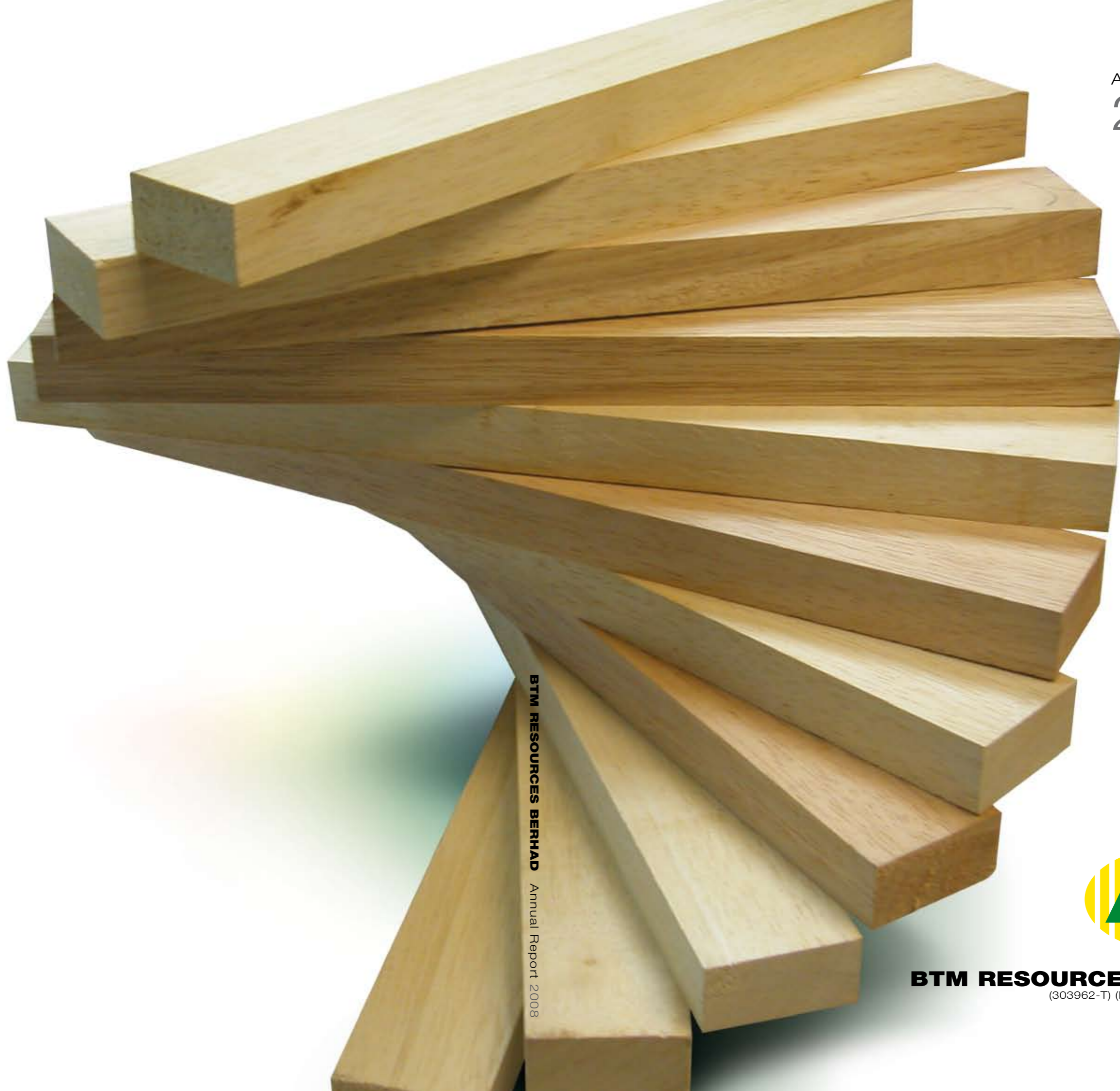


Annual Report  
2008



BTM RESOURCES BERHAD Annual Report 2008



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



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifteenth Annual General Meeting of BTM Resources Berhad will be held at the Nakhoda 1, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 29th June 2009 at 11.00 a.m. for the following purposes :-

### AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. *Resolution 1*
2. To approve the payment of Directors' fees for the year ended 31 December 2008. *Resolution 2*
3. To re-elect Mdm Yong Emmy who retires in accordance with Article 64 of the Company's Articles of Association. *Resolution 3*
4. To consider and, if thought fit, to pass the following Resolution:-  
  

**"THAT** pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the next Annual General Meeting."

*Resolution 4*
5. To re-elect Messrs Azman, Wong, Salleh & Co as Auditors and to authorise the Directors to fix their remuneration. *Resolution 5*

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions :-

6. Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.  
  

**"THAT** subject always to the Companies Act, 1965 and the Articles of Association of the Company, approval of the relevant government/regulatory authorities and pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue and allot shares in the Company from time at such price, upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregated number of shares issued pursuant to this resolution does not exceed 10 percent of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company"

*Resolution 6*
7. Proposed Renewal of Shareholders Mandate for Recurrent Related Party Transactions.  
  

**"THAT** approval be and is hereby given to the Company and its subsidiaries to enter into the category of recurrent transactions of a revenue or trading nature with those related parties, as specified in Section 2.3 of the Circular to Shareholders dated 5th June 2009 subject further to the following:-

  - a) the transaction are, in the ordinary course of business at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders;

## NOTICE OF ANNUAL GENERAL MEETING *(Contd)*

- b) disclosure is made in the Annual Report of the breakdown of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year and propose that such approval shall continue in force until;
- i) the conclusion of the next Annual General Meeting (AGM) of the Company following the AGM at which the proposed renewal of the recurrent related parties transaction mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is renewed; or
  - ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (ACT) but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
  - iii) revoked or varied by resolution passed by the shareholders in a General Meeting,
- whichever is the earlier.

**AND THAT** the Directors or any of them be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

*Resolution 7*

8. To transact any other ordinary business for which due notice shall have been given.

### BY ORDER OF THE BOARD

**Heng Ji Keng**  
**Chong Seok Tian**  
**Mary Margaret Pelly**  
Joint Secretaries

KUALA LUMPUR  
Date : 5th June 2009

### **Note :**

- i) *A member entitled to attend the meeting may appoint another person as his proxy to attend and vote in his stead at the meeting and such proxy shall have the same right as the member he represents including the right to vote on a show of hands and on a poll and to demand a poll.*
- ii) *A proxy may but need not be a member.*
- iii) *Where the member of the Company appoints two or more proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.*
- iv) *If the appointer is a corporation, the proxy should be executed under its common seal or under the hand of an officer or attorney duly authorised.*
- v) *The instrument appointing a proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd (Formerly known as Heng & Monteiro Consultants Sdn Bhd), No.22-2, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

## NOTICE OF ANNUAL GENERAL MEETING *(Contd)*

### **EXPLANATORY NOTES ON SPECIAL BUSINESS**

*Resolution pursuant to Section 132D of the Companies Act, 1965*

*The proposed Ordinary Resolution under item (6) if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any costs involved in convening a general meeting, it is appropriate to seek shareholders' approval.*

*The proposed Ordinary Resolution under item (7) is to renew the shareholders' mandate granted by the shareholders of the Company at the Annual General Meeting held on 30th June 2008. The proposed renewal of the Shareholders' mandate will enable the Company and its subsidiaries to enter into any of the recurrent transactions of a revenue of trading nature which are necessary for the Group's day- to- day operation, subject to the transactions being the ordinary course of business and on normal commercial terms are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.*

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## 1. Names of Directors who are standing for re-election/re-appointment at the Fifteenth Annual General Meeting of the Company :-

A) Director retiring pursuant to Article 64 of the Company's Articles of Association:

i) Mdm Yong Emmy (Resolution 3)

B) Director retiring pursuant to Section 129 of the Companies Act, 1965

i) Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Resolution 4)

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' Profile at pages 7 to 9 of the Annual Report, while their securities holdings (where applicable) are set out in the Analysis of Shareholdings – Directors' Interest in the Company (page 71 of the Annual Report).

## 2. Attendance of Directors at Board Meetings for year 2008

A total of five (5) Board Meetings were held during the financial year ended 31 December 2008. Details of attendance of Directors are set out on page 12 of this 2008 Annual Report.

Name of Directors	Attendance
Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman	5 out of 5 meetings
Dato' Seri Yong Tu Sang	5 out of 5 meetings
Mr. Choong Show Tong	3 out of 5 meetings
Madam Yong Emmy	5 out of 5 meetings

## 3. Date, Time and Place of the Annual General Meeting :

Date : Monday, 29 June 2009

Time : 11.00 a.m.

Place : Nakhoda 1, Level 3,  
Hotel Armada  
Lorong Utara C, Section 52  
46200 Petaling Jaya  
Selangor Darul Ehsan

## 4. Profile of Directors Who Are Standing For Re-election

The information required in compliance with the Appendix 8A, Section (4) under the BMSB Listing Requirement has been included in pages 7 to 9 herein.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Tan Sri Dato' (Dr.) Abdul Aziz Bin  
Abdul Rahman

*Chairman, Senior Independent Non-Executive Director*

Dato' Seri Yong Tu Sang

*Managing Director*

Mr. Choong Show Tong

*Independent Non-Executive Director*

Madam Yong Emmy

*Non-Executive Director*

Madam Yong Ellen

*Alternate to Miss Yong Emmy*

### AUDIT COMMITTEE

Tan Sri Dato' (Dr.) Abdul Aziz Bin  
Abdul Rahman

*Chairman*

Choong Show Tong

*Member*

Yong Emmy

*Member*

### REMUNERATION COMMITTEE

Tan Sri Dato' (Dr.) Abdul Aziz Bin  
Abdul Rahman

*Chairman*

Mr. Choong Show Tong

*Member*

Dato' Seri Yong Tu Sang

*Member*

### NOMINATION COMMITTEE

Mr. Choong Show Tong

*Chairman*

Tan Sri Dato' (Dr.) Abdul Aziz Bin  
Abdul Rahman

*Member*

### COMPANY SECRETARIES

Mr. Heng Ji Keng *(MIA 926)*

Ms Mary Margaret Pelly *(LS 04402)*

Mr. Chong Seok Tian *(MIA 2502)*

### REGISTRARS

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

Tel No : 03 2274 6133

Fax No : 03 2274 1016

### AUDITORS

Azman, Wong, Salleh & Co.,  
Public Accountants  
12th Floor, Wisma Tun Sambanthan  
No. 2, Jalan Sultan Sulaiman  
50764 Kuala Lumpur

Tel No : 03 2273 2688

Fax No : 03 2274 2688

### REGISTERED OFFICE

No. 22-2, Jalan Tun Sambanthan 3  
50470 Kuala Lumpur

Tel No : 03 2274 8988 / 03 2274 8980

Fax No : 03 2272 1864

### BANK

Standard Chartered (M) Berhad  
Alliance Bank Malaysia Berhad  
Bank Perusahaan Kecil & Sederhana  
Malaysia Berhad

### STOCK EXCHANGE LISTING

Second Board of the  
Bursa Malaysia Securities Berhad

## DIRECTORS' PROFILE

Name	Dato' Seri Yong Tu Sang	Choong Show Tong
Position	Executive Director/Managing Director	Independent Non-Executive Director
Age	62 years	53 years
Nationality	Malaysian	Malaysian
Qualification Held	Timber Merchant / Businessman	Associate Member of the Institute of Chartered Accountants in England & Wales Admitted as a Member (Public Accountant) of MIA in May 1983
Working Experience & Occupation	<p>His involvement in business commenced in 1973 with the setting up of BTM Timber Industries Sdn Bhd, a company principally involved in logging and sawmilling operations. Since then, he has been actively involved in the setting up and management of companies in a diverse area of business ranging from timber, oil palm plantation, civil and building construction, property development and sea transportation.</p> <p>30 years of experience in trading of timber. Currently sits on the Boards of several private limited companies and one listed company in addition to companies within the BTM Resources Berhad</p>	<p>He started his career as an Article Clerk in April 1978 and later became an Office Manager in a Chartered Accountants firm in London. In September 1983, he worked as an Office Manager in Christopher Chooi &amp; Co. a firm of Chartered Accountants in Kuala Lumpur. Since October 1984 till now he is the Sole Proprietor of Allan Choong &amp; Co, a Chartered / Public Accountants firm in Kuala Lumpur</p>
Date of Appointment	27th December, 1995	19th May, 2003
Other Directorship of Public Listed Companies	NIL	NIL
Membership of Board Committees	Member of Remuneration Committee	Member of Audit Committee and Remuneration Committee Chairman of Nomination Committee
Family Relationship with Director and/or Major Shareholder of BTM Resources	Husband of To' Puan Ng Ah Heng, a major shareholder of BTM Resources and father of Yong Emmy, an Executive Director and major shareholder of BTM Resources	NIL
Conflict of Interest with BTM Resources, if any	Saved as disclosed, and in notes no. 29 in the accompanying financial statements	NIL
Convictions for offences within the past 10 years other than traffic offences	NIL	NIL
No. of Board Meetings attended in the financial year	5/5	3/5



**DIRECTORS' PROFILE** *(Contd)*

<b>Name</b>	<b>Yong Emmy</b>	<b>Yong Ellen</b>
<b>Position</b>	Non-Executive Director	Non-Executive Alternate Director to Mdm Yong Emmy
<b>Age</b>	34 years	31 years
<b>Nationality</b>	Malaysian	Malaysian
<b>Qualification Held</b>	Degree in Bachelor of Arts majoring in Japanese Studies and Economics, MBA (Finance) from Oklahoma City University.	Bachelor of Arts (Design), Postgraduate Diploma in Design and Master of Design from Curtin University of Technology
<b>Working Experience &amp; Occupation</b>	<p>Started her career in July 1997 as a Business Executive in Itochu Asia Pte Ltd, and Itochu Pulp &amp; Paper Asia Pte Ltd Singapore, both companies dealing with paper and wood pulp. She has gained experience in marketing &amp; trading. Appointed as Business Development Manager of Mizam Pte Ltd.</p> <p>8 years of experience in trading &amp; marketing of wood-based products. Currently sits on the Board of several private limited companies</p>	Started her career as a Management Trainee in the subsidiary company, BTM Marketing & Trading Sdn. Bhd. on 1.6.2002.
<b>Date of Appointment</b>	11th November, 1999	14th September, 2002
<b>Other Directorship of Public Listed Companies</b>	NIL	NIL.
<b>Membership of Board Committees</b>	Audit Committee	NIL.
<b>Family Relationship with Director and/or Major Shareholder of BTM Resources</b>	Daughter of Dato' Seri Yong Tu Sang, the Managing Director of BTM Resources Berhad and To'Puan Ng Ah Heng, a major shareholder of BTM Resources Berhad	Daughter of Dato' Seri Yong Tu Sang, the Managing Director of BTM Resources Berhad and To'Puan Ng Ah Heng, a major shareholder of BTM Resources Berhad and sister of Yong Emmy, Non-Executive Director and major shareholder of BTM Resources Berhad
<b>Conflict of Interest with BTM Resources, if any</b>	Saved as disclosed, and in note no. 29 in the accompanying financial statements	NIL
<b>Convictions for offences within the past 10 years other than traffic offences</b>	NIL	NIL
<b>No. of Board Meetings Attended in the financial year</b>	5/5	– as alternate to Miss Yong Emmy

**DIRECTORS' PROFILE** (Contd)

<b>Name</b>	<b>Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman</b>
<b>Position</b>	Senior Independent Non-Executive Director
<b>Age</b>	76 years
<b>Nationality</b>	Malaysian
<b>Qualification Held</b>	Barrister-At-Law Lincoln's London. Hon. Doctor of Philosophy, University Utara Malaysia, Doctor of Business Administration h.c. International Management Centre Buckingham UK, Advanced Management Programme (AMP) Harvard Business School Harvard University U.S.A.
<b>Working Experience &amp; Occupation</b>	An advocate and solicitor and a partner in the law firm of Nik Saghir & Ismail, K.L. More than 35 years experience in managing public and private corporations. He started by serving the government for 15 years, the first 7 years as an administrative officer and for 8 years he was in judicial and legal service of the Federal Govt. He served as Magistrate, President Sessions Court, Federal Counsel and Asst. Parliamentary Draftsman. His last government appointment was a Federal Counsel and Legal Officer of the National Operation Council during the Emergency of 1969. He subsequently served Malaysian Airlines from its inception in 1971 as Company Secretary and Director of Legal Affairs. He retired in 1991 as the Managing Director and Chief Executive Officer, a position he held for 10 years
<b>Date of Appointment</b>	1st July, 2003
<b>Other Directorship of Public Listed Companies</b>	NIL
<b>Membership of Board Committees</b>	Chairman of Audit Committee Chairman of Remuneration Committee Member of Nomination Committee
<b>Family Relationship with Director and/or Major Shareholder of BTM Resources</b>	NIL.
<b>Conflict of Interest with BTM Resources, if any</b>	NIL.
<b>Convictions for offences within the past 10 years other than traffic offences</b>	NIL.
<b>No. of Board Meetings attended in the financial year</b>	5/5

## CHAIRMAN'S STATEMENT

*On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of BTM Resources Berhad Group for financial year ended 31st December, 2008.*

### FINANCIAL PERFORMANCE

For the financial year under review, the Group's turnover increased by 14.66% to RM11.784 million compared to that of the previous year's of RM10.277 million. The Group achieved a lower loss before taxation of RM2.440 million as compared to RM4.917 million in 2007.

### DIVIDEND

The Board does not recommend payment of dividend for the year under review.

### CORPORATE DEVELOPMENTS

On 19th September, 2007, the Company submitted its application to the Security Commission on the Proposed Rights Issue. SC had, vide its letter dated 15th November, 2007, rejected the Company's Proposed Rights Issue due to the non-compliance with the requirements of Paragraph 13.02 of the Policies and Guidelines on Issue/Offer of Securities, which states that all proposals by distressed listed companies should be sufficiently comprehensive and capable of resolving all financial problems faced and should demonstrate an increase in shareholders value. The Company's appeal to the SC against the earlier rejection of the Proposed Rights Issue exercise which was submitted on 14th December 2007 was also subsequently rejected by the SC vide its letter dated 27th February 2008.

On 15th April 2008, Bursa Malaysia had suspended the trading of the Securities of the Company pursuant to Paragraph 8.16A of the Listing Requirements of Bursa Malaysia and in the event the Company failing to comply with Paragraph 8.16A upon the expiry for six months from the date of suspension delisting procedures shall commence against the Company. The Company's efforts to rectify its non-compliance with paragraphs 3.04(2) and 8.16A of the Listing Requirements dates back to 20 October 2006, wherein the Company had, announced its Proposed Rights Issue. However, the Proposed Rights Issue was not approved by the Securities Commission ("SC") as it was not comprehensive and capable of resolving all financial problems faced by the Company and does not demonstrate an increases in shareholder value :

In the Company's continuing efforts to comply with Bursa Securities' said requirements, the Company had on 29 May 2008 entered into a Memorandum of Understanding ("MOU") with the vendors of Excelbond Metal Recycling Industries Sdn Bhd ("Excelbond") and Metahub Industries Sdn Bhd ("Metahub") in relation to the acquisitions of Excelbond and Metahub as part of the Company's proposed restructuring exercise. However, negotiations between the respective representatives from Exelbond, Metahub and the Company was not successful and the MOU expired on 28 July 2008.

Subsequently, the Company had on 19 September 2008 entered into a MOU with the vendors of Lianbang Ventures Sdn Bhd ("Lianbang") and Temasek Blooms Sdn Bhd ("Temasek") in relation to the acquisitions of Lianbang and Temasek pursuant to the Company's proposed restructuring exercise to be undertaken by BTM. However, due to unforeseen circumstances, negotiations between the vendors of Lianbang, Temasek and the Company collapsed and the MOU expired on 23 December 2008.

On 31 December 2008, the Company entered in another MOU with Telemont Sdn Bhd ("Telemont") in relation to the acquisition of a timber concession pursuant to the proposed restructuring exercise to be undertaken by BTM. The MOU with Telemont had expired on 28 February 2009 and was mutually extended on its date for a further period of two (2) months to enable both parties to finalise the terms of the acquisition of the timber concession and the valuation of the timber concession.

## CHAIRMAN'S STATEMENT *(Contd)*

On 25 September 2008, the Company applied for an Extension of Time to comply with Paragraphs 3.04(2) and 8.16A of the Listing Requirements and on 29 October 2008 Bursa Securities has granted an extension of time for a period of six months up to 15 April 2009 for the Company to comply with paragraphs 3.04(2) and 8.16A of the Listing Requirements.

On 31 March 2009 the Company has made an application to Bursa Malaysia Securities Berhad for an extension of time for a period of six months up to 19 October 2009 for the Company to comply with Paragraph 3.04(2) and 8.16A of the Listing Requirements.

On 22nd April 2009 Bursa Securities has decided to reject the Company's application for extension of time for a period of six months up to 15th October 2009 to comply with paragraphs 3.04(2) and 8.16A of the Listing Requirements.

### PROSPECTS

For the year 2009, the Group will continue to focus on its existing core business of wood based operation. Under the current damp economic situation and global recession, the Group expects its operation to continue to be challenging due the demands for timber products have been drastically affected. The Directors of the Company expect the result for the coming year to be affected by the global recession. Barring unforeseen circumstances, the Directors of the Company expect the Group's result to be similar with the financial year 2008.

### APPRECIATION

On behalf of the Board of Directors, I would like to record our sincere appreciation to all our management and staff and employees who worked diligently and loyally. I also wish to thank the shareholders, bankers and government authorities for their confidence and continued support of the Group.

**TAN SRI DATO' (DR) ABDUL AZIZ BIN ABDUL RAHMAN**  
Chairman

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of **BTM Resources Berhad** is committed to the principles of Corporate Governance as embodied in the Malaysian Code on Corporate Governance. In achieving this end, the Board takes every step to ensure that the principles of Corporate Governance and best practices are observed and practised throughout the Group.

Set out below is a statement on the extent of the Group's application of the principles of the code and compliance with the best practices provisions:-

### A) THE BOARD

#### (1) *Composition of the Board*

The Board currently has four (4) members. One (1) of the Board members is an Executive Director while three (3) are Non-Executive Directors. Two (2) of the Non-Executive Directors fulfil the criteria of independent as defined in the Bursa Securities Listing Requirements.

The Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This is to facilitate the Independent Non-Executive Directors to discharge their duties and responsibilities effectively.

#### (2) *Re-election of Directors*

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the Board including the Managing Director is subject to re-election annually and each Director has to stand for re-election at least once every three (3) years.

The names of directors who are standing for re-election or re-appointment at the Fifteenth Annual General Meeting ("AGM") of the Company are contained in the Statement Accompanying the Notice of AGM.

#### (3) *Board Meetings*

Board Meetings are conducted regularly, at least four (4) times a year. The Board met five (5) times in the financial year ended 31 December 2008 and additional matters were resolved by way of circular resolutions as and when necessary.

The Board Meetings are chaired by the Independent Non-Executive Chairman Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman.

The attendance record of each Director is set out below :-

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
1. Dato' Seri Yong Tu Sang	5/5
2. Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman	5/5
3. Yong Emmy	5/5
4. Choong Show Tong	3/5

## STATEMENT ON CORPORATE GOVERNANCE *(Contd)*

### **(4) Supply of Information**

Board Meetings are conducted in accordance to the agenda. The agenda for each Board Meeting and papers relating to the agenda items are disseminated to all Directors before the Board Meeting. This is to enable the Directors to review the Board papers and seek clarifications that may require from the Management or the Company Secretary. The Directors have ready and unrestricted access to the advice and services of the Company Secretary and where necessary, the Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

### **(5) Directors' Training**

The Board acknowledge the importance of continuous education and training to enable effective discharge of their responsibilities. All the Directors have attended the Directors Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities for Directors of Public Listed Company. For all new directors, the Company will ensure that they attended education programme that accord to the requirements in relation to the Mandatory Accreditation Programme.

Conference, seminars and training programmes attended by Directors in 2008 are as follows :-

- a) National Tax Conference 2008
- b) 2009 Budget Talk
- c) Budget 2009 Seminar
- d) Code of Corporate Compliance and Ethical Conduct
- e) Business Continuity Awareness

## **B) BOARD COMMITTEES**

The following Board Committees have been established to assist the Board in the execution of specific responsibilities granted to the respective Committees that operate within approved terms and reference. These Committees put forward recommendations and report to the Board. Final decision on all matters lies with the Board.

### **(1) Audit Committee**

The primary object of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices. The Audit Committee's Report for the year is set out separately in this Annual Report.

### **(2) Nomination Committee**

The Nomination Committee was formed on 28 February 2004. The members of the Nomination Committee comprises entirely of the Independent Non-Executive Directors as follows:-

Choong Show Tong (*Chairman*)  
Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman

The term of reference of the Nomination Committee are as follows :-

- Making appropriate recommendations to the Board on matters of renewal, extension, retiring and appointment and re-appointment of directors
- To assess and recommend any candidate for directorship and ensure an appropriate plan for Board succession for the Group.
- To review annually the mix of skills and experience and effectiveness of the Board as a whole, the committees of the Board and contributions of each individual director for the effective decision making of the Board.

During the financial year ended 31 December 2008 one meeting was held.

## STATEMENT ON CORPORATE GOVERNANCE *(Contd)*

### (3) *Remuneration Committee*

The Remuneration Committee was formed on 28 February 2004. The members of the Remuneration Committee comprises majority of the Independent Non-Executive Directors as follows:-

Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman (*Chairman*)  
Choong Show Tong  
Dato' Seri Yong Tu Sang

The terms of reference of the Remuneration Committee are as follows :-

- To established and recommend the structure and policy of remuneration of executive directors.
- To review and recommend to the Board on matters relating to Employees Share Option Schemes or any amendments to the existing scheme.
- To deal with any other related matter as referred to by the Board.

During the financial year ended 31 December 2008, one meeting was held.

### C) LEVEL AND COMPOSITION OF REMUNERATION PACKAGE

The Board believes that remuneration levels should be sufficient to attract and retain the Directors needed to run the Group. The remuneration scheme for the Executive Directors is linked to the Corporate and Individual performance, experience and scope of responsibilities. In the case of Non-Executive Director, the level of remuneration reflects experience and level of responsibilities undertaken by each of them. The fees of the Directors are subject to shareholders' approval at the Annual General Meeting.

The Board as a whole determine the remuneration of Non-Executive Directors including the Non-Executive Chairman and each individual Director abstains from the Board decision on his own remuneration.

Aggregate remuneration of Directors, paid or payable, categorised into appropriate components for the financial year ended 31 December 2008 are as follows:

#### a) *Aggregate Remuneration*

	Executive Directors RM	Non-Executive Directors RM
<b>Company Level</b>		
Fee	-	90,000
Salaries	216,000	-
Benefits in kinds	-	-
Bonus, allowance & others	60,240	-
<b>TOTAL:</b>	<b>276,240</b>	<b>90,000</b>
<b>Subsidiary Level</b>		
Fee	-	-
Salaries	90,000	-
Benefits in kinds	-	-
Bonus, allowance & others	104,444	-
<b>TOTAL:</b>	<b>194,444</b>	<b>-</b>
<b>GRAND TOTAL :</b>	<b>470,684</b>	<b>90,000</b>

## STATEMENT ON CORPORATE GOVERNANCE *(Contd)*

### b) *Band (RM)*

Remuneration Band (RM)	Executive Director	Non-Executive Director	Total
0 – 50,000	–	2	2
50,001 – 100,000	–	2	2
300,001 – 400,000	1	–	1

The Board of Directors feels that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

## D) RELATIONS WITH SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the shareholders. Announcements and timely release of financial results on a quarterly basis, circulars and annual reports are sent to provide shareholders with an overview of the Group's performance and operations. A copy of the Annual Report is supplied to all shareholders and is made available upon request.

### *Annual General Meeting*

The Annual General Meeting of the Company represents the principal forum for dialog and interaction with all shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. The Board encourages shareholders to participate in the question and answer session. Members of the Board, as well as the Auditors of the Company, are present to answer and provide explanations based on information available to questions raised during the meeting.

## E) ACCOUNTABILITY AND AUDIT

### *Financial Reporting*

In presenting the annual financial statement and quarterly announcement of results to shareholders, the Board aims to present a balanced assessment of the Group's financial position and prospects.

### *Internal Control*

The Statement of Internal Control which provides an overview of the state of internal control within the Group is disclosed on page 20 of this Annual Report.

### *Relationship with External Auditors*

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report. The Company has maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with Accounting Standards of Malaysia.

### *Statement on Material Contracts Involving Directors' or Major Shareholder Interest*

There is no material contracts subsisting as at 31 December 2008 or entered into since the end of the previous financial year by the Company or its subsidiaries, which involved the interests of the Directors or Major Shareholders other than those disclosed under notes to the account on Related Party Transaction of revenue in nature and significant proposals.



## STATEMENT ON CORPORATE GOVERNANCE *(Contd)*

### F) DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act, 1965 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at end of the financial year and of the results and cash flows of the Company and the Group for the financial year.

In preparing the financial statements for the financial year ended 31st December 2008 the Directors have used and applied on a consistent basis, the accounting policies and practices under the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### G) OTHER INFORMATION

#### ***Non-Audit Fee***

There was no non-audit fee paid to the external auditors for the financial year.

#### ***During the Financial Year***

- a) There were no share buybacks by the Company during the financial year.
- b) The Company did not sponsor any American Depository Receipt ("ADR") or Global Deposit Receipt ("GDR") programmes.
- c) Other than a letter of warning and a public reprimand that were imposed by Bursa Securities on 29 September 2008 for breach of paragraph 9.23(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, there were no other sanctions and/or penalties imposed on the company or its subsidiaries, directors or management by regulatory bodies.
- d) There is no significant variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on profit estimate, forecast or projection for the financial year.
- e) There is no profit guarantee given by the Company.

This Statement of Corporate Governance is made in accordance with the resolution of the Board of Directors on 21st May 2009.

# AUDIT COMMITTEE REPORT

## 1. ATTENDANCE OF MEETING

The details of attendance of each member at the Audit Committee meetings held during 2008 are as follows :-

Name of Audit Committee Member	Number of Committee Meetings	Meetings Attended
Tan Sri Dato'(Dr.) Abdul Aziz Bin Abdul Rahman <i>Chairman/Independent Non-Executive Director</i>	3	3
Mr. Choong Show Tong	3	3
Madam Yong Emmy	3	2

## 2. COMPOSITION AND TERMS OF REFERENCE

### 2.1 Composition

- a) The Committee shall be appointed by the Board of Directors and shall consist of not less than three members, all of whom shall be non-executive directors. The majority of the Committee members shall be independent directors.
- b) The Chairman of the Committee shall be approved by the Board of Directors and shall be an independent non-executive director.
- c) At least one member of the Committee :-
  - (i) must be a member of the MIA ; or
  - (ii) if he is not a member of the MIA, he must have at least three years working experience and :-
    - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - he must be member of one of the Associations of Accountants specified in the Part II of the 1st Schedule of the Accountants Act, 1967
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

### 2.2 Quorum

A quorum shall consist of two members and shall comprise independent directors

### 2.3 Secretary

The Secretary of the Committee shall be the Company Secretary of the Company

## AUDIT COMMITTEE REPORT *(Contd)*

### **2.4 Rights**

The Committee shall have authority to :-

- seek any information relevant to its activities from employee of BTM Resources Berhad and BTM Group
- obtain such independent professional advice as it consider necessary
- have full and unrestricted access to any information and documents pertaining to BTM Resources Berhad and the BTM Group
- to convene meetings within the internal auditors without the presence of the Executive Directors and management staff whenever deemed necessary.
- to meet with the external auditors at least once a year.

### **2.5 Responsibilities and Duties**

The responsibilities and duties of the Committee shall be :

#### **(a) Internal Audit**

- To approve the appointment, replacement and dismissal of the Internal Auditor

#### **(b) External Audit**

- To review the external auditors' audit plan, scope of their audit and their audit reports

#### **(c) Audit Reports**

To review that :

- Internal and external audit reports to ensure that appropriate and adequate remedial actions are taken by management on significant lapses in controls and procedures that are indentified.
- Significant internal and external audit findings and management response

#### **(d) Financial Reporting**

To review the quarterly and annual financial statement of BTM Resources Berhad and BTM Group for recommendation to the Board of Directors for approval.

#### **(e) Related Party Transactions**

To monitor and review any related party transactions that may arise within the Company and the Group

#### **(f) Other Matters**

To consider such other matters as the committee considers appropriate or as authorised by the Board of Directors.

## AUDIT COMMITTEE REPORT *(Contd)*

### 3. SUMMARY OF ACTIVITIES

During the year, the committee carried out the following activities :-

- (a) Reviewed the quarterly financial results of the BTM Group before recommending them for approval by the Board of Directors.
- (b) Reviewed the annual audited financial statements with the external auditors prior to submission to the Board of Directors for their approval.
- (c) Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage of the activities of the Group.
- (d) Reviewed the internal audit reports, the audit recommendation made and management's response to these recommendations.
- (e) Reviewed with the external auditors :-
  - their audit plan, audit strategy and scope of work for the year
  - their results of the annual audit, their audit report and management letter together with management's response to the findings of the external auditors.
- (f) Reviewed the related party transactions entered into by BTM Group.

### 4. INTERNAL AUDIT FUNCTION

The Internal Audit Function of BTM Group has been outsourced to Messrs Baker Tilly Monteiro Heng, Chartered Accountants. The internal audits cover the review of the operational controls, compliance with established procedures, guidelines and statutory requirements and submit reports to the committee. The total cost incurred for internal audit function of the group amounting to RM12,000 for 2008.

## STATEMENT ON INTERNAL CONTROL

The Board is pleased to present the Statement on Internal Control pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board of Directors of the Company acknowledged the importance of internal control to safeguard shareholders' investment and the Group's assets and affirms its overall responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity.

It must be noted, however, that such system are designed to identify and manage rather than eliminate the risk of failure to achieve the Group's objectives and inherently can only provide reasonable and not absolute assurance against material misstatement or loss.

Since the financial year ended 31st December 2004, the internal audit function was out sourced to a professional firm with the objectives of reviewing the adequacy and integrity of the system of internal control and assisting the Audit Committee to discharge its duties and responsibilities more effectively.

The key process that the Board of Directors have established in reviewing the adequacy and integrity of the system of internal control are as follows:-

- A clearly defined organizational structure
- Key responsibilities are properly segregated
- Financial results are reviewed quarterly by the Board and Audit Committee
- Effective reporting system to ensure timely generation of financial information for management review
- Ongoing reviews of the internal control system are carried out through internal audit function and the results of such reviews are reported directly to the Board and to the Audit Committee.

The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.



# financial statements

# financial statements

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## DIRECTORS' REPORT

The directors submit herewith their report and the audited financial statements of the Group and of the Company for the year ended 31st December, 2008.

### 1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of subsidiary companies are disclosed in Note 10 to the financial statements.

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

### 2. RESULTS

	GROUP RM	COMPANY RM
Loss for the year	(2,274,750)	(765,696)

### 3. DIVIDENDS

Since the end of the last financial year, no dividends have been declared or paid by the Company. The directors do not recommend the payment of any dividend in respect of the year ended 31st December, 2008.

### 4. RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year ended 31st December, 2008 other than those disclosed in the financial statements.

### 5. DIRECTORS OF THE COMPANY

The directors in office since the date of the last Directors' Report are:-

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Chairman)  
Dato' Seri Yong Tu Sang (Managing Director)  
Yong Emmy  
Choong Show Tong  
Yong Ellen (alternate to Yong Emmy)

## DIRECTORS' REPORT *(Contd)*

### 5. DIRECTORS OF THE COMPANY (CONTD)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the year covered by the income statement were as follows:-

In the Company	Number of shares of RM1.00 each			As at 31.12.2008
	As at 1.1.2008	Acquired	Sold	
<b>Direct:</b>				
Dato' Seri Yong Tu Sang	4,186,000	-	-	4,186,000
Yong Emmy	3,024,000	-	-	3,024,000
Yong Ellen	36,000	-	-	36,000
<b>Indirect:</b>				
Dato' Seri Yong Tu Sang *	9,747,500	-	-	9,747,500
Yong Ellen **	1,875,000	-	-	1,875,000

\* *Deemed interest by virtue of his substantial shareholdings in Sung Lee Timber Trading Sdn. Bhd. and BTM Timber Industries Sdn. Bhd. and shares held by his spouse and children.*

\*\* *Deemed interest by virtue of her substantial shareholdings in BTM Timber Industries Sdn. Bhd.*

By virtue of their interests in the shares in the Company as disclosed above, Dato' Seri Yong Tu Sang, Yong Emmy and Yong Ellen are deemed to have interest in the shares of all its subsidiary companies.

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

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 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.

No director of the Company has, since the end of the last financial year, received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or of a subsidiary company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business and as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



## DIRECTORS' REPORT *(Contd)*

### 6. OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Company and its subsidiary companies were made up, 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 allowances for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise, in the ordinary course of business, their values as stated in the accounting records of the Company and its subsidiary companies have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report:-
- (i) the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowances for doubtful debts, in the financial statements of the Company and of its subsidiary companies, inadequate to any substantial extent;
  - (ii) the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company and of its subsidiary companies misleading;
  - (iii) the directors are not aware of any circumstances which have arisen that would render adherence to the existing method of valuation of assets or liabilities of the Company and of its subsidiary companies misleading or inappropriate;
  - (iv) the directors are not aware of any circumstances that would render any amount stated in the respective financial statements misleading;
  - (v) there does not exist any charge on the assets of the Company or of its subsidiary companies that has arisen since 31st December, 2008 which secures the liabilities of any other person; and
  - (vi) there does not exist any contingent liability in respect of the Company or of its subsidiary companies that has arisen since 31st December, 2008.
- (c) No contingent liability or other liability of the Company or of its subsidiary companies has become enforceable, or is likely to become enforceable within the period of twelve months from 31st December, 2008 which, in the opinion of the directors, will or may affect the ability of the Company or of its subsidiary companies to meet their obligations as and when they fall due.
- (d) In the opinion of the directors:-
- (i) the results of the operations of the Company and of its subsidiary companies for the year ended 31st December, 2008 were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between 31st December, 2008 and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Company and of its subsidiary companies for the financial year in which this report is made, other than as disclosed in Note 32 to the financial statements.

## DIRECTORS' REPORT *(Contd)*

### 7. EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The Company's Employees' Share Option Scheme ("the ESOS") which was governed by the by-laws approved by the shareholders on 19th January, 2004 was set up for the purpose of granting and exercise of options to subscribe for up to 10% of the issued and paid-up ordinary share capital of the Company to eligible executive directors and employees of the Group. This ESOS was implemented on 1st April, 2004 and had expired on 31st March, 2009.

The salient features of the scheme are as follows:-

- (a) eligible employees are those employed by and is on the payroll of a company within the Group;
- (b) the options granted may be exercised in respect of such lesser number of new shares provided that the number shall be in multiples of and not less than 1,000 new shares;
- (c) the ESOS shall be in force for a duration of five years and may be renewed for another five years (Option Period);
- (d) the option is personal and is non-assignable;
- (e) the option price shall be at a discount of not more than 10% of the weighted average market price of the Company's ordinary shares as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher; and
- (f) the persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company within the Group.

All options to take up unissued ordinary shares at an exercise price of RM1.00 each had been fully exercised in the previous year. No option has been granted or exercised during the year ended 31st December, 2008.

### 8. EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 22nd April, 2009, Bursa Malaysia Securities Berhad ("Bursa Malaysia") had commenced de-listing procedures against the Company for failing to comply with the minimum issued and paid-up share capital of RM40 Million as required of a Company listed on the Second Board of Bursa Malaysia pursuant to paragraph 3.04(2) and 8.16A of the listing requirements of Bursa Malaysia.

Bursa Malaysia had served a notice of show cause to the Company to make representations to Bursa Malaysia within a period of 5 market days from 22nd April, 2009 as to why the Company's securities should not be de-listed from the Official List of Bursa Malaysia upon which a decision would be made by Bursa Malaysia.

The Company has submitted its reply to Bursa Malaysia on 28th April, 2009 and as of the date of this report the outcome of the decision by Bursa Malaysia on the listing status of the Company is pending.

## DIRECTORS' REPORT *(Contd)*

### 9. AUDITORS

Azman, Wong, Salleh & Co. have expressed their willingness to accept reappointment.

Signed in accordance with a resolution of the Board of Directors,

**DATO' SERI YONG TU SANG**

**YONG EMMY**

Petaling Jaya,  
Date: 28th April, 2009

**BALANCE SHEETS**

as at 31st December, 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	8	16,164,492	18,163,739	5,834,264	6,069,470
Prepaid lease payments	9	709,090	747,562	–	–
Subsidiary companies	10	–	–	314,885	785,152
Investments	11	40,000	40,000	40,000	40,000
<b>Total Non-Current Assets</b>		<b>16,913,582</b>	<b>18,951,301</b>	<b>6,189,149</b>	<b>6,894,622</b>
<b>Current Assets</b>					
Inventories	12	1,337,830	1,767,420	–	–
Trade receivables	13	3,595,025	4,102,333	–	–
Other receivables and deposits	13	514,964	851,243	24,867	65,295
Amount due from subsidiary companies	14	–	–	7,386,768	7,267,004
Fixed deposits with a licensed bank	15	176,840	181,022	–	–
Cash and bank balances		362,193	220,513	309	285
<b>Total Current Assets</b>		<b>5,986,852</b>	<b>7,122,531</b>	<b>7,411,944</b>	<b>7,332,584</b>
<b>TOTAL ASSETS</b>		<b>22,900,434</b>	<b>26,073,832</b>	<b>13,601,093</b>	<b>14,227,206</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity Attributable To Equity Holders Of The Company</b>					
Share capital	16	31,417,650	31,417,650	31,417,650	31,417,650
Share premium	17	8,133,294	8,133,294	8,133,294	8,133,294
Revaluation reserves	19	5,283,185	5,283,185	1,536,587	1,536,587
Accumulated losses		(36,600,515)	(34,325,765)	(28,416,240)	(27,650,544)
<b>TOTAL EQUITY</b>		<b>8,233,614</b>	<b>10,508,364</b>	<b>12,671,291</b>	<b>13,436,987</b>
<b>Non-Current Liabilities</b>					
Retirement benefits	20	1,108,980	1,000,574	227,202	198,522
Bank borrowings (secured)					
- Term loans	21	5,375,622	5,188,821	–	–
Deferred taxation	22	1,156,882	1,328,366	163,086	174,891
<b>Total Non-Current Liabilities</b>		<b>7,641,484</b>	<b>7,517,761</b>	<b>390,288</b>	<b>373,413</b>

## BALANCE SHEETS *(Contd)*

as at 31st December, 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Current Liabilities</b>					
Trade payables	23	849,330	1,837,868	-	-
Other payables and accruals		1,990,953	2,715,455	474,446	395,539
Bank borrowings (secured)	21				
- Term loans		256,480	20,741	-	-
- Bank overdraft		2,274,821	2,788,919	-	-
Amount due to directors		1,075,268	21,267	65,068	21,267
Taxation		578,484	663,457	-	-
<b>Total Current Liabilities</b>		7,025,336	8,047,707	539,514	416,806
<b>TOTAL LIABILITIES</b>		14,666,820	15,565,468	929,802	790,219
<b>TOTAL EQUITY AND LIABILITIES</b>		22,900,434	26,073,832	13,601,093	14,227,206

The notes on pages 35 to 66 form part of these financial statements.

**INCOME STATEMENTS**

for the year ended 31st December, 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>REVENUE</b>	24	11,475,923	10,277,566	939,000	650,320
<b>COST OF SALES</b>		(10,977,192)	(11,329,147)	–	–
<b>GROSS PROFIT/(LOSS)</b>		498,731	(1,051,581)	939,000	650,320
<b>OTHER INCOME</b>		1,345,743	388,893	115	–
<b>DISTRIBUTION EXPENSES</b>		(590,710)	(283,807)	–	–
<b>ADMINISTRATIVE EXPENSES</b>		(2,927,126)	(3,205,723)	(1,716,443)	(4,891,987)
<b>FINANCE EXPENSES</b>		(757,422)	(765,740)	(173)	(965)
<b>LOSS BEFORE TAXATION</b>	25	(2,430,784)	(4,917,958)	(777,501)	(4,242,632)
<b>TAXATION</b>	26	156,034	238,554	11,805	11,805
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		(2,274,750)	(4,679,404)	(765,696)	(4,230,827)
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>					
Basic	27	(7.2 sen)	(15.5 sen)		

The notes on pages 35 to 66 form part of these financial statements.

**STATEMENTS OF CHANGES IN EQUITY**

for the year ended 31st December, 2008

	Attributable to Equity Holders of The Company				Total RM
	Share Capital RM	Share Premium RM	Revaluation Reserves RM	Accumulated Losses RM	
<b>GROUP</b>					
As at 1st January, 2007	28,568,650	8,206,963	5,499,863	(29,970,661)	12,304,815
Revaluation surplus transferred to accumulated losses (Note 19)	-	-	(324,300)	324,300	-
Transfer of deferred tax liabilities to revaluation surplus	-	-	107,622	-	107,622
Share issue expenses	-	(73,669)	-	-	(73,669)
Loss for the year	-	-	-	(4,679,404)	(4,679,404)
Total recognised income and expenses during the year	-	(73,669)	(216,678)	(4,355,104)	(4,645,451)
Issue of shares under Employees' Share Option Scheme (Note 16)	35,000	-	-	-	35,000
Issue of shares under Private Placements (Note 16)	2,814,000	-	-	-	2,814,000
As at 31st December, 2007	31,417,650	8,133,294	5,283,185	(34,325,765)	10,508,364
Total recognised income and expenses during the year	-	-	-	(2,274,750)	(2,274,750)
Loss for the year	-	-	-	(2,274,750)	(2,274,750)
As at 31st December, 2008	31,417,650	8,133,294	5,283,185	(36,600,515)	8,233,614

## STATEMENTS OF CHANGES IN EQUITY *(Contd)*

for the year ended 31st December, 2008

	Attributable to Equity Holders of The Company				Total RM
	Share Capital RM	Share Premium RM	Revaluation Reserves RM	Accumulated Losses RM	
<b>COMPANY</b>					
As at 1st January, 2007	28,568,650	8,206,963	1,473,597	(23,419,717)	14,829,493
Transfer of deferred tax liabilities to revaluation surplus	-	-	62,990	-	62,990
Share issue expenses	-	(73,669)	-	-	(73,669)
Loss for the year	-	-	-	(4,230,827)	(4,230,827)
Total recognised income and expenses during the year	-	(73,669)	62,990	(4,230,827)	(4,241,506)
Issue of shares under Employees' Share Option Scheme (Note 16)	35,000	-	-	-	35,000
Issue of shares under Private Placements (Note 16)	2,814,000	-	-	-	2,814,000
As at 31st December, 2007	31,417,650	8,133,294	1,536,587	(27,650,544)	13,436,987
Total recognised income and expenses during the year					
Loss for the year	-	-	-	(765,696)	(765,696)
As at 31st December, 2008	31,417,650	8,133,294	1,536,587	(28,416,240)	12,671,291

The notes on pages 35 to 66 form part of these financial statements.



**CASH FLOW STATEMENTS**

for the year ended 31st December, 2008

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Loss before taxation</b>	(2,430,784)	(4,917,958)	(777,501)	(4,242,632)
Adjustments for:-				
Amortisation of prepaid lease payments	38,472	220,276	-	-
Depreciation on property, plant and equipment	1,666,784	1,833,021	237,506	245,527
Allowance for doubtful debts	-	107,600	-	3,583,722
Bad debts written off	-	2,283	-	-
Defined benefit obligations	118,406	46,176	28,680	27,442
Gain on disposal of property, plant and equipment	(364,864)	(323,708)	(115)	-
Gain on disposal of quoted investments	-	(5,545)	-	-
Impairment of property, plant and equipment	91,602	-	-	-
Property, plant and equipment written off	1	166,230	-	-
Impairment in value of investment in subsidiary companies	-	-	470,267	-
Write down in value of inventories	112,300	137,204	-	-
Interest expense	748,311	613,068	-	-
Interest on fixed deposits	(6,325)	(7,124)	-	-
Waiver of amount due to a director	(896,700)	-	-	-
<b>Operating loss before working capital changes</b>	(922,797)	(2,128,477)	(41,163)	(385,941)
Decrease/(Increase) in inventories	317,290	(226,979)	-	-
Decrease/(Increase) in trade receivables	507,308	(298,238)	-	-
Decrease in other receivables and deposits	294,049	55,467	40,428	26,282
Increase in amount due from subsidiary companies	-	-	(119,764)	(2,040,982)
(Decrease)/Increase in trade payables	(988,538)	377,856	-	-
(Decrease)/Increase in other payables and accruals	(724,502)	221,711	78,907	(226,868)
Increase/(Decrease) in amount due to directors	1,950,701	(151,383)	43,801	(151,383)
<b>Cash generated from/(used in) operations</b>	433,511	(2,150,043)	2,209	(2,778,892)
Interest paid	(243,540)	-	-	-
Tax paid	(100,424)	-	-	-
Retirements benefits paid	(10,000)	(61,871)	-	-
<b>Net cash (used in)/generated from operating activities</b>	79,547	(2,211,914)	2,209	(2,778,892)

## CASH FLOW STATEMENTS *(Contd)*

for the year ended 31st December, 2008

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(141,193)	(22,242)	(2,300)	(2,094)
Proceeds from disposal of property, plant and equipment	746,917	342,502	115	-
Proceeds from disposal of quoted investments	-	26,741	-	-
Interest received	6,325	7,124	-	-
<b>Net cash generated from/(used in) investing activities</b>	<b>612,049</b>	<b>354,125</b>	<b>(2,185)</b>	<b>(2,094)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of shares (net of expenses)	-	2,775,331	-	2,775,331
Term loan raised	-	554,154	-	-
Increase in short-term deposits pledged as security	(5,918)	(5,987)	-	-
Repayment of term loan	(19,228)	(30,000)	-	-
Repayment of hire purchase	-	(11,260)	-	-
Repayment of supplier credit facilities	-	(169,077)	-	-
Interest paid	(20,772)	(291,526)	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(45,918)</b>	<b>2,821,635</b>	<b>-</b>	<b>2,775,331</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>645,678</b>	<b>963,846</b>	<b>24</b>	<b>(5,655)</b>
<b>CASH AND CASH EQUIVALENTS AT 1ST JANUARY</b>	<b>(2,546,899)</b>	<b>(3,510,745)</b>	<b>285</b>	<b>5,940</b>
<b>CASH AND CASH EQUIVALENTS AT 31ST DECEMBER</b>	<b>(1,901,221)</b>	<b>(2,546,899)</b>	<b>309</b>	<b>285</b>

## CASH FLOW STATEMENTS *(Contd)*

for the year ended 31st December, 2008

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>CASH AND CASH EQUIVALENTS</b>				
<b>COMPRISE:-</b>				
Fixed deposits with a licensed bank	176,840	181,022	-	-
Cash and bank balances	362,193	220,513	309	285
Bank overdrafts (Note 21)	(2,274,821)	(2,788,919)	-	-
	(1,735,788)	(2,387,384)	309	285
Less: Deposits pledged as securities	(165,433)	(159,515)	-	-
	(1,901,221)	(2,546,899)	309	285

The notes on pages 35 to 66 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

- 31st December, 2008

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of subsidiary companies are disclosed in Note 10 to the financial statements.

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

## 2. GENERAL INFORMATION

The financial statements of the Group and the Company were authorised for issue on 28th April, 2009 by the Board of Directors.

The Company is a public limited liability company incorporated and domiciled in Malaysia.

The Company is listed on the Second Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is No. 22-2, Jalan Tun Sambanthan 3, Brickfields, 50470 Kuala Lumpur.

The administrative and correspondence address of the Company is located at No.101, 3rd Floor, Wisma Kam Choon, Jalan Kampung Tiong, 20100 Kuala Terengganu, Terengganu Darul Iman.

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to certain financial risks, including foreign currency exchange risk, interest rate risk, credit 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.

### (a) Foreign Currency Exchange 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. A large portion of the Group's foreign currency transactions are denominated in United States Dollars. The Group reviews its foreign currency exposure periodically to ensure that its net exposure is managed at an acceptable level. The Group does not speculate in foreign currency derivatives.

### (b) Interest Rate Risk

The Group's income and operating cash flows are substantially dependent on changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of floating rate debt.

### (c) Credit Risk

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's main exposure to credit risk is in respect of its trade receivables.

## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD)

#### (d) Liquidity and Cash Flow Risks

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.

#### (e) Financial Assets

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables. In respect of the Company, financial assets include amount owing by subsidiary companies.

#### (f) Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements.

Significant financial liabilities include trade and other payables and bank borrowings.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Basis of preparation

The financial statements of the Company is prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The financial statements comply with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with the Financial Reporting Standard in Malaysia requires management to exercise their judgement in the process of applying the Company'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 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 judgement and estimates are based on the management's best knowledge of current events and actions, actual results may differ. The areas involving a high degree of judgement or complexity or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 5 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTD)****4.1 Basis of preparation (Contd)**

The new accounting standards, amendments to published standards and IC Interpretations to existing standards effective for the Company's financial year beginning on or after 1st January, 2008 are as follows:-

<b>Standards/Interpretations</b>	<b>Effective date</b>	
FRS 107	Cash Flow Statements	1st July, 2007
FRS 111	Construction Contracts	1st July, 2007
FRS 112	Income Taxes	1st July, 2007
FRS 118	Revenue	1st July, 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1st July, 2007
FRS 121	The Effects of Changes in Foreign Exchange Rates	1st July, 2007
FRS 134	Interim Financial Reporting	1st July, 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1st July, 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1st July, 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1st July, 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1st July, 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1st July, 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> - Financial Reporting in Hyperinflationary Economies	1st July, 2007
IC Interpretation 8	Scope of FRS 2 - Share Based Payment	1st July, 2007

FRS 111, 120 and the IC Interpretations above are not relevant to the Company's operations. The adoption of FRS 107, 112, 118, 121, 134 and 137 have been made in accordance with their respective transitional provisions, if any, and did not result in any substantial financial impact on the results of the Company.

As of the date of issuing the financial statements, the following new/revised FRSs and IC Interpretations have been issued but are not yet effective:

FRS 4	Insurance Contracts **
FRS 7	Financial Instruments : Disclosures **
FRS 8	Operating Segments*
FRS 139	Financial Instruments : Recognition and Measurement**
IC Interpretation 9	Reassessment of Embedded Derivatives **
IC Interpretation 10	Interim Financial Reporting and Impairment **

\* Effective for accounting periods beginning on or after 1st July, 2009

\*\* Effective for accounting periods beginning on or after 1st January, 2010

## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### 4.1 Basis of preparation (Contd)

The Company has not early adopted these new/revised standards and IC Interpretations. Other than the application of FRS 7 and FRS 139, there is no material impact arising from the initial application of these new/revised standards and IC Interpretations.

FRS 7 requires disclosures of information relating to the significance of financial instruments on an entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and as at the reporting date and how the entity manages those risks. The impact of applying FRS 7 on these financial statements upon first adoption is not disclosed by virtue of the exemption provided under paragraph 44AB of FRS 7.

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Hedge accounting is permitted only under strict circumstances. The impact of applying FRS 139 on these financial statements upon first adoption of this standards is not disclosed by virtue of the exemption provided under paragraph 103AB of FRS 139.

#### 4.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to 31st December, 2008.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the purchase method of accounting except for those subsidiary companies acquired prior to 1st January, 2006 by way of issue of shares in a manner that satisfy the requirements relating to a merger, which are consolidated using the merger method of accounting (Note 7).

Under the purchase method, the cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Goodwill is recognised as an asset and is measured at cost less accumulated impairment loss. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Under the merger method, the difference between the cost of acquisition over the nominal value of the shares of the subsidiary company is adjusted against the Group's retained profits.

All significant intercompany transactions and balances have been eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### 4.3 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. Freehold land and factory buildings are subsequently stated at revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by an independent qualified valuer. All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluations of freehold land and factory buildings are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to revaluation reserves included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A revaluation decrease is first offset against the increase in the earlier valuation in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold land is not amortised. Depreciation on other property, plant and equipment is calculated on a straight line basis at rates which are determined to write down the cost or valuation of the assets to their residual value over their estimated useful lives. The principal annual rates of depreciation used are as follows:-

Buildings	4% to 5%
Plant and machinery	10% to 20%
Office equipment, furniture and fittings	5% to 33 1/3%
Motor vehicles	20%

The residual values and useful lives of assets are reviewed at each financial year end and appropriately adjusted 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 assets.

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.

#### 4.4 Impairment of Assets

The carrying values of assets (other than inventories and financial assets) are reviewed for impairment when there is an indication that the values of the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amount. Recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not practicable, for the relevant cash generating units.

An impairment loss is charged to the income statement in the period in which it arises unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is recognised directly against the revaluation surplus account for that asset to the extent that the impairment losses does not exceed the amount held in the revaluation surplus account. Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement unless that asset is carried at revalued amount in which case, such reversal is treated as a revaluation increase.



## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### 4.5 Investments

*(i) Investment in Subsidiary Companies*

Investment in subsidiary companies is stated at cost less impairment losses.

*(ii) Other Non-Current Investments*

Other investments held for long term are stated at cost adjusted for any permanent diminution in value.

#### 4.6 Inventories

Inventories are valued at the lower of cost and net realisable value with cost determined on a weighted average cost basis. In arriving at net realisable value, due allowance has been made for all obsolete and slow moving items. Cost include the actual cost of logs and other raw materials, direct labour and appropriate manufacturing overheads.

#### 4.7 Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off as and when ascertained and allowance is made for any debts considered to be doubtful of collection.

#### 4.8 Trade and Other Payables

Trade and other payables are stated at cost.

#### 4.9 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.

#### 4.10 Operating Lease

Operating lease payments are recognised as expenses in the income statement on a straight line basis over the period of the relevant lease.

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### 4.11 Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rate that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unutilised tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed tax losses and unutilised tax credits can be utilised.

Deferred tax is measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

#### 4.12 Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates approximating those ruling at the dates of the transactions. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains and losses are taken to the income statement.

#### 4.13 Employee Benefits

##### *(i) Short-Term Benefits*

Wages, salaries and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulated compensated absences such as sick leave are recognised when the absences occur.

##### *(ii) Defined Contributions Plan*

As required by law, the Group makes contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### 4.13 Employee Benefits (Contd)

##### *(iii) Defined Benefits Plan*

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 is the net total of the present value of the defined obligation at the balance sheet date together with adjustments for unrecognised actuarial gains or losses and unrecognised past service cost. The present value of the defined benefit obligations is determined on a triennial basis by actuarial valuations using the Projected Unit Credit Method, whereby the amount of benefit that employees have earned in return for their services in the current and prior periods are estimated.

Actuarial gains or losses arise from experience adjustments or changes in actuarial assumptions. When the net cumulative unrecognised actuarial gains or losses exceed 10% of the present value of the defined benefit obligation, such excess amount of gains or losses are recognised as income or expense over a period of three years.

Past service cost is recognised on a straight line basis over the average period until the benefits become vested or to the extent that the benefits are already vested following the introduction of, or changes to, the defined benefit plan, the past service cost is recognised immediately.

##### *(iv) Termination Benefits*

Termination benefits are recognised as a liability and an expense when the Group is committed to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal. Termination benefits falling over more than twelve months after the balance sheet date are discounted to present value.

##### *(v) Share-based Payment*

Where the Group pays for services of its employees using share options, the fair value of the transaction is recognised as an expense in the income statement over the vesting periods of the grants, with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share option at the date of the grant and the number of share options that are expected to be vested by the vesting date. At balance sheet date, the Group revises its estimate of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, Share-based Payment, this FRS will apply to share options which were granted after 31st December, 2004 and which had not yet vested on 1st January, 2006. The adoption of this FRS has not resulted in any financial impact to the Group as there are no new share options granted by the Group after 31st December, 2004 which remain unvested on 1st January, 2006.

## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### 4.14 Revenue Recognition

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

#### 4.15 Borrowing Costs

Borrowing costs are recognised as an expense in the income statement as and when incurred.

#### 4.16 Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements of the Group and of the Company 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.

There are no areas of estimation uncertainties and critical judgements in applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements of the Group other than as described below:-

#### Factory Building

As disclosed in Note 8 (iv), the factory building of a subsidiary company which has a net carrying amount of RM160,101 (2007: RM169,101) as at 31st December, 2008 is located on a parcel of leasehold land which lease term had expired in year 2007. The relevant authorities have yet to give their approval on the subsidiary company's application for an extension of the lease term of the land. However, the Directors of the subsidiary company expect that such approval will be given eventually and therefore, no impairment loss has been recognised in respect of the carrying amount of the factory building.

#### Deferred Tax Assets

No deferred tax asset has been recognised in respect of unabsorbed tax losses and other deductible temporary differences as the probability that taxable profits will be available against which the losses and deductible temporary differences can be utilised is uncertain. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised unabsorbed tax losses and other deductible temporary differences disclosed under Note 22 and the unrecognised deferred tax assets as at the balance sheet date in connection thereto amounted to approximately RM8,783,700 (2007: RM7,678,000).

#### Impairment of Assets

The Group assess impairment of property, plant and equipment when events or changes in circumstances indicate that the carrying amounts of these 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 the value in use of the relevant assets.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**6. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Company and its subsidiary companies are measured using the currency of the primary economic environment in which the Company and its subsidiary companies operate (the "Functional Currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

**7. MERGER ACCOUNTING**

The acquisitions of Besut Tsuda Industries Sendirian Berhad and Syarikat Maskayu Sawmill Sdn. Bhd. are accounted for using the merger method of accounting.

The details of the acquisitions are as follows:-

	Equity Acquired		Consideration	
	No. of Shares	%	No. of Shares	Fair Value RM
Besut Tsuda Industries Sendirian Berhad	4,000,000	100.00	13,851,912	15,494,232
Syarikat Maskayu Sawmill Sdn. Bhd.	1,836,840	99.99	3,021,088	3,379,326
			16,873,000	18,873,558

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**8. PROPERTY, PLANT AND EQUIPMENT**

	Freehold Land RM	Freehold Building RM	Building on Leasehold Land RM	Plant and Machinery RM	Office Equipment, Furniture and Fixtures RM	Motor Vehicles RM	Capital Work In Progress RM	Total RM
<b>GROUP - 2008</b>								
Cost/Valuation:								
Balance at 1st January:								
- Cost	-	-	-	17,575,374	2,494,187	5,089,014	8,105,721	33,264,296
- Valuation	4,070,000	9,090,000	337,939	-	-	-	-	13,497,939
	4,070,000	9,090,000	337,939	17,575,374	2,494,187	5,089,014	8,105,721	6,762,235
Additions	-	-	-	-	16,422	3,000	121,771	141,193
Disposals/write-offs	-	-	-	(438,731)	(15,250)	(1,505,555)	-	(1,959,536)
Represented by:-								
At cost	-	-	-	17,136,643	2,495,359	3,586,459	8,227,492	31,445,953
At valuation	4,070,000	9,090,000	337,939	-	-	-	-	13,497,939
	4,070,000	9,090,000	337,939	17,136,643	2,495,359	3,586,459	8,227,492	44,943,892
Accumulated Depreciation:								
Balance at 1st January	-	1,350,315	168,837	16,621,277	1,810,105	4,595,102	-	24,545,636
Charge for the year	-	1,038,572	9,000	261,944	152,784	204,484	-	1,666,784
Eliminated on disposal/write-off	-	-	-	(292,733)	(15,250)	(1,269,499)	-	(1,577,482)
	-	2,388,887	177,837	16,590,488	1,947,639	3,530,087	-	24,634,938
Balance at 31st December	-	2,388,887	177,837	16,590,488	1,947,639	3,530,087	-	24,634,938
Accumulated Impairment Loss:								
Balance at 1st January	-	-	-	-	-	-	4,052,860	4,052,860
Impairment for the year	-	-	-	30,717	-	-	60,885	91,602
	-	-	-	30,717	-	-	60,885	91,602
Balance as at 31st December	-	-	-	30,717	-	-	4,113,745	4,144,462
Net Book Value:								
At cost	-	-	-	515,438	547,720	56,372	4,113,747	5,233,277
At valuation	4,070,000	6,701,113	160,102	-	-	-	-	10,931,215
	4,070,000	6,701,113	160,102	515,438	547,720	56,372	4,113,747	16,164,492

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**8. PROPERTY, PLANT AND EQUIPMENT (CONTD)**

	Freehold Land RM	Freehold Building RM	Building on Leasehold Land RM	Plant and Machinery RM	Office Equipment, Furniture and Fixtures RM	Motor Vehicles RM	Capital Work In Progress RM	Total RM
<b>GROUP - 2007</b>								
Cost/Valuation:								
Balance at 1st January:								
- Cost	-	-	-	18,079,129	3,041,174	5,403,280	8,105,721	34,629,304
- Valuation	4,070,000	9,090,000	477,939	-	-	-	-	13,637,939
Additions	4,070,000	9,090,000	477,939	18,079,129	3,041,174	5,403,280	8,105,721	48,267,243
Disposals/write-offs Represented by:-	-	-	(140,000)	3,100	19,142	-	-	22,242
	-	-	(506,855)	(506,855)	(566,129)	(314,266)	-	(1,527,250)
At cost	-	-	-	17,575,374	2,494,187	5,099,014	8,105,721	33,264,296
At valuation	4,070,000	9,090,000	337,939	-	-	-	-	13,497,939
Balance at 31st December	4,070,000	9,090,000	337,939	17,575,374	2,494,187	5,099,014	8,105,721	46,762,235
Accumulated Depreciation:								
Balance at 1st January	-	311,744	159,837	16,833,259	2,187,787	4,562,214	-	24,054,841
Charge for the year	-	1,038,571	9,000	280,786	163,090	341,574	-	1,833,021
Eliminated on disposal/write-off	-	-	-	(492,768)	(540,772)	(308,686)	-	(1,342,226)
Balance at 31st December	-	1,350,315	168,837	16,621,277	1,810,105	4,595,102	-	24,545,636
Accumulated Impairment Loss:								
Balance at 1st January/31st December	-	-	-	-	-	-	4,052,860	4,052,860
Net Book Value:								
At cost	-	-	-	954,097	684,082	493,912	4,052,861	6,184,952
At valuation	4,070,000	7,739,685	169,102	-	-	-	-	11,978,787
Balance at 31st December	4,070,000	7,739,685	169,102	954,097	684,082	493,912	4,052,861	18,163,739

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

- 31st December, 2008

### 8. PROPERTY, PLANT AND EQUIPMENT (CONTD)

	Freehold Land RM	Freehold Building RM	Office Equipment, Furniture and Fittings RM	Total RM
<b>COMPANY - 2008</b>				
Balance at 1st January:				
- Cost	-	-	1,240,741	1,240,741
- Valuation	3,100,000	2,800,000	-	5,900,000
	3,100,000	2,800,000	1,240,741	7,140,741
Additions	-	-	2,300	2,300
Disposals	-	-	(15,250)	(15,250)
Represented by:-				
At cost	-	-	1,227,791	1,227,791
At valuation	3,100,000	2,800,000	-	5,900,000
Balance at 31st December	3,100,000	2,800,000	1,227,791	7,127,791
Accumulated Depreciation:				
Balance at 1st January	-	158,278	912,993	1,071,271
Charge for the year	-	140,000	97,506	237,506
Eliminated on disposals	-	-	(15,250)	(15,250)
Balance at 31st December	-	298,278	995,249	1,293,527
Net Book Value				
Represented by:-				
At cost	-	-	232,542	232,542
At valuation	3,100,000	2,501,722	-	5,601,722
Balance as at 31st December	3,100,000	2,501,722	232,542	5,834,264



**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**8. PROPERTY, PLANT AND EQUIPMENT (CONTD)**

	Freehold Land RM	Freehold Building RM	Office Equipment, Furniture and Fittings RM	Total RM
<b>COMPANY - 2007</b>				
Balance at 1st January:				
- Cost	-	-	1,238,647	1,238,647
- Valuation	3,100,000	2,800,000	-	5,900,000
	3,100,000	2,800,000	1,238,647	7,138,647
Additions	-	-	2,094	2,094
Represented by:-				
At cost	-	-	1,240,741	1,240,741
At valuation	3,100,000	2,800,000	-	5,900,000
Balance at 31st December	3,100,000	2,800,000	1,240,741	7,140,741
Accumulated Depreciation:				
Balance at 1st January	-	18,278	807,466	825,744
Charge for the year	-	140,000	105,527	245,527
Balance at 31st December	-	158,278	912,993	1,071,271
Net Book Value				
Represented by:-				
At cost	-	-	327,748	327,748
At valuation	3,100,000	2,641,722	-	5,741,722
Balance as at 31st December	3,100,000	2,641,722	327,748	6,069,470

- (i) The property, plant and equipment of certain subsidiary companies with a net carrying amount of RM10,082,160 as at 31st December, 2008 (2007: RM 11,226,879) are subject to fixed and floating charges to secure banking facilities amounting to RM17,675,000 for the subsidiary companies.
- (ii) The freehold land and the buildings of the Group and of the Company were revalued in 2006 by an independent professional valuer. Fair value is determined by reference to the current market values on the existing use basis.

Had the freehold land and buildings of the Group been carried under the cost model, the carrying amount as at 31st December, 2008, would have been RM2,920,000 (2007: RM2,920,000) and RM3,188,232 (2007: RM3,804,526) respectively.

Had the land and building of the Company been carried under the cost model, the carrying amount as at 31st December, 2008, would have been RM2,120,000 (2007: RM2,120,000) and RM1,818,717 (2007: RM1,937,717) respectively.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**8. PROPERTY, PLANT AND EQUIPMENT (CONTD)**

- (iii) The titles to certain parcels of freehold land of the Company and a subsidiary company with a total net carrying amount as at 31st December, 2008 of RM4,070,000 (2007: RM4,070,000) have yet to be registered in the name of the Company and the subsidiary company respectively as at balance sheet date.
- (iv) The factory building of a subsidiary company which has a net carrying amount as at 31st December, 2008 of RM160,101 (2007: RM169,101) is located on a parcel of leasehold land which lease term had expired in the previous year (Note 9 (i)). The subsidiary company has made an application to the relevant authorities for an extension of the lease term. As at balance sheet date, the subsidiary company has yet to receive the approval for such extension.

**9. PREPAID LEASE PAYMENTS**

	<b>GROUP</b> <b>Short term</b> <b>leasehold land</b>	
	2008 RM	2007 RM
<b>Valuation</b>		
Balance as at 1st January	795,000	990,000
Eliminated upon expiry of leasehold	-	(195,000)
<b>Balance as at 31st December</b>	<b>795,000</b>	<b>795,000</b>
<b>Accumulated amortisation</b>		
Balance as at 1st January	47,438	22,162
Eliminated upon expiry of leasehold	-	(195,000)
Amortisation for the year	38,472	220,276
<b>Balance as at 31st December</b>	<b>85,910</b>	<b>47,438</b>
<b>Net carrying amount as at 31st December</b>	<b>709,090</b>	<b>747,562</b>

- (i) In the previous year, the gross carrying amount of a parcel of leasehold land of a subsidiary company amounting to RM195,000 had been written off against the accumulated amortisation due to expiry of its lease term. The subsidiary company has made an application to the relevant authorities for an extension of the lease term. As at the balance sheet date, approval from the authorities for such extension has yet to be received.
- (ii) The leasehold land are amortised on a straight line basis over the period of their respective lease term ranging from 10 to 30 years. These leasehold land have been pledged as security for banking facilities granted to the Company.
- (iii) All leasehold land were revalued in 2006 by an independent professional valuer. Fair value was determined by reference to the then current market value on an existing use basis.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**10. SUBSIDIARY COMPANIES**

	COMPANY	
	2008 RM	2007 RM
Unquoted shares, at cost	18,873,558	18,873,558
<b>Accumulated impairment losses:</b>		
Balance at 1st January	18,088,406	18,088,406
Impairment for the year	470,267	-
Balance at 31st December	18,558,673	18,088,406
	314,885	785,152

Details of the subsidiary companies, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Equity Interest (%)		Principal Activities
	2008	2007	
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 Properties Sdn. Bhd.	100.00	100.00	Dormant
* BTM Construction Sdn. Bhd.	100.00	100.00	Dormant
* BTM Development Sdn. Bhd.	100.00	100.00	Dormant
* BTM Global Holdings Sdn. Bhd.	100.00	100.00	Letting of plant and machinery.

\* Companies not audited by Azman, Wong, Salleh & Co.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**11. INVESTMENTS**

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares, at cost	40,000	40,000	40,000	40,000

**12. INVENTORIES**

	GROUP	
	2008 RM	2007 RM
At cost:-		
Logs and sawn timber	427,269	543,534
Manufactured products	459,780	633,991
Consumable stores	315,259	355,343
Others	8,583	9,962
	1,210,891	1,542,830
At net realisable value:-		
Logs and sawn timber	126,939	224,590
	1,337,830	1,767,420

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

**13. RECEIVABLES**

	GROUP	
	2008 RM	2007 RM
(a) Trade Receivables		
Trade receivables as at 31st December	3,701,025	4,208,333
Allowance for doubtful debts	(106,000)	(106,000)
	3,595,025	4,102,333

The currency exposure profile of trade receivables is analysed as follows:-

	GROUP	
	2008 RM	2007 RM
- Ringgit Malaysia	3,326,536	4,061,181
- United States Dollar	268,489	41,152
	3,595,025	4,102,333

The normal credit period for trade receivables is 30 days (2007: 30 days).

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**13. RECEIVABLES (CONTD)**

(b) Other Receivables and Deposits

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables and deposits as at 31st December	622,564	958,843	132,467	172,895
Allowance for doubtful debts	(107,600)	(107,600)	(107,600)	(107,600)
	514,964	851,243	24,867	65,295

**14. AMOUNT DUE FROM SUBSIDIARY COMPANIES**

The amount due from subsidiary companies is interest-free, unsecured and have no fixed terms of repayment. The amount is stated net of allowance for doubtful debts of RM8,329,825 (2007: RM8,329,825).

**15. FIXED DEPOSITS WITH A LICENSED BANK**

Fixed deposits with a face value of RM165,433 (2007: RM159,515) in the name of a subsidiary company were pledged to a licensed bank to secure a bank guarantee facility. The weighted average interest rate and average maturity period of deposits that were effective during the year were 3.7% (2007: 3.7%) and 12 months (2007: 12 months) respectively.

**16. SHARE CAPITAL**

	GROUP/COMPANY	
	2008 RM	2007 RM
Ordinary shares of RM1 each:-		
Authorised	100,000,000	100,000,000
Issued and fully paid:		
Balance as at 1st January	31,417,650	28,568,650
Issue of shares under Employees' Share Option Scheme	-	35,000
Issue of shares under private placements	-	2,814,000
Balance as at 31st December	31,417,650	31,417,650

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**16. SHARE CAPITAL (CONTD)**

In the previous year, the issued and fully paid-up share capital of the Company was increased by RM2,849,000 as a result of the following:-

- (i) issue of 35,000 new ordinary shares of RM1.00 each under the Company's Employees' Share Option Scheme ("ESOS") at an issue price of RM1.00 per ordinary share;
- (ii) issue of 590,940 new ordinary shares of RM1.00 each under the first tranche of a Private Placement exercise at an issue price of RM1.00 **per ordinary share**; and
- (iii) issue of 2,223,060 new ordinary shares of RM1.00 each under the second and final tranche of the said Private Placement exercise at an issue price of RM1.00 per ordinary share.

**17. SHARE PREMIUM**

	GROUP/COMPANY	
	2008	2007
	RM	RM
Balance as at 1st January	8,133,294	8,206,963
Share issue expenses	-	(73,669)
Balance as at 31st December	8,133,294	8,133,294

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.

**18. EMPLOYEES' SHARE OPTION SCHEME (ESOS)**

The Company's Employees' Share Option Scheme ("the ESOS") which was governed by the by-laws approved by the shareholders on 19th January, 2004 was set up for the purpose of granting and exercise of options to subscribe for up to 10% of the issued and paid-up ordinary share capital of the Company to eligible executive directors and employees of the Group. This ESOS was implemented on 1st April, 2004 and had expired on 31st March, 2009.

The salient features of the scheme are as follows:-

- (a) eligible employees are those employed by and is on the payroll of a company within the Group;
- (b) the options granted may be exercised in respect of such lesser number of new shares provided that the number shall be in multiples of and not less than 1,000 new shares;
- (c) the ESOS shall be in force for a duration of five years and may be renewed for another five years (Option Period);
- (d) the option is personal and is non-assignable;
- (e) the option price shall be at a discount of not more than 10% of the weighted average market price of the Company's ordinary shares as shown in the Daily Official List issued by the Bursa Malaysia for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher; and
- (f) the persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company within the Group.

All options to take up unissued ordinary shares at an exercise price of RM1.00 each had been fully exercised in the previous year. No option has been granted or exercised during the year ended 31st December, 2008.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**19. REVALUATION RESERVES**

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1st January	5,283,185	5,499,863	1,536,587	1,473,597
Transfer to accumulated losses:				
- due to expiry of leasehold/disposal of revalued assets	-	(324,300)	-	-
Transferred from deferred taxation (Note 22)	-	107,622	-	62,990
At 31st December	5,283,185	5,283,185	1,536,587	1,536,587

**20. RETIREMENT BENEFITS**

Present value of unfunded defined benefit obligations	1,085,633	977,227	218,979	190,299
Unrecognised actuarial gain	23,347	23,347	8,223	8,223
	1,108,980	1,000,574	227,202	198,522

- (a) Provision for employees' retirement benefits is determined by an independent actuarial valuation using the Projected Unit Credit Method and is made to cover estimated obligations for payment of retirement benefits to employees. The valuation was performed in May 2008. 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 provision for employees' retirements benefits during the year are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
As at 1st January	1,000,574	1,016,269	198,522	171,080
Recognised in income statement	118,406	46,176	28,680	27,442
Benefits paid	(10,000)	(61,871)	-	-
As at 31st December	1,108,980	1,000,574	227,202	198,522

- (b) The amount recognised as an expense in the income statement of the Group and of the Company can be analysed as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current service cost	66,830	71,732	18,260	18,033
Interest on obligations	51,576	54,193	10,420	9,409
Curtailment gain	-	(79,749)	-	-
	118,406	46,176	28,680	27,442

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**20. RETIREMENT BENEFITS (CONTD)**

- (c) The amount charged to the income statement has been included under administrative expenses.
- (d) The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

	GROUP/COMPANY	
	2008	2007
	%	%
Discount rate	5.5	5.5
Rate of compensation increase	4.5	4.5

**21. BANK BORROWINGS (SECURED)**

	GROUP	
	2008	2007
	RM	RM
Term loans:-		
Term loan 1	1,737,479	1,614,039
Term loan 2	3,894,623	3,595,523
	5,632,102	5,209,562
Bank overdrafts	2,274,821	2,788,919
	7,906,923	7,998,481
Due in the next 12 months:-		
Term loans	256,480	20,741
Bank overdraft	2,274,821	2,788,919
	2,531,301	2,809,660
Due later than one year and not later than five years		
Term loans	5,375,622	5,188,821
	7,906,923	7,998,481

- (i) Term Loan 1 and 2 are repayable by ninety six (96) monthly instalments commencing from November 2007.
- (ii) The Group's term loans are secured by:-
- Two debentures creating First and Second Fixed and Floating charges on all present and future assets of the subsidiary companies for RM12,675,000;
  - Negative pledge on property, plant and equipment of the subsidiary company;
  - Unconditional and irrevocable corporate guarantee from the Company;
  - Unconditional and irrevocable guarantee from certain directors and past directors of the subsidiary company; and
  - A Sinking Fund Account in which an amount equivalent to five per cent is to be collected from each export proceeds received.



**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**21. BANK BORROWINGS (SECURED) (CONTD)**

(iii) The overdraft facility of a subsidiary company is secured by way of:-

- (a) A first legal charge over a subsidiary 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.

(iv) Indicative interest rates on the Group's borrowings are as follows:-

	2008	2007
Term loan 1	9.75% per annum	9.75% per annum
Term loan 2	9.75% per annum	9.75% per annum
Bank overdrafts	9.00% to 10.00% per annum	9.25% to 10.25% per annum

**22. DEFERRED TAXATION**

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax liabilities arising from revaluation surplus:				
Balance as at 1st January	1,328,366	1,690,054	174,891	249,686
Recognised in income statement (Note 26)	(171,484)	(254,066)	(11,805)	(11,805)
Transferred to revaluation reserve (Note 19)	-	(107,622)	-	(62,990)
Balance as at 31st December	1,156,882	1,328,366	163,086	174,891

The amount of deductible temporary differences, and unabsorbed tax losses, for which no deferred tax assets have been recognised in the balance sheets are as follows:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Deductible temporary differences	7,154,000	8,535,000	312,500	73,000
Unabsorbed tax losses	27,980,800	25,267,000	844,000	372,000
Unutilised reinvestment allowance	3,393,000	3,393,000	-	-

**23. TRADE PAYABLES**

The normal credit period for trade payables is 30 days (2007: 30 days).

**24. 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.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**25. LOSS BEFORE TAXATION**

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
This is stated after charging/(crediting):-				
Directors' fees	90,000	90,000	90,000	90,000
Executive directors' salaries, bonuses and other emoluments				
- company's directors	470,684	443,277	276,240	272,320
Audit fees:-				
- statutory audit	52,700	44,550	15,000	10,000
- underprovision	9,000	-	5,000	-
- others	-	30,000	-	30,000
Allowance for doubtful debts				
- amount due from subsidiary companies	-	-	-	3,476,122
- trade and other receivables	-	107,600	-	107,600
Amortisation of prepaid lease payments	38,472	220,276	-	-
Bad debts written off	-	2,283	-	-
Depreciation on property, plant and equipment	1,666,784	1,833,021	237,506	245,527
Property, plant and equipment written off	1	166,230	-	-
Impairment in value of:-				
- property, plant and equipment	91,602	-	-	-
- investment in subsidiary companies	-	-	470,267	-
Interest expense:-				
- hire purchase	-	154	-	-
- bank overdraft	241,903	280,928	-	-
- term loan	504,771	71,451	-	-
- revolving loan	-	250,091	-	-
- others	1,637	10,444	-	-
Rental of land and buildings				
- belonging to directors	48,960	53,088	48,960	53,088
Defined benefit obligations	118,406	46,176	28,680	27,442
Rental of machinery	-	(5,440)	-	-
Rental income	(171,000)	(170,320)	171,000	(171,000)
Interest on fixed deposits	(6,325)	(7,124)	-	-
Gain on disposal of property, plant and equipment	(364,864)	(323,708)	(115)	-
Gain on disposal of quoted investment	-	(5,545)	-	-
Management fees - subsidiary companies	-	-	(768,000)	(480,000)
Write down in value of inventories	112,300	137,204	-	-
Waiver of amount due to a director	(896,700)	-	-	-
Employee benefits expense	2,288,641	2,041,349	594,860	549,485

Included in employee benefits expense are contributions made to the Employees Provident Fund of director and employees of the Group and of the Company amounting to RM188,719 and RM86,015 respectively (2007: RM155,941 and RM56,615).

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**26. TAXATION**

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current year's tax charge	14,049	5,900	-	-
Underprovision in previous year	1,401	9,612	-	-
Deferred tax income resulting from origination and reversal of temporary differences (Note 22)	(171,484)	(254,066)	(11,805)	(11,805)
	(156,034)	(238,554)	(11,805)	(11,805)

A reconciliation between the applicable tax rate on the reported results and the average effective tax rate is as follows:-

	GROUP		COMPANY	
	2008 %	2007 %	2008 %	2007 %
Applicable tax rate	(26)	(27)	(26)	(27)
Tax effects of:				
Expenses not deductible for tax purposes	17	5	10	25
Income not subject to tax	(1)	-	-	-
Unabsorbed business losses not recognised	5	17	14	2
Underprovision in prior year	(1)	-	-	-
Effective tax rate	(6)	(5)	(2)	-

Subject to agreement by the Inland Revenue Board, the Company has the following estimated unutilised reinvestment allowances, unutilised capital allowances and unabsorbed tax losses, which are available for set-off against future taxable income:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
Unutilised capital allowances	6,500,000	6,996,000	120,000	101,000
Unabsorbed tax losses	27,980,800	25,267,000	844,000	372,000

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**27. LOSS PER SHARE**

	GROUP	
	2008 RM	2007 RM

Loss per share is calculated as follow :-

**Basic**

Loss for the year (RM)	(2,274,750)	(4,679,404)
Weighted average number of ordinary shares (No.)	31,417,650	30,279,302
Basic loss per share (sen)	(7.2)	(15.5)

**Diluted**

The 'diluted' loss per share had not been presented, as there was no dilutive potential ordinary shares outstanding during the year.

**28. CONTINGENT LIABILITIES**

	COMPANY			
	Limit of Facilities RM	2008 Outstanding Amount RM	Limit Facilities RM	2007 Outstanding Amount RM
Corporate guarantees given to banks for credit facilities granted to subsidiary companies (unsecured)	17,675,000	7,906,923	17,675,000	7,998,981

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**29. 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.

The details of the subsidiary companies are disclosed in Note 10.

**(a) Transactions and year-end outstanding balances with subsidiary companies**

- (i) Amounts due from subsidiary companies at year end included in the balance sheet are as follows:-

	COMPANY	
	2008 RM	2007 RM
Amount due from subsidiary companies:-		
Besut Tsuda Industries Sendirian Berhad	4,994,112	4,981,964
Besut Tsuda Wood Products Sdn. Bhd.	7,244,422	7,590,205
Syarikat Maskayu Sawmill Sdn. Bhd.	1,586,963	1,585,552
BTM Marketing & Trading Sdn. Bhd.	550,343	98,955
BTM Properties Sdn. Bhd.	14,786	14,636
BTM Construction Sdn. Bhd.	14,815	14,665
BTM Development Sdn. Bhd.	56,522	56,372
BTM Global Holdings Sdn. Bhd.	1,254,630	1,254,480
	15,716,593	15,596,829
Less: Allowance for doubtful debts	(8,329,825)	(8,329,825)
	7,386,768	7,267,004

The amount due from subsidiary company is interest free, unsecured, with no fixed term of repayment and repayment is expected to be in cash.

Expenses recognised by the Company during the year in respect of doubtful debts due from subsidiary companies amounted to NIL (2007: RM3,476,122) comprising:-

	COMPANY	
	2008 RM	2007 RM
Besut Tsuda Industries Sendirian Berhad	-	3,315,518
BTM Properties Sdn. Bhd.	-	14,636
BTM Construction Sdn. Bhd.	-	14,665
BTM Development Sdn. Bhd.	-	56,372
BTM Global Holdings Sdn. Bhd.	-	74,931
	-	3,476,122

## NOTES TO THE FINANCIAL STATEMENTS (Contd)

- 31st December, 2008

### 29. RELATED PARTY TRANSACTIONS AND BALANCES (CONTD)

#### (a) Transactions and year-end outstanding balances with subsidiary companies (Contd)

- (ii) Details of significant transactions between the following subsidiary companies and the Company during the year are as follows:-

	COMPANY	
	2008 RM	2007 RM
<b>Income</b>		
Management fees		
Besut Tsuda Industries Sendirian Berhad	12,000	120,000
Besut Tsuda Wood Products Sdn. Bhd.	12,000	120,000
BTM Marketing & Trading Sdn. Bhd.	744,000	480,000

#### (b) Transactions with a director, Dato' Seri Yong Tu Sang

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>(Income)/Expenses</b>				
Rental expenses paid/payable to Dato' Seri Yong Tu Sang	48,960	53,088	48,960	53,088
Waiver of amount due to Dato' Seri Yong Tu Sang	(896,700)	-	-	-

#### (c) Transactions and year-end outstanding balances with other related parties

- (i) Related party relationships exist between the Group and the following companies in which certain directors and former directors of the Company, are substantial shareholders:-

- (i) Gimzan Plywood Sdn. Bhd.
- (ii) Seri Indah Enterprise Sdn. Bhd.
- (iii) BTM Timber Industries Sdn. Bhd.
- (iv) SPPT Development Sdn. Bhd.
- (v) Syarikat Zamry Sawmill Sdn. Bhd.
- (vi) Sung Lee Timber Trading Sdn. Bhd.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**29. RELATED PARTY TRANSACTIONS AND BALANCES (CONTD)**

- (ii) Amounts due (to)/from other related parties at year end included in the balance sheets are as follows:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Trade payables</b>				
Syarikat Zamry Sawmill Sdn. Bhd.	-	(1,994)	-	-
Sung Lee Timber Trading Sdn. Bhd.	-	(948)	-	-
BTM Timber Industries Sdn. Bhd.	-	(508,021)	-	-
Gimzan Plywood Sdn. Bhd.	-	(194,343)	-	-
SPPT Development Sdn. Bhd.	-	(404,145)	-	-
<b>Trade receivables</b>				
Gimzan Plywood Sdn. Bhd.	150,033	70,375	-	-
BTM Timber Industries Sdn. Bhd.	1,964,770	2,382,568	-	-
SPPT Development Sdn. Bhd.	1,109,811	1,541,663	-	-
Syarikat Zamry Sawmill Sdn. Bhd.	-	3,249	-	-
Sung Lee Timber Trading Sdn. Bhd.	99,574	38,955	-	-
<b>Other payables</b>				
Seri Indah Enterprise Sdn. Bhd.	(130,408)	(220,760)	-	-
BTM Timber Industries Sdn. Bhd.	(2,264)	(150)	-	(150)
Gimzan Plywood Sdn. Bhd.	-	(1,501)	-	(1,501)
<b>Other receivables</b>				
Sung Lee Timber Trading Sdn. Bhd.	-	49,273	-	39,275
BTM Timber Industries Sdn. Bhd.	-	200	-	-
SPPT Development Sdn. Bhd.	-	90	-	-

The trade balances of related parties are subject to the normal credit terms given to or by customers and suppliers, where applicable, as disclosed in these financial statements. The non-trade balances have no fixed terms of repayment. All the outstanding amounts are unsecured, interest free and repayment is expected to be in cash.

No expense has been recognised during the year in respect of bad or doubtful debts due from other related parties.

**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**29. RELATED PARTY TRANSACTIONS AND BALANCES (CONTD)**

- (iii) Details of significant transactions between the other related parties and the Group during the year are as follows:-

	GROUP	
	2008 RM	2007 RM
<b>Income</b>		
Sales of logs and sawn timber		
BTM Timber Industries Sdn. Bhd.	-	355,635
Gimzan Plywood Sdn. Bhd.	-	287,810
Sung Lee Timber Trading Sdn. Bhd.	1,335	-
Services		
BTM Timber Industries Sdn. Bhd.	803	38,204
Sung Lee Timber Trading Sdn. Bhd.	83,062	7,399
Syarikat Zamry Sawmill Sdn. Bhd.	-	3,249
Gimzan Plywood Sdn. Bhd.	3,473	89,609
Sales of motor vehicles		
BTM Timber Industries	-	50,000
Contract fees		
SPPT Development Sdn. Bhd.	-	311,181
Others		
Gimzan Plywood Sdn. Bhd.	351	14
Sung Lee Timber Trading Sdn. Bhd.	50,000	250
BTM Timber Industries Sdn. Bhd.	227,175	260,845
<b>Expenditure</b>		
Purchases of logs, sawn timber and plywood		
Gimzan Plywood Sdn. Bhd.	4,121,750	5,054,454
BTM Timber Industries Sdn. Bhd.	15,049	197,603
SPPT Development Sdn. Bhd.	-	328,962
Sung Lee Timber Trading Sdn. Bhd.	69,784	-
Purchase of diesel and spare parts		
BTM Timber Industries Sdn. Bhd.	5,135	41,868
Sung Lee Timber Trading Sdn. Bhd.	22,128	4,058
Services		
BTM Timber Industries Sdn. Bhd.	117,487	174,439
Syarikat Zamry Sawmill Sdn. Bhd.	-	946
Gimzan Plywood Sdn. Bhd.	-	1,573
Seri Indah Enterprise Sdn. Bhd.	85,463	99,895
Contract fees		
BTM Timber Industries Sdn. Bhd.	-	222,272
Others		
BTM Timber Industries Sdn. Bhd.	51,086	29,269
Sung Lee Timber Trading Sdn. Bhd.	3,000	-



**NOTES TO THE FINANCIAL STATEMENTS** (Contd)

- 31st December, 2008

**29. RELATED PARTY TRANSACTIONS AND BALANCES (CONTD)****(d) Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company include all the Directors of the Company and senior personnel and their remuneration for the year are as follows:-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term benefits	644,235	626,860	453,375	467,900
Post-employment benefits - Employees Provident Fund	65,434	61,404	54,408	53,844
<b>Total</b>	<b>709,669</b>	<b>688,264</b>	<b>507,783</b>	<b>521,744</b>

**30. SEGMENT INFORMATION**

The Group's activities are conducted within a single industry segment and its operations are located wholly in Malaysia. Accordingly, segment information reporting is not relevant in the context of the Group.

**31. FINANCIAL INSTRUMENTS**

The carrying amounts of the financial assets and liabilities of the Group and of the Company and their fair values at balance sheet date are as follows:-

	Carrying Amount RM	GROUP		Carrying Amount RM	Fair Value RM
		2008 Fair Value RM	2009 Fair Value RM		
<b>Financial assets</b>					
Trade and other receivables	4,109,989	4,109,989	4,953,576	4,953,576	
Fixed deposits	176,840	176,840	181,022	181,022	
Cash and bank balances	362,193	362,193	220,513	220,513	
<b>Financial liabilities</b>					
Trade, other payables and accruals	2,840,283	2,840,283	4,553,323	4,553,323	
Amount due to directors	1,075,268	1,075,268	21,267	21,267	
Bank borrowings	2,531,301	2,531,301	2,809,660	2,809,660	
Long term bank borrowings	5,375,622	5,375,622	5,188,821	5,188,821	

## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 31. FINANCIAL INSTRUMENTS (CONTD)

	COMPANY			
	2008		2009	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial assets</b>				
Other receivables	24,867	24,867	65,295	65,295
Amount due from subsidiary companies	7,386,768	7,386,768	7,267,004	7,267,004
Cash and bank balances	309	309	285	285
<b>Financial liabilities</b>				
Other payables and accruals	474,446	474,446	395,539	395,539
Amount due to directors	65,068	65,068	21,267	21,267

The following methods and assumptions are used to estimate the fair value of each class of financial assets and liabilities.

**(a) Trade and other receivables and payables**

The fair values of trade receivables and payables which are subject to normal trade credit terms approximate their carrying amounts. The carrying amounts of other receivables and payables are reasonable estimates of fair values because of their short maturity.

**(b) Fixed deposits, cash and bank balances**

The fair values of fixed deposits, cash and bank balances approximates their carrying amounts because of their short maturity.

**(c) Amount due to directors**

The fair value of the indebtedness is a reasonable estimate of its carrying amount because of its short maturity.

**(d) Short term bank borrowings**

The fair values of short term bank borrowings approximate their carrying amounts because of their short maturity.

**(e) Long term bank borrowings**

The fair values of long term bank borrowings approximate carrying amounts because they attract a floating rate of interest.

## NOTES TO THE FINANCIAL STATEMENTS *(Contd)*

- 31st December, 2008

### 32. EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 22nd April, 2009, Bursa Malaysia Securities Berhad ("Bursa Malaysia") had commenced de-listing procedures against the Company for failing to comply with the minimum issued and paid-up share capital of RM40 Million as required of a Company listed on the Second Board of Bursa Malaysia pursuant to paragraph 3.04(2) and 8.16A of the listing requirements of Bursa Malaysia.

Bursa Malaysia had served a notice of show cause to the Company to make representations to Bursa Malaysia within a period of 5 market days from 22nd April, 2009 as to why the Company's securities should not be de-listed from the Official List of Bursa Malaysia upon which a decision would be made by Bursa Malaysia.

The Company has submitted its reply to Bursa Malaysia on 28th April, 2009 and as of the date of this report the outcome of the decision by Bursa Malaysia on the listing status of the Company is pending.

## STATEMENT BY DIRECTORS

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 27 to 66 are drawn up in accordance with the 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 31st December, 2008 and of their results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Board of Directors,

**DATO' SERI YONG TU SANG**

**YONG EMMY**

Petaling Jaya,  
Date: 28th April, 2009

## STATUTORY DECLARATION

I, **CHEN KAR MUN**, the person primarily responsible for the financial management of **BTM RESOURCES BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 27 to 66 are in my opinion 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 on 28th April, 2009. )

**CHEN KAR MUN**

Before me,

**K. CHERIAN ABRAHAM**  
Commissioner For Oaths  
No.: B299

# INDEPENDENT AUDITORS' REPORT

- to the members of BTM Resources Berhad (Company No. 303962-T)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of BTM RESOURCES BERHAD, which comprise the balance sheet as at 31st December, 2008 of the Group and of the Company, and the income statement, statement of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 66.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and Company as of 31st December, 2008 and of their financial performance and cash flows for the year then ended.

## INDEPENDENT AUDITORS' REPORT *(Contd)*

- to the members of BTM Resources Berhad (Company No. 303962-T)

### 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 registers required by the Act to be kept by the Company and its subsidiaries for which we have acted as auditors, have been properly kept in accordance with the provision of the Act.
- b) We have considered the financial statements and the auditors' report of the subsidiaries for which we have not acted as auditors, which is indicated in Note 10.
- 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) Our auditors' 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 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.

#### **AZMAN, WONG, SALLEH & CO.**

AF: 0012

Chartered Accountants

#### **KHOO PEK LING**

900/03/10(J/PH)

Partner of the Firm

Kuala Lumpur,

Date: 28th April, 2009

## ANALYSIS OF SHAREHOLDINGS

as at 20th May 2009

Class of Share	:	Ordinary Share of RM1.00 each
Authorised	:	100,000,000
Issued and Fully Paid-up Capital	:	31,417,650
Voting Rights	:	One vote per share
Number of Shareholders	:	959

### ANALYSIS OF SHAREHOLDERS

Range of Shareholdings	No. of Holders	No. of Shares	%
1 - 99	4	160	-
100 - 1,000	467	443,100	1.41
1,001 - 10,000	381	1,575,290	5.02
10,001 - 100,000	89	2,670,300	8.50
100,001 - 1,570,883	12	7,853,400	24.99
1,570,884 and above (*)	6	18,875,400	60.08
<b>TOTAL</b>	<b>959</b>	<b>31,417,650</b>	<b>100.00</b>

#### Notes :

\* 5% of issued and paid-up Share Capital

### SUBSTANTIAL SHAREHOLDERS (HOLDING 5% OR MORE IN THE SHARE CAPITAL)

	DIRECT		INDIRECT	
	No. of Shares	%	No. of Shares	%
<b>Dato' Mohd Salleh Bin Zakaria</b> <i>Shares held under Mayban Securities Nominees (Tempatan) Sdn Bhd are 5,777,900 units and Kenanga Nominees (Tempatan) Sdn Bhd 884,000 units</i>	5,661,900	21.20	-	-
<b>Dato' Seri Yong Tu Sang</b> <i>a) Shares held under name are 3,386,000 units b) Shares held under Citigroup Nominees (Tempatan) Sdn Bhd are 800,000 units</i>	4,186,000	13.32	@4,187,500	13.33
<b>Yong Emmy</b>	3,024,000	9.62	-	-
<b>Ng Ah Heng</b>	2,500,000	7.96	#2,312,500	7.36
<b>Sung Lee Timber Trading Sdn. Bhd.</b>	2,312,500	7.36	-	-
<b>BTM Timber Industries Sdn. Bhd.</b>	1,875,000	5.97	-	-

@ Deemed interest by virtue of his substantial shareholdings in Sung Lee Timber Trading Sdn. Bhd. and BTM Timber Industries Sdn. Bhd.

# Deemed interest by virtue of her substantial shareholdings in Sung Lee Timber Trading Sdn. Bhd.

**ANALYSIS OF SHAREHOLDINGS** (Contd)

as at 20th May 2009

**DIRECTORS AND THEIR SHAREHOLDINGS**

DIRECTORS	DIRECT	NO. OF SHARES		%
		%	INDIRECT	
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	-	-	-	-
Dato' Seri Yong Tu Sang	4,186,000	13.32	@4,187,500	13.33
Yong Emmy	3,024,000	9.62	-	-
Choong Show Tong	-	-	-	-
Yong Ellen ( <i>Alternate to Yong Emmy</i> )	36,000	0.11	*1,875,000	5.97

@ *Deemed interest by virtue of his substantial interest in Sung Lee Timber Trading Sdn Bhd and BTM Timber Industries Sdn Bhd*

\* *Deemed interest by virtue of her substantial interest in BTM Timber Industries Sdn Bhd*

**LIST OF THIRTY LARGEST SHARE HOLDERS:**

No	Name of Shareholders	No. of Shares Held	Percentage
1.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohd Salleh Bin Zakaria (REM 817-Margin)</i>	5,777,900	18.39
2.	Dato' Seri Yong Tu Sang	3,386,000	10.77
3.	Yong Emmy	3,024,000	9.62
4.	Ng Ah Heng	2,500,000	7.95
5.	Sung Lee Timber Trading Sdn Bhd	2,312,500	7.36
6.	BTM Timber Industries Sdn Bhd	1,875,000	5.96
7.	Thong Kuan Yuen	1,500,000	4.77
8.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tham Kaam Siong (CST)</i>	1,018,100	3.24
9.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Abdul Malik Bin Mohd Hussin (CEB)</i>	928,400	2.95
10.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohd Salleh Bin Zakaria)</i>	884,000	2.81
11.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yong Tu Sang (473593)</i>	800,000	2.54
12.	Yeo Kim Team	689,100	2.19



**ANALYSIS OF SHAREHOLDINGS** (Contd)

as at 20th May 2009

**LIST OF THIRTY LARGEST SHARE HOLDERS: (CONTD)**

No	Name of Shareholders	No. of Shares Held	Percentage
13.	Permodalan Nasional Berhad	625,400	1.99
14.	Halim Bin Mohamad	429,000	1.36
15.	Wong Kian Boon	372,000	1.18
16.	Farah Hanani Binti Kasim	300,000	0.95
17.	AIBB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Alexander Toh Kie Kieng</i>	172,200	0.54
18.	Ngan Cheng Tiam	135,200	0.43
19.	Wong Chein Choi @ Wong Heing Cheung	100,000	0.31
20.	PM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yap Chin Yu (G)</i>	99,800	0.31
21.	Tong Soon Ming	90,000	0.28
22.	Lee Nyek	77,500	0.24
23.	Ng Kin Li	76,000	0.24
24.	Muhammad Adam @ Edward Bin Abdullah	75,000	0.23
25.	Lee Chee Soon	59,000	0.18
26.	Toh Seng Tat	56,000	0.17
27.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Wan Choon</i>	50,100	0.15
28.	HDM Nominees (Tempatan) Sdn Bhd <i>Phillip Securities Pte Ltd for Bek Kuang Joo</i>	50,000	0.15
29.	Chia King Sia	50,000	0.15
30.	Chung Youn Sin	50,000	0.15
		27,562,200	87.56

## LIST OF PROPERTIES

LOCATION	Tenure	Description	Land Area	Approx. Age of the Building	Net Book Value as at 31.12.2008
<b>BTM Resources Berhad</b>					
No. 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman	Freehold	5 ½ Storey Office Building	385 sq.m	10 years	5,601,772
<b>Besut Tsuda Industries Sdn Bhd</b>					
Lot No :- 003067 Mukim of Pengkalan Nangka District of Besut Terengganu Darul Iman	30 year's leasehold expiring on 30/03/2007	Industrial Land with sawmill building timber sheds and office erected thereon.	12.06 Hectare	32 years	160,101
Lot No :- 002995 Mukim of Pengkalan Nangka District of Besut Terengganu Darul Iman	30 year's leasehold expiring on 26/10/2018	Vacant Industrial Land	9.014 Hectare	–	162,500
<b>Syarikat Maskayu Sawmill Sdn Bhd</b>					
Lot No :- 11966 Mukim of Kuala Nerus Kuala Terengganu Terengganu Darul Iman	60 year's leasehold expiring on 29-11-2033	Vacant Industrial Land	0.998 Hectare	–	546,590
<b>Besut Tsuda Wood Products Sdn Bhd</b>					
Lot No :- 1654 Mukim of Tanggol District of Hulu Terengganu Terengganu Darul Iman	Freehold	Factory Buildings Kiln-dried chambers, office erected thereon.	4.005 Hectare	15 years	5,169,391

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# FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a Member / Members of BTM Resources Berhad hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_

or failing him, the Chairman of the meeting as my / our proxy to vote for me / us on my / our behalf at the Fifteenth Annual General Meeting of the Company to be held at Nakhoda 1, Level 3, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor on Monday, 29th June 2009 and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of Meeting as indicated with "X" in the appropriate spaces. If no specific direction as to voting given, the proxy will vote or abstain from voting at his discretion.

RESOLUTION	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		
Resolution 7		

Number of Shares Held	Please fill in CDS Account No.													

\_\_\_\_\_  
Signature of Shareholder (s)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

**Note :**

- i) A member entitled to attend the meeting may appoint another person as his proxy to attend and vote in his stead at the meeting and such proxy shall have the same as right the member he represents including the right to vote on a show of hands and on a poll and to demand a poll.
- ii) A proxy may but need not be a member.
- iii) Where the member of the Company appoints two or more proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- iv) If the appointer is a corporation, the proxy should be executed under its common seal or under the hand of an officer or attorney duly authorised.
- v) The instrument appointing a proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, No.22-2, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.



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Stamp

**BTM RESOURCES BERHAD**  
(303962-T)  
No. 22-2, Jalan Tun Sambanthan 3  
50470 Kuala Lumpur

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