 December 2013 and the related notes have been properly compiled, in all material respects, on the basis of the applicable criteria as described in the notes thereto.

Other Matter

This letter is issued by us for the sole purpose of expressing our opinion on the pro forma consolidated statements of financial position and the related notes which have been compiled by the Directors for inclusion in the Abridged Prospectus to be issued in connection with the Company's Rights Issue with Warrants and should not be relied upon for any other purposes.

Yours faithfully,

FOLKS DFK & CO.
No. : AF 0502
Chartered Accountants

NG ENG KIAT
No. : 1064/03/15 (J/PH)
Partner of the Firm

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

BTM RESOURCES BERHAD (303962-T)
(Incorporated in Malaysia)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

The Pro Forma Consolidated Statements of Financial Position of BTM Resources Berhad ("BTM") as at 31 December 2013 set out below is provided for illustrative purposes only.

Minimum Scenario

	BTM Group Audited as at 31.12.2013 RM	[Pro Forma I] After Par Value Reduction RM	[Pro Forma II] After Pro Forma I and Share Premium Reduction RM	[Pro Forma III] After Pro Forma II and Rights Issue with Warrants RM	[Pro Forma IV] After Pro Forma III and assuming full exercise of New Warrants RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	20,862,548	20,862,548	20,862,548	20,862,548	20,862,548
Prepaid lease payments	516,726	516,726	516,726	516,726	516,726
Total Non-Current Assets	21,379,274	21,379,274	21,379,274	21,379,274	21,379,274
Current Assets					
Inventories	4,091,965	4,091,965	4,091,965	4,091,965	4,091,965
Trade receivables	3,016,465	3,016,465	3,016,465	3,016,465	3,016,465
Other receivables, deposits and prepayments	589,301	589,301	589,301	589,301	589,301
Fixed deposits with licensed banks	413,988	413,988	413,988	5,609,705	8,515,992
Cash and bank balances	306,563	306,563	306,563	306,563	306,563
	8,418,282	8,418,282	8,418,282	13,613,999	16,520,286
Non-current asset held for sale	4,113,747	4,113,747	4,113,747	4,113,747	4,113,747
Total Current Assets	12,532,029	12,532,029	12,532,029	17,727,746	20,634,033
TOTAL ASSETS	33,911,303	33,911,303	33,911,303	39,107,020	42,013,307
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	40,734,196	8,146,839	8,146,839	15,412,556	18,318,843
Share premium	7,628,463	7,628,463	3,669,032	-	2,699,032
Revaluation reserves	16,377,545	16,377,545	16,377,545	16,377,545	16,377,545
Capital reserves	531,845	531,845	531,845	531,845	531,845
Warrant reserves	-	-	-	2,760,972	-
Accumulated losses	(46,512,441)	(13,925,084)	(9,965,653)	(10,027,593)	(9,965,653)
TOTAL EQUITY	18,759,608	18,759,608	18,759,608	25,055,325	27,961,612

FOLKS DFK & CO. (AF 0502)
Chartered Accountants, Kuala Lumpur
For Identification Purposes Only

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

BTM RESOURCES BERHAD (303962-T)
(Incorporated in Malaysia)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Minimum Scenario (Cont'd)

	BTM Group Audited as at 31.12.2013 RM	[Pro Forma I] After Par Value Reduction RM	[Pro Forma II] After Pro Forma I and Share Premium Reduction RM	[Pro Forma III] After Pro Forma II and Rights Issue with Warrants RM	[Pro Forma IV] After Pro Forma III and assuming full exercise of New Warrants RM
Non-Current Liabilities					
Retirement benefit obligations	1,270,152	1,270,152	1,270,152	1,270,152	1,270,152
Bank borrowings (secured) - Term loans	765,579	765,579	765,579	765,579	765,579
Hire purchase creditors	94,378	94,378	94,378	94,378	94,378
Deferred taxation	167,434	167,434	167,434	167,434	167,434
Total Non-Current Liabilities	2,297,543	2,297,543	2,297,543	2,297,543	2,297,543
Current Liabilities					
Trade payables	592,004	592,004	592,004	592,004	592,004
Other payables and accruals	5,184,461	5,184,461	5,184,461	5,184,461	5,184,461
Bank borrowings (secured) - Term loans	4,727,264	4,727,264	4,727,264	3,627,264	3,627,264
- Bank overdraft	253,773	253,773	253,773	253,773	253,773
Amount due to directors	1,998,276	1,998,276	1,998,276	1,998,276	1,998,276
Hire purchase creditors	24,898	24,898	24,898	24,898	24,898
Taxation	73,476	73,476	73,476	73,476	73,476
Total Current Liabilities	12,854,152	12,854,152	12,854,152	11,754,152	11,754,152
TOTAL LIABILITIES	15,151,695	15,151,695	15,151,695	14,051,695	14,051,695
TOTAL EQUITY AND LIABILITIES	33,911,303	33,911,303	33,911,303	39,107,020	42,013,307
Par value per ordinary share (RM)	1.00	0.20	0.20	0.20	0.20
Number of ordinary shares	40,734,196	40,734,196	40,734,196	77,062,782	91,594,216
Net assets per share (RM) *(a)*	0.46	0.46	0.46	0.33	0.31
Total interest bearing borrowings (RM)	5,865,892	5,865,892	5,865,892	4,765,892	4,765,892
Gearing (times) *(b)*	0.31	0.31	0.31	0.19	0.17

(a) Net assets per share is computed based on the total equity attributable to owners of the Company divided by the number of ordinary shares.

(b) Gearing is computed based on the total interest bearing borrowings divided by the total equity attributable to owners of the Company.

FOLKS DFK & CO. (AF 0502)
Chartered Accountants, Kuala Lumpur
For Identification Purposes Only

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

BTM RESOURCES BERHAD (303962-T)
(Incorporated in Malaysia)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Maximum Scenario

	BTM Group Audited as at 31.12.2013 RM	[Pro Forma I] After full exercise of Outstanding Warrants RM	[Pro Forma II] After Pro Forma I and Par Value Reduction RM	[Pro Forma III] After Pro Forma II and Share Premium Reduction RM	[Pro Forma IV] After Pro Forma III and Rights Issue with Warrants RM	[Pro Forma V] After Pro Forma IV and assuming full exercise of New Warrants RM
ASSETS						
Non-Current Assets						
Property, plant and equipment	20,862,548	20,862,548	20,862,548	20,862,548	20,862,548	20,862,548
Prepaid lease payments	516,726	516,726	516,726	516,726	516,726	516,726
Total Non-Current Assets	21,379,274	21,379,274	21,379,274	21,379,274	21,379,274	21,379,274
Current Assets						
Inventories	4,091,965	4,091,965	4,091,965	4,091,965	4,091,965	4,091,965
Trade receivables	3,016,465	3,016,465	3,016,465	3,016,465	3,016,465	3,016,465
Other receivables, deposits and prepayments	589,301	589,301	589,301	589,301	589,301	589,301
Fixed deposits with licensed banks	413,988	19,047,080	19,047,080	19,047,080	40,723,995	50,222,761
Cash and bank balances	306,563	306,563	306,563	306,563	306,563	306,563
	8,418,282	27,051,374	27,051,374	27,051,374	48,728,289	58,227,055
Non-current asset held for sale	4,113,747	4,113,747	4,113,747	4,113,747	4,113,747	4,113,747
Total Current Assets	12,532,029	31,165,121	31,165,121	31,165,121	52,842,036	62,340,802
TOTAL ASSETS	33,911,303	52,544,395	52,544,395	52,544,395	74,221,310	83,720,076
EQUITY AND LIABILITIES						
Equity Attributable to Owners of the Company						
Share capital	40,734,196	59,367,288	11,873,458	11,873,458	35,620,373	45,119,139
Share premium	7,628,463	7,628,463	7,628,463	3,669,032	-	2,699,032
Revaluation reserves	16,377,545	16,377,545	16,377,545	16,377,545	16,377,545	16,377,545
Capital reserves	531,845	531,845	531,845	531,845	531,845	531,845
Warrant reserves	-	-	-	-	9,023,828	-
(Accumulated losses) / Retained profits	(46,512,441)	(46,512,441)	981,389	4,940,820	(1,383,976)	4,940,820
TOTAL EQUITY	18,759,608	37,392,700	37,392,700	37,392,700	60,169,615	69,668,381

FOLKS DFK & CO. (AF 0502)
Chartered Accountants, Kuala Lumpur
For Identification Purposes Only

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

BTM RESOURCES BERHAD (303962-T)
(Incorporated in Malaysia)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Maximum Scenario (Cont'd)

	BTM Group Audited as at 31.12.2013 RM	[Pro Forma I] After full exercise of Outstanding Warrants RM	[Pro Forma II] After Pro Forma I and Par Value Reduction RM	[Pro Forma III] After Pro Forma II and Share Premium Reduction RM	[Pro Forma IV] After Pro Forma III and Rights Issue with Warrants RM	[Pro Forma V] After Pro Forma IV and assuming full exercise of New Warrants RM
Non-Current Liabilities						
Retirement benefit obligations	1,270,152	1,270,152	1,270,152	1,270,152	1,270,152	1,270,152
Bank borrowings (secured) - Term loans	765,579	765,579	765,579	765,579	765,579	765,579
Hire purchase creditors	94,378	94,378	94,378	94,378	94,378	94,378
Deferred taxation	167,434	167,434	167,434	167,434	167,434	167,434
Total Non-Current Liabilities	2,297,543	2,297,543	2,297,543	2,297,543	2,297,543	2,297,543
Current Liabilities						
Trade payables	592,004	592,004	592,004	592,004	592,004	592,004
Other payables and accruals	5,184,461	5,184,461	5,184,461	5,184,461	5,184,461	5,184,461
Bank borrowings (secured) - Term loans	4,727,264	4,727,264	4,727,264	4,727,264	3,627,264	3,627,264
- Bank overdraft	253,773	253,773	253,773	253,773	253,773	253,773
Amount due to directors	1,998,276	1,998,276	1,998,276	1,998,276	1,998,276	1,998,276
Hire purchase creditors	24,898	24,898	24,898	24,898	24,898	24,898
Taxation	73,476	73,476	73,476	73,476	73,476	73,476
Total Current Liabilities	12,854,152	12,854,152	12,854,152	12,854,152	11,754,152	11,754,152
TOTAL LIABILITIES	15,151,695	15,151,695	15,151,695	15,151,695	14,051,695	14,051,695
TOTAL EQUITY AND LIABILITIES	33,911,303	52,544,395	52,544,395	52,544,395	74,221,310	83,720,076
Par value per ordinary share (RM)	1.00	1.00	0.20	0.20	0.20	0.20
Number of ordinary shares	40,734,196	59,367,288	59,367,288	59,367,288	178,101,864	225,595,694
Net assets per share (RM) *(a)*	0.46	0.63	0.63	0.63	0.34	0.31
Total interest bearing borrowings (RM)	5,865,892	5,865,892	5,865,892	5,865,892	4,765,892	4,765,892
Gearing (times) *(b)*	0.31	0.16	0.16	0.16	0.08	0.07

(a) Net assets per share is computed based on the total equity attributable to owners of the Company divided by the number of ordinary shares.
(b) Gearing is computed based on the total interest bearing borrowings divided by the total equity attributable to owners of the Company.

FOLKS DFK & CO. (AF 0502)
Chartered Accountants, Kuala Lumpur
For Identification Purposes Only

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BTM RESOURCES BERHAD (303962-T)
(Incorporated in Malaysia)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

1. CORPORATE EXERCISES

At the Extraordinary General Meeting of BTM held on 29 April 2014, the shareholders of BTM have approved the following corporate exercises: -

(i) 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 ("Par Value Reduction");

(ii) reduction of RM3,959,431 from the share premium account of BTM pursuant to Sections 60(2) and 64(1) of the Act ("Share Premium Reduction");

(iii) amendments to the memorandum of association of BTM to facilitate the change in the par value of the ordinary shares in BTM from RM1.00 to RM0.20 arising from the Par Value Reduction ("Amendment");

(iv) renounceable rights issue of up to 118,734,576 new ordinary shares of RM0.20 each ("BTM Shares")("Rights Shares") in BTM 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 2 Rights Shares for every 1 BTM Share held after the Par Value Reduction together with 4 New Warrants for every 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 ("Rights Issue with Warrants"); and

(v) exemption for Dato' Seri Yong Tu Sang and persons acting in concert with him 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 ("Exemption").

The High Court of Malaya in Kuala Lumpur has granted the order ("Court Order") confirming the Par Value Reduction and Share Premium Reduction on 30 July 2014 and a sealed copy of the Court Order has been lodged with the Companies Commission of Malaysia on 6 August 2014. Pursuant thereto, the Par Value Reduction, Share Premium Reduction and Amendment is deemed completed and effective from 6 August 2014.

The Securities Commission of Malaysia has approved the Exemption on 4 July 2014.

2. BASIS OF PREPARATION

2.1 The Pro Forma Consolidated Statements of Financial Position of BTM as at 31 December 2013 is provided for illustrative purposes only, to show how the audited consolidated statement of financial position of BTM as at 31 December 2013 would be presented had the Par Value Reduction, Share Premium Reduction and Rights Issue with Warrants, under both minimum and maximum subscription scenarios, as described in Note 3 below been completed on 31 December 2013 and all the effects thereof are incorporated in the audited financial statements of BTM on that date.

2.2 The Pro Forma Consolidated Statements of Financial Position are based on the audited consolidated financial statements of BTM as at 31 December 2013 which were prepared in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and International Financial Reporting Standards.

The Pro Forma Consolidated Statements of Financial Position as at 31 December 2013 have been prepared using bases and accounting policies consistent with those adopted in the preparation of audited financial statements by BTM Group as at that date except for the adoption of the new accounting policy on warrant reserve, which shall be applied prospectively to new warrants issued on or after 1 January 2014 and hence has no impact on the audited consolidated statement of financial position of BTM as at 31 December 2013.

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BTM RESOURCES BERHAD (303962-T)
(Incorporated in Malaysia)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONTD)

Accounting Policy on Warrant Reserve

Share warrants are recognised as warrant reserve in the financial statements and are measured at their fair value at the date of their issuance. Warrant reserve is classified as equity and is not distributable. Warrant reserve attributable to warrants exercised is transferred to the share premium account upon the exercise of the warrants. Upon the expiry of the warrants period, the warrant reserve attributable to the unexercised warrants is transferred to retained profits.

3. PRO FORMA EFFECTS - MINIMUM SCENARIO

Based on the minimum subscription level of 36,328,586 Rights Shares together with 14,531,434 New Warrants under the Rights Issue with Warrants and assuming none of the existing 18,633,092 outstanding warrants 2009/2019 ("Outstanding Warrants") of BTM are exercised prior to the implementation of the Rights Issue with Warrants.

3.1 [Pro Forma I]

Pro Forma I incorporates the effects of the Par Value Reduction whereby the issued and paid-up share capital is reduced from RM40,734,196 to RM8,146,839. The amount of RM32,587,357 arising from the reduction of the par value of existing ordinary shares is utilised to set off an equivalent amount of the accumulated losses of BTM.

3.2 [Pro Forma II]

Pro Forma II incorporates the effects of Pro Forma I and the Share Premium Reduction. The amount of RM3,959,431 arising from the reduction of the share premium is used to set off an equivalent amount of the accumulated losses of BTM.

3.3 [Pro Forma III]

Pro Forma III incorporates the effects of Pro Forma II and the Rights Issue with Warrants.

The minimum subscription of 36,328,586 Rights Shares will raise cash proceeds of RM7,265,717 and increase the issued and paid-up share capital of BTM to RM15,412,556. The proceeds from the issuance of the Rights Shares shall be utilised as follows: -

	RM
Working capital requirements	5,195,717
Repayment of term loans (current portion)	1,100,000
Estimated expenses for corporate exercises	970,000
	7,265,717

The estimated expenses of RM970,000 to be incurred for the corporate exercises are to be charged against the share premium account.

The cash proceeds to be utilised for working capital requirements are assumed to be retained as fixed deposits with licensed banks pending utilisation.

The fair value of the New Warrants issued with the Rights Shares is determined at approximately RM0.19 per New Warrant by an independent professional valuer using the Black-Scholes pricing model based on the following input data: -

(a) Fair value of share: RM0.18 to RM0.22
(b) New Warrant exercise price: RM0.20
(c) New Warrant exercise period: 10 years commencing from date of issuance until date of expiry
(d) Risk free interest rate: 3.68% per annum
(e) Volatility of share price: 100% to 150% based on annualised historical volatility

Based on the fair value of RM0.19 assigned to each New Warrant, the warrant reserves arising from the issuance of the 14,531,434 New Warrants amounted to RM2,760,972. 6

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

BTM RESOURCES BERHAD (303962-T)
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONTD)

3.4 [Pro Forma IV]

Pro Forma IV incorporates the effects of Pro Forma III and the assumed full exercise of the 14,531,434 New Warrants at the exercise price of RM0.20 per New Warrant for 1 new BTM Share, which will raise cash proceeds of RM2,906,287 (assumed placed in fixed deposits) and increase the issued and paid-up share capital of BTM to RM18,318,843. The warrant reserves of RM2,760,972 will be transferred to share premium and accumulated losses accounts upon the full exercise of the New Warrants.

3.5 Summary of Pro Forma Effects

(a) Effects on Share Capital

	RM	No. of Ordinary Shares
Audited as at 31.12.2013	40,734,196	*(1)* 40,734,196
Amount reduced under Par Value Reduction	(32,587,357)	-
Pro Forma I and Pro Forma II	8,146,839	*(2)* 40,734,196
Increase pursuant to Rights Issue with Warrants	7,265,717	*(2)* 36,328,586
Pro Forma III	15,412,556	*(2)* 77,062,782
Increase upon full exercise of New Warrants	2,906,287	*(2)* 14,531,434
Pro Forma IV	18,318,843	*(2)* 91,594,216

(1) Par value of RM1.00 each *(2) Par value of RM0.20 each*

(b) Effects on Share Premium

	RM
Audited as at 31.12.2013 and after Pro Forma I	7,628,463
Amount reduced under Share Premium Reduction	(3,959,431)
Pro Forma II	3,669,032
Amount charged for fair value of New Warrants issued pursuant to Rights Issue with Warrants	(2,699,032)
Estimated expenses for corporate exercises	(970,000)
Pro Forma III	-
Amount transferred from warrant reserves upon full exercise of New Warrants	2,699,032
Pro Forma IV	2,699,032

(c) Effects on Warrant Reserves

	RM
Audited as at 31.12.2013 and after Pro Forma I and Pro Forma II	-
Arising from fair value of New Warrants issued pursuant to Rights Issue with Warrants	2,760,972
Pro Forma III	2,760,972
Amount transferred to accumulated losses upon full exercise of New Warrants	(61,940)
Amount transferred to share premium upon full exercise of New Warrants	(2,699,032)
Pro Forma IV	-

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BTM RESOURCES BERHAD (303962-T)
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONTD)

(d) Effects on Accumulated Losses

	RM
Audited as at 31.12.2013	(46,512,441)
Set-off under Par Value Reduction	32,587,357
Pro Forma I	(13,925,084)
Set-off under Share Premium Reduction	3,959,431
Pro Forma II	(9,965,653)
Amount charged for fair value of New Warrants issued pursuant to Rights Issue with Warrants	(61,940)
Pro Forma III	(10,027,593)
Amount transferred from warrant reserves upon full exercise of New Warrants	61,940
Pro Forma IV	(9,965,653)

4. PRO FORMA EFFECTS - MAXIMUM SCENARIO

Based on the maximum subscription level of 118,734,576 Rights Shares together with 47,493,830 New Warrants under the Rights Issue with Warrants after assuming all the existing 18,633,092 outstanding warrants 2009/2019 ("Outstanding Warrants") of BTM are exercised prior to the implementation of the Rights Issue with Warrants.

4.1 [Pro Forma I]

Pro Forma I incorporates the effects of the assumed full exercise of all the existing 18,633,092 Outstanding Warrants at the exercise price of RM1.00 per warrant for 1 new ordinary share of RM1.00 each in BTM. The exercise of the Outstanding Warrants will raise cash proceeds of RM18,633,092 and increase the issued and paid-up share capital of BTM to RM59,367,288. The proceeds are assumed to be retained as fixed deposits with licensed banks.

4.2 [Pro Forma II]

Pro Forma II incorporates the effects of Pro Forma I and the Par Value Reduction whereby the issued and paid-up share capital will be reduced from RM59,367,288 to RM11,873,458. An amount of RM32,587,357 out of the total amount of RM47,493,830 arising from the reduction of the par value of existing ordinary shares is utilised to set off an equivalent amount of the accumulated losses of BTM. The excess unutilised credit of RM14,906,473 from the par value reduction is credited to retained profits as approved by the High Court of Malaya in Kuala Lumpur.

4.3 [Pro Forma III]

Pro Forma III incorporates the effects of Pro Forma II and the Share Premium Reduction. The amount of RM3,959,431 arising from the reduction of the share premium and approved to be used to set off an equivalent amount of the accumulated losses of BTM is unutilised and is credited to retained profits based on approval from the High Court of Malaya in Kuala Lumpur.

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BTM RESOURCES BERHAD (303962-T)
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONTD)

4.4 [Pro Forma IV]

Pro Forma IV incorporates the effects of Pro Forma III and the Rights Issue with Warrants.

The maximum subscription of 118,734,576 Rights Shares will raise cash proceeds of RM23,746,915 and increase the issued and paid-up share capital of BTM to RM35,620,373. The proceeds from the issuance of the Rights Shares shall be utilised as follows: -

	RM
Working capital requirements	21,676,915
Repayment of term loans (current portion)	1,100,000
Estimated expenses for corporate exercises	970,000
	23,746,915

The estimated expenses of RM970,000 to be incurred for the corporate exercises are to be charged against the share premium account.

The cash proceeds to be utilised for working capital requirements are assumed to be retained as fixed deposits with licensed banks pending utilisation.

The fair value of the New Warrants issued with the Rights Shares is determined at RM0.19 per New Warrant by an independent professional valuer using the Black-Scholes pricing model based on the input data as disclosed in Note 3.3 above. Based on the fair value of RM0.19 assigned to each New Warrant, the warrant reserves arising from the issuance of the 47,493,830 New Warrants amounted to RM9,023,828.

4.5 [Pro Forma V]

Pro Forma V incorporates the effects of Pro Forma IV and the assumed full exercise of the 47,493,830 New Warrants at the exercise price of RM0.20 per New Warrant for 1 new BTM Share of RM0.20 each, which will raise cash proceeds of RM9,498,766 (assumed placed in fixed deposits) and increase the issued and paid-up share capital of BTM to RM45,119,139. The warrant reserves of RM9,023,828 will be transferred to share premium and accumulated losses accounts upon the full exercise of the New Warrants.

4.6 Summary of Pro Forma Effects

(a) Effects on Share Capital

	RM	No. of Ordinary Shares
Audited as at 31.12.2013	40,734,196	*(1)* 40,734,196
Increase upon full exercise of Outstanding Warrants	18,633,092	*(1)* 18,633,092
Pro Forma I	59,367,288	*(1)* 59,367,288
Amount reduced under Par Value Reduction	(47,493,830)	-
Pro Forma II and Pro Forma III	11,873,458	*(2)* 59,367,288
Increase pursuant to Rights Issue with Warrants	23,746,915	*(2)* 118,734,576
Pro Forma IV	35,620,373	*(2)* 178,101,864
Increase upon full exercise of New Warrants	9,498,766	*(2)* 47,493,830
Pro Forma V	45,119,139	*(2)* 225,595,694

(1) Par value of RM1.00 each *(2) Par value of RM0.20 each*

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

BTM RESOURCES BERHAD (303962-T)
(Incorporated in Malaysia)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONTD)

(b) Effects on Share Premium

	RM
Audited as at 31.12.2013 and after Pro Forma I and Pro Forma II	7,628,463
Amount reduced under Share Premium Reduction	(3,959,431)
Pro Forma III	3,669,032
Amount charged for fair value of New Warrants issued pursuant to Rights Issue with Warrants	(2,699,032)
Estimated expenses for corporate exercises	(970,000)
Pro Forma IV	-
Amount transferred from warrant reserves upon full exercise of New Warrants	2,699,032
Pro Forma V	2,699,032

(c) Effects on Warrant Reserves

	RM
Audited as at 31.12.2013 and after Pro Forma I, Pro Forma II and Pro Forma III	-
Arising from fair value of New Warrants issued pursuant to Rights Issue with Warrants	9,023,828
Pro Forma IV	9,023,828
Amount transferred to accumulated losses upon full exercise of New Warrants	(6,324,796)
Amount transferred to share premium upon full exercise of New Warrants	(2,699,032)
Pro Forma V	-

(d) Effects on (Accumulated Losses) / Retained Profits

	RM
Audited as at 31.12.2013 and after Pro Forma I	(46,512,441)
Set-off under Par Value Reduction	32,587,357
Excess unutilised credit from Par Value Reduction	14,906,473
Pro Forma II	981,389
Unutilised credit from Share Premium Reduction	3,959,431
Pro Forma III	4,940,820
Amount charged for fair value of New Warrants issued pursuant to Rights Issue with Warrants	(6,324,796)
Pro Forma IV	(1,383,976)
Amount transferred from warrant reserves upon full exercise of New Warrants	6,324,796
Pro Forma V	4,940,820

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CERTIFIED TRUE COPY

NG ENG KIAT
Partner
FOLKS DFK & CO. (AF 0502)
Chartered Accountants

BTM RESOURCES BERHAD

(303962-T)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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BTM RESOURCES BERHAD
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REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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BTM RESOURCES BERHAD
(303962-T)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors submit herewith their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

There have been no significant changes in these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss before taxation	(2,305,654)	(982,452)
Taxation	1,589,988	245,894
Loss for the year attributable to owners of the Company	(715,666)	(736,558)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers made to or from reserves or provisions accounts during the year other than those disclosed in the financial statements.

DIRECTORS

The names of the directors in office since the date of the last Directors' Report on 30 April 2013 are as follows :-

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Chairman)
Dato' Seri Yong Tu Sang (Managing Director)
Yong Emmy
Choong Show Tong
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey
Yong Ellen (alternate director to Yong Emmy)
Datuk Khairuddin Bin Mohd Hussin (Resigned on 1 April 2014)

In accordance with Article 64 of the Company's Articles of Association, Yong Emmy retires from the Board at the forthcoming Annual General Meeting and being eligible, offers herself for re-election.

In accordance with Section 129 of the Companies Act, 1965, Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman, retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in shares and warrants of the Company during the financial year are as follows :-

	Number of ordinary shares of RM1.00 each			
	As at 1.1.2013	During the year Acquired	During the year Disposed	As at 31.12.2013
Dato' Seri Yong Tu Sang				
- direct	4,113,027	-	-	4,113,027
- indirect *	7,401,433	-	-	7,401,433
Yong Emmy				
- direct	4,032,000	-	-	4,032,000
Yong Ellen				
- direct	36,100	-	-	36,100

	Number of warrants 2009/2019			
	As at 1.1.2013	During the year Acquired	During the year Disposed	As at 31.12.2013
Dato' Seri Yong Tu Sang				
- indirect *	3,474,254	-	-	3,474,254
Yong Emmy				
- direct	2,016,000	-	-	2,016,000
Yong Ellen				
- direct	200	-	-	200

* Deemed interest by virtue of shares and warrants held by his spouse and children.

By virtue of his interests in the shares of the Company, Dato' Seri Yong Tu Sang is deemed to be interested in the shares of all its subsidiary companies to the extent that the Company has an interest.

Other than as disclosed, no other directors in office at the end of the financial year held any interest in shares and warrants of the Company and shares of its subsidiary companies.

DIRECTORS' BENEFITS

As at the end of the financial year and during the year, there did not subsist any arrangement to which the Company was a party, whereby the directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors and as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or his nominees or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :-

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) As at the date of this report, the directors are not aware of any circumstances :-

(i) which would render the amount written off for bad debts and provision made for doubtful debts in the Group and the Company inadequate to any substantial extent;

(ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading;

(iii) which have arisen which render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate; and

(iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(c) As at the date of this report, there does not exist :-

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the directors :-

(i) no contingent or other liabilities have become enforceable or are likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

On behalf of the Board of Directors,

DATO' SERI YONG TU SANG
Director

YONG EMMY
Director

This report is made pursuant to the directors' resolution passed on 28 APR 2014

Date : 28 APR 2014

BTM RESOURCES BERHAD
(303962-T)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

(Pursuant to Section 169(15) of the Companies Act, 1965)

We, DATO' SERI YONG TU SANG and YONG EMMY, being two of the directors of BTM RESOURCES BERHAD, state that in the opinion of the directors, the financial statements set out on pages 8 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results of operations and cash flows of the Group and of the Company for the financial year ended on that date.

The information set out in Note 38 to the financial statements on page 85 have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board of Directors,

DATO' SERI YONG TU SANG
Director

YONG EMMY
Director

Date : 28 APR 2014

BTM RESOURCES BERHAD
(303962-T)
(Incorporated in Malaysia)

STATUTORY DECLARATION

(Pursuant to Section 169(16) of the Companies Act, 1965)

I, CHEN KAR MUN, being the person primarily responsible for the financial management of BTM RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements together with the notes attached thereto, are to the best of my knowledge and belief, correct.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed CHEN KAR)
MUN at Petaling Jaya in Selangor)
this 28 APR 2014)

Before me,

PESURUHJAYA SUMPAH
B 299
K. CHERIAN ABRAHAM
MALAYSIA

3-1, Block E2, Jalan PJU 1/42A,
Dataran Prima, 47301 Petaling Jaya
Selangor Darul Ehsan

BTM RESOURCES BERHAD
(303962-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31.12.2013 RM	Restated 31.12.2012 RM	Restated 1.1.2012 RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	20,862,548	15,854,831	17,045,123
Prepaid lease payments	6	516,726	555,199	593,672
Investment in club membership	8	-	-	40,000
		21,379,274	16,410,030	17,678,795
Current Assets				
Inventories	9	4,091,965	2,779,012	2,289,465
Trade receivables	10	3,016,465	3,096,843	4,744,702
Other receivables, deposits and prepayments	11	589,301	1,226,592	275,039
Fixed deposits with licensed banks	13	413,988	401,126	388,682
Cash and bank balances		306,563	245,746	137,408
		8,418,282	7,749,319	7,835,296
Non-current asset held for sale	14	4,113,747	-	-
		12,532,029	7,749,319	7,835,296
Total Assets		33,911,303	24,159,349	25,514,091
EQUITY AND LIABILITIES				
Equity Attributable To Owners Of The Company				
Share capital	15	40,734,196	40,734,196	40,734,196
Share premium	16	7,628,463	7,628,463	7,628,463
Revaluation reserves	17	16,377,545	8,132,088	8,132,088
Capital reserves	18	531,845	531,845	531,845
Accumulated losses		(46,512,441)	(45,395,618)	(43,418,056)
Total Equity		18,759,608	11,630,974	13,608,536

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
(303962-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

	Note	31.12.2013 RM	Restated 31.12.2012 RM	Restated 1.1.2012 RM
Liabilities				
Non-Current Liabilities				
Retirement benefit obligations	19	1,270,152	798,685	807,235
Bank borrowings (secured)				
- Term loans	20	765,579	2,040,180	3,020,459
Hire purchase creditors	21	94,378	118,107	149,673
Deferred taxation	22	167,434	2,434	2,434
		2,297,543	2,959,406	3,979,801
Current Liabilities				
Trade payables	23	592,004	571,613	624,372
Other payables and accruals		5,184,461	4,269,502	3,697,069
Bank borrowings (secured)	20			
- Term loans		4,727,264	3,452,663	2,472,384
- Bank overdraft		253,773	674,988	893,649
Amount due to directors	24	1,998,276	489,215	116,045
Hire purchase creditors	21	24,898	37,278	34,325
Taxation		73,476	73,710	87,910
		12,854,152	9,568,969	7,925,754
Total Liabilities		15,151,695	12,528,375	11,905,555
Total Equity and Liabilities		33,911,303	24,159,349	25,514,091

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM	Restated 2012 RM
Revenue	25	7,833,429	4,640,452
Cost of sales		(6,781,243)	(5,728,340)
Gross profit/(loss)		1,052,186	(1,087,888)
Other income		505,552	3,175,625
Distribution expenses		(235,299)	(136,793)
Administrative expenses		(2,885,987)	(3,016,880)
Other operating expenses		-	(40,000)
Finance costs		(742,106)	(988,311)
Loss before taxation	26	(2,305,654)	(2,094,247)
Taxation	27	1,589,988	-
Loss for the year		(715,666)	(2,094,247)

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	Note	2013 RM	Restated 2012 RM
Other comprehensive income :			
Items that will not be subsequently reclassified to profit or loss			
- Revaluation of land and buildings		10,024,286	-
Attributable deferred tax		(1,778,829)	-
		8,245,457	-
- Actuarial (loss)/gain on defined benefit obligations		(401,157)	116,685
Total other comprehensive income for the year, net of tax		7,844,300	116,685
Total comprehensive income/(loss) for the year		7,128,634	(1,977,562)
Loss per share attributable to owners of the Company			
Basic	28	(1.8 sen)	(5.1 sen)
Diluted	28	N/A	N/A

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

		← Non-distributable		→		
	Share capital RM	**Share premium RM**	**Revaluation reserves RM**	**Capital reserves RM**	**Accumulated losses RM**	**Total RM**
Balance as at 1 January 2012						
- As previously stated	40,734,196	7,628,463	8,132,088	531,845	(43,584,235)	13,442,357
- Effects of adopting revised MFRS 119 (Note 36)	-	-	-	-	166,179	166,179
Balance as at 1 January 2012, as restated	40,734,196	7,628,463	8,132,088	531,845	(43,418,056)	13,608,536
Loss for the year (Note 36)	-	-	-	-	(2,094,247)	(2,094,247)
Other comprehensive income : Actuarial gain on defined benefit obligations (Note 36)	-	-	-	-	116,685	116,685
Total comprehensive loss for the year	-	-	-	-	(1,977,562)	(1,977,562)
Balance as at 31 December 2012, as restated	40,734,196	7,628,463	8,132,088	531,845	(45,395,618)	11,630,974

The notes on pages 22 to 84 form an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		← Non-distributable		→		
	Share capital RM	**Share premium RM**	**Revaluation reserves RM**	**Capital reserves RM**	**Accumulated losses RM**	**Total RM**
Balance as at 1 January 2013						
- As previously stated	40,734,196	7,628,463	8,132,088	531,845	(45,670,808)	11,355,784
- Effects of adopting revised MFRS 119 (Note 36)	-	-	-	-	275,190	275,190
Balance as at 1 January 2013, as restated	40,734,196	7,628,463	8,132,088	531,845	(45,395,618)	11,630,974
Loss for the year	-	-	-	-	(715,666)	(715,666)
Other comprehensive income :						
Revaluation of land and building, net of attributable deferred tax	-	-	8,245,457	-	-	8,245,457
Actuarial loss on defined benefit obligations	-	-	-	-	(401,157)	(401,157)
Total other comprehensive income	-	-	8,245,457	-	(401,157)	7,844,300
Total comprehensive income for the year	-	-	8,245,457	-	(1,116,823)	7,128,634
Balance as at 31 December 2013	40,734,196	7,628,463	16,377,545	531,845	(46,512,441)	18,759,608

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 RM	Restated 2012 RM
Cash Flows From Operating Activities		
Loss before taxation	(2,305,654)	(2,094,247)
Adjustments for :-		
Amortisation of prepaid lease payments	38,473	38,473
Depreciation	1,153,869	1,191,752
Defined benefit obligations	92,885	122,135
Allowance for impairment loss on investment	-	40,000
Write back of accrued liabilities no longer required	(484)	-
Gain on disposal of property, plant and equipment	(192,098)	(2,496,957)
Property, plant and equipment written off	-	2
Interest expense	741,995	988,255
Interest income	(52,237)	(118,938)
Operating loss before working capital changes	(523,251)	(2,329,525)
Increase in inventories	(1,312,953)	(489,547)
Decrease in trade receivables	117,236	1,629,236
Decrease/(Increase) in other receivables, deposits and prepayments	637,291	(966,113)
Increase/(Decrease) in trade payables	20,391	(52,759)
Increase/(Decrease) in other payables and accruals	240,472	(189,329)
Increase in amount due to directors	1,509,061	373,170
Cash generated from/(used in) operations	688,247	(2,024,867)
Taxation paid	(24,075)	(14,200)
Interest received	13,238	18,914
Interest paid	(55,600)	(83,139)
Retirement benefits paid	(22,575)	(14,000)
Net cash from/(used in) operating activities	599,235	(2,117,292)

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	2013 RM	Restated 2012 RM
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	192,100	2,497,000
Purchase of property, plant and equipment	(251,049)	(1,505)
Net cash (used in)/from investing activities	(58,949)	2,495,495
Cash Flows From Financing Activities		
Payment of hire purchase liabilities	(36,109)	(28,613)
Hire purchase interest paid	(9,283)	(10,147)
Net cash used in financing activities	(45,392)	(38,760)
Net Increase In Cash And Cash Equivalents	494,894	339,443
Cash and cash equivalents at beginning of year	(28,116)	(367,559)
Cash And Cash Equivalents At End Of Year (Note 29)	466,778	(28,116)

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31.12.2013 RM	Restated 31.12.2012 RM	Restated 1.1.2012 RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	8,063,604	5,198,382	5,348,515
Subsidiary companies	7	281,694	281,694	281,694
Investment in club membership	8	-	-	40,000
		8,345,298	5,480,076	5,670,209
Current Assets				
Other receivables and deposits	11	457,195	20,823	20,183
Amount due from subsidiary companies	12	9,867,381	9,454,527	9,924,258
Cash and bank balances		5,584	528	2,338
		10,330,160	9,475,878	9,946,779
Total Assets		18,675,458	14,955,954	15,616,988
EQUITY AND LIABILITIES				
Equity Attributable To Owners Of The Company				
Share capital	15	40,734,196	40,734,196	40,734,196
Share premium	16	7,628,463	7,628,463	7,628,463
Revaluation reserves	17	4,198,896	1,550,296	1,550,296
Accumulated losses		(37,196,157)	(36,486,493)	(35,401,328)
Total Equity		15,365,398	13,426,462	14,511,627
Liabilities				
Non-Current Liabilities				
Retirement benefit obligations	19	317,667	308,230	269,798
Hire purchase creditors	21	87,776	105,753	122,701
Deferred taxation	22	95,000	-	-
		500,443	413,983	392,499

The notes on pages 22 to 84 form an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

	Note	31.12.2013 RM	Restated 31.12.2012 RM	Restated 1.1.2012 RM
Current Liabilities				
Other payables and accruals		791,455	671,111	622,639
Hire purchase creditors	21	19,886	20,766	19,736
Amount due to directors	24	1,998,276	423,632	70,487
		2,809,617	1,115,509	712,862
Total Liabilities		3,310,060	1,529,492	1,105,361
Total Equity and Liabilities		18,675,458	14,955,954	15,616,988

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM	Restated 2012 RM
Revenue	25	637,195	556,995
Other income		1,647	19,055
Administrative expenses		(1,615,223)	(1,617,303)
Other operating expense		-	(40,000)
Finance costs		(6,071)	(7,046)
Loss before taxation	26	(982,452)	(1,088,299)
Taxation	27	245,894	-
Loss for the year		(736,558)	(1,088,299)
Other comprehensive income :			
Items that will not be subsequently reclassified to profit or loss			
- Revaluation of land and buildings		3,010,000	-
Attributable deferred tax		(361,400)	-
		2,648,600	-
- Actuarial gain on defined benefit obligations		26,894	3,134
Total other comprehensive income for the year, net of tax		2,675,494	3,134
Total comprehensive income/(loss) for the year		1,938,936	(1,085,165)

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

		Non-distributable			
	Share capital RM	Share premium RM	Revaluation reserve RM	Accumulated losses RM	Total RM
Balance as at 1 January 2012					
- As previously stated	40,734,196	7,628,463	1,550,296	(35,460,520)	14.452.435
- Effects of adopting revised MFRS 119 (Note 36)	-	-	-	59.192	59,192
Balance as at 1 January 2012, as restated	40,734,196	7,628,463	1,550,296	(35,401,328)	14,511,627
Loss for the year (Note 36)	-	-	-	(1,088,299)	(1,088,299)
Other comprehensive income :					
Actuarial gain on defined benefit obligations (Note 36)	-	-	-	3,134	3,134
Total comprehensive loss for the year	-	-	-	(1,085,165)	(1,085,165)
Balance as at 31 December 2012, as restated	40,734,196	7,628,463	1,550,296	(36,486.493)	13.426,462

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		Non-distributable			
	Share capital RM	Share premium RM	Revaluation reserve RM	Accumulated losses RM	Total RM
Balance as at 1 January 2013					
- As previously stated	40,734,196	7,628,463	1,550,296	(36,546,788)	13,366,167
- Effects of adopting revised MFRS 119 (Note 36)	-	-	-	60,295	60,295
Balance as at 1 January 2013, as restated	40,734,196	7,628,463	1,550,296	(36,486,493)	13,426,462
Loss for the year	-	-	-	(736,558)	(736,558)
Other comprehensive income :					
Revaluation of land and building, net of attributable deferred tax	-	-	2,648,600	-	2,648,600
Actuarial gain on defined benefit obligations	-	-	-	26,894	26,894
Total other comprehensive income	-	-	2,648,600	26,894	2,675,494
Total comprehensive income for the year	-	-	2,648,600	(709,664)	1,938,936
Balance as at 31 December 2013	40,734,196	7,628,463	4,198,896	(37,196,157)	15,365,398

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 RM	Restated 2012 RM
Cash Flows From Operating Activities		
Loss before taxation	(982,452)	(1,088,299)
Adjustments for :-		
Depreciation	145,778	150,133
Defined benefit obligations	58,906	55,566
Interest expense	5,960	6,990
Allowance for impairment loss on investment	-	40,000
Operating loss before working capital changes	(771,808)	(835,610)
Increase in other receivables and deposits	(436,372)	(640)
(Increase)/Decrease in amount due from subsidiary companies	(412,854)	469,731
Increase in other payables and accruals	120,344	48,472
Increase in amount due to directors	1,574,644	353,145
Cash generated from operations	73,954	35,098
Retirement benefit paid	(22,575)	(14,000)
Tax paid	(20,506)	-
Net cash from operating activities	30,873	21,098
Cash Flows From Investing Activity		
Purchase of property, plant and equipment	(1,000)	-
Cash Flows From Financing Activities		
Payment of hire purchase liabilities	(18,857)	(15,918)
Hire purchase interest paid	(5,960)	(6,990)
Net cash used in financing activities	(24,817)	(22,908)
Net Increase/(Decrease) In Cash And Cash Equivalents	5,056	(1,810)
Cash and cash equivalents at beginning of year	528	2,338
Cash And Cash Equivalents At End Of Year (Note 29)	5,584	528

The notes on pages 22 to 84 form an integral part of these financial statements.

BTM RESOURCES BERHAD
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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2013

1. GENERAL INFORMATION

BTM Resources Berhad is a public limited liability company incorporated and domiciled in Malaysia.

The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 101, 3rd Floor, Wisma Kam Choon, Jalan Kampung Tiong, 20100 Kuala Terengganu, Terengganu Darul Iman.

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2014.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Group and the Company has incurred net loss of RM715,666 (2012 : RM2,094,247) and RM736,558 (2012 : RM1,088,299) respectively for the year ended 31 December 2013 and as at that date, the accumulated losses of the Group and the Company amounted to RM46,512,441 (2012 : RM45,395,618) and RM37,196,157 (2012 : RM36,486,493) respectively. In addition, the current liabilities of the Group had exceeded its current assets by RM322,123 (2012 : RM1,819,650) as at 31 December 2013. As at 31 December 2013, the Group has outstanding term loans together with interest totaling RM8,852,954 (2012 : RM8,177,983) of which RM6,812,774 (2012 : RM5,186,424) has not been settled pending a restructuring of the loans with the lending bank. The financial conditions and circumstances as aforesaid indicate the existence of uncertainties which may cast doubt on the ability of the Group and the Company to continue as a going concern.

Notwithstanding, the financial statements of the Group and of the Company continue to be prepared on a going concern basis that is principally premised on the following assumptions :-

(a) The Group is able to continue to carry out its business operations with the expected constant supply of logs from the log supply agreements executed with related parties, outsourced plywood processing agreement with a related party and from the successful logging from the forest concession obtained by a subsidiary company, highlighted as follows: -

(i) Log supply agreement dated 14 March 2011 between Besut Tsuda Wood Products Sdn Bhd ("BTW"), a wholly-owned subsidiary company of the Company with SPPT Development Sdn Bhd ("SPPT"), a related party for the supply by SPPT of a minimum of 36,000 metric tonnes of logs annually for five years commencing from 1 April 2011. These logs shall be processed by Gimzan Plywood Sdn Bhd ("Gimzan"), a related party, into plywoods for sales by BTW pursuant to an outsourced agreement dated 14 March 2011 entered into by BTW with Gimzan. Pursuant to the outsourced agreement, Gimzan shall allocate a minimum 3,000 cubic metres of output capacity per month for the processing of logs supplied by BTW.

The commencement of supply of logs from SPPT is pending the issuance of logging licence from the relevant authority as at 31 December 2013 and which has been obtained in January 2014. The aforesaid supply of logs and plywoods is expected to commence in 2014.

(ii) Concession agreement dated 3 July 2011 between Syarikat Maskayu Sawmill Sdn Bhd ("SMS"), a subsidiary company of the Company with the State Government of Terengganu granting SMS the right to extract logs from a forest concession in Hutan Simpan Cerul, District of Kemaman, Terengganu with an area of about 404.70 hectares for a period of three years effective from 3 July 2011 to 2 July 2014. SMS is currently conducting the boundary survey and marking of trees to enable it to apply for the licence from the relevant authority to extract logs from the concession. In view that the period of the forest concession is to expire on 2 July 2014, SMS has on 13 January 2014 applied to the State Government of Terengganu for an extension of the concession period. The directors anticipate that SMS will be able to commence the logs extraction in 2014.

(iii) Log supply agreement dated 15 January 2013 between BTW and Gimzan for the supply of 3,400 cubic metres of logs to BTW. The supply of logs shall be over the period of two years with effect from 1 January 2013. The price of the logs supplied shall be at a discount of ten percent from the prevailing market price applicable for species and size of the respective logs at the time of delivery, inclusive of any applicable taxes.

(iv) Log supply agreement dated 15 January 2013 between Besut Tsuda Industries Sdn Bhd ("BTI"), a wholly-owned subsidiary company of the Company and Sung Lee Timber Trading Sdn Bhd ("SLTT"), a related party for the supply of 9,000 cubic metres of logs to BTI. The supply of logs shall be over the period of two years with effect from 1 January 2013. The price for the logs supplied shall be at a discount of ten percent from the prevailing market price applicable for species and size of the respective logs at the time of delivery, inclusive of any applicable taxes.

The supply of logs from Gimzan and SLTT to the Group pursuant to the log supply agreements as detailed in Notes 2(a)(iii) and 2(a)(iv) above has commenced in the current financial year. In order to facilitate the logs supply in the most expedient and cost efficient manner, arrangement has been made for the logs to be supplied to another related party, BTM Timber Industries Sdn Bhd ("BTMTI") for conversion into sawn timbers. BTMTI subsequently supplied the sawn timbers to the Group at discounted prices that took cognizance of the discount agreed on the price of the logs as stated in the abovementioned log supply agreements.

(b) The Group is able to achieve future profitability and generate sufficient net cash inflows from its business operations so as to be able to meet its obligations as and when they fall due.

(c) The Group's acceptance of the terms of the loans restructuring with the lending bank as disclosed in Note 20(i) will be formalised and implemented.

(d) The proposed disposal of the plant and machinery by BTW as disclosed in Note 14 which has been approved by the shareholders of the Company will receive the consent of the banker and be completed so as to generate further working capital for the Group.

(e) The proposed corporate exercise as further detailed in Note 35(b) which includes rights issue of shares will receive the requisite approvals from the bankers, relevant authorities and shareholders of the Company, and be successfully implemented.

The directors are of the opinion that the Group and the Company will be able to achieve profitable results and generate positive cash flows from its operations, and obtain support of the bankers and major shareholders to enable the Group and the Company to continue as a going concern.

Should the Group be unable to do so, the going concern basis on which the financial statements of the Group and the Company have been prepared may not be appropriate and adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be neccessary would have to be made to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the new and revised MFRSs and amendments to MFRSs as disclosed in Note 3.2 below.

3.2 New and Revised MFRSs and Amendments to MFRSs Adopted by the Group

The Group has adopted the following new and revised MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to the Group's operations and effective from the beginning of the current financial year :-

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 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
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 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134 (classified under Annual Improvements 2009 - 2011 Cycle)

The adoption of the above new and revised MFRSs and amendments to MFRSs did not result in any significant effect on the results and financial position of the Group and of the Company nor any significant changes in the presentation and disclosure of amounts in the financial statements other than those as described hereunder :-

(a) MFRS 119 (Revised), Employee Benefits

In the current financial year, the Group has applied the revised MFRS 119 for the first time which has resulted in a change of the Group's accounting policy with respect to the basis for determining the income and expense relating to defined benefit plans.

The revised MFRS 119 changes the accounting for defined benefit plans and termination benefits. The Standard requires the recognition of changes in defined benefit obligations and changes in the fair value of plan assets immediately when they occur, and hence eliminates the 'corridor approach' permitted under the previous MFRS 119 and accelerates the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net defined benefit liability or asset recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

In addition, the 'interest cost' and 'expected return on plan assets' used in the previous MFRS 119 are replaced with a 'net interest' amount under the revised MFRS 119. The net interest amount is calculated by multiplying the net defined benefit liability or asset by the discount rate, both as determined at the start of annual reporting period, taking into account of any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments. The revised MFRS 119 also introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The Group has applied the revised MFRS 119 retrospectively in accordance with the transitional provisions of the Standard. The effects of the initial application on the financial statements of the Group and of the Company are set out in Note 36 to the financial statements.

(b) MFRS 12, Disclosure of Interests in Other Entities and Amendments to MFRS 12, Transition Guidance

MFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The amendments on transitional guidance clarify that an entity is not required to provide disclosures for unconsolidated structured entities in periods prior to the first annual period for which MFRS 12 is applied. In general, the application of MFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

The application of this MFRS and its amendments does not have any material financial impact on the financial statements.

(c) MFRS 13, Fair Value Measurement

MFRS 13 establishes the definition of fair value and a single framework for measuring fair value and requirements for disclosures about fair value measurements. This MFRS applies when another MFRS requires or permits fair value measurements or disclosures about fair value measurements. As a result, MFRS 13 remedies the inconsistencies in the requirements for measuring fair value and disclosures about fair value measurements across the MFRSs.

The Group has applied MFRS 13 prospectively from 1 January 2013 in accordance with the transitional provisions of the Standard. Other than additional disclosures, the application of MFRS 13 does not have any financial impact on the financial statements of the Group and of the Company for the current financial year.

(d) Amendments to MFRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

The main change resulting from the amendments is a requirement to group items presented in other comprehensive income ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments did not address which items are presented in OCI.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The application of these amendments does not have any financial impact on the financial statements other than the change in the presentation of OCI.

3.3 New MFRSs, IC Interpretations and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted

The Group has not early adopted the following new MFRSs, Interpretation Committee ("IC") Interpretations and amendments to MFRSs issued by the MASB that are relevant to its operations but are not yet effective :-

		Effective for financial period beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to MFRS 119	Employee Benefits - Defined Benefit Plans : Employee Contributions	1 July 2014
Amendments to MFRS 13, MFRS 116 and MFRS 124 (classified under Annual Improvements 2010-2012 Cycle)		1 July 2014

		Effective for financial period beginning on or after
Amendments to MFRS 13 (classified under Annual Improvements 2011-2013 Cycle)		1 July 2014
MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)	Yet to be confirmed
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	Yet to be confirmed
MFRS 9	Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139) (IFRS 9 as amended in November 2013)	Yet to be confirmed

The Group will adopt the new MFRSs, IC Interpretation and amendments to MFRSs when they become effective. The main features of the significant new standards and amendments are summarised below :-

(a) Amendments to MFRS 10, MFRS 12 and MFRS 127 - Investment Entities

Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The amendments also introduce new disclosure requirements for investment entities in MFRS 12, Disclosure of Interests in Other Entities and MFRS 127, Separate Financial Statements.

(b) Amendments to MFRS 132, Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

(c) Amendments to MFRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets

The amendments require the disclosure of information about the recoverable amount of impaired assets, if that amount is based on fair value less costs of disposal. The amendments also require the disclosure of additional information about that fair value measurement. In addition, if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique, the amendments also require the disclosure of the discount rate that have been used in the current and previous measurements.

(d) IC Interpretation 21, Levies

IC Interpretation 21 is an interpretation of MFRS 137, Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments. MFRS 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event which is known as an obligating event. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

(e) MFRS 9, Financial Instruments (IFRS 9 issued in November 2009 and IFRS 9 issued in October 2010)

MFRS 9 (IFRS 9 issued in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued in October 2010) was issued to include the requirements for classification and measurement of financial liabilities. MFRS 9 is intended to replace MFRS 139 in its entirety.

Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost or at fair value on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets in MFRS 139 had been replaced. Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9. The guidance in MFRS 139 on impairment of financial assets continues to apply.

(f) MFRS 9, Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139) (IFRS 9 as amended in November 2013)

The amendments incorporate a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedged items and hedging instruments respectively.

The amendments to MFRS 9 have also removed the mandatory effective date on 1 January 2015 to a new date which will be set once the IFRS 9 project is closer to completion.

(g) Amendments to MFRS 119, Employee Benefits - Defined Benefit Plans : Employee Contribution

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of the service cost in the period in which the related service is rendered.

If the amount of contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit i.e. either based on the plan's contribution formula or on a straight-line basis.

The initial application of MFRS 9 in the future is not expected to have any significant financial impact on the financial statements of the Group and of the Company based on current assessment. The initial application of the other MFRSs, IC Interpretation and amendments is also not expected to have any significant impact on the financial statements of the Group and of the Company.

3.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group :

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

3.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

3.6 Goodwill on Consolidation

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

3.7 Share Capital

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared at or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

3.8 Property, Plant and Equipment

Items of property, plant and equipment are initially stated at cost. Cost initially recognised includes expenditure that is directly attributable to the acquisition of the asset. Land and buildings are subsequently carried at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is made with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

If the carrying amount of land and buildings is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on a revaluation is recognised to profit or loss to the extent that it exceeds the credit balance held in the revaluation reserve relating to a previous revaluation of that asset.

Freehold land and capital work-in-progress are not depreciated. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost or valuation of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. Assets held under finance leases are depreciated over the shorter of the lease terms and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease terms. The annual depreciation rates used are as follows :-

Buildings	5% to 14%
Plant and machinery	10% to 15%
Office equipment, furniture and fittings	20% to 33 1/3%
Motor vehicles	20%

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 3.9.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

3.9 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories and deferred tax assets) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of each reporting period or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to the profit or loss in the period in which it arises, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is recognised in other comprehensive income for that asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus account.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised to the profit or loss unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

3.10 Non-Current Assets Classified as Held for Sale

Non-current assets are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets are measured at the lower of the carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

3.11 Hire Purchase and Finance Lease Arrangements and Operating Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership of the leased assets. All other leases are classified as operating leases.

Assets acquired under hire purchase arrangements are recognised and measured in a similar manner as finance leases.

(a) Assets Acquired under Hire Purchase and Finance Lease Arrangements

Assets acquired under hire purchase and finance lease arrangements are stated at the amounts equal at the inception of the arrangement to the lower of their fair values and the present values of the minimum hire purchase or lease payments.

The corresponding obligations are taken up as hire purchase or finance lease liabilities. Hire purchase or lease payments are apportioned between the outstanding liabilities and finance charges which are charged to profit or loss over the period of the hire purchase/lease term so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

The depreciation policy of property, plant and equipment acquired under hire purchase and finance lease arrangements are consistent with the Group's depreciation policy as set out in Note 3.8 above.

(b) Operating Lease

Operating lease payments are recognised as expenses in profit or loss on a straight line basis over the period of the relevant leases.

3.12 Investment in Subsidiary Companies

Investments in subsidiary companies are stated at cost less accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

3.13 Investment in Club Membership

Investment in club membership is stated at cost less accumulated impairment losses.

The investment in club membership is reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

3.14 Inventories

Inventories are valued at the lower of cost and net realisable value with cost determined on the weighted average cost basis. Cost include the actual cost of logs and other raw materials, direct labour and appropriate manufacturing overheads. Net realisable value represents the estimated selling price in the ordinary course of business less distribution expenses and all other estimated costs to completion.

3.15 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

3.16 Taxation

Tax expense is the aggregate amount of current and deferred taxation. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the end of the reporting period.

Deferred tax is provided using the liability method on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

3.17 Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign Currency Transactions and Balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are recognised directly to other comprehensive income.

3.18 Employee Benefits

(i) Short-Term Benefits

Wages, salaries, bonuses and social security contributions, paid annual and sick leave and non-monetary benefits are recognised as an expense or included in the costs of assets, where applicable, in the period in which the associated services are rendered by the employees of the Group.

(ii) Defined Contribution Plans

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to define contribution plans are recognised as an expense in the period to which the contributions relate or included in the costs of assets, where applicable.

(iii) Defined Benefit Plans

Defined benefit plans are post-employment benefits plans other than defined contribution plans and under which the pension benefits payable to employees are usually determined by reference to employee's earning and/or length of service.

The Group operates an unfunded defined benefit final salary plan for eligible employees.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date. The present value of the defined benefit obligation is determined on a triennial basis by independent qualified actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods using interest rate of high quality corporate bonds that are denominated in the currency in which the benefits are expected to be paid and that have terms of maturity approximating the terms of the Company's obligations.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise and will not be reclassified to profit or loss.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service cost is recognised as an expense in profit or loss in the period of a plan amendment or curtailment.

The Company recognises the components of defined benefit cost as follows :

- current service cost, past service cost and gains or losses on curtailment and settlement to profit or loss;
- net interest on the net defined liability to profit or loss; and
- remeasurement of the net defined liability in other comprehensive income.

Net interest on the net defined liability is determined by multiplying the net defined liability by the discount rate used in determining the present value of defined benefit obligation, both as determined at the start of the annual reporting period, taking into account of any changes in the net defined liability during the period as a result of contribution and benefit payments.

(iv) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring that is within the scope of MFRS 137, Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

3.19 Revenue Recognition

Revenue is recognised upon delivery and acceptance of goods by customers and rendering of services.

Rental income is recognised on an accrual basis over the period of tenancy.

3.20 Borrowings Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.21 Cash and Cash Equivalents

Cash and cash equivalents in the statements of cash flows comprise cash and bank balances, deposits with licensed banks and short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with the policy set out in Note 3.22(a).

3.22 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Classification and measurement

Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are classified into specified categories namely financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets depending on the nature and purpose of the financial assets and are determined at the time of initial recognition. The Group classified its financial assets as follows :-

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, loans and other receivables are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchase or sale of financial assets

Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date which is the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than financial assets at fair value through profit or loss, is impaired. Financial assets are considered to be impaired when objective evidence indicates that a loss event has occurred after the initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For quoted equity instrument, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

An amount of impairment loss in respect of financial assets measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate i.e. the effective rate computed at initial recognition. The carrying amount of the asset is reduced through an allowance account. The amount of loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss on financial assets measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed its amortised cost had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Derecognition of a financial asset

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset without retaining control or substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3.23 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Classification and measurement

Financial liabilities are initially measured at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Group classified its financial liabilities as follows :-

(a) Other financial liabilities

All financial liabilities, other than those categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Other financial liabilities of the Group include trade and other payables and bank borrowings.

A gain or loss on other financial liabilities is recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

Derecognition of a financial liability

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.24 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are amortised to profit or loss using the straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made in accordance with MFRS 137, Provisions, Contingent Liabilities and Contingent Assets. If the carrying amount of the financial guarantee is lower than the obligation estimated, the carrying value is adjusted to the obligation amount and accounted for as a provision.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards and International Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of non-financial assets

The Group assesses impairment of property, plant and equipment, investments in subsidiary companies and other investments when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs to sell or expected value in use of the relevant assets.

(ii) Impairment losses of receivables

The Group evaluates the allowance for impairment losses based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables.

(iii) Deferred tax assets

Deferred tax assets are recognised for unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment on the probability of the availability of future taxable profits. The total carrying amount of deferred tax assets recognised on unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences of the Group and the Company at the end of the reporting period are RM2,850,995 (2012 : RM1,489,492) and RM428,840 (2012 : RM166,670) respectively.

The unrecognised unabsorbed tax losses, unutilised allowances and other deductible temporary differences are disclosed under Note 22(b) and the unrecognised deferred tax assets in connection thereto at the end of the reporting period are estimated at RM8,403,486 (2012 : RM9,912,388) and RM116,757 (2012 : RM227,671) for the Group and the Company respectively.

(iv) Retirement benefit obligations

The Group's retirement benefit obligations for eligible employees were measured by an actuarial valuation using the Projected Unit Credit Actuarial Cost Method. According to this method, several statistical information and assumptions are used to determine the expense and liability. Statistical information is principally related to demographic assumptions such as mortality, employee turnover and early retirement. The assumptions are mainly discount rate and future salary increase rate. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligations. All these assumptions are disclosed in Note 19.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2013	At valuation: Freehold land RM	At valuation: Freehold building RM	At cost: Plant and machinery RM	At cost: Office equipment, furniture and fittings RM	At cost: Motor vehicles RM	At cost: Capital work-in-progress RM	Total RM
Cost/Valuation							
At beginning of year	4,100,000	8,100,000	11,365,361	2,194,271	2,334,327	8,227,492	36,321,451
Additions	-	-	230,734	20,315	-	-	251,049
Revaluation	3,300,000	4,800,000	-	-	-	-	8,100,000
Disposals	-	-	(31,000)	-	(252,000)	-	(283,000)
Transfer to non-current asset held for sale	-	-	-	-	-	(8,227,492)	(8,227,492)
At end of year	7,400,000	12,900,000	11,565,095	2,214,586	2,082,327	-	36,162,008
Accumulated depreciation							
At beginning of year	-	962,143	11,120,658	2,038,431	2,223,143	-	16,344,375
Charge for the year	-	962,143	73,451	61,957	56,318	-	1,153,869
Revaluation	-	(1,924,286)	-	-	-	-	(1,924,286)
Disposals	-	-	(30,998)	-	(252,000)	-	(282,998)
At end of year	-	-	11,163,111	2,100,388	2,027,461	-	15,290,960
Accumulated impairment loss							
At beginning of year	-	-	8,500	-	-	4,113,745	4,122,245
Transfer to non-current asset held for sale	-	-	-	-	-	(4,113,745)	(4,113,745)
At end of year	-	-	8,500	-	-	-	8,500
Net book value	7,400,000	12,900,000	393,484	114,198	54,866	-	20,862,548

Group 2012	At valuation Freehold land RM	At valuation Freehold building RM	At cost Plant and machinery RM	At cost Office equipment, furniture and fittings RM	At cost Motor vehicles RM	At cost Capital work-in-progress RM	Total RM
Cost/Valuation							
At beginning of year	4,100,000	8,100,000	13,714,911	2,192,766	2,793,327	8,227,492	39,128,496
Additions	-	-	-	1,505	-	-	1,505
Disposals/Written off	-	-	(2,349,550)	-	(459,000)	-	(2,808,550)
At end of year	4,100,000	8,100,000	11,365,361	2,194,271	2,334,327	8,227,492	36,321,451
Accumulated depreciation							
At beginning of year	-	-	13,343,437	1,969,910	2,625,564	-	17,938,911
Charge for the year	-	962,143	104,519	68,521	56,569	-	1,191,752
Disposals/Written off	-	-	(2,327,298)	-	(458,990)	-	(2,786,288)
At end of year	-	962,143	11,120,658	2,038,431	2,223,143	-	16,344,375
Accumulated impairment loss							
At beginning of year	-	-	30,717	-	-	4,113,745	4,144,462
Disposals	-	-	(22,217)	-	-	-	(22,217)
At end of year	-	-	8,500	-	-	4,113,745	4,122,245
Net book value	4,100,000	7,137,857	236,203	155,840	111,184	4,113,747	15,854,831

	← At valuation	→	At cost	
Company 2013	**Freehold land RM**	**Freehold building RM**	**Office equipment, motor vehicle, furniture and fittings RM**	**Total RM**
Cost/Valuation				
At beginning of year	3,100,000	2,100,000	1,419,336	6,619,336
Additions	-	-	1,000	1,000
Revaluation	1,900,000	900,000	-	2,800,000
At end of year	5,000,000	3,000,000	1,420,336	9,420,336
Accumulated depreciation				
At beginning of year	-	105,000	1,315,954	1,420,954
Charge for the year	-	105,000	40,778	145,778
Revaluation	-	(210,000)	-	(210,000)
At end of year	-	-	1,356,732	1,356,732
Net book value	5,000,000	3,000,000	63,604	8,063,604
Company 2012				
Cost/Valuation				
At beginning/end of year	3,100,000	2,100,000	1,419,336	6,619,336
Accumulated depreciation				
At beginning of year	-	-	1,270,821	1,270,821
Charge for the year	-	105,000	45,133	150,133
At end of year	-	105,000	1,315,954	1,420,954
Net book value	3,100,000	1,995,000	103,382	5,198,382

(i) The property, plant and equipment of certain subsidiary companies with a net carrying amount of RM12,779,177 (2012 : RM10,647,495) as at 31 December 2013 are subject to fixed and floating charges to secure banking facilities amounting to RM14,675,000 for the subsidiary companies.

(ii) The freehold land and buildings of the Group and of the Company have been revalued by the directors on 31 December 2013 based on their open market values as ascertained through an independent valuation carried out by professional valuers on that date. As at 31 December 2012, the freehold land and buildings of the Group and of the Company are stated at valuation by the directors based on their open market values as ascertained by professional valuers in 2011.

The fair values of the freehold land and buildings of the Group and of the Company as at 31 December 2013 are RM20,300,000 and RM8,000,000 respectively. In the assessment of the fair values, the sales prices of comparable properties in the locality are adjusted for factors which affect values such as the size of the properties. The most significant input into this valuation is price per square foot.

The Group uses the following level of fair value hierarchy for determining and disclosing the fair values of the freehold land and buildings of the Group and of the Company :-

Level 1 : Quoted prices (unadjusted) in active markets for identical assets.

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 : Inputs for the asset that are not based on observable market data.

The fair values of the freehold land and buildings disclosed as at the end of the reporting period in accordance with the fair value hierarchy are as follows :-

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
2013				
Freehold land and buildings	20,300,000	-	20,300,000	-
Company				
2013				
Freehold land and building	8,000,000	-	8,000,000	-

(iii) Had the freehold land and buildings of the Group been carried under the cost model, the carrying amount as at 31 December 2013, would have been RM2,920,000 (2012 : RM2,920,000) and RM1,512,581 (2012 : RM1,713,076) respectively.

Had the freehold land and building of the Company been carried under the cost model, the carrying amount as at 31 December 2013, would have been RM2,120,000 (2012 : RM2,120,000) and RM1,223,717 (2012 : RM1,342,717) respectively.

(iv) The titles to certain parcels of freehold land of the Company and a subsidiary company with a total net carrying amount as at 31 December 2013 of RM7,400,000 (2012 : RM4,100,000) have yet to be registered in the name of the Company and the subsidiary company respectively as at the end of the reporting period.

(v) Property, plant and equipment of the Group and of the Company include the following assets acquired under hire purchase arrangements :-

	Cost RM	Accumulated depreciation RM	Net book value RM	Current year depreciation RM
Group				
2013				
Motor vehicles	213,611	164,448	49,163	42,723
Group				
2012				
Motor vehicles	265,050	162,876	102,174	53,009
Company				
2013				
Motor vehicle	174,613	128,050	46,563	34,923
Company				
2012				
Motor vehicle	174,613	93,127	81,486	34,922

6. PREPAID LEASE PAYMENTS

	Group Short term leasehold land 2013 RM	2012 RM
Cost		
At beginning/end of year	795,000	795,000
Accumulated Amortisation		
At beginning of year	239,801	201,328
Charge for the year	38,473	38,473
At end of year	278,274	239,801
Net carrying amount at end of year	516,726	555,199

(i) Prepaid lease payments have been reclassified from property, plant and equipment as a result of the adoption of FRS 117, Leases in 2007. In accordance with the transitional provisions of FRS 117, the unamortised revalued amount of leasehold lands have been retained as the surrogate carrying amount of prepaid lease payments.

(ii) The leasehold land are amortised on a straight line basis over the period of their respective lease term ranging from 12 to 27 years.

(iii) Leasehold land of certain subsidiary companies with a net carrying amount of RM81,248 (2012 : RM97,498) have been pledged as securities for banking facilities granted to subsidiary companies.

7. SUBSIDIARY COMPANIES

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost	18,873,552	18,873,552
Accumulated impairment losses	(18,591,858)	(18,591,858)
	281,694	281,694

Details of the subsidiary companies, all of which have their place of incorporation and principal place of business in Malaysia are as follows :-

Name of Company	Equity Interest (%) 2013	Equity Interest (%) 2012	Principal Activities
Besut Tsuda Industries Sendirian Berhad	100.00	100.00	Investment holding, logging, sawmilling and trading of sawn timber and logs
Syarikat Maskayu Sawmill Sdn. Bhd.	99.99	99.99	Logging, sawmilling, and trading of sawn timber and logs
Besut Tsuda Wood Products Sdn. Bhd. (held indirectly through Besut Tsuda Industries Sendirian Berhad)	100.00	100.00	Kiln-drying operations, timber moulding and manufacturing of finger jointed timber and lamination boards
BTM Marketing & Trading Sdn. Bhd.	100.00	100.00	Trading of sawn timber and plywood
* BTM Global Holdings Sdn. Bhd.	100.00	100.00	Letting of plant and machinery

* Company not audited by Folks DFK & Co.

8. INVESTMENT IN CLUB MEMBERSHIP

	Group/Company	
	2013	2012
	RM	RM
Golf club membership, at cost	40,000	40,000
Less : Allowance for impairment loss	(40,000)	(40,000)
	-	-

9. INVENTORIES

	Group	
	2013	2012
	RM	RM
At cost :-		
Logs and sawn timber	613,769	653,025
Manufactured products	3,169,487	1,792,786
Consumables stores	305,122	329,456
Others	3,587	3,745
	4,091,965	2,779,012

The above inventories have been pledged as securities to licensed banks for banking facilities granted to certain subsidiary companies.

10. TRADE RECEIVABLES

	Group	
	2013	2012
	RM	RM
Trade receivables	3,026,493	3,106,871
Less : Allowance for impairment loss	(10,028)	(10,028)
	3,016,465	3,096,843

(a) The currency exposure profile of trade receivables is as follows :-

	Group	
	2013	2012
	RM	RM
Ringgit Malaysia	2,751,177	3,106,871
United States Dollar	275,316	-
	3,026,493	3,106,871

(b) The ageing analysis of trade receivables as at end of the reporting period is as follows :-

	Group 2013 RM	Group 2012 RM
Past due 0 - 30 days	29,377	138,575
Past due 31 - 120 days	59,093	-
Past due more than 120 days	2,215,381	2,957,232
Balance past due but not impaired	2,303,851	3,095,807
Balance past due more than 120 days and impaired	10,028	10,028
Balance neither past due nor impaired	712,614	1,036
Total trade receivables	3,026,493	3,106,871

The normal credit term of trade receivables is 30 days (2012 : 30 days).

Trade receivables that are not impaired are considered to be creditworthy and are able to settle their debts.

Trade receivables are individually determined to be impaired when they have defaulted on their settlements and are deemed to be unable to fulfill their obligations to settle.

The Group does not hold any collateral as security for the trade receivables as at the end of the reporting period.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(c) As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure to the amounts owing by the related parties as disclosed in Note 31(c)(iii) to the financial statements. The total amount owing by related parties represents approximately 82% (2012 : 95%) of the total trade receivables. The amounts due and repayments from these related parties are closely monitored to ensure credit limits and terms are complied with.

Besut Tsuda Wood Products Sdn Bhd ("BTW"), a wholly-owned subsidiary company of the Company has an existing Log Supply Agreement with a related party, SPPT Development Sdn Bhd ("SPPT") for supply of logs as disclosed in Note 2(a)(i) to the financial statements. SPPT has agreed to utilise part of the proceeds from the sale of logs to BTW to settle the amount outstanding from other related parties to the Group in the event that the other related parties are unable to settle their debts. The viability of the aforesaid settlement arrangement has been reaffirmed by the Board as at the date of this report.

(d) The movement of allowance for impairment loss during the financial year is as follows :-

	Group	
	2013	2012
	RM	RM
At beginning/end of year	10,028	10,028

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Other receivables and deposits	399,602	1,472,038	131,300	132,673
Less : Allowance for impairment losses	(309,559)	(309,559)	(111,850)	(111,850)
	90,043	1,162,479	19,450	20,823
Prepayments	499,258	64,113	437,745	-
	589,301	1,226,592	457,195	20,823

There is no movement in allowance for impairment losses account for the financial year.

Included under the prepayment of the Group and of the Company in the current financial year is an amount of RM436,330 which represents costs incurred for the services of professionals in connection with the Company's pending corporate exercise as disclosed in Note 35(b). The amount represents costs which are directly attributable to equity transactions and shall be accounted for in equity as a reduction against the share premium account upon the completion of the aforesaid corporate exercise in the next financial year.

12. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies are interest-free, unsecured and are repayable on demand. The amount is stated net of impairment loss of RM13,846,313 (2012 : RM13,846,313).

13. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM413,988 (2012 : RM401,126) in the name of subsidiary companies were pledged to licensed banks as securities for banking facilities granted to the subsidiary companies.

14. NON-CURRENT ASSET HELD FOR SALE

The non-current asset classified as held for sale under current assets is a plant and machinery of a subsidiary company which has yet to be installed and classified as capital work-in-progress under property, plant and equipment as at 31 December 2012.

On 29 April 2013, the subsidiary company entered into an assets sale agreement to dispose of the plant and machinery with a net book value of RM4,113,747 on an "as-is-where-is" basis and free from encumbrances to a third party corporation for a total cash consideration of RM4,200,000. The completion of this disposal transaction is pending consent from the relevant financial institution which has created a legal charge over the fixed and floating assets of the subsidiary company by way of a debenture.

15. SHARE CAPITAL

	Group/Company	
	2013	2012
	RM	RM
Authorised :-		
100,000,000 ordinary shares of RM1.00 each		
At beginning/end of year	100,000,000	100,000,000
Issued and fully paid :-		
40,734,196 ordinary shares of RM1.00 each		
At beginning/end of year	40,734,196	40,734,196

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Warrant 2009/2019

The Warrants which were issued as free detachable warrants together with a rights issue of ordinary shares in 2009 carry the entitlement, at any time from the issue date on 21 December 2009 up to the close of business at 5.00 p.m. in Malaysia on the maturity date of 20 December 2019 ("Exercise Period"), to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the exercise price of RM1.00 which shall be satisfied in cash. Any Warrant not exercised during the Exercise Period will lapse and thereafter cease to be valid for any purpose.

The total number of Warrants that remain unexercised are as follows:-

	Group/Company	
	2013	2012
	Unit	Unit
At beginning/end of year	18,633,092	18,633,092

16. SHARE PREMIUM

	Group/Company	
	2013	2012
	RM	RM
At beginning/end of year	7,628,463	7,628,463

The balance on this account is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

17. REVALUATION RESERVES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At beginning of year	8,132,088	8,132,088	1,550,296	1,550,296
Revaluation surplus during the year	10,024,286	-	3,010,000	-
Transferred to deferred taxation (Note 22)	(1,778,829)	-	(361,400)	-
At end of year	16,377,545	8,132,088	4,198,896	1,550,296

18. CAPITAL RESERVES

	Group	
	2013	2012
	RM	RM
At beginning/end of year	531,845	531,845

The above represents net surplus on the revaluation of the Group's short term leasehold land in 2006, recategorised as capital reserve on transition to MFRS framework.

19. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
		Restated		Restated
	2013	2012	2013	2012
	RM	RM	RM	RM
Present value of unfunded defined benefit obligations	1,270,152	798,685	317,667	308,230

(a) Provision for employees' retirement benefit obligations was determined by an independent actuarial valuation using the Projected Unit Credit Actuarial Cost Method and was made to cover estimated obligations for payment of retirement benefits to employees. The valuation was performed as at 31 December 2013. These benefits are payable upon reaching the age of retirement, on retirement due to medical grounds or upon death in respect of employees who have served continuously for a period of ten (10) or more years.

The movements in the present value of unfunded defined benefit obligations during the year are as follows :-

	Group		Company	
		Restated		Restated
	2013	2012	2013	2012
	RM	RM	RM	RM
At beginning of year	798,685	807,235	308,230	269,798
Defined benefit cost recognised in profit or loss [Note 19(b)]	92,885	122,135	58,906	55,566
Benefit paid	(22,575)	(14,000)	(22,575)	(14,000)
Actuarial loss/(gain) arising from remeasurements due to :-				
- Changes in demographic assumptions	(7,819)	-	(240)	-
- Changes in financial assumptions	120,629	-	18,836	-
- Experience adjustments	288,347	(116,685)	(45,490)	(3,134)
Defined benefit cost recognised in other comprehensive income	401,157	(116,685)	(26,894)	(3,134)
At end of year	1,270,152	798,685	317,667	308,230

(b) The amount of defined benefit cost recognised in profit or loss of the Group and of the Company can be analysed into the following components :-

	Group		Company	
		Restated		Restated
	2013	2012	2013	2012
	RM	RM	RM	RM
Current service cost	82,295	73,457	48,043	38,131
Past service cost *	(39,159)	-	(9,048)	-
Interest cost	49,749	48,678	19,911	17,435
	92,885	122,135	58,906	55,566

* negative past service cost is due to the change in retirement age from 55 years to 60 years with effect from 1 July 2013.

(c) The significant actuarial assumptions used for determination of the present value of defined benefit obligations were as follows :-

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
Discount rate	5.25	6.50	5.25	6.50
Salary increment rate	4.50	4.50	4.50	4.50

The discount rate is determined based on the values of AA rated corporate bond yields with 3 to 15 years of maturity.

(d) A sensitivity analysis of the effects of changes to the significant actuarial assumptions [as disclosed in Note 19(c)] on the defined benefit obligations as at the end of the year, with all other assumptions remain constant is as follows :-

	Group	Company
	2013	2013
	RM	RM
A 1% increase/decrease in discount rate will decrease/ increase the defined benefit obligation by	127,116	16,877
A 1% increase/decrease in salary increment rate will increase/decrease the defined benefit obligation by	146,938	18,035

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligations as the change in assumptions unlikely would occur in isolation of one another as some of the assumptions may be correlated.

20. BANK BORROWINGS (SECURED)

	Group	
	2013	2012
	RM	RM
Term loans :-		
Term loan 1	1,685,096	1,685,096
Term loan 2	3,807,747	3,807,747
	5,492,843	5,492,843
Bank overdraft	253,773	674,988
	5,746,616	6,167,831
Due within one year (included under current liabilities)		
Term loans	4,727,264	3,452,663
Bank overdraft	253,773	674,988
	4,981,037	4,127,651
Due more than one year (included under non-current liabilities)		
Term loans	765,579	2,040,180
	5,746,616	6,167,831

(i) The term loans attributable to a subsidiary company were granted by Small Medium Enterprise Development Bank Malaysia Berhad (formerly known as Bank Perusahaan Kecil & Sederhana Malaysia Berhad) and are repayable by ninety six (96) monthly instalments commencing from November 2007. The repayment of the term loans is suspended pending further negotiation on a proposal for restructuring of the term loans. On 19 December 2013, the subsidiary company has accepted the bank's proposed debts settlement plan which encompasses the following :-

(a) Waiver of normal interest and penalty interest amounted to RM1,274,725 and RM1,235,570 respectively.

(b) Upfront payment of RM500,000 upon acceptance of the proposed debts settlement plan. The upfront payment of RM500,000 has been made by the subsidiary company on 29 January 2014.

(c) Capitalisation of outstanding balance of principal and interest sum of RM5,881,682 and rescheduling of the repayment terms for the new principal over a five-year term with interest charged at two percent above bank's prevailing rate.

(d) No change to the existing securities and guarantors.

The formalisation of the proposed restructuring of the term loans is pending the signing of a New Supplementary Agreement/Deed of Settlement with the lending bank as at the date of this report.

As at the end of the reporting period, outstanding interest accrued on the term loans and included in other payables amounted to RM3,360,111 (2012 : RM2,685,140). The settlement of this balance is also suspended pending the resolution of the restructuring of the loans as aforesaid. A portion of this outstanding interest shall be waived in accordance with the terms of the bank's proposed debts settlement plan as detailed above.

(ii) The bank overdraft facility has been limited by the bank to its current amount of usage and the outstanding balance is being repaid by monthly instalments pursuant to a repayment programme agreed with the lending bank. The outstanding amount which was to have been settled in full by 31 December 2012 had previously been extended to 31 December 2013. The full settlement of the remaining balance at 31 December 2013 has now been further extended to 31 May 2014 by the bank.

(iii) The Group's term loans are secured by :-

(a) First fixed charge over land and buildings of a subsidiary company;

(b) Debentures creating First Fixed and Floating charges on all present and future assets of the subsidiary company for RM9,675,000;

(c) Unconditional and irrevocable corporate guarantee from the Company;

(d) Unconditional and irrevocable joint and several guarantee from a director and past directors of the subsidiary company; and

(e) A Sinking Fund Account in which an amount equivalent to five per cent is to be collected from each export proceeds received.

(iv) The bank overdraft facility of a subsidiary company is secured by way of :-

(a) A first legal charge over a subsidary company's leasehold land and factory buildings for RM5,000,000;

(b) A debenture creating first fixed and floating charges over the subsidiary company's fixed and floating assets for RM5,000,000; and

(c) A corporate guarantee from the Company.

(v) Interest rates on the Group's borrowings are as follows:-

	2013	2012
Term loan 1	9.60% to 11.60% per annum	9.60% to 11.60% per annum
Term loan 2	9.60% to 11.60% per annum	9.60% to 11.60% per annum
Bank overdraft	9.10% to 10.10% per annum	9.10% to 10.10% per annum

21. HIRE PURCHASE CREDITORS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Future minimum payments :-				
Payable within one year	31,129	46,394	24,817	26,726
Payable more than one year	105,670	135,797	97,253	120,161
	136,799	182,191	122,070	146,887
Future finance charges	(17,523)	(26,806)	(14,408)	(20,368)
Present value	119,276	155,385	107,662	126,519
Payable within one year (included under current liabilities)	(24,898)	(37,278)	(19,886)	(20,766)
Payable more than one year (included under non-current liabilities)	94,378	118,107	87,776	105,753

22. DEFERRED TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At beginning of year	2,434	2,434	-	-
Recognised in profit or loss (Note 27)	(1,613,829)	-	(266,400)	-
Charged to equity (Note 17)	1,778,829	-	361,400	-
At end of year	167,434	2,434	95,000	-

(a) The components and movements of deferred tax liabilities and assets recognised in the financial statements during the financial year are as follows:-

	At beginning of year RM	Deferred tax adjustment RM	Recognised in profit or loss RM	Transfer (to)/ from profit or loss RM	Charged to equity RM	At end of year RM
Group						
2013						
Deferred tax liabilities :-						
Revaluation of land and buildings	1,484,128	(59,365)	(191,140)	(250,505)	1,778,829	3,012,452
Accelerated capital allowances	7,798	(312)	(1,509)	(1,821)	-	5,977
	1,491,926	(59,677)	(192,649)	(252,326)	1,778,829	3,018,429
Deferred tax assets :-						
Excess of depreciation over capital allowances	(477,984)	19,119	23,506	42,625	-	(435,359)
Unutilised capital allowances	(727,530)	29,102	(594,496)	(565,394)	-	(1,292,924)
Unabsorbed tax losses	(283,978)	11,359	(850,093)	(838,734)	-	(1,122,712)
	(1,489,492)	59,580	(1,421,083)	(1,361,503)	-	(2,850,995)
	2,434	(97)	(1,613,732)	(1,613,829)	1,778,829	167,434

	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
Group			
2012			
Deferred tax liabilities :-			
Revaluation of land and buildings	1,638,505	(154,377)	1,484,128
Accelerated capital allowances	9,690	(1,892)	7,798
	1,648,195	(156,269)	1,491,926
Deferred tax assets :-			
Excess of depreciation over capital allowances	(441,864)	(36,120)	(477,984)
Unutilised capital allowances	(1,046,883)	319,353	(727,530)
Unabsorbed tax losses	(148,364)	(135,614)	(283,978)
Other deductible temporary differences	(8,650)	8,650	-
	(1,645,761)	156,269	(1,489,492)
	2,434	-	2,434

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

	At beginning of year RM	Deferred tax adjustment RM	Recognised in profit or loss RM	Transfer (to)/ from profit or loss RM	Charged to equity RM	At end of year RM
Company						
2013						
Deferred tax liabilities :-						
Revaluation of land and buildings	163,071	(6,523)	3,360	(3,163)	361,400	521,308
Accelerated capital allowances	3,599	(144)	(923)	(1,067)	-	2,532
	166,670	(6,667)	2,437	(4,230)	361,400	523,840
Deferred tax assets :-						
Unutilised capital allowances	(11,663)	467	178	645	-	(11,018)
Unabsorbed tax losses	(155,007)	6,200	(269,015)	(262,815)	-	(417,822)
	(166,670)	6,667	(268,837)	(262,170)	-	(428,840)
	-	-	(266,400)	(266,400)	361,400	95,000
Company						
2012						
Deferred tax liabilities :-						
Revaluation of land and buildings	159,572	-	3,499	3,499	-	163,071
Accelerated capital allowances	4,835	-	(1,236)	(1,236)	-	3,599
	164,407	-	2,263	2,263	-	166,670
Deferred tax assets :-						
Unutilised capital allowances	(8,143)	-	(3,520)	(3,520)	-	(11,663)
Unabsorbed tax losses	(147,614)	-	(7,393)	(7,393)	-	(155,007)
Other deductible temporary differences	(8,650)		8,650	8,650	-	-
	(164,407)	-	(2,263)	(2,263)	-	(166,670)
	-	-	-	-	-	-

The deferred tax adjustments on opening deferred tax liabilities and assets are attributable to the change in the rate of tax applied for the current financial year from 25% to 24%.

(b) Deferred tax assets have not been recognised in respect of the following items which are available for set-off against future taxable profit :-

	Group		Company	
		Restated		Restated
	2013	2012	2013	2012
	RM	RM	RM	RM
Other deductible temporary differences	1,270,152	798,685	317,667	308,230
Unutilised capital allowances	61,184	2,233,798	-	-
Unabsorbed tax losses	30,290,188	33,224,069	168,820	602,452
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
	35,014,524	39,649,552	486,487	910,682

23. TRADE PAYABLES

The normal credit terms for trade payables range from 30 days to 90 days (2012 : 30 days to 90 days). Trade payables are denominated in Ringgit Malaysia.

24. AMOUNT DUE TO DIRECTORS

The amount due to directors are unsecured, interest free and are repayable on demand. Repayment is expected to be in cash.

25. REVENUE

Revenue of the Company relates to management fees and rental income. Revenue of the Group represents revenue from the sale of timber products at invoiced value net of returns and discounts and rental income. All intra-group transactions have been eliminated in arriving at the revenue of the Group.

26. LOSS BEFORE TAXATION

	Group		Company	
		Restated		Restated
	2013	2012	2013	2012
	RM	RM	RM	RM
This is stated after charging :-				
Auditors' remuneration				
- current year	54,200	63,200	20,000	26,000
- overprovision in prior year	(6,000)	-	(3,000)	-
Allowance for impairment loss on investment	-	40,000	-	40,000
Amortisation of prepaid lease payments	38,473	38,473	-	-
Interest expense :-				
- hire purchase	9,283	10,147	5,960	6,990
- bank overdraft	53,785	81,339	-	-
- term loans	674,971	761,762	-	-
- others	3,956	135,007	-	-
Depreciation	1,153,869	1,191,752	145,778	150,133
Staff termination benefits	-	1,649	-	-
Defined benefit obligations	92,885	122,135	58,906	55,566
Directors' fees	120,000	120,000	120,000	120,000
Executive directors' salaries, bonuses and other emoluments				
- directors of the Company	727,740	762,340	562,600	527,800
Property, plant and equipment written off	-	2	-	-
Rental of premises				
- belonging to a director	48,960	48,960	48,960	48,960
And crediting :-				
Rental income	309,695	616,995	187,195	196,995
Interest income	52,237	118,938	-	-
Gain on disposal of property, plant and equipment	192,098	2,496,957	-	-
Management fees			-	-
- subsidiary companies	-	-	450,000	360,000
Write back of accrued liabilities no longer required	484	-	-	-
Employee information :-				
Employee benefits expense	3,208,197	2,928,644	950,832	921,434

Included in the employee benefits expense are contributions made to the Employees Provident Fund of directors and employees of the Group and of the Company amounting to RM236,402 and RM82,722 (2012 : RM184,910 and RM83,872) respectively.

27. TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current Malaysian taxation	1,700	-	-	-
Underprovision in prior year	22,141	-	20,506	-
Transfer from deferred taxation (Note 22)	(1,613,829)	-	(266,400)	-
	(1,589,988)	-	(245,894)	-

(a) The statutory income tax rate attributable to the Group and the Company is 25% (2012 : 25%). The statutory tax rate will be reduced to 24% with effect from year of assessment 2016 as announced by the Malaysian government. The computation of the deferred taxation as at 31 December 2013 has reflected this change.

(b) Reconciliations of tax income applicable to loss before taxation at the statutory tax rate to the tax income at the effective tax rate of the Group and the Company are as follows:-

	Group		Company	
	2013 RM	Restated 2012 RM	2013 RM	Restated 2012 RM
Loss before taxation	(2,305,654)	(2,094,247)	(982,452)	(1,088,299)
Taxation at the rate of 25% (2012 : 25%)	(576,414)	(523,562)	(245,613)	(272,075)
Tax effects of expenses not deductible for tax purposes	87,639	159,270	74,162	88,253
Tax effects of income not subject to tax	(26,275)	(82,161)	-	-
Underprovision of taxation in prior year	22,141	-	20,506	-
Deferred tax assets not recognised for the year	6,803	1,003,660	-	183,822
Realisation of deferred tax assets not recognised in prior year	(1,103,882)	(557,207)	(94,949)	-
	(1,589,988)	-	(245,894)	-

(c) The following are estimated unutilised capital and reinvestment allowances and unabsorbed tax losses which subject to agreement with the Inland Revenue Board. are available for set-off against future taxable income :-

	Group		Company	
		Restated		Restated
	2013	2012	2013	2012
	RM	RM	RM	RM
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
Unutilised capital allowances	5,448,291	5,131,311	45,907	35,099
Unabsorbed tax losses	34,968,164	34,371,514	1,909,747	1,234,097
	43,809,455	42,895,825	1,955,654	1,269,196

(d) The Group's tax savings arising from the utilisation of brought forward unabsorbed tax losses for set-off against the current year's taxable income amounted to approximately RM47,475 (2012 : RM217,063).

28. LOSS PER SHARE

The basic loss per share attributable to owners of the Company is calculated based on the Group's loss for the year attributable to owners of the Company of RM715,666 (2012 : RM2,094,247) divided by the number of ordinary shares in issue during the financial year of 40,734,196 (2012 : 40,734,196).

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 and previous financial year has not been presented.

29. CASH AND CASH EQUIVALENTS AT END OF YEAR

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Bank overdraft	(253,773)	(674,988)	-	-
Cash and bank balances	306,563	245,746	5,584	528
Fixed deposits with licensed banks	413,988	401,126	-	-
	466,778	(28,116)	5,584	528

As disclosed in Note 13, the fixed deposits with licensed banks have been pledged to bank as securities for banking facilities granted to subsidiary companies and hence, are not available for general use. In addition, the bank overdraft facility has been limited to its current amount of usage as disclosed in Note 20(ii).

30. CONTINGENT LIABILITIES

	Group 2013 RM	Group 2012 RM
Bank guarantee - secured	100,000	100,000

	Company 2013 Limit of facilities RM	Company 2013 Outstanding amount RM	Company 2012 Limit of facilities RM	Company 2012 Outstanding amount RM
Corporate gurantees given to banks for credit facilities granted to subsidiary companies	14,675,000	5,746,616	14,675,000	6,167,831

31. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or one party controlled both.

(a) Transactions and year-end outstanding balances with subsidiary companies

Transactions between the Company and its subsidiary companies during the financial year are as follows :-

	Company 2013 RM	Company 2012 RM
Management fees charged to subsidiary companies	450,000	360,000

The year-end outstanding balances with the subsidiary companies are as disclosed in the statement of financial position of the Company and their terms and conditions are as disclosed in Note 12 to the financial statements.

(b) Transaction with a director, Dato' Seri Yong Tu Sang

Transaction between the Company and its director, Dato' Seri Yong Tu Sang during the financial year is as follows :-

	Group/Company 2013 RM	Group/Company 2012 RM
Rental of premises payable to Dato' Seri Yong Tu Sang	48,960	48,960

(c) Transactions and year-end outstanding balances with other related parties

(i) Related party relationships exist between the Group and the undermentioned companies in which a director of the Company and certain family members of the director have substantial financial interest :-

(i) Gimzan Plywood Sdn. Bhd.
(ii) Seri Indah Enterprise Sdn. Bhd.
(iii) BTM Timber Industries Sdn. Bhd.
(iv) SPPT Development Sdn. Bhd.
(v) Sung Lee Timber Trading Sdn. Bhd.
(vi) Oversea Timber Supplies Sdn. Bhd.
(vii) Syarikat Zamry Sawmill Sdn. Bhd.
(viii) Samas Limited
(ix) Seri Indah Resort Sdn. Bhd.

(ii) Details of significant transactions between the Group and other related parties during the year are as follows :-

	Group	
	2013	**2012**
	RM	**RM**
Income		
Sales of logs, sawn timber and plywood		
BTM Timber Industries Sdn. Bhd.	-	2,358
Oversea Timber Supplies Sdn. Bhd.	998,800	1,786,419
Seri Indah Resort Sdn. Bhd.	756	1,871
Sales of lamination and board timber		
Oversea Timber Supplies Sdn. Bhd.	2,285,190	-
Services		
BTM Timber Industries Sdn. Bhd.	52,651	43,106
Oversea Timber Supplies Sdn. Bhd.	126,050	108,853
Disposal of property, plant and equipment		
Sung Lee Timber Trading Sdn. Bhd.	-	195,000
BTM Timber Industries Sdn. Bhd.	97,100	-
Others		
BTM Timber Industries Sdn. Bhd.	-	440
Gimzan Plywood Sdn. Bhd.	-	2,847
Seri Indah Resort Sdn. Bhd.	2,878	-

	Group	
	2013	2012
	RM	RM
Expenditure		
Purchases of logs, sawn timber and plywood		
Gimzan Plywood Sdn. Bhd.	-	124,800
BTM Timber Industries Sdn. Bhd.	1,699,272	486,167
Oversea Timber Supplies Sdn. Bhd.	454,855	672,103
Services		
Seri Indah Enterprise Sdn. Bhd.	113,468	126,654
Others		
Seri Indah Resort Sdn. Bhd.	971	427
BTM Timber Industries Sdn. Bhd.	77,117	127,670
Oversea Timber Supplies Sdn. Bhd.	946	2,982
Gimzan Plywood Sdn. Bhd.	19,000	-

(iii) Amounts due from/(to) other related parties at year end included in the statement of financial position are as follows :-

	Group	
	2013	2012
	RM	RM
Included in trade receivables :-		
BTM Timber Industries Sdn. Bhd.	81,790	562,576
Gimzan Plywood Sdn. Bhd.	2,214,530	2,235,671
Seri Indah Resort Sdn. Bhd.	1,527	-
Oversea Timber Supplies Sdn. Bhd.	179,804	-
SPPT Development Sdn. Bhd.	-	158,229
Sung Lee Timber Trading Sdn. Bhd.	911	486
Included in other receivables :-		
Seri Indah Enterprise Sdn. Bhd.	-	3,262
BTM Timber Industries Sdn. Bhd.	-	399,008
Gimzan Plywood Sdn. Bhd.	2,202	7,343
Included in trade payables :-		
Sung Lee Timber Trading Sdn. Bhd.	(1,794)	(1,794)
Oversea Timber Supplies Sdn. Bhd.	-	(77,188)
Included in other payables :-		
Seri Indah Enterprise Sdn. Bhd.	(24,493)	(28,361)
Seri Indah Resort Sdn. Bhd.	-	(298)

Except as disclosed elsewhere in these financial statements, the trade balances with the other related parties are subject to the normal trade credit terms given to or by customers and suppliers where applicable.

No expense has been recognised during the year in respect of bad or doubtful debts due from the other related parties.

(d) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include all the directors of the Company and their remuneration for the year are as follows :-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Short-term benefits	929,650	959,150	773,150	737,150
Post-employment benefits - Contribution to Employees Provident Fund	87,408	92,220	78,768	79,680
	1,017,058	1,051,370	851,918	816,830

32. SEGMENT INFORMATION

(a) Operating Segment

The Group activities are 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 its operations are located wholly in Malaysia. As such, the operating revenue and results of this segment is reflected in the Group's statement of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the Group's statement of financial position.

(b) Geographical Information

Revenue and non-current assets information in respect of the Group based on the geographical location of customers and non-current assets respectively are as follows:-

	2013		2012	
	Revenue	Non-current assets	Revenue	Non-current assets
	RM	RM	RM	RM
Malaysia	6,388,572	21,379,274	3,892,391	16,410,030
Australia	1,335,767	-	709,915	-
Korea	109,090	-	38,146	-
	7,833,429	21,379,274	4,640,452	16,410,030

(c) Major Customers

Revenue from transactions with major customers who individually accounted for 10 percent or more of Group's revenue are summarised below :-

	Revenue	
	2013 RM	2012 RM
Customer A	3,410,040	1,786,419

33. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include fixed deposits, cash and bank balances and trade and other receivables. In respect of the Company, financial assets include amount due from subsidiary companies.

Financial liabilities of the Group include trade and other payables and bank borrowings.

(a) Categories of Financial Instruments

The financial instruments of the Group and of the Company are categorised as follows :-

2013

Financial Assets as per Statements of Financial Position

	Group		Company	
	Carrying amount RM	Loans and receivables RM	Carrying amount RM	Loans and receivables RM
Trade receivables	3,016,465	3,016,465	-	-
Other receivables and deposits	90,043	90,043	19,450	19,450
Amount due from subsidiary companies	-	-	9,867,381	9,867,381
Fixed deposits with licensed banks	413,988	413,988	-	-
Cash and bank balances	306,563	306,563	5,584	5,584
	3,827,059	3,827,059	9,892,415	9,892,415

2013

Financial Liabilities as per Statements of Financial Position

	Group		Company	
	Carrying amount RM	Other financial liabilities measured at amortised cost RM	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Trade payables	592,004	592,004	-	-
Other payables and accruals	5,184,461	5,184,461	791,455	791,455
Amount due to directors	1,998,276	1,998,276	1,998,276	1,998,276
Bank ovedraft	253,773	253,773	-	-
Term loans	5,492,843	5,492,843	-	-
Hire purchase creditors	119,276	119,276	107,662	107,662
	13,640,633	13,640,633	2,897,393	2,897,393

2012

Financial Assets as per Statements of Financial Position

	Group		Company	
	Carrying amount RM	Loans and receivables RM	Carrying amount RM	Loans and receivables RM
Trade receivables	3,096,843	3,096,843	-	-
Other receivables and deposits	1,162,479	1,162,479	20,823	20,823
Amount due from subsidiary companies	-	-	9,454,527	9,454,527
Fixed deposits with licensed banks	401,126	401,126	-	-
Cash and bank balances	245,746	245,746	528	528
	4,906,194	4,906,194	9,475,878	9,475,878

2012

Financial Liabilities as per Statements of Financial Position

	Group		Company	
	Carrying amount RM	Other financial liabilities measured at amortised cost RM	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Trade payables	571,613	571,613	-	-
Other payables and accruals	4,269,502	4,269,502	671,111	671,111
Amount due to directors	489,215	489,215	423,632	423,632
Bank ovedraft	674,988	674,988	-	-
Term loans	5,492,843	5,492,843	-	-
Hire purchase creditors	155,385	155,385	126,519	126,519
	11,653,546	11,653,546	1,221,262	1,221,262

(b) Financial Risk Management

The Group's activities expose it to certain financial risks, including currency risk, interest rate risk, credit risk, market risk and liquidity and cash flow risks. The Board of Directors have formulated a financial risk management framework with the principal objectives of minimising the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are established for observation in the day-to-day operations for the controlling and management of the risks associated with the deployment of financial instruments by the Group.

(i) Credit Risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade receivables.

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Analysis of the ageing of the Group's trade receivables as at the end of the reporting period that are past due but not impaired are disclosed in Note 10(b).

The Group's maximum exposure to credit risk at the end of the reporting period is represented by the carrying amount of the financial assets recognised in the statement of financial position.

None of the Group's financial assets are secured by collateral or other credit enhancements other than as disclosed in Note 10(c) to the financial statements.

The Group's management considers that all the financial assets of the Group that are neither past due nor impaired at the end of the reporting period are of good credit quality. The credit risk for deposits, cash and bank balances is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(ii) Currency Risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than its functional currency.

The Group monitors the risk arising from foreign exchange exposure from time to time and will formulate appropriate strategies should the risk become material. The Group does not speculate in foreign currency derivatives.

The Group's foreign currency exposure profile of trade receivables has been disclosed under Note 10(a) to the financial statements.

Currency risk sensitivity analysis

A 10 percent strengthening or weakening of the foreign currencies against the RM at the end of the reporting period would have increased or decreased respectively the profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2013	**2012**
	RM	**RM**
United States Dollar	27,532	-

(iii) Interest Rate Risk

The Group has interest rate risk in respect of its deposits with licensed banks and bank borrowings.

The Group's bank borrowings are subject to interest based on floating rates while its deposits with licensed banks and hire purchase financing are subject to interest based on fixed rates.

Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate interest bearing instruments and borrowings arrangements are restructured or reduced.

Interest rate risk sensitivity analysis

The Group's profit or loss and equity are sensitive to the change in the market interest rate as at the end of the reporting period due to its floating rate term loans and bank overdraft. An increase in the market interest rate would have unfavourable effects on the profit or loss and equity of the Group. A reasonably possible increase of 50 basis points in the market interest rate as at the end of the reporting period would have immaterial impact on the Group's profit or loss for the year then ended and equity of the Group as at that date. This sensitivity analysis assumes that all other risk variables remain constant.

(iv) Market Risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposure is in respect of currency and interest rates fluctuations and which are discussed under the respective risk headings.

(v) Liquidity and Cash Flow Risk

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in its funding requirements through a mix of equity capital, external borrowings and supplies credit.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows :-

	Maturity Profile				
Group 2013	**Less than one year RM**	**More than one year and less than five years RM**	**More than five years RM**	**Total RM**	**Effective interest rate %**
Trade payables	592,004	-	-	592,004	-
Other payables and accruals	5,184,461	-	-	5,184,461	-
Term loans	4,902,663	815,589	-	5,718,252	9.60 - 11.60
Bank overdraft	253,773	-	-	253,773	9.10 -10.10
Hire purchase creditors	31,129	100,049	5,621	136,799	5.24 - 6.87
Amount due to directors	1,998,276	-	-	1,998,276	-
2012					
Trade payables	571,613	-	-	571,613	-
Other payables and accruals	4,269,502	-	-	4,269,502	-
Term loans	3,712,384	2,265,589	-	5,977,973	9.60 - 11.60
Bank overdraft	674,988	-	-	674,988	9.10 -10.10
Hire purchase creditors	46,394	107,268	28,529	182,191	5.24 - 7.21
Amount due to directors	489,215	-	-	489,215	-

	Maturity Profile				
Company 2013	**Less than one year RM**	**More than one year and less than five years RM**	**More than five years RM**	**Total RM**	**Effective interest rate %**
Other payables and accruals	791,455	-	-	791,455	-
Hire purchase creditors	24,817	91,632	5,621	122,070	5.24
Amount due to directors	1,998,276	-	-	1,998,276	-
2012					
Other payables and accruals	671,111	-	-	671,111	-
Hire purchase creditors	26,726	91,632	28,529	146,887	5.24
Amount due to directors	423,632	-	-	423,632	-

(c) Fair Value of Financial Instruments

(i) The carrying amounts of fixed deposits, cash and bank balances, trade and other receivables and trade and other payables and short term bank overdraft approximate their fair values due to the relatively short term nature of these financial instruments.

(ii) The carrying amount of balances with subsidiary companies approximate their fair values due to their repayable on demand settlement terms.

(iii) The fair values of long term bank borrowings approximate their carrying amounts because they attract a floating rate of interest.

(iv) The fair values of hire purchase creditors approximate their carrying amounts.

34. CAPITAL MANAGEMENT

The main objective in managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern so as to maintain market confidence and sustain future business development. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital using debt to equity ratio, which is total borrowings divided by total equity. The debt-to-equity ratios at 31 December 2013 and at 31 December 2012 were as follows:-

	Group	
		Restated
	2013	2012
	RM	RM
Total borrowings (Note 20)	5,746,616	6,167,831
Total equity	18,759,608	11,630,974
Debt-to-equity ratio	0.31	0.53

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) if such shareholders' equity is less than RM40 million. The Group has complied with this requirement.

35. SIGNIFICANT EVENTS DURING THE YEAR

(a) On 16 January 2013, the Company had announced a corporate proposal which encompassed the Proposed Par Value Reduction, Proposed Share Premium Reduction, Proposed MA Amendments, Proposed Rights Issue with Warrants and Proposed Exemption as described in Note 35(b) below. However, the aforesaid corporate proposal had been aborted by the Company on 12 July 2013.

(b) On 30 October 2013, the Company announced the following proposals incorporating amendments to the earlier proposals aborted :-

(i) Proposed Par Value Reduction

The Proposed Par Value Reduction will involve the cancellation of RM0.80 of the existing par value of RM1.00 of each ordinary share of the Company pursuant to Section 64(1) of the Companies Act, 1965 and the credit arising from the reduction of par value will be utilised to set-off an equivalent amount of the accumulated losses of the Company.

(ii) Proposed Share Premium Reduction

The Proposed Share Premium Reduction will involve the reduction of RM3,959,431 from the Company's share premium account pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 and the credit arising from the reduction in share premium will be utilised to set-off an equivalent amount of the accumulated losses of the Company.

(iii) Proposed MA Amendments

The Company proposed to amend the relevant clauses of the Memorandum of Association to reflect the change in par value of each ordinary share of the Company from RM1.00 per ordinary share to RM0.20 per ordinary share consequent to the Proposed Par Value Reduction.

(iv) Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants would entail the issuance of up to 118,734,576 new ordinary shares of RM0.20 each ("BTM Shares")("Rights Shares") on a renounceable basis of two Rights Shares for every one BTM Share held after the Proposed Par Value Reduction together with up to 47,493,830 free new detachable Warrants on the basis of 4 Warrants for every 10 Rights Shares subscribed, subject to a minimum subscription of 36,328,586 Rights Shares together with 14,531,434 Warrants, on an entitlement date to be determined and announced later after obtaining all the relevant approvals. The Board has fixed the issue price for the Proposed Rights Issue with Warrants at RM0.20 per Rights Share and the exercise price for the Warrants at RM0.20 per Warrant.

(v) Proposed Exemption

The Company proposed to exempt Dato' Seri Yong Tu Sang ("DSYTS") and persons acting in concert with DSYTS ("PACs") under Practice Note 9, Paragraph 16.1 of the Malaysian Code on Take-overs and Mergers 2010 ("Code") from the obligation to undertake a mandatory take-over offer to acquire all the remaining ordinary shares and convertible securities of the Company not already held by DSYTS and PACs upon completion of the proposed Rights Issue with Warrants as prescribed under Part III and Part VIII of the Code.

The Proposed Par Value Reduction, Proposed Share Premium Reduction, Proposed MA Amendments, Proposed Rights Issue with Warrants and Proposed Exemption are collectively referred to as the "Proposals".

The Proposals are conditional upon approval being obtained from the following :-

(1) Bursa Malaysia Securities Berhad ("Bursa Securities"), which was obtained vide its letter 18 December 2013, for 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 existing 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.

(2) the Securities Commission ("SC") for the Proposed Exemption. Under the Code, the SC's approval for the Proposed Exemption is to be sought only after non-interested shareholders' approval for the Proposed Exemption has been obtained at the forthcoming Extraordinary General Meeting ("EGM") of the Company;

(3) the sanction of the High Court of Malaya for the Proposed Par Value Reduction and Proposed Share Premium Reduction and the utilisation of the excess credit (from the Proposed Par Value and Share Premium Reduction);

(4) the shareholders of the Company at the EGM to be convened on 29 April 2014; and

(5) other relevant authorities/parties, if required..

The Proposed Par Value Reduction, Proposed Share Premium Reduction and the Proposed MA Amendments are inter-conditional upon each other. The Proposed Rights Issue with Warrants and the Proposed Exemption are inter-conditional upon one another. The Proposed Rights Issue with Warrants is conditional upon the Proposed Par Value Reduction and the Proposed MA Amendments but not vice-versa. As at to-date, the Proposals are pending approval of shareholders of the Company for the Proposals, approval of SC for the Proposed Exemption and sanction of the High Court of Malaya for the Proposed Par Value and Share Premium Reduction. The Proposals are expected to be implemented in the second half of 2014.

36. CHANGE IN ACCOUNTING POLICY

As disclosed in Note 3.2(c), the adoption of revised MFRS 119 by the Group and the Company with effect from 1 January 2013 resulted in a change in the accounting policy for defined benefit plans which has been applied retrospectively.

The financial effects arising from the aforesaid change in accounting policy on the statements of financial position as at 1 January 2012 and 31 December 2012, and the statements of profit or loss and other comprehensive income and statements of cash flows for the year ended 31 December 2012 in respect of the Group and of the Company are as follows :-

Group	**As previously reported RM**	**Effects of adopting revised MFRS 119 RM**	**As restated RM**
Consolidated Statement of Financial Position			
As at 1 January 2012			
Retirement benefit obligations	973,414	(166,179)	807,235
Accumulated losses	(43,584,235)	166,179	(43,418,056)
As at 31 December 2012			
Retirement benefit obligations	1,073,875	(275,190)	798,685
Accumulated losses	(45,670,808)	275,190	(45,395,618)
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2012			
Administrative expenses	(3,009,206)	(7,674)	(3,016,880)
Loss before taxation/Loss for the year	(2,086,573)	(7,674)	(2,094,247)
Other comprehensive income	-	116,685	116,685
Total comprehensive loss for the year	(2,086,573)	109,011	(1,977,562)
Consolidated Statement of Cash Flows for the year ended 31 December 2012			
Loss before taxation	(2,086,573)	(7,674)	(2,094,247)
Adjustments for :-			
Defined benefit obligations	114,461	7,674	122,135

Company	As previously reported RM	Effects of adopting revised MFRS 119 RM	As restated RM
Statement of Financial Position			
As at 1 January 2012			
Retirement benefit obligations	328,990	(59,192)	269,798
Accumulated losses	(35,460,520)	59,192	(35,401,328)
As at 31 December 2012			
Retirement benefit obligations	368,525	(60,295)	308,230
Accumulated losses	(36,546,788)	60,295	(36,486,493)
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2012			
Administrative expenses	(1,615,272)	(2,031)	(1,617,303)
Loss before taxation/Loss for the year	(1,086,268)	(2,031)	(1,088,299)
Other comprehensive income	-	3,134	3,134
Total comprehensive loss for the year	(1,086,268)	1,103	(1,085,165)
Statement of Cash Flows for the year ended 31 December 2012			
Loss before taxation	(1,086,268)	(2,031)	(1,088,299)
Adjustments for :-			
Defined benefit obligations	53,535	2,031	55,566

The application of the revised MFRS 119 has impact on the Group's and the Company's financial statements for the current financial year ended 31 December 2013 as follows:-

Group	**Increase/ (Decrease) RM**
Consolidated Statement of Financial Position	
Retirement benefit obligations	94,309
Accumulated losses	94,309
Consolidated Statement of Profit or Loss and Other Comprehensive Income	
Administrative expenses	(31,658)
Loss before taxation/Loss for the year	(31,658)
Other comprehensive income	(401,157)
Total comprehensive income for the year	(369,499)
Loss per share	
- Basic	0.1 sen
- Diluted	N/A
Company	
Statement of Financial Position	
Retirement benefit obligations	(94,608)
Accumulated losses	(94,608)
Statement of Profit or Loss and Other Comprehensive Income	
Administrative expenses	(7,419)
Loss before taxation/Loss for the year	(7,419)
Other comprehensive income	26,894
Total comprehensive income for the year	34,313

37. COMPARATIVE FIGURES

The restatement of comparative figures arising from the effects on change in accounting policy are as detailed in Note 36 to the financial statements.

38. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

Realised and Unrealised Profits/(Loss)

The breakdown of accumulated losses of the Group and the Company as at the end of the reporting period, into realised and unrealised loss, pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010, is as follows :-

Group	**31.12.2013 RM**	**Restated 31.12.2012 RM**	**Restated 1.1.2012 RM**
Total accumulated losses of BTM Resources Berhad and its subsidiaries :			
- Realised	(86,787,309)	(85,670,486)	(83,692,924)
- Unrealised	(2,434)	(2,434)	(2,434)
	(86,789,743)	(85,672,920)	(83,695,358)
Add: Consolidation adjustments	40,277,302	40,277,302	40,277,302
Accumulated losses as per financial statements	(46,512,441)	(45,395,618)	(43,418,056)
Company			
Total accumulated losses of BTM Resources Berhad :			
- Realised	(37,196,157)	(36,486,493)	(35,401,328)
- Unrealised	-	-	-
Accumulated losses as per financial statements	(37,196,157)	(36,486,493)	(35,401,328)

The determination of realised and unrealised profits/(losses) is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Folks DFK & Co (No. AF 0502)
Chartered Accountants

An Independent Member Firm of DFK INTERNATIONAL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BTM RESOURCES BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of BTM RESOURCES BERHAD, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 84.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Folks 12th Floor, Wisma Tun Sambanthan, No. 2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia.
Tel: 603-2273 2688 Fax: 603-2274 2688 e-mail: audit@folksdfk.com / general@folksdfk.com

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following :-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 7 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.
FIRM NO. : AF 0502
CHARTERED ACCOUNTANTS

NG ENG KIAT
NO : 1064/03/15(J/PH)
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 28 April 2014

CERTIFIED TRUE COPY
OF THE ORIGINAL

CHONG SEOK TIAN MIA 2302
(Secretary)

BTM RESOURCES BERHAD (303962-T)
(Incorporated In Malaysia)
Condensed Consolidated Statement of Financial Position
As At 30 June 2014

	Unaudited as at 30/06/2014 RM'000	Audited as at 31/12/2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	20,037	20,862
Prepaid lease payments	498	517
Investments	0	0
Total Non-Current Assets	**20,535**	**21,379**
Current Assets		
Inventories	4,180	4,092
Trade receivables	2,198	3,016
Other receivables, deposits and prepayments	753	589
Fixed deposits with licensed banks	414	414
Cash and bank balances	241	307
	7,786	8,418
Non-current asset held for sale	4,114	4,114
Total Current Assets	**11,900**	**12,532**
TOTAL ASSETS	**32,435**	**33,911**
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	40,734	40,734
Share premium	7,628	7,628
Revaluation reserves	16,378	16,378
Capital reserves	532	532
Accumulated losses	(49,069)	(46,512)
TOTAL EQUITY	**16,203**	**18,760**
Non-Current Liabilities		
Retirement benefits	1,374	1,270
Bank borrowings (secured)	96	766
Hire purchase creditors	86	94
Deferred taxation	167	167
Total Non-Current Liabilities	**1,723**	**2,297**
Current Liabilities		
Trade payables	918	592
Other payables and accruals	4,768	5,185
Bank borrowings (secured)	5,397	4,981
Amount due to directors	3,331	1,998
Hire purchase creditors	22	25
Taxation	73	73
Total Current Liabilities	**14,509**	**12,854**
TOTAL LIABILITIES	**16,232**	**15,151**
TOTAL EQUITY AND LIABILITIES	**32,435**	**33,911**
NET TANGIBLE ASSETS PER SHARE (RM)	**0.40**	**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 30 June 2014

	Current Quarter 30/06/2014 RM'000	Comparative Quarter 30/06/2013 RM'000	**Current Year To Date 30/06/2014 RM'000**	Comparative Year To Date 30/06/2013 RM'000
Revenue	1,952	1,598	3,806	3,717
Operating Expenses	(2,774)	(1,567)	(6,311)	(4,347)
Other Operating Income	29	38	57	257
(Loss)/Profit From Operations	(793)	69	(2,448)	(373)
Finance Costs	(54)	(88)	(109)	(175)
Investing Results	0	0	0	0
Loss From Ordinary Activities Before Tax	(847)	(19)	(2,557)	(548)
Taxation	0	0	0	0
Loss From Ordinary Activities After Tax	(847)	(19)	(2,557)	(548)
Other Comprehensive Income, net of Tax	0	0	0	0
Total Comprehensive Loss For The Period	(847)	(19)	(2,557)	(548)
Total Comprehensive Loss attributable to:				
Owners of the Company	(847)	(19)	(2,557)	(548)
Loss Per Share (sen) attributable to Owners of the Company				
- Basic	(2.08)	(0.05)	(6.28)	(1.35)
- 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 6 Months Ended 30 June 2014

	Non-distributable				Distributable	
	Share Capital RM'000	Share Premium RM'000	Revaluation reserves RM'000	Capital reserves RM'000	Retained earnings RM'000	Total RM'000
6 months ended 30-06-2014						
Balance at 01-01-2014	40,734	7,628	16,378	532	(46,512)	18,760
Total Comprehensive Loss for the period	0	0	0	0	(2,557)	(2,557)
Balance at 30-06-2014	40,734	7,628	16,378	532	(49,069)	16,203
6 months ended 30-06-2013						
Balance at 01-01-2013	40,734	7,628	8,132	532	(45,670)	11,356
Total Comprehensive Loss for the period	0	0	0	0	(548)	(548)
Balance at 30-06-2013	40,734	7,628	8,132	532	(46,218)	10,808

(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 6 Months Ended 30 June 2014

	6 months Cumulative 30/06/2014 RM'000	6 months Cumulative 30/06/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,557)	(548)
Adjustments for:-		
Amortisation of prepaid lease payments	19	19
Depreciation on property, plant and equipment	851	575
Defined benefit obligations	104	67
Gain on disposal of property, plant and equipment	(19)	(97)
Interest expense	107	172
Interest income	(1)	0
Operating (loss)/profit before working capital changes	(1,496)	188
Increase in inventories	(88)	(889)
Decrease/(increase) in trade receivables	818	(339)
(Increase)/decrease in other receivables and deposits & prepayments	(164)	784
Increase/(decrease) in trade payables	326	(127)
(Decrease)/increase in other payables and accruals	(513)	597
Increase in amount due to directors	1,333	26
Cash generated from operations	216	240
Interest paid	(7)	(32)
Interest received	1	0
Taxation paid	0	(4)
Retirement benefit paid	0	(12)
Net cash generated from operating activities	210	192
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26)	(94)
Proceeds from disposal of property, plant and equipment	19	97
Net cash (used in)/generated from investing activities	(7)	3
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase liabilities	(11)	(18)
Hire purchase interest paid	(4)	(5)
Net cash used in financing activities	(15)	(23)
NET INCREASE IN CASH AND CASH EQUIVALENTS	188	172
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	467	(28)
CASH AND CASH EQUIVALENTS AT 30TH JUNE	655	144
CASH AND CASH EQUIVALENTS COMPRISE:-		
Fixed deposits with a licensed bank	414	401
Cash and bank balances	241	275
Bank overdrafts	0	(532)
	655	144

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Interim Report for the Second Quarter Ended 30 June 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 conjuction 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.

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 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 Changes in Contingent Liabilities

There were no material changes in contingent liabilities since the last annual balance sheet as at 31 December 2013.

13 Performance Review on the Results of the Group

For the second financial quarter under review, the Group recorded turnover of RM1.95 million, an increase of 22.2% 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 RM847,000 as compared to a pre-tax loss of RM19,000 in the corresponding period last year mainly due to lower cost of raw material in the previous financial quarter.

14 Changes in the Quarterly Results Compared to Preceeding Quarter

For the quarter ended 30 June 2014, the Group recorded a pre-tax loss of RM847,000 as compared to a pre-tax loss of RM1.71 million in the previous quarter ended 30 March 2014, mainly due to higher turnover of its manufactured products and lower cost of raw material 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.

16 Variance of Actual Profit From Forecast Profit

This is not applicable.

17 Taxation

Details of taxation are as follows :

	Current Year Quarter 30/06/2014 RM'000	Current Year To date 30/06/2014 RM'000
Current taxation	0	0
Under provision in prior year	0	0
Deferred taxation	0	0
	0	0

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 ("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 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.

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 beed 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.

(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 30 June 2014 are as follows :-

	RM'000
Long Term Borrowings	
Secured - Term Loans	96
- Hire purchase	86
	182
Short Term Borrowings	
Secured - Term Loans	5,397
- Hire purchase	22
	5,419

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 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 30/06/2014	Comparative Quarter 30/06/2013	**Current Year To Date 30/06/2014**	Comparative Year To Date 30/06/2013
Net loss for the period (RM'000)	(847)	(19)	(2,557)	(548)
Weighted average number of ordinary shares in issue ('000)	40,734	40,734	40,734	40,734
Basic loss per share (sen)	(2.08)	(0.05)	(6.28)	(1.35)

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 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 30/06/2014 RM'000	As at 31/12/2013 RM'000
The accumulated losses of the Group		
- realised	(85,176)	(86,787)
- unrealised	(2)	(2)
	(89,346)	(86,789)
Add: Consolidation adjustments	40,277	40,277
Accumulated losses as per financial statements	(49,069)	(46,512)

24 Loss Before Taxation

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

	Current Quarter 30/06/2014 RM'000	Comparative Quarter 30/06/2013 RM'000	**Current Year To Date 30/06/2014** RM'000	Comparative Year To Date 30/06/2013 RM'000
Other income	29	38	57	160
Gain on disposal of property, plant and equipment	0	0	0	97
Interest expense	(54)	(88)	(109)	(175)
Amortisation of prepaid lease payments	(9)	(9)	(19)	(19)
Depreciation on property, plant and equipment	(426)	(288)	(851)	(575)

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 AUGUST 2014

BTM RESOURCES BERHAD (303962-T)
No. 101, 3rd Floor, Wisma Kam Choon, Jalan Kampung Tiong, 20100 Kuala Terengganu,
Terengganu Darul Iman, Malaysia. Tel : (609) 622 3633 Fax : (609) 623 5795 Email : btmres@po.jaring.my

Registered Office

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Date: 18 SEP 2014

To: **The Entitled Shareholders of BTM Resources Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of BTM Resources Berhad ("**BTM**") ("**Board**"), I report after due enquiry that during the period from 31 December 2013 (being the date to which the last audited financial statements of BTM and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the issue date of this Abridged Prospectus), that:

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in Section 9.3 of the Abridged Prospectus, there are no other contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Group;

(v) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums for any borrowings of the Group; and

(vi) save as disclosed in the Abridged Prospectus, since the last audited financial statements of the Group, there have been no material changes in the published reserves or any unusual factor affecting the profits of the Group.

Yours faithfully,
For and on behalf of the Board of Directors of
BTM RESOURCES BERHAD

Dato' Seri Yong Tu Sang
Managing Director

FURTHER INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, New Warrants and new BTM Shares to be issued pursuant to the exercise of the New Warrants, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is only one (1) class of shares in our Company, namely ordinary shares of RM0.20 each, all of which rank *pari passu* with one another.

(iii) All the Rights Shares and the new BTM Shares to be issued pursuant to the exercise of Warrants and/or Warrants 2009/2019 shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up ordinary share capital of our Company, save and except that such BTM Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of such BTM Shares.

(iv) As at the LPD, save for the Provisional Rights Shares with New Warrants pursuant to the Rights Issue with Warrants and as discussed below, no person has been or is entitled to be granted, an option to subscribe for any securities, shares or debentures in our Company or any of our subsidiaries.

On 21 December 2009, we allotted and issued 18,633,092 free Warrants 2009/2019, all of which shall expire on 20 December 2019 (being the tenth (10^{th}) anniversary of the first issue date of the Warrants 2009/2019). Each warrant entitles the warrant holder to subscribe for one (1) new ordinary share of RM1.00 each in BTM at an exercise price of RM1.00 per ordinary share of RM1.00 each in BTM, subject to any price adjustment in accordance with the conditions stipulated in the Deed Poll 2009/2019 constituting the Warrants 2009/2019. As at the LPD, there are 18,633,092 Outstanding Warrants.

2. ARTICLES OF ASSOCIATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:

Article 70

The remuneration of the Directors shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. The remuneration shall be deemed to accrue from day to day. Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover. The Directors may also be paid all traveling, hotel, and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meeting of the Company or in connection with the business of the Company.

Article 85

A director may appoint a person approved by a majority of his co-directors to act as his alternate, PROVIDED THAT any fee paid by the Company to the alternate shall be deducted from that director's remuneration. Any person while he also holds office as an alternate or substitute director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly, and to exercise all the powers of the appointer in his place. The Directors may fix, determine and vary the powers, duties and remuneration of any person so appointed. An alternate or substitute director shall not require any share qualification and shall ipso facto vacate office if the appointer vacates office as a director or removes the appointee from office. Any appointment or removal under this regulation shall be effected by notice in writing under the hand of the director making the same.

Article 92

A Managing Director/Executive Director shall, subject to the terms of any agreement entered into any particular case, receive such remuneration (which shall not include commission or a share in turnover) as the Directors may determine.

3. CONSENTS

Our Adviser, Principal Bankers, Company Secretaries, Share Registrar and Solicitors for the Rights Issue with Warrants have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Folks DFK & Co., our Auditors and Reporting Accountants, has given and has not subsequently withdrawn its written consent for the inclusion of its name, the Reporting Accountants' letter relating to our pro forma consolidated statements of financial position as at 31 December 2013 and Auditors' report relating to our audited consolidated financial statements for the FYE 31 December 2013, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consent for the inclusion of its name as the source of historical share prices of our Company, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

4. MATERIAL CONTRACTS

Save for the ASA as disclosed in Section 2.5(i) of this Abridged Prospectus and the Deed Poll dated 12 September 2014 constituting the New Warrants, as at the LPD, neither BTM nor its subsidiaries had entered into any material contract (not being contracts entered into the ordinary course of business) during the 2 years immediately preceding the LPD.

5. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and to the best knowledge of our Board, there are no proceedings pending or threatened against our Group and no facts that are likely to give rise to any such proceedings, which may materially and adversely affect the position or business of our Group.

6. GENERAL

Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(i) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group;

(ii) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Group's liquidity;

(iii) material commitments for capital expenditure;

(iv) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and

(v) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of issuance of this Abridged Prospectus:

(i) our Memorandum and Articles of Association;

(ii) our audited consolidated financial statements for the past two (2) FYEs 31 December 2012 and 31 December 2013 and unaudited consolidated interim financial statements for the six (6)-month FPE 30 June 2014;

(iii) the pro forma consolidated statements of financial position of our Group as at 31 December 2013 together with the Reporting Accountants' letter as set out in Appendix III of this Abridged Prospectus;

(iv) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(v) the material contracts referred to in Section 4 of this Appendix;

(vi) the consent letters referred to in Section 3 of this Appendix; and

(vii) the letters in relation to the Undertakings from Undertakings Shareholders as referred to in Section 8 of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

Our Board has seen and approved all the documentation relating to the Rights Issue with Warrants including the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading.

FURTHER INFORMATION *(Cont'd)*

HLIB, being the Adviser for the Rights Issue with Warrants, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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