

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Condensed Consolidated Statement of Financial Position**As At 30 June 2020**

	Unaudited as at 30/06/2020 RM'000	Audited as at 31/12/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	28,045	28,856
Right of use asset	1,619	1,755
Prepaid lease payments	291	302
Total Non-Current Assets	29,955	30,913
Current Assets		
Inventories	4,939	6,000
Trade receivables	550	396
Other receivables, deposits and prepayments	866	793
Fixed deposits with licensed banks	235	234
Cash and bank balances	374	579
Total Current Assets	6,964	8,002
TOTAL ASSETS	36,919	38,915
EQUITY AND LIABILITIES		
EQUITY		
Share capital	29,038	29,038
Revaluation reserves	19,025	19,025
Capital reserves	532	532
Warrant reserve	3,602	3,602
Accumulated losses	(33,253)	(29,611)
Equity Attributable To Owners Of The Company	18,944	22,586
Non-Controlling Interest	(18)	(18)
TOTAL EQUITY	18,926	22,568
Non-Current Liabilities		
Retirement benefit obligations	2,157	2,033
Term loan (secured)	0	344
Hire purchase creditors	62	75
Lease liabilities	1,838	1,605
Deferred taxation	332	332
Total Non-Current Liabilities	4,389	4,389
Current Liabilities		
Trade payables	2,771	2,315
Other payables and accruals	3,628	3,060
Term loan (secured)	1,427	1,389
Amount due to directors	5,704	4,949
Hire purchase creditors	30	24
Lease liabilities	44	221
Total Current Liabilities	13,604	11,958
TOTAL LIABILITIES	17,993	16,347
TOTAL EQUITY AND LIABILITIES	36,919	38,915
NET TANGIBLE ASSETS PER SHARE (RM)	0.13	0.16

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

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Statement of Comprehensive Income
Interim Report for the Quarter ended 30 June 2020**

	Current Quarter 30/06/2020 RM'000	Comparative Quarter 30/06/2019 RM'000	Current Year To Date 30/06/2020 RM'000	Comparative Year To Date 30/06/2019 RM'000
Revenue	930	2,137	3,366	4,040
Operating Expenses	(2,564)	(3,814)	(6,964)	(7,589)
Other Operating Income	<u>42</u>	<u>101</u>	<u>110</u>	<u>212</u>
Loss From Operations	(1,592)	(1,576)	(3,488)	(3,337)
Finance Costs	(72)	(59)	(154)	(126)
Investing Results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss From Ordinary Activities Before Tax	(1,664)	(1,635)	(3,642)	(3,463)
Taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss From Ordinary Activities After Tax	(1,664)	(1,635)	(3,642)	(3,463)
Other Comprehensive Income, Net of Tax	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income for the Period	<u><u>(1,664)</u></u>	<u><u>(1,635)</u></u>	<u><u>(3,642)</u></u>	<u><u>(3,463)</u></u>
Loss attributable to:				
Owners of the Company	(1,664)	(1,634)	(3,642)	(3,462)
Non-Controlling Interest	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>
	<u><u>(1,664)</u></u>	<u><u>(1,635)</u></u>	<u><u>(3,642)</u></u>	<u><u>(3,463)</u></u>
Total Comprehensive Income attributable to:				
Owners of the Company	(1,664)	(1,634)	(3,642)	(3,462)
Non-Controlling Interest	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>
	<u><u>(1,664)</u></u>	<u><u>(1,635)</u></u>	<u><u>(3,642)</u></u>	<u><u>(3,463)</u></u>
Loss Per Share (sen)				
- Basic	(1.18)	(1.16)	(2.58)	(2.45)
- Diluted	N/A	N/A	N/A	N/A

N/A - Not Applicable

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

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Changes in Equity**For the 6 Months Ended 30 June 2020**

	<u>Non-distributable</u>				<u>Distributable</u>	Attributable To Owners Of The Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation reserves RM'000	Capital reserves RM'000	Warrant reserve RM'000	Retained earnings RM'000			
6 months ended 30-06-2020								
Balance at 01-01-2020	29,038	19,025	532	3,602	(29,611)	22,586	(18)	22,568
Total Comprehensive Loss for the period	0	0	0	0	(3,642)	(3,642)	0	(3,642)
Balance at 30-06-2020	<u>29,038</u>	<u>19,025</u>	<u>532</u>	<u>3,602</u>	<u>(33,253)</u>	<u>18,944</u>	<u>(18)</u>	<u>18,926</u>
6 months ended 30-06-2019								
Balance at 01-01-2019	29,038	19,025	532	3,602	(23,672)	28,525	(13)	28,512
Total Comprehensive Loss for the period	0	0	0	0	(3,462)	(3,462)	(1)	(3,463)
Balance at 30-06-2019	<u>29,038</u>	<u>19,025</u>	<u>532</u>	<u>3,602</u>	<u>(27,134)</u>	<u>25,063</u>	<u>(14)</u>	<u>25,049</u>

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

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Statement of Cash Flows**For the 6 Months Ended 30 June 2020**

	6 months Cumulative 30/06/2020 RM'000	6 months Cumulative 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,642)	(3,463)
Adjustments for:-		
Amortisation of prepaid lease payments	11	11
Depreciation on property, plant and equipment	821	820
Depreciation on right of use asset	136	0
Defined benefit cost	124	138
Interest expense	154	125
Interest income	(1)	0
Operating loss before working capital changes	<u>(2,397)</u>	<u>(2,369)</u>
Decrease in inventories	1,061	72
Increase in trade receivables	(154)	(416)
Increase in other receivables, deposits & prepayments	(73)	(186)
Increase in trade payables	456	1,210
Increase in other payables and accruals	568	550
Increase in amount due to directors	755	1,880
Net cash from operating activities	<u>216</u>	<u>741</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10)	(77)
Proceeds from disposal of property, plant and equipment	0	1
Net cash used in investing activities	(10)	(76)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(306)	(627)
Term loan interest paid	(68)	(122)
Payment of hire purchase liabilities	(7)	(19)
Hire purchase interest paid	(3)	(3)
Payment of lease liability	(20)	0
Lease liability interest paid	(6)	0
Net cash used in financing activities	(410)	(771)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(204)</u>	<u>(106)</u>
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	813	604
CASH AND CASH EQUIVALENTS AT 30TH JUNE	<u>609</u>	<u>498</u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Fixed deposits with a licensed bank	235	226
Cash and bank balances	374	272
	<u>609</u>	<u>498</u>

BTM RESOURCES BERHAD (303962-T)

(Incorporated In Malaysia)

Interim Report for the Second Quarter Ended 30 June 2020

NOTES

1 Basis of Preparation and Accounting Policies

This condensed consolidated interim financial statements ("Condensed Report") are prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2019.

The significant accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2019, except for the adoption of the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are applicable to its financial statements:

Amendments to MFRS 3 - Definition of a Business

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

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

The adoption of the above amendments to MFRSs does not have any significant impact on the interim financial report upon their initial application.

2 Audit Qualification of Preceding Annual Financial Statements

The audit report for the preceding annual financial statements was not subject to any qualification.

3 Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the current financial quarter.

4 Unusual Items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the current financial quarter.

5 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years, that have a material effect in the current financial quarter.

6 Debt and Equity Securities

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

7 Dividend Paid

There were no dividends paid during the current financial quarter.

8 Segmental Information

The Group activities are primarily conducted within a single industry segment comprising the logging, sawmilling, trading in sawn timbers, plywood and logs, timber moulding and manufacturing of finger-jointed timber and wood pellet and its operations are located wholly in Malaysia. Accordingly, segmental information reporting is not relevant in the context of the Group.

9 Revaluation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

10 Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements for the said period as at the date of issue of this quarterly report.

11 Changes in the Composition of the Group

There was no change in the composition of the Group during the current financial year to-date.

12 Contingent Liabilities

The Group has contingent liabilities of RM150,000 in respect of secured bank guarantee to third parties.

The Company has contingent liabilities of RM1.43 million in respect of a guarantee to a financial institution for credit facilities granted to a subsidiary company.

13 Capital Commitments

The capital commitments contracted for by the Group as at 30 June 2020 is RM Nil (30 June 2019: RM Nil).

14 Performance Review on the Results of the Group

	Individual Period (1st Quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter 30/06/2020 RM'000	Preceding Year Corresponding Quarter 30/06/2019 RM'000		Current Year To-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000	
Revenue	930	2,137	-56.48%	3,366	4,040	-16.68%
Loss Before Interest and Tax	(1,592)	(1,576)	1.02%	(3,488)	(3,337)	4.53%
Loss Before Tax	(1,664)	(1,635)	1.77%	(3,642)	(3,463)	-5.17%
Loss After Tax	(1,664)	(1,635)	1.77%	(3,642)	(3,463)	-5.17%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,664)	(1,634)	1.84%	(3,642)	(3,462)	-5.20%

For the second financial quarter under review, the Group recorded turnover of RM0.93 million, a decrease of 56.48% over the corresponding period last year mainly due to the Movement Control Order ("MCO") which affected the production and export market of its manufactured products. The Group recorded a pre-tax loss of RM1.66 million as compared to a pre-tax loss of RM1.63 million in the corresponding period last year mainly due to the MCO and fixed operating overhead from its manufacturing operations during the current financial quarter.

15 Changes in the Quarterly Results Compared to Preceding Quarter

	Current Quarter 30/06/2020	Immediate Preceding Quarter 31/03/2020	Changes %
Revenue	930	2,436	-61.82%
Loss Before Interest and Tax	(1,592)	(1,896)	-16.03%
Loss Before Tax	(1,664)	(1,978)	-15.87%
Loss After Tax	(1,664)	(1,978)	-15.87%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,664)	(1,978)	-15.87%

For the quarter ended 30 June 2020, the Group recorded a pre-tax loss of RM1.66 million as compared to a pre-tax loss of RM1.98 million in the previous quarter ended 31 March 2020, mainly due to MCA and fixed operating overhead from its manufacturing operations during the current financial quarter.

16 Current Year Prospect

The Group primarily depends on the income and contribution from the subsidiaries which rely on the availability of raw materials. The Group is making arrangements to secure raw materials in Kelantan, Terengganu and Thailand where the raw materials are now available. However, the global economic conditions in 2020 are expected to remain challenging which will affect the demand for timber products. The Directors expect the current year to be challenging but hope that its financial performance will improve.

17 Variance of Actual Profit From Forecast Profit

This is not applicable.

18 Taxation

Details of taxation are as follows :

	Current Year Quarter 30/06/2020 RM'000	Current Year To date 30/06/2020 RM'000
<i>Current taxation</i>	0	0
<i>Under provision in prior year</i>	0	0
<i>Deferred taxation</i>	0	0
	<u>0</u>	<u>0</u>

19 Status of Corporate Proposals

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

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

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

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

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

On 6 July 2020, M&A on behalf of the Company announced that the Board after considering the current market conditions has resolved to revise the issuance size of the private placement to up to 14,134,400 new BTM shares ("Placement Shares") representing not more than 10% of the issued shares of BTM ("Proposed Private Placement").

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act, 2016 ("Act") based on the limit prescribed under Paragraph 6.03 of the Main Market Listing Requirement ("Listing Requirement") ("General Mandate Limit").

The Company had obtained the general mandate from its shareholders at its 25th Annual General Meeting ("AGM") convened on 29 May 2019, whereby the Board of Directors of the Company had been authorised to allot and issue new ordinary shares in BTM ("BTM Shares") not exceeding 10% of the total issued shares of the Company. ("Shareholders' Mandate").

On 14 July 2020, M&A on behalf of the Company announced that the additional listing application for the new BTM Shares to be issued pursuant to the Proposed Private Placement has been submitted to Bursa Securities.

On 10 August 2020, M&A on behalf of the Company announced that Bursa Securities had, vide their letter dated 10 August 2020, approved the listing of and quotation of up to 14,134,400 Placement Shares to be issued pursuant to the Proposed Private Placement.

- (c) On 2 July 2020, the Company announced that its wholly owned subsidiary, BTM Biomass Products Sdn Bhd ("BTMBP") has obtained approval from Sustainable Energy Development Authority Malaysia ("SEDA") to build and operate a Renewable Electrical Energy Power Plant ("REPP") with a capacity to supply 10 MW per hour of electricity to Tenaga Nasional Berhad ("TNB"). BTMBP received the Feed-in Tariff ("FIT") Approval Certificate dated 1 July 2020. The approval granted is for a period of twenty one (21) years commencing no later than 23 January 2023 at a fixed tariff rate of RM0.3486 per kWh.

On 29 July 2020 and 30 July 2020, the Company announced that BTMBP has entered into a Renewable Energy Power Purchase Agreement ("REPPA") with TNB on 27 July 2020 pursuant to Subsection 12(1) of the Renewable Energy Act 2011. The location of the REPP is at Lot 153-C, Mukim Hulu Chukai, Telok Kalong, 24007 Chukai, Terengganu Darul Iman with a net export capacity of 10 MWh. The scheduled FIT commencement date is 23 January 2023 and effective period is twenty one (21) years commencing from the FIT commencement date at a FIT rate of RM0.3486 per kWh.

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

20 Group Borrowings

Total Group borrowings are as follows :-

	30/06/2020	30/06/2019
	RM'000	RM'000
Long Term Borrowings		
Secured - Term Loan	0	1,071
- Hire purchase	62	86
	<u>62</u>	<u>1,157</u>
Short Term Borrowings		
Secured - Term Loan	1,427	1,296
- Hire purchase	30	25
	<u>1,457</u>	<u>1,321</u>

There are no borrowings denominated in foreign currency.

21 Material Litigation

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

22 Dividends

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

23 Loss per Ordinary Share

a) Basic loss per share

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

	Current	Comparative	Current	Comparative
	Quarter	Quarter	Year To Date	Year To Date
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net loss for the period (RM'000)	(1,664)	(1,634)	(3,642)	(3,462)
Weighted average number of ordinary shares in issue ('000)	141,344	141,344	141,344	141,344
Basic loss per share (sen)	(1.18)	(1.16)	(2.58)	(2.45)

b) Diluted loss per share

The effect on the loss per share of the assumed exercise of the Warrants is anti-dilutive and hence, the diluted loss per share has not been presented.

24 Loss Before Taxation

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

	Current Quarter 30/06/2020 RM'000	Comparative Quarter 30/06/2019 RM'000	Current Year To Date 30/06/2020 RM'000	Comparative Year To Date 30/06/2019 RM'000
Other income	42	101	110	212
Interest expense	(72)	(59)	(154)	(126)
Amortisation of prepaid lease payments	(6)	(6)	(11)	(11)
Depreciation on property, plant and equipment	(411)	(414)	(821)	(820)
Depreciation on right of use assets	(68)	0	(136)	0

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

BY ORDER OF THE BOARD

DATED: 27 AUGUST 2020