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

ANNUAL REPORT 2015

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of BTM Resources Berhad will be held at the Latitude 1.01, Level 1, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 30th May 2016 at 11.00 a.m. for the following purposes :-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31st December 2015 together with the Reports of the Directors and Auditors thereon. ***(Please refer to Note A)***
2. To approve the payment of Directors' fees for the financial year ended 31st December 2015. **Resolution 1**
3. To re-elect Dato' Seri Yong Tu Sang who retires in accordance with Article 64 of the Company's Articles of Association. **Resolution 2**
4. To re-elect Mr. Choong Show Tong who retires in accordance with Article 64 of the Company's Articles of Association. **Resolution 3**
5. 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**
6. To re-elect Messrs Folks DFK & 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 :-

7 Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.
"**THAT** subject always to the Companies Act, 1965 and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to 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 aggregate number of shares issued in any one financial year of the Company pursuant to this resolution does not exceed 10% of the total issued and paid-up share capital of the Company for the time being and that the Directors be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("BMSB") and that such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company." **Resolution 6**

8. Continuing in Office as Independent Non-Executive Director.
   "**THA**T subject to the passing of Ordinary Resolution No. 3. approval be and is hereby given to Mr. Choong Show Tong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 7**
9. Continuing in Office as Independent Non-Executive Director.
   "**THAT** subject to the passing of Ordinary Resolution No. 4, approval be and is hereby given to Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman who has served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 8**
10. 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 29th April 2016 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;
    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 authorised by this Ordinary Resolution." **Resolution 9**
11. To transact any other ordinary business for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

By Order of the Board,

Chong Seok Tian (MIA 2502)
Mary Margret A/P V. Pelly (LS 04402)
Wong Youn Kim (MAICSA 7018778)
Joint Secretaries

Kuala Lumpur
Date : 29th April 2016

Notes :

A Item 1 of the Agenda is meant for discussion only as under the provision of Section 169(1) of the Companies, Act 1965, the Audited Financial Statements do not require formal approval of the shareholders. Hence, this matter is not put forward for voting.

Proxy :

i) Only depositors whose name appear in the Record of Depositors as at 23rd May 2016 (General Meeting Record of Depositors) be regarded as members and entitled to attend, speak and vote at the meeting.

ii) 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.

iii) A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

iv) Where a member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

v) If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

vi) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

vii) The instrument appointing a proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

a) The Proposed Ordinary Resolution 6 is a renewal of the previous year's mandate and if passed, will authorize the Directors of the Company to issue new shares up to a maximum ten percent (10%) of the total issued and paid-up share capital of the Company at the time of issue for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of Notice of Meeting, no shares have been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

The renewal of the mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisition.

b) The Proposed Ordinary Resolution 7:-
The Nomination Committee has assessed the independence of Mr. Choong Show Tong, who has served as an Independent Non-Executive Director for a cumulative of thirteen years and recommended him to continue to act as an Independent Non-Executive Director of the Company on the following justifications :-

(i) he continues to fulfil the criteria under the definition of Independent Director as stated in the Main Market Listing Requirement of Bursa Malaysia Securities Berhad;

(ii) his vast experience as public accountant enables him to provide view point on financial and accounting in enabling the Board to properly discharge its duties and responsibilities;

(iii) he has always actively participated in Board and Board Committees discussion and has continuously provided an independent view to the Board ; and

(iv) he has the calibre, qualifications, experience and personal qualities to consistently challenge management in an effective and constructive manner.

c) The Proposed Ordinary Resolution 8 :-
The Nomination Committee has assessed the independence of Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman who has served as an Independent Non-Executive Director for a cumulative of twelve years and recommended him to continue to act as an Independent Non-Executive Director of the Company on the following justifications :-

(i) he fulfils the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(ii) he has vast experience and his legal background enables him to provide an objective and independent view point in enabling the Board to properly discharge its duties and responsibilities;

(iii) he has always actively participated in Board and Board Committees discussion and has continuously provided an independent view to the Board ; and

(iv) he has the calibre, qualifications, experience and personal qualities to consistently challenge management in an effective and constructive manner.

d) The Proposed Ordinary Resolution 9 is to renew the Shareholders Mandate granted by the shareholders to the Company at the Extraordinary General Meeting held on 29th June 2015. The Proposed Renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which 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 Twenty-Second Annual General Meeting of the Company :-**

   A) Director retiring pursuant to Article 64 of the Company's Articles of Association:
      i) Dato' Seri Yong Tu Sang ***(Resolution 2)***

   B) Director retiring pursuant to Article 64 of the Company's Articles of Association
      i) Mr. Choong Show Tong ***(Resolution 3)***

   C) 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 11 of the Annual Report, while their securities holdings (where applicable) are set out in the Analysis of Shareholdings and Warrant Holdings – Directors' Interest in the Company (pages 74, 76 and 78 of the Annual Report)

2. **Attendance of Directors at Board Meetings for year 2015**

   A total of five (5) Board Meetings were held during the financial year ended 31 December 2015. Details of attendance of Directors are set out on page 13 of this 2015 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	5 out of 5 meetings
Madam Yong Emmy	5 out of 5 meetings
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	5 out of 5 meetings
Mr Yong Hin Siong	5 out of 5 meetings

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

   Date : Monday, 30 May 2016
   Time : 11.00 a.m.
   Place : Latitude 1.01, Level 1,
   Hotel Armada
   Lot 6, 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 11 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. Yong Hin Siong
Executive Director

Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey
Independent Non-Executive Director

Mr. Choong Show Tong
Independent Non-Executive Director

Madam Yong Emmy
Non-Executive Director

Madam Yong Ellen
Alternate to Madam Yong Emmy

AUDIT COMMITTEE

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

Mr. Choong Show Tong
Member

Madam 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

Ms Mary Margret A/P V. Pelly (LS 04402)

Mr. Chong Seok Tian (MIA 2502)

Ms Wong Youn Kim (MAICSA 7018778)

REGISTRARS

Sectrars Management Sdn Bhd
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfields
50470 Kuala Lumpur
Tel No : 03-2276 6138
Fax No : 03-2276 6131

AUDITORS

Folks DFK & Co.,
Public Accountants
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel No : 03-2273 2688
Fax No : 03-2274 2688

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel No : 03-2241 5800
Fax No : .03-2282 5022

BANK

Alliance Bank Malaysia Berhad
Small Medium Enterprise Development Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2015	2014	2013	2012	2011
Revenue	11,552	9,082	7,833	4,640	12,715
(Loss) / Profit Before Tax	(2,633)	(6,346)	(2,306)	(2,094)	(3,797)
(Loss) / Profit Attributable to Equity Owners of The Company	(2,632)	(6,356)	(716)	(2,094)	(1,943)
Financial Position (RM'000)					
Total Assets	39,394	41,110	33,911	24,159	25,514
Total Liabilities	13,599	13,302	15,152	12,528	12,072
Net Assets Attributable to Equity Owners of The Company (Shareholders Funds)	25,795	27,808	18,759	11,631	13,442
Share Capital	25,061	24,441	40,734	40,734	40,734
Share Information (Sen)					
Basic (Loss) / Earnings Per Share (Sen)	(2.1)	(11.3)	(1.8)	(5.1)	(4.8)
Gross Dividend Per Share (Sen)	-	-	-	-	-
Net Assets Per Share Attributable to Equity Owners of The Company (Sen)	21	23	46	29	33

DIRECTORS' PROFILE

	DATO' SERI YONG TU SANG
Position	Managing Director
Age	69 years
Nationality	Malaysian
Qualification Held	Timber Merchant / Businessman
Working Experience & Occupation	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. 44 years of experience in trading of timber. Currently sits on the Boards of several private limited companies in addition to companies within the BTM Resources Berhad.
Date of Appointment	27th December, 1995
Other Directorship of Public Listed Companies	NIL
Membership of Board Committees	Member of Remuneration Committee
Family Relationship with Director and/or Major Shareholder of BTM Resources Berhad	Husband of To' Puan Ng Ah Heng, a major shareholder of BTM Resources, father of Yong Emmy, a Non-Executive Director and major shareholder of BTM Resources Berhad and father of Yong Hin Siong, Executive Director of BTM Resources Berhad and Yong Ellen, an alternate director to Yong Emmy.
Conflict of Interest with BTM Resources Berhad, if any	Saved as disclosed, and in notes no. 31 in the accompanying financial statements
Convictions for offences within the past 10 years other than traffic offences	NIL
No. of Board Meetings attended in the financial year	5/5

DIRECTORS' PROFILE
(cont'd)

	TAN SRI DATO' (DR) ABDUL AZIZ BIN ABDUL RAHMAN
Position	Senior Independent Non-Executive Director
Age	83 years
Nationality	Malaysian
Qualification Held	Barrister-At-Law Lincoln's London. Hon. Doctor of Philosophy, University Utara Malaysia, Doctor of Business Administration h.c. International Management Centre Buckkingham UK, Advanced Management Programme (AMP) Harvard Business School Harvard University U.S.A.
Working Experience & Occupation	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
Date of Appointment	1st July, 2003
Other Directorship of Public Listed Companies	NIL
Membership of Board Committees	Chairman of Audit Committee Chairman of Remuneration Committee Member of Nomination Committee
Family Relationship with Director and/or Major Shareholder of BTM Resources Berhad	NIL.
Conflict of Interest with BTM Resources Berhad, if any	NIL.
Convictions for offences within the past 10 years other than traffic offences	NIL.
No. of Board Meetings attended in the financial year	5/5

DIRECTORS' PROFILE
(cont'd)

	DATUK HAJI MOHAMED IQBAL BIN M.M. MOHAMED GANEY
Position	Independent Non-Executive Director
Age	67 years
Nationality	Malaysian
Qualification Held	Diploma in Banking from the Institute of Bankers London. An Associate of the International Bankers, London.
Working Experience & Occupation	He has vast experience in banking having worked with foreign bank in various senior positions for 29 years. He had the opportunity to be exposed to various environment in the domestic as well as international markets whilst serving as the Head of Product Development, Trade Finance, Standard Chartered Bank Malaysia Berhad. He was also an active member of the Export Credit Refinancing (ECR) Committee chaired by Bank Negara Malaysia and currently by EXIM Bank, a committee member of APEC, for standardization of import and export documents chaired by EXIM Bank, a committee member of Cross Border Barter Trade chaired by Malaysian Banking Berhad, an examiner for the International Trade Finance (DP 06), paper of the Institute of Bankers Malaysia Diploma in Banking and Financial Services examination and a resident trainer for the Institute's International Trade. His immense contribution to the banking fraternity and to Bank Negara Malaysia has been well received and recognized. He is the Group Executive Director of SPM Holdings Sdn. Bhd. a major recycler in the country since 2000. He is also Chairman of Patchee Bakery Sdn. Bhd, a company involved in food production for more than 100 years. He is also the Chairman of MIG Resources Sdn. Bhd. an investment holding company with investment in properties, food production and restaurants. He has been involved in a number of social and religious bodies such as Persatuan Muslimin India Malaysia (PERMIM), Angkatan Kemajun Islam PJ and Selangor, Chairman of Building Committee.
Date of Appointment	21st January, 2010
Other Directorship of Public Listed Companies	NIL
Membership of Board Committees	NIL
Family Relationship with Director and/or Major Shareholder of BTM Resources Berhad	NIL
Conflict of Interest with BTM Resources Berhad, if any	NIL
Convictions for offences within the past 10 years other than traffic offences	NIL
No. of Board Meetings attended in the financial year	5/5

DIRECTORS' PROFILE
(cont'd)

	CHOONG SHOW TONG	YONG EMMY
Position	Independent Non-Executive Director	Non-Executive Director
Age	60 years	41 years
Nationality	Malaysian	Malaysian
Qualification Held	Associate Member of the Institute of Chartered Accountants in England & Wales Admitted as a Member (Public Accountant) of MIA in May 1983.	Degree in Bachelor of Arts majoring in Japanese Studies and Economics, MBA (Finance) from Oklahoma City University.
Working Experience & Occupation	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 & Co. a firm of Chartered Accountants in Kuala Lumpur. Since October 1984 till now he is the Sole Proprietor of Allan Choong & Co, a Chartered / Public Accountants firm in Kuala Lumpur	Started her career in July 1997 as a Business Executive in Itochu Asia Pte Ltd, and Itochu Pulp & Paper Asia Pte Ltd Singapore, both companies dealing with paper and wood pulp. She has gained experience in marketing & trading. Appointed as Business Development Manager of Mizam Pte Ltd. 8 years of experience in trading & marketing of wood-based products. Currently sits on the Board of several private limited companies
Date of Appointment	19th May, 2003	11th November, 1999
Other Directorship of Public Listed Companies	NIL	NIL
Membership of Board Committees	Member of Audit Committee and Remuneration Committee, Chairman of Nomination Committee.	Audit Committee
Family Relationship with Director and/or Major Shareholder of BTM Resources Berhad	NIL	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. Sister of Yong Hin Siong Executive Director of BTM Resources Berhad and Yong Ellen, an alternate director to Yong Emmy.
Conflict of Interest with BTM Resources Berhad, if any	NIL	Saved as disclosed, and in note no. 31 in the accompanying financial statements
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	5/5

DIRECTORS' PROFILE
(cont'd)

	YONG ELLEN	YONG HIN SIONG
Position	Non-Executive Alternate Director to Mdm Yong Emmy	Executive Director
Age	38 years	36 years
Nationality	Malaysian	Malaysian
Qualification Held	Bachelor of Arts (Design), Postgraduate Diploma in Design and Master of Design from Curtin University of Technology.	Bachelor of Arts from Macquarie University in New South Wales, Australia.
Working Experience & Occupation	Started her career as a Management Trainee in the subsidiary company, BTM Marketing & Trading Sdn. Bhd. on 1st June 2002.	After graduated from Macquarie University in New South Wales, Australia in 2004, he joined a timber consortium company as a management trainee focusing on operation management. He was promoted to manager of sales and purchases department in charge of purchasing raw material and sales of finished products whereby he gained valuable experience sourcing for raw materials from various countries. Subsequently, he also gained working experience in manufacturing of plywood, managing a golf and country resort, oil palm plantation and logging operation in Malaysia and Papua New Guinea.
Date of Appointment	14th September, 2002	2nd May 2014.
Other Directorship of Public Listed Companies	NIL.	NIL.
Membership of Board Committees	NIL.	NIL.
Family Relationship with Director and/or 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 and Yong Hin Siong Executive Director of BTM Resources Berhad.	Son 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 brother of Yong Emmy and Yong Ellen, Non-Executive Director and alternate Director of BTM Resources Berhad.
Conflict of Interest with BTM Resources Berhad, if any	Saved as disclosed, and in note no. 31 in the accompanying financial statements	Saved as disclosed, and in note no. 31 in the accompanying financial statements
Convictions for offences within the past 10 years other than traffic offences	NIL	NIL
No. of Board Meetings attended in the financial year	- as alternate to Madam Yong Emmy	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, 2015.

Financial Performance

For the financial year under review, the Group's turnover of RM11.552 million has increased by 27.2% as compared to that of the previous year's turnover of RM9.082 million. The Group incurred a lower loss for the year amounting to RM2.632 million as compared to that of previous year's loss of RM6.356 million.

Management Review And Analysis

The Group main activities for the year under review remain the same as previous year which are manufacturing of moulding, prime and sawntimber, logging and trading of sawntimber.

Manufacturing of moulding and prime timber formed a major part of the Group's turnover. As for logging, Syarikat Maskayu Sawmill Sdn Bhd is still pursuing for the issuance of the logging licence from the relevant authority.

BTM Marketing & Trading Sdn Bhd, a marketing arm of the Group continued with trading of sawntimber and plywood. The sawntimber market has not improve as compared to previous year's condition.

The construction of factory for the manufacturing of wood pellet is in progress during the year under review. The factory and installation of plant and machinery are expected to be completed and commence operation in third quarter of 2016.

Dividend

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

Corporate Development

After the Rights Shares and new warrants 2014/2024 were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 29 October 2014, the Company has been looking into various options available. During the year under review, a total of 3,100,000 warrant 2014/2024 have been exercised and converted to ordinary shares.

Prospects

For the year 2016, the Group will continue to focus on its core business of wood based operation with the wood pellet manufacturing factory expected to commence operation in third quarter of 2016. The out look for wood based products is expected to be challenging as the world economy is not expected to recover in 2016. Besides focusing on generating revenue on core products, we will endeavour to manage our financial resources in the most efficient maner.

Appreciation

I would like to take this opportunity to thank our shareholders for your strong support and also extend our gratitude to our management and employees who have worked hard to build the Group. I would also like to record our appreciation to all the regulators, authorities and the Government for the support they have extended to the BTM Group, and we hope to contribute more to all our stakeholders and to society for the coming years.

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

CORPORATE GOVERNANCE STATEMENT

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the broad principles and specific recommendations on structures and processes which companies should adopt in making good corporate governance an integral part of their business dealings and culture.

The Board of Directors ("the Board") of BTM Resources Berhad ("BTM") has always been supportive of the adoption of the principles as set out in the Code. The Board is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the performance of the Company.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the recommendations of the Code throughout the financial year ended 31 December 2015.

BOARD OF DIRECTORS

(i) **Board Responsibilities**

The Board consists of members from different backgrounds and diverse expertise in leading and directing the Group's business operation. The Board is responsible for the control and proper management of the Company. The Board has delegated specific responsibilities to three main committees namely the Audit, Remuneration and Nomination Committees, which operate within the defined constitution or terms of reference approved by the Board. These Committee have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the entire Board.

Currently, the Board Charter is yet to be established by the Company. The Company will be establishing the Board charter that clearly sets out the roles and responsibilities, composition and processes related to key governance activities.

(ii) **Board Composition**

The Board currently consist of two Executive Directors and three Independent Non-Executive Directors and a Non Independent Non-Executive Director. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB")

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The management of the Group's business and implementation of policies and day-to –day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interest of shareholders.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the three main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

(iii) **Board Meetings**

The annual calendar of at least four (4) meetings is agreed at the beginning of each year, with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercise control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

During financial year ended 31 December 2015, five (5) Board Meetings were held. The attendance record of each Director is as follows :-

NAME OF DIRECTORS	Position	NUMBER OF MEETINGS ATTENDED
1. Tan Sri Dato' Abdul Aziz Bin Abdul Rahman	Chairman	5/5
2. Dato' Seri Yong Tu Sang	Managing Director	5/5
3. Mr. Choong Show Tong	Independent Non-Executive Director	5/5
4. Madam Yong Emmy	Non-Executive Director	5/5
5. Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	Independent Non-Executive Director	5/5
6. Mr. Yong Hin Siong	Executive Director	5/5

CORPORATE GOVERNANCE STATEMENT
(cont'd)

(iv) **Supply of Information**

All Directors are provided with an agenda and a set of board papers issued in sufficient time prior to the Board meetings to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanation, where necessary.

In addition, there is a schedule of matters reserved specially for the Board's decision, including amongst others, the approval of corporate policies and procedures, Group operational plan and budget, acquisitions and disposals of undertakings and properties that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

In exercising their duties, the Director have access to all information within the Company. All Directors have access to the advice and services of the Company Secretary and are updated on new statutory regulations or requirements concerning their duties and responsibilities. They may obtain independent professional advice at the Company's expenses in furtherance of their duties.

(v) **Appointment To The Board**

The Nomination Committee consist of two (2) members and all members are Independent Non-Executive Directors. The present members of the Nomination Committee are Mr. Choong Show Tong who is the Chairman and Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman.

The Nomination Committee assists the Board on the following functions :

a) to review regularly, and at least not less than once a year, the structure, size and composition of the Board and make recommendation to the Board as regards any changes that may, in their view, be beneficial to the company as well as review on its compositions to improve the gender diversity.
b) to review the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board.
c) To implement a process, to be carried out annually, to assess the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors.
d) To be responsible for identifying and recommending to the Board candidates to fill Board vacancies.
e) To recommend to the Board directors who are retiring by rotation to be put forward for re-election.
f) To recommend to the Board the continuation or not in service of any director who has reached the age of 70.

During the financial year, the Nomination Committee had assisted the Board on the following functions :

a) reviewed the structure, size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company.
b) review the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board.
c) review the terms of reference.
d) recommended to the Board directors who are retiring by rotation to be put forward for re-election.
e) recommended to the Board the confirmation or not in service of any director who has reached the age of 70.

During the year ended 31 December 2015, the Nomination Committee had one (1) meetings where all the members have attended the meeting.

(vi) **Re-election of Directors**

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to one-third (1/3) shall retire from office and an election of Directors shall take place. The Articles further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

(vii) **Directors' Training**

As required under the Main Market Listing Requirements of Bursa Securities, all the Directors have attended the Directors' Mandatory Accreditation Programme. The Directors will continue to attend variours professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31 December 2015, Dato' Seri Yong Tu Sang, Yong Ellen and Yong Hin Siong have attended a seminar conducted by The Malaysia Institute of Chartered Secretaries and Administrators on Powers of a company and Yong Emmy has attended a course on Dangerous Good Regulation (Initial) course and has successfully passed the course attended.

Mr. Choong Show Tong has attended Seminar Percukaian Kebangsaan 2015 conducted by Inland Revenue Board of Malaysia and National Tax Conference 2015 organised by Chartered Tax Institute of Malaysia.

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman and Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey have not attended any suitable programme due to suitable programmes coinciding with their respective official engagements. However, they kept abreast with the corporate and regulatory through dissemination of updates and notices from Bursa Malaysia and also by reading current affairs materials and professional journals.

DIRECTORS' REMUNERATION

(i) **Remuneration Committee**

The Remuneration Committee comprises of Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Independent Non-Executive Director) who is the Chairman, Mr. Choong Show Tong (Independent Non-Executive Director) and Dato' Seri Yong Tu Sang (Managing Director).

During the financial year ended 31 December 2015, the Remuneration Committee had one (1) meeting and all the members have attended the meeting.

(ii) **Remuneration Policy**

The Remuneration Committee recommends to the board for Approval the remuneration package of Executive Directors. The remuneration packages take into account individual performance and experience, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The fee of Directors are subject to shareholders' approval at the Annual General Meeting. Fees of Directors, including non-executive Directors, are endorsement by the Board for approval by the shareholders of the Group at the Annual General Meeting.

(iii) **Details of the Directors' Remuneration**

The details of the remuneration of Directors on Group basis for the financial year ended 31 December 2015 are as follows:-

Company Level	Fee (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	-	457,432	457,432
Non-Executive Directors	120,000	-	120,000
Subsidiary Level			
Executive Directors	-	173,712	173,712

The number of Directors whose remuneration fall into the following bands of RM50,000 is shown below :-

Range of Remuneration (RM)	Executive	Non-Executive
Below 50,000	-	4
50,001 – 100,000	-	-
100,001 – 150,000	1	1
150,001 – 200,000	-	-
200,001 – 250,000	-	-
250,001 – 300,000	-	-
300,001 – 350,000	-	-
350,001 – 400,000	1	-
Total	2	5

The Board is of the opinion that the disclosure of Directors' remuneration through the "band disclosure" is sufficient to meet the objectives of the code. They feel that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

RELATIONS WITH SHAREHOLDERS

The Company recognizes the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors. The Company keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Link, press release, annual report and circular to shareholder.

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarification on the Group's business. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report 21 days before the meeting. All Directors are available to provide responses to questions from shareholders during this meeting. External Auditors are also present to provide their professional and independent clarification on issue and concerns raised by shareholders. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

ACCOUNTABILITY AND AUDIT

(i) **Financial Reporting**

The Directors have a responsibility to present a balanced, true and fair assessment of the Group's financial position and prospects primarily through the annual report to shareholders and quarterly financial statements to the Bursa Securities.

The Audit Committee assists the Board in reviewing the information disclosed to ensure accuracy, adequacy and completeness of all annual and quarterly reports, audited and unaudited, and approved by the Board of Directors before releasing to the Bursa Securities.

A statement by the Directors of their responsibilities in preparing the financial statements is set out below.

(ii) **Internal Control**

The Board acknowledges its responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system control covers risk management and financial, organisational, operational and compliance controls. The internal control system helps to safeguard shareholders' investment and the Group's assets. However, in view of the inherent limitations in any system, such internal control systems are designed to manage rather than to eliminate risks that may impede the achievements of the Group's objectives. The systems can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses.

The information on the Group's internal control in presented in the Statement on Risk Management and Internal Control set out on page 21 of the Annual Report.

(iii) **Relationship With The External Auditors**

The Audit Committee terms of reference formalises the relationship with the External Auditors to report to the members of the Company on their findings which are included as part of the Company's financial reports with respects to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the External Auditors to meet their professional requirements and seeking professional advice and ensuring compliance with the Audit Committee and the Board on matters that require the Board's attention. The role of the Audit Committee in relation to the External Auditors is described on page 18 to 20 of the Annual Report.

RESPONSIBILITIES STATEMENT BY THE BOARD OF DIRECTORS

It is the responsibility of the Directors to ensure that the financial reporting of the Group and the Company present a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results and their cash flows for the year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2015, the Group had used the appropriate and relevant accounting policies and applied them consistently and made judgements and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Director have also taken the necessary steps to ensure that the appropriate systems are in place for the assets of the Group to be properly safeguarded for prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable but not absolute assurance against material misstatement, loss and fraud.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

ADDITIONAL COMPLIANCE INFORMATION

a) **Share Buy Back**
During the financial year under review, the Company did not seek any shareholders' approval to buy-back its own shares.

b) **Options, Warrants or Convertible Securities Exercised**
During the year under review, no Warrants 2009/2019 have been exercised and the total number of Warrants 2009/2019 remained unexercised is 19,985,593 units. As for Warrants 2014/2024, a total of 3,100,000 units have been exercised and total number of Warrants 2014/2024 unexercised are 29,487,346 units.

c) **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme**
The Company did not sponsor any ADR or GDR programme during the financial year.

d) **Imposition of Sanctions and/or Penalties**
There were no public sanctions and/or penalties imposed on the company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

e) **Non-Audit Fees**
Non-audit fees for services rendered by external auditors to the Company for the financial year ended 31 December 2015 amounting to RM4,500.00

f) **Variation in Results**
There were no material variations between the audited results for the financial year ended 31 December 2015 and the unaudited results for the quarterly year ended 31 December 2015 of the Group. Explanation and reconciliation are not required for variation of less than 10%.

g) **Profit Estimate, Forecast or Guarantee**
The Company did not announce any profit estimate, forecast or Guarantee during the financial year ended 31 December 2015.

h) **Related Party Transaction**
A list of significant related party transactions is set out in Note 31 to the Financial Statements Section of this Annual Report

i) **Utilisation of Proceeds From Corporate Proposals**
The Utilisation of proceeds from the Right Issue with Warrants exercise up to the end of financial year 31 December 2015 are as follows :-

	As approved (RM'000)	Utilisation (RM'000)
Working Capital	9,224	6,092
Repayment of borrowings	1,100	0
Estimated Expenses	970	562
To set up factory and purchase of plant and machinery for manufacturing of wood pellet business	5,000	2,738
Total	16,294	9,392

AUDIT COMMITTEE REPORT

Chairman

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

Members

Mr Choong Show Tong
(Independent Non-Executive Director)

Mdm Yong Emmy
(Non-Independent Non Executive Director)

TERM OF REFERENCE

1. MEMBERSHIP

1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements :

(a) the Committee must be composed of no fewer than 3 members, a majority of whom must be independent directors;

(b) all members of the Audit Committee shall be non-executive directors and should be financially liberate; and

(c) at least one member of the Committee :

(i) must a member of the Malaysian Institute of Accountants; or

(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1957; or

(bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

(iii) fulfils such other requirements as prescribed or approved by the Exchange.

1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

1.3 No alternate director should be appointed as a member of the Committee.

1.4 In the event of any vacancy in the Committee resulting in the non-compliance of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad pertaining to the composition of the Audit Committee, the Board of Directors shall within three months of that event fill the vacancy.

2. MEETINGS

2.1 Frequency

2.1.1 Meetings shall be held not less than four times a year.

2.1.2 Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

2.2 Quorum

2.2.1 To form a quorum the majority of members present must be independent directors.

2.3 Secretary

2.3.1 The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

2.4 Attendance

2.4.1 The Head of Finance, the Internal Auditor and a representative of the external auditors shall normally attend meetings

2.4.2 Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

2.5 Reporting Procedure

2.5.1 The minutes of each meeting shall be circulated to all members of the Audit Committee.

2.5.2 The Audit Committee shall report to the Board on any key issues affecting the Company.

2.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

(a) the calling of meetings;

(b) the notice to be given of such meetings;

(c) the vote and proceedings of such meetings;

(d) the keeping of minutes ; and

(e) the custody, production and inspection of such minutes.

AUDIT COMMITTEE REPORT
(cont'd)

3. RIGHTS

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

(a) have authority to investigate any matter within its terms reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(e) be able to obtain independent professional or other advices; and

(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of Company, whenever deemed necessary.

4. FUNCTIONS

The Committee shall, amongst others, discharge the following functions:

4.1 To review :-

(a) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-

(i) the going concern assumption;

(ii) changes in or implementation of major accounting policy changes;

(iii) significant and unusual events ; and

(iv) compliance with accounting standards and other legal requirements.

(b) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions on management integrity.

(c) with the external auditors:

(i) the audit plan;

(ii) his evaluation of the system of internal controls;

(iii) his audit report;

(iv) his management letter and managements response; and

(v) the assistance given by the Company's employees to the external auditors.

4.2 To monitor the management's risk management practices and procedures.

4.3 In respect of the appointment of external auditors:

(a) to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;

(b) to consider the nomination of a person or persons as external auditors and to determine the audit fee; and

(c) to consider any questions of resignation or dismissal of external auditors.

4.4 In respect of the internal audit function :

(a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and that it report directly to the Audit Committee.

(b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function:

4.5 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 December 2015, there ware five (5) Audit Committee Meetings held. The details of the attendance of each member are as follows :-

Name	No. of Meetings	
	Held	Attended
Tan Sri Dato'(Dr.) Abdul Aziz Bin Abdul Rahman	5	5
Mr. Choong Show Tong	5	5
Madam Yong Emmy	5	2

AUDIT COMMITTEE REPORT
(cont'd)

SUMMARY OF ACTIVITIES

In discharging its functions and duties in accordance with its Terms of Reference, the Audit Committee had carried out the following activities during the financial year ended 31 December 2015 :

(i) reviewed and discussed the audit plan presented by the external auditors and ensured its scope was adequate;

(ii) reviewed and discussed the internal audit report on findings and recommendations and ensure timely corrective actions were duly implemented when necessary;

(iii) reviewed and discussed the Group's unaudited quarterly results together with the relevant notes and made recommendations to the Board of Directors for approval;

(iv) reviewed the annual financial statements of the company and its subsidiaries together with the external auditors' report and discussed various audit and accounting issues ; and

(v) considered and recommended the re-appointment and remuneration of the external auditors.

INTERNAL AUDIT FUNCTION

The Internal Audit function of BTM Group has been outsourced to Baker Tilly Monteiro Governance Sdn. Bhd. The Internal Auditor reports directly to the Audit Committee on internal audit findings, its recommendations and the corrective action, if any taken by the management.

During the financial, year ended 31 December 2015, the Internal Auditor carried out review on subsidiary company Besut Tsuda Wood Products Sdn. Bhd. The Internal Auditor highlighted the findings and provided suitable recommendations for improvement. The total cost incurred for internal audit function of the Group amounting to RM12,000.00 for the year 2015.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

INTRODUCTION

Paragraph 15.26(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad requires the Board of Directors of a listed company to include in its annual report a "statement on risk management and internal control of the company as a Group".

RESPONSIBILITY

The Board of BTM Resources Berhad is committed to maintain a sound system of internal control and effective risk management system within the Group and is responsible for reviewing its adequacy and integrity.

The Group's system of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives. The Board continually reviews the system to ensure that this risk management and internal control system provides a reasonable and not absolute assurance against material misstatement, loss or fraud.

KEY PROCESSES

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and guided by policies and procedures. This process is regularly reviewed by the Board and is guided by the "Statement on Risk Management & Internal Control : Guidelines for Directors of Listed Issuers".

The Managing Director and the Financial Controller regularly meet with senior management team which covers all departments. The Board has received assurance from the Managing Director and the Financial Controller that the Group's risk management and internal control system is operating adequately and effectively.

The key processes that the Board has established in reviewing the adequacy and integrity of the Group's risk management and system of internal control, are as follows :-

- The Group has a clearly defined organisational structure together with lines of responsibilities and delegation of authority, including proper approval and authority limit for controlling and approving capital expenditure and expenses;
- The annual budgeting and target setting process for the Group's key areas of business which is approved by the Board;
- The policies and procedures for the processes of the Group's operation are documented in the Group's accounting and control manuals, and are updated from time to time;
- The Audit Committee meets regularly during the financial year ended 31 December 2015 and hold discussion with the management on the action taken on internal control issues prepared by the internal auditors. The minutes of the Audit Committee meeting are tabled to the Board on a regular basis. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee report;
- The Group carries insurance cover in respect of insurable business risk, including property risk, to appropriate levels, which are determined upon consultation with insurance brokers;
- There are proper guidelines drawn-up by the Group for hiring and termination of staff and workers formal training programme for staff, annual performance appraisal and other relevant procedures in place to achieve the objective of ensuring the staff and workers are competent to carry out their responsibilities.

The Group had out-sourced the Internal Audit function to a professional firm of consultants, which is independent of the activities it audits. The Internal Auditors review the audit areas based on the internal audit plan approved by the Directors on the recommendations of the Audit Committee. The review provides an independent assessment of the adequacy and integrity of the system of internal control and risk management in managing significant risks. The Internal Audit function reports to the Audit Committee on issues and recommendation arising from each review.

CONCLUSIONS

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of approval of this statement for inclusion in the annual report is adequate and effective to safeguard the shareholders' investment, the interests of employees and the Group's assets.

FINANCIAL STATEMENTS

Page	Contents

DIRECTORS' REPORT

The directors submit herewith their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss before taxation	(2,632,923)	(864,859)
Taxation	579	-
Loss for the year attributable to owners of the Company	(2,632,344)	(864,859)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the current financial year, the issued and paid-up share capital of the Company was increased from RM24,440,517 to RM25,060,517 by way of issuance of additional 3,100,000 new ordinary shares of RM0.20 each at par and for cash consideration pursuant to the conversion of 3,100,000 Warrants 2014/2024.

The new ordinary shares issued rank pari passu in all respects with the existing issued ordinary shares of the Company.

DIRECTORS

The names of the directors in office since the date of the last directors' report on 28 April 2015 are as follows :-

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Chairman)
Dato' Seri Yong Tu Sang (Managing Director)
Yong Emmy
Choong Show Tong
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey
Yong Ellen (alternate director to Yong Emmy)
Yong Hin Siong

In accordance with Article 64 of the Company's Articles of Association, Dato' Seri Yong Tu Sang and Choong Show Tong retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Section 129 (6) of the Companies Act, 1965, Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman, retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.20 each			
	As at 1.1.2015	<----- During the financial year -----> Acquired	Disposed	As at 31.12.2015
Dato' Seri Yong Tu Sang				
- direct	12,339,081	-	-	12,339,081
- indirect *	22,204,299	-	-	22,204,299
Yong Emmy				
- direct	12,096,000	-	-	12,096,000
Yong Ellen				
- direct	108,300	-	-	108,300
- indirect #	-	5,610,100	-	5,610,100

	Number of Warrants 2009/2019			
	As at 1.1.2015	<----- During the financial year -----> Acquired	Disposed	As at 31.12.2015
Dato' Seri Yong Tu Sang				
- indirect *	252,425	-	-	252,425
Yong Emmy				
- direct	146,359	-	-	146,359
Yong Ellen				
- direct	214	-	-	214

	Number of Warrants 2014/2024			
	As at 1.1.2015	<----- During the financial year -----> Acquired	Disposed	As at 31.12.2015
Dato' Seri Yong Tu Sang				
- direct	3,290,421	-	(1,000,000)	2,290,421
- indirect *	5,921,146	200,000	(4,000,000)	2,121,146
Yong Emmy				
- direct	3,225,600	-	(2,000,000)	1,225,600
Yong Ellen				
- direct	28,880	200,000	-	228,880
- indirect #	-	1,440,000	-	1,440,000

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

The details of the Warrants 2009/2019 and Warrants 2014/2024 are disclosed in Notes 13 and 17 to the financial statements respectively.

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

d) In the opinion of the directors :-

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

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

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

On behalf of the Board of Directors,

DATO' SERI YONG TU SANG
Director

YONG HIN SIONG
Director

This report is made pursuant to the directors' resolution passed on 19 April 2016

Date : 19 April 2016

STATEMENT BY DIRECTORS

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

We, DATO' SERI YONG TU SANG and YONG HIN SIONG, being two of the directors of BTM RESOURCES BERHAD, state that in the opinion of the directors, the financial statements set out on pages 28 to 70 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the results of operations and cash flows of the Group and of the Company for the financial year ended on that date.

The information set out in Note 36 to the financial statements on page 71 have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board of Directors,

DATO' SERI YONG TU SANG
Director

YONG HIN SIONG
Director

Date: 19 April 2016

STATUTORY DECLARATION

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

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

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

Subscribed and solemnly declared by the abovenamed CHEN KAR MUN at Kuala Lumpur in the Federal Territory this 19 April 2016.

Before me,
Commissioner for Oaths
KAPT. (B) JASNI BIN YUSOFF
NO.: W465

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	21,961,665	19,592,144
Prepaid lease payments	5	439,780	478,253
		22,401,445	20,070,397
Current Assets			
Inventories	8	5,005,123	4,269,336
Trade receivables	9	1,896,640	2,559,304
Other receivables, deposits and prepayments	10	1,817,927	407,495
Fixed deposits with licensed banks	12	7,658,449	10,440,118
Cash and bank balances		614,553	3,363,269
		16,992,692	21,039,522
Total Assets		39,394,137	41,109,919
EQUITY AND LIABILITIES			
Equity Attributable To Owners Of The Company			
Share capital	13	25,060,517	24,440,517
Share premium	14	424,700	-
Revaluation reserves	15	16,377,545	16,377,545
Capital reserves	16	531,845	531,845
Warrant reserve	17	4,039,766	4,464,466
Accumulated losses		(20,639,251)	(18,006,907)
Total Equity		25,795,122	27,807,466
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	18	1,697,775	1,478,148
Term loan (secured)	19	4,973,586	4,173,802
Hire purchase creditors	20	48,736	70,360
Deferred taxation	21	165,000	167,434
		6,885,097	5,889,744
Current Liabilities			
Trade payables	22	1,355,960	1,445,541
Other payables and accruals		2,854,849	1,901,743
Term loan (secured)	19	908,096	1,707,880
Amount due to directors	23	1,496,104	2,258,251
Hire purchase creditors	20	23,533	24,018
Taxation		75,376	75,276
		6,713,918	7,412,709
Total Liabilities		13,599,015	13,302,453
Total Equity and Liabilities		39,394,137	41,109,919

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

	Note	2015 RM	2014 RM
Revenue	24	11,552,490	9,082,212
Cost of sales		(10,609,940)	(10,084,574)
Gross profit/(loss)		942,550	(1,002,362)
Other income		970,126	2,895,014
Distribution expenses		(535,419)	(386,643)
Administrative expenses		(3,448,849)	(3,225,842)
Other operating expense		-	(4,103,747)
Finance costs		(561,331)	(522,661)
Loss before taxation	25	(2,632,923)	(6,346,241)
Taxation	26	579	(9,412)
Loss for the year, representing total comprehensive loss for the year		(2,632,344)	(6,355,653)
Loss per share attributable to owners of the Company			
Basic	27	(2.1 sen)	(11.3 sen)
Diluted	27	N/A	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2015

	Share capital (Note 13) RM	<---- Share premium (Note 14) RM	Non-distributable Revaluation reserves (Note 15) RM	Capital reserves (Note 16) RM	Warrant reserve (Note 17) RM ---->	Accumulated losses RM	Total RM
Balance as at 1 January 2014	40,734,196	7,628,463	16,377,545	531,845	-	(46,512,441)	18,759,608
Loss for the year, representing							
total comprehensive loss for the year	-	-	-	-	-	(6,355,653)	(6,355,653)
Reduction of share capital and share premium set							
off against accumulated losses	(32,587,357)	(3,959,431)	-	-	-	36,546,788	-
Rights issue of shares with warrants	16,293,678	(2,778,865)	-	-	4,464,466	(1,685,601)	16,293,678
Share issue expenses	-	(890,167)	-	-	-	-	(890,167)
Balance as at 31 December 2014	24,440,517	-	16,377,545	531,845	4,464,466	(18,006,907)	27,807,466

	Share capital (Note 13) RM	<---- Share premium (Note 14) RM	Non-distributable Revaluation reserves (Note 15) RM	Capital reserves (Note 16) RM	Warrant reserve (Note 17) RM ---->	Accumulated losses RM	Total RM
Balance as at 1 January 2015	24,440,517	-	16,377,545	531,845	4,464,466	(18,006,907)	27,807,466
Loss for the year, representing							
total comprehensive loss for the year	-	-	-	-	-	(2,632,344)	(2,632,344)
Issuance of new shares from conversion of							
Warrants 2014/2024	620,000	424,700	-	-	(424,700)	-	620,000
Balance as at 31 December 2015	25,060,517	424,700	16,377,545	531,845	4,039,766	(20,639,251)	25,795,122

The notes on pages 36 to 70 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	2015 RM	2014 RM
Cash Flows From Operating Activities		
Loss before taxation	(2,632,923)	(6,346,241)
Adjustments for :-		
Amortisation of prepaid lease payments	38,473	38,473
Allowance for impairment loss on property, plant and equipment	-	4,103,747
Allowance for impairment loss on trade receivables	21,230	-
Depreciation	877,666	1,721,911
Defined benefit obligations	219,627	207,996
Waiver of interest on term loans	-	(2,510,295)
Gain on disposal of property, plant and equipment	(35,327)	(95,693)
Interest expense	560,646	521,145
Interest income	(272,393)	(72,720)
Operating loss before working capital changes	(1,223,001)	(2,431,677)
Increase in inventories	(735,787)	(177,371)
Decrease in trade receivables	593,625	457,161
Increase in other receivables, deposits and prepayments	(1,410,432)	(254,524)
(Decrease)/Increase in trade payables	(89,581)	853,537
Increase/(Decrease) in other payables and accruals	447,281	(389,409)
(Decrease)/Increase in amount due to directors	(762,147)	259,975
Cash used in operations	(3,180,042)	(1,682,308)
Taxation paid	(1,755)	(7,612)
Interest received	272,393	72,720
Interest paid	(1,810)	(9,089)
Net cash used in operating activities	(2,911,214)	(1,626,289)
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	35,330	95,701
Purchase of property, plant and equipment	(3,247,190)	(441,515)
Net cash used in investing activities	(3,211,860)	(345,814)
Cash Flows From Financing Activities		
Proceeds from issuance of shares, net of share issue expenses	620,000	15,839,841
Repayment of term loans	-	(500,000)
Payment of hire purchase liabilities	(22,109)	(24,898)
Hire purchase interest paid	(5,202)	(6,231)
Net cash from financing activities	592,689	15,308,712
Net (Decrease)/Increase In Cash And Cash Equivalents	(5,530,385)	13,336,609
Cash and cash equivalents at beginning of year	13,803,387	466,778
Cash And Cash Equivalents At End Of Year (Note 28)	8,273,002	13,803,387

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	7,718,405	7,877,433
Subsidiary companies	6	1,281,692	281,694
		9,000,097	8,159,127
Current Assets			
Other receivables, deposits and prepayments	10	26,560	21,653
Amount due from subsidiary companies	11	14,712,711	12,778,171
Fixed deposits with licensed banks	12	7,219,395	10,015,161
Cash and bank balances		41,289	1,624,318
		21,999,955	24,439,303
Total Assets		31,000,052	32,598,430
EQUITY AND LIABILITIES			
Equity Attributable to Owners of The Company			
Share capital	13	25,060,517	24,440,517
Share premium	14	424,700	-
Revaluation reserves	15	4,198,896	4,198,896
Warrant reserve	17	4,039,766	4,464,466
Accumulated losses		(4,438,559)	(3,573,700)
Total Equity		29,285,320	29,530,179
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	18	395,102	354,929
Hire purchase creditors	20	48,736	68,770
Deferred taxation	21	95,000	95,000
		538,838	518,699
Current Liabilities			
Other payables and accruals		167,847	272,295
Hire purchase creditors	20	21,943	19,006
Amount due to directors	23	986,104	2,258,251
		1,175,894	2,549,552
Total Liabilities		1,714,732	3,068,251
Total Equity and Liabilities		31,000,052	32,598,430

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

	Note	2015 RM	2014 RM
Revenue	24	416,844	396,995
Other income		258,116	29,333
Administrative expenses		(1,535,417)	(1,659,976)
Finance costs		(4,402)	(5,082)
Loss before taxation	25	(864,859)	(1,238,730)
Taxation	26	-	-
Loss for the year, representing total comprehensive loss for the year		(864,859)	(1,238,730)

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2015

		<------ Non-distributable		------>		
	Share capital (Note 13) RM	Share premium (Note 14) RM	Revaluation reserve (Note 15) RM	Warrant reserve (Note 17) RM	Accumulated losses RM	Total RM
Balance as at 1 January 2014	40,734,196	7,628,463	4,198,896	-	(37,196,157)	15,365,398
Loss for the year, representing total comprehensive						
loss for the year	-	-	-	-	(1,238,730)	(1,238,730)
Reduction of share capital and share premium						
set off against accumulated losses	(32,587,357)	(3,959,431)	-	-	36,546,788	-
Rights issue of shares with warrants	16,293,678	(2,778,865)	-	4,464,466	(1,685,601)	16,293,678
Share issue expenses	-	(890,167)	-	-	-	(890,167)
Balance as at 31 December 2014	24,440,517	-	4,198,896	4,464,466	(3,573,700)	29,530,179

		<------ Non-distributable		------>		
	Share capital (Note 13) RM	Share premium (Note 14) RM	Revaluation reserve (Note 15) RM	Warrant reserve (Note 17) RM	Accumulated losses RM	Total RM
Balance as at 1 January 2015	24,440,517	-	4,198,896	4,464,466	(3,573,700)	29,530,179
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(864,859)	(864,859)
Issuance of new shares from conversion of						
Warrants 2014/2024	620,000	424,700	-	(424,700)	-	620,000
Balance as at 31 December 2015	25,060,517	424,700	4,198,896	4,039,766	(4,438,559)	29,285,320

The notes on pages 36 to 70 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	2015 RM	2014 RM
Cash Flows From Operating Activities		
Loss before taxation	(864,859)	(1,238,730)
Adjustments for :-		
Depreciation	167,503	191,106
Defined benefit obligations	40,173	37,262
Interest expense	3,902	4,931
Interest income	(257,916)	(13,540)
Operating loss before working capital changes	(911,197)	(1,018,971)
Increase in other receivables, deposits and prepayments	(4,907)	(788)
Increase in amount due from subsidiary companies	(1,934,540)	(2,910,790)
Decrease in other payables and accruals	(104,448)	(519,160)
(Decrease)/Increase in amount due to directors	(1,272,147)	259,975
Cash used in operations	(4,227,239)	(4,189,734)
Interest received	257,916	13,540
Net cash used in operating activities	(3,969,323)	(4,176,194)
Cash Flows From Investing Activities		
Investment in subsidiary company	(999,998)	-
Purchase of property, plant and equipment	(8,475)	(4,935)
Net cash used in investing activities	(1,008,473)	(4,935)
Cash Flows From Financing Activities		
Proceeds from issuance of shares, net of share issue expenses	620,000	15,839,841
Payment of hire purchase liabilities	(17,097)	(19,886)
Hire purchase interest paid	(3,902)	(4,931)
Net cash from financing activities	599,001	15,815,024
Net (Decrease)/Increase In Cash And Cash Equivalents	(4,378,795)	11,633,895
Cash and cash equivalents at beginning of year	11,639,479	5,584
Cash And Cash Equivalents At End Of Year (Note 28)	7,260,684	11,639,479

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2015

1. GENERAL INFORMATION

BTM Resources Berhad is a public limited liability company incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

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

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

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

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

The accounting policies applied by the Group are consistent with those applied in the previous financial year other than the application of the amendments to MFRSs as disclosed in Note 2.2 below.

2.2 Application of Amendments to MFRSs

During the financial year, the Group has applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 July 2014 :-

Amendments to MFRS 119, Defined Benefit Plans : Employee Contributions

Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2010 - 2012 Cycle"

Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2011 - 2013 Cycle"

The application of the above amendments to MFRSs did not result in any significant changes to the Group's accounting policies and have no significant financial impact on the amounts reported in the financial statements.

2.3 New MFRSs and Amendments to MFRSs That Are Issued But Not Yet Effective and Have Not Been Early Adopted

The Group has not early adopted the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2016

MFRS 14, Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities : Applying the Consolidation Exception

Amendments to MFRS 11 - Accounting for Acquisitions of Interests in Joint Operation

Amendments to MFRS 101 - Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141 - Agriculture : Bearer Plants

Amendments to MFRS 127 - Equity Method in Separate Financial Statements

Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 107 - Disclosure Initiative

Effective for annual periods beginning on or after 1 January 2018

MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

MFRS 15, Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019

MFRS 16, Leases

Effective for annual periods beginning on or after a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 New MFRSs and Amendments to MFRSs That Are Issued But Not Yet Effective and Have Not Been Early Adopted (cont'd)

The Group will apply the above new MFRSs and amendments to MFRSs that are applicable once they become effective. The main features of these new standards and amendments to standards are summarised below :-

a) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation

The Amendments provide additional guidance on how depreciation of property, plant and equipment and amortisation of intangible assets should be calculated.

MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The Amendments to MFRS 116 prohibit revenue-based depreciation on the basis that revenue does not reflect the way in which an item of property, plant and equipment is used or consumed. The Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on revenue generated by an activity that includes the use of an intangible asset is inappropriate. The presumption can be overcome only in the limited circumstances (i) in which the intangible asset is expressed as a measure of revenue i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or (ii) when it can be demonstrated that revenue and the consumption of the economic benefits of intangible asset are highly correlated.

b) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

The Standard replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

The key enhancements of MFRS 9 are :

- Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets under MFRS 139 had been replaced.
- Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9, except for the measurement of financial liabilities designated as at FVTPL. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss. However, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. Under MFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139 i.e. fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. MFRS 9 incorporates a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedge items and hedging instruments respectively.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 New MFRSs and Amendments to MFRSs That Are Issued But Not Yet Effective and Have Not Been Early Adopted (cont'd)

c) MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 111, MFRS 118 and the related IC Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps :-

Step 1 Identify the contract(s) with a customer
Step 2 Identify the performance obligations in the contract
Step 3 Determine the transaction price
Step 4 Allocate the transaction price to the performance obligations in the contract
Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. MFRS 15 also requires more extensive disclosures.

The initial application of MFRS 9 may have an impact on the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. The initial application of other new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and of the Company.

2.4 Basis of Consolidation

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Business Combinations

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

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

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

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

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

2.6 Goodwill on Consolidation

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

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

2.7 Share Capital

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

2.8 Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Property, Plant and Equipment (cont'd)

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

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

Freehold land and capital work-in-progress or unused plant are not depreciated. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost or valuation of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress or unused plant commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over the shorter of the lease terms and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease terms. The annual depreciation rates used are as follows :-

Buildings	5% to 6% (previously 5% to 14%)
Plant and machinery	10% to 15%
Office equipment, furniture and fittings	20% to 33 1/3%
Factory renovation	5%
Motor vehicles	20%

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.9.

The directors have reviewed the useful life of certain building of the Group and revised its depreciation rate as disclosed above to reflect its revised estimated useful life during the current financial year. This change in estimate has the effect of reducing the loss for the year of the Group by RM848,571 through the reduction in depreciation charge for the year.

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.

2.9 Impairment of Non-Financial Assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Impairment of Non-Financial Assets (cont'd)

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

2.10 Hire Purchase and Finance Lease Arrangements and Operating Leases

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

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

a) Assets Acquired under Hire Purchase and Finance Lease Arrangements

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

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

The depreciation policy of property, plant and equipment acquired under hire purchase and finance lease arrangements are consistent with the Group's depreciation policy as set out in Note 2.8 above.

b) Operating Lease

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

2.11 Investment in Subsidiary Companies

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

2.12 Investment in Club Membership

Investment in club membership is stated at cost less accumulated impairment losses.
The investment in club membership is reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

2.13 Inventories

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

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Taxation

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

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

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

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

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

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

2.16 Foreign Currencies

a) Functional and Presentation Currency

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

b) Foreign Currency Transactions and Balances

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

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

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

2.17 Employee Benefits

i) Short-Term Benefits

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

ii) Defined Contribution Plans

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Employee Benefits (cont'd)

iii) Defined Benefit Plans

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

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

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date.

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

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

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

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

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

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

iv) Termination Benefits

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

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

2.18 Revenue Recognition

Revenue is recognised upon delivery and acceptance of goods by customers and rendering of services
Rental income is recognised on an accrual basis over the period of tenancy.

2.19 Borrowings Costs

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

2.20 Cash and Cash Equivalents

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

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with the policy set out in Note 2.21(a).

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Financial Assets

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

Classification and measurement

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

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

(a) **Loans and receivables**

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

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

Regular way purchase or sale of financial assets

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

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

Impairment of financial assets

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

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

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

Derecognition of a financial asset

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

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Financial Liabilities

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

Classification and measurement

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

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

(a) **Other financial liabilities**

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

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

Derecognition of a financial liability

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

2.23 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)
At 31 December 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

b) Key sources of estimation uncertainty

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

i) Impairment of non-financial assets

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

ii) Impairment losses of receivables

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

iii) Deferred tax assets

Deferred tax assets are recognised for unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment on the probability of the availability of future taxable profits. The total carrying amount of deferred tax assets recognised on unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences of the Group and the Company at the end of the reporting period are RM2,379,170 (2014 : RM2,515,950) and RM411,778 (2014 : RM419,506) respectively.

The unrecognised unabsorbed tax losses, unutilised allowances and other deductible temporary differences are disclosed under Note 21(b) and the unrecognised deferred tax assets in connection thereto at the end of the reporting period are estimated at RM9,458,894 (2014 : RM9,517,288) and RM438,760 (2014 : RM318,323) for the Group and the Company respectively.

iv) Retirement benefit obligations

The Group's retirement benefit obligations for eligible employees were measured by an actuarial valuation using the Projected Unit Credit Actuarial Cost Method. According to this method, several statistical information and assumptions are used to determine the expense and liability. Statistical information is principally related to demographic assumptions such as mortality, employee turnover and early retirement. The assumptions are mainly discount rate and future salary increase rate. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligations. All these assumptions are disclosed in Note 18.

v) Estimated useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on various factors such as level of usage and business plans. The estimated useful lives are as disclosed in Note 2.8. Changes in the expected level of usage and business plan could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The change in the estimated economic useful life of a building of the Group and its impact on depreciation charge for the year are disclosed in Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT

	<------- At valuation ------>		<------------------------ At cost						------------------------>
	Freehold land RM	Freehold building RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Factory Renovation RM	Unused plant RM	Capital work in progress RM	Total RM
Group 2015									
Cost/Valuation									
At beginning of year	7,400,000	12,900,000	11,881,595	2,246,106	1,580,029	80,111	8,227,492	-	44,315,333
Additions	-	-	225,542	33,518	61,355	12,675	-	2,914,100	3,247,190
Disposals	-	-	(45,000)	-	(161,785)	-	-	-	(206,785)
At end of year	7,400,000	12,900,000	12,062,137	2,279,624	1,479,599	92,786	8,227,492	2,914,100	47,355,738
Accumulated depreciation									
At beginning of year	-	1,564,286	11,214,543	2,193,449	1,523,183	1,736	-	-	16,497,197
Charge for the year	-	715,714	88,468	41,725	27,209	4,550	-	-	877,666
Disposals	-	-	(44,999)	-	(161,783)	-	-	-	(206,782)
At end of year	-	2,280,000	11,258,012	2,235,174	1,388,609	6,286	-	-	17,168,081
Accumulated impairment loss									
At beginning /end of year	-	-	8,500	-	-	-	8,217,492	-	8,225,992
Net book value	7,400,000	10,620,000	795,625	44,450	90,990	86,500	10,000	2,914,100	21,961,665

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)
At 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	<------- At valuation ------>		<------------------------ At cost ------------------------>					
	Freehold land RM	Freehold building RM	Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Factory Renovation RM	Unused plant RM	Total RM
Group 2014								
Cost/Valuation								
At beginning of year	7,400,000	12,900,000	11,565,095	2,214,586	2,082,327	-	-	36,162,008
Additions	-	-	316,500	36,858	8,046	80,111	-	441,515
Disposals	-	-	-	(5,338)	(510,344)	-	-	(515,682)
Transfer from non-current asset held for sale	-	-	-	-	-	-	8,227,492	8,227,492
At end of year	7,400,000	12,900,000	11,881,595	2,246,106	1,580,029	80,111	8,227,492	44,315,333
Accumulated depreciation								
At beginning of year	-	-	11,163,111	2,100,388	2,027,461	-	-	15,290,960
Charge for the year	-	1,564,286	51,432	98,397	6,060	1,736	-	1,721,911
Disposals	-	-	-	(5,336)	(510,338)	-	-	(515,674)
At end of year	-	1,564,286	11,214,543	2,193,449	1,523,183	1,736	-	16,497,197
Accumulated impairment loss								
At beginning of year	-	-	8,500	-	-	-	-	8,500
Addition	-	-	-	-	-	-	4,103,747	4,103,747
Transfer from non-current asset held for sale	-	-	-	-	-	-	4,113,745	4,113,745
At end of year	-	-	8,500	-	-	-	8,217,492	8,225,992
Net book value	7,400,000	11,335,714	658,552	52,657	56,846	78,375	10,000	19,592,144

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	<------------At valuation ----------->		<------ At cost ------>	
	Freehold land RM	Freehold building RM	Office equipment, motor vehicle, furniture and fittings RM	Total RM
Company 2015				
Cost/Valuation				
At beginning of year	5,000,000	3,000,000	1,425,271	9,425,271
Additions	-	-	8,475	8,475
At end of year	5,000,000	3,000,000	1,433,746	9,433,746
Accumulated depreciation				
At beginning of year	-	150,000	1,397,838	1,547,838
Charge for the year	-	150,000	17,503	167,503
At end of year	-	300,000	1,415,341	1,715,341
Net book value	5,000,000	2,700,000	18,405	7,718,405
Company 2014				
Cost/Valuation				
At beginning of year	5,000,000	3,000,000	1,420,336	9,420,336
Additions	-	-	4,935	4,935
At end of year	5,000,000	3,000,000	1,425,271	9,425,271
Accumulated depreciation				
At beginning of year	-	-	1,356,732	1,356,732
Charge for the year	-	150,000	41,106	191,106
At end of year	-	150,000	1,397,838	1,547,838
Net book value	5,000,000	2,850,000	27,433	7,877,433

a) The property, plant and equipment of a subsidiary company with a net carrying amount of RM11,165,931 (2014 : RM11,598,659) as at 31 December 2015 are subject to fixed and floating charges to secure a term loan facility of RM5,881,682 (2014 : RM5,881,682) for the subsidiary company.

b) The freehold land and buildings of the Group and of the Company were last revalued by the directors on 31 December 2013 based on their open market values as ascertained through an independent valuation carried out by professional valuers on that date. No professional independent valuation has been carried out on these properties since then.

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

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

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

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

The fair values of the freehold land and buildings of the Group and of the Company as at 31 December 2013 were RM20,300,000 and RM8,000,000 respectively and these fair values have been assessed by the directors to remain at approximately the same as at 31 December 2014 and 31 December 2015.

The fair values of the freehold land and buildings as at the end of the reporting period are determined in accordance with Level 2 of the fair value hierarchy. In the assessment of the fair values, the sales prices of comparable properties in the locality are adjusted for factors which affect values such as the size of the properties. The most significant input into this valuation is price per square foot.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

c) Had the freehold land and buildings of the Group been carried under the cost model, the carrying amount as at 31 December 2015, would have been RM2,920,000 (2014 : RM2,920,000) and RM1,118,575 (2014 : RM1,312,086) respectively.

Had the freehold land and building of the Company been carried under the cost model, the carrying amount as at 31 December 2015, would have been RM2,120,000 (2014 : RM2,120,000) and RM985,717 (2014 : RM1,104,717) respectively.

d) The titles to all freehold land of the Company and a subsidiary company with a total net carrying amount as at 31 December 2015 of RM7,400,000 (2014 : RM7,400,000) have yet to be registered in the name of the Company and the subsidiary company respectively as at the end of the reporting period. The transfers of these titles to the Company and the subsidiary company are in progress as at the date of this report.

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

	Cost RM	Accumulated depreciation RM	Net book value RM	Current year depreciation RM
Group 2015				
Motor vehicles	213,611	213,609	2	11,640
Group 2014				
Motor vehicles	213,611	201,969	11,642	37,521
Company 2015				
Motor vehicle	174,613	174,612	1	11,640
Company 2014				
Motor vehicle	174,613	162,972	11,641	34,922

f) The unused plant refers to a Woodwaste Fired Cogeneration System boiler plant acquired by a subsidiary company which has yet to be installed. The asset was transferred back from non-current asset held for sale under current assets to property, plant and equipment as at 31 December 2014 following the termination of the asset sale agreement mutually by both parties on 2 March 2015 after it lapsed on 25 February 2015.

Upon the termination of the asset sale as aforesaid prior to the issuance of the financial statements for the previous financial year, the directors had reviewed the carrying amount of the asset for impairment given that there was no immediate plan for use of the asset and its limited potential for sale in the market. Based on their review, the directors had assessed the recoverable amount of the asset to be its scrap value of RM10,000. The scrap value was based on an indicative offer determined in accordance with Level 2 of the fair value hierarchy whereby the most significant input was the sale value per metric ton of scrap metal. Accordingly, further impairment loss of RM4,103,747 on the asset had been recognised in the profit or loss of the Group under other operating expense during the previous financial year.

5. PREPAID LEASE PAYMENTS

	GROUP Short term leasehold land 2015 RM	2014 RM
Cost		
At beginning/end of year	795,000	795,000
Accumulated Amortisation		
At beginning of year	316,747	278,274
Charge for the year	38,473	38,473
At end of year	355,220	316,747
Net carrying amount at end of year	439,780	478,253

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

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

6. SUBSIDIARY COMPANIES

	COMPANY 2015 RM	COMPANY 2014 RM
Unquoted shares, at cost	19,873,550	18,873,552
Accumulated impairment losses	(18,591,858)	(18,591,858)
	1,281,692	281,694

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

Name of Company	Equity Interest (%) 2015	Equity Interest (%) 2014	Principal Activities
Besut Tsuda Industries Sendirian Berhad	100.00	100.00	Investment holding, logging, sawmilling and trading of sawn timber and logs
Syarikat Maskayu Sawmill Sdn. Bhd.	99.99	99.99	Logging, sawmilling, and trading of sawn timber and logs (presently dormant)
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 Biomass Products Sdn. Bhd.	100.00	100.00	Manufacturing and sale of wood pellets (yet to commence production)

7. INVESTMENT IN CLUB MEMBERSHIP

	GROUP/COMPANY 2015 RM	GROUP/COMPANY 2014 RM
Golf club membership, at cost	40,000	40,000
Less : Allowance for impairment loss	(40,000)	(40,000)
	-	-

8. INVENTORIES

At Cost	GROUP 2015 RM	GROUP 2014 RM
Logs and sawn timber	1,381,083	600,334
Manufactured products	3,285,075	3,372,955
Consumables stores	337,879	294,137
Others	1,086	1,910
	5,005,123	4,269,336

Inventories amounting to RM5,004,037 (2014 : RM4,267,426) have been pledged as securities to a licensed bank for a term loan facility granted to a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

9. TRADE RECEIVABLES

	GROUP	
	2015 RM	2014 RM
Trade receivables	1,927,898	2,569,332
Less : Allowance for impairment loss	(31,258)	(10,028)
	1,896,640	2,559,304

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

	GROUP	
	2015 RM	2014 RM
Ringgit Malaysia	1,848,253	2,104,216
United States Dollar	79,645	465,116
	1,927,898	2,569,332

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

	GROUP	
	2015 RM	2014 RM
Past due 0 - 30 days	3,873	-
Past due 31 - 120 days	101,615	85,037
Past due more than 120 days	1,315,723	1,657,790
Balance past due but not impaired	1,421,211	1,742,827
Balance past due more than 120 days and impaired	31,258	10,028
Balance neither past due nor impaired	475,429	816,477
Total trade receivables	1,927,898	2,569,332

The normal credit term of trade receivables is 30 days (2014 : 30 days).

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

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

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

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

c) As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure to the amounts owing by the related parties as disclosed in Note 31(c)(iii) to the financial statements. The total amount owing by related parties represents approximately 85% (2014 : 77%) of the total trade receivables. The amounts due and repayments from these related parties are closely monitored to ensure credit limits and terms are complied with.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)
At 31 December 2015

9. TRADE RECEIVABLES (cont'd)

d) The movements of allowance for impairment loss during the year are as follows :-

	GROUP	
	2015 RM	2014 RM
At beginning of year	10,028	10,028
Additional impairment loss recognised for the year	21,230	-
At end of financial year	31,258	10,028

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables and deposits	1,858,639	210,358	131,370	131,370
Less : Allowance for impairment losses	(118,069)	(119,839)	(111,850)	(111,850)
	1,740,570	90,519	19,520	19,520
Prepayments	77,357	316,976	7,040	2,133
	1,817,927	407,495	26,560	21,653

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
At beginning of year	119,839	309,559	111,850	111,850
Written off during the year	(1,770)	(189,720)	-	-
At end of year	118,069	119,839	111,850	111,850

11. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies are interest-free, unsecured and are repayable on demand. The amount is stated net of impairment loss of RM13,846,313 (2014 : RM13,846,313).

12. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rates and maturity profile of the fixed deposits with licensed banks of the Group as at the end of the financial year range from 2.95% to 3.45% (2014 : 3.20% to 3.55%) per annum and 1 to 12 months (2014 : 1 to 12 months). In respect of the Company, the effective interest rates and maturity profile of the fixed deposits with licensed banks as at the end of the financial year range from 2.95% to 3.00% (2014 : 3.50% to 3.55%) per annum and 1 to 3 months (2014 : 1 to 3 months).

Included in fixed deposits of the Group are deposits amounting to RM205,775 (2014 : RM199,378) in the name of a subsidiary company which are pledged to a licensed bank as securities for a term loan facility granted to the subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

13. SHARE CAPITAL

	GROUP/COMPANY			
	2015 Number	2014 Number	2015 RM	2014 RM
Authorised :-				
At beginning of year				
Ordinary shares of RM0.20 (2014: RM1.00) each	500,000,000	100,000,000	100,000,000	100,000,000
Par value reduction of RM0.80 each	-	400,000,000	-	-
At end of year				
Shares of RM0.20	500,000,000	500,000,000	100,000,000	100,000,000
Issued and fully paid :-				
At beginning of year				
Ordinary shares of RM0.20 (2014: RM1.00) each	122,202,588	40,734,196	24,440,517	40,734,196
Par value reduction of RM0.80 each	-	-	-	(32,587,357)
Ordinary shares of RM0.20 each	122,202,588	40,734,196	24,440,517	8,146,839
Rights issue of shares with warrants	-	81,468,392	-	16,293,678
Issuance of new shares from conversion of				
Warrants 2014/2024 (Note 17)	3,100,000	-	620,000	-
At end of year				
Ordinary shares of RM0.20 each	125,302,588	122,202,588	25,060,517	24,440,517

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

In the previous financial year, the Company had implemented a capital reduction and fund raising exercise which resulted in the following:-

i) the cancellation of RM0.80 of the par value of every existing ordinary shares of RM1.00 each in the issued and paid-up share capital of the Company amounting to RM32,587,357 ("Par Value Reduction") and a reduction of RM3,959,431 from the Company's share premium account ("Share Premium Reduction") pursuant to Sections 60(2) and 64(1) of the Companies Act, 1965 and the utilisation of the total credit of RM36,546,788 arising therefrom to set-off against an equivalent amount of the accumulated losses of the Company;

ii) the revision of the authorised share capital of the Company from RM100,000,000 divided into 100,000,000 shares of RM1.00 each to RM100,000,000 divided into 500,000,000 shares of RM0.20 each to reflect the change in the par value of the ordinary shares of the Company; and

iii) the issuance of 81,468,392 new ordinary shares of RM0.20 each ("Rights Shares") on a renounceable basis of two Rights Shares for every one existing ordinary share held after the Par Value Reduction at the issue price of RM0.20 per Rights Share together with 32,587,346 free new detachable warrants ("Warrants 2014/2024") on the basis of four Warrants 2014/2024 for every ten Rights Shares subscribed ("Rights Issue with Warrants").

Warrants 2009/2019

These warrants which were issued as free detachable warrants together with a rights issue of ordinary shares in 2009 carry the entitlement, at any time from the issue date on 21 December 2009 up to the close of business at 5.00 p.m. in Malaysia on the maturity date of 20 December 2019 ("Exercise Period"), to subscribe for one new ordinary share of RM0.20 (originally RM1.00) each in the Company at the exercise price of RM0.94 (originally RM1.00) which shall be satisfied in cash. Any warrant not exercised during the Exercise Period will lapse and thereafter cease to be valid for any purpose.

Warrants 2009/2019 are constituted by the Deed Poll dated 16 November 2009.

As a consequence of the Rights Issue with Warrants in the previous financial year, an additional 1,352,501 Warrants 2009/2019 were issued to the holders of outstanding Warrants 2009/2019 and the exercise price of the Warrants 2009/2019 was revised from RM1.00 to RM0.94 per Warrant pursuant to adjustments to the exercise price and number of outstanding Warrants 2009/2019 in accordance with its Deed Poll.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

13. SHARE CAPITAL (cont'd)

The movements in the number of Warrants 2009/2019 that remained unexercised are as follows :-

	GROUP/COMPANY	
	2015 Number	2014 Number
At beginning of year	19,985,593	18,633,092
Allotment of additional warrants during the year	-	1,352,501
At end of year	19,985,593	19,985,593

14. SHARE PREMIUM

	GROUP/COMPANY	
	2015 RM	2014 RM
At beginning of year	-	7,628,463
Share Premium Reduction (Note 13)	-	(3,959,431)
Share issue expenses	-	(890,167)
Utilised for warrant reserve (Note 17)	-	(2,778,865)
Transfer from warrant reserve (Note 17)	424,700	-
At end of year	424,700	-

Share premium 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. Included in the share issue expenses in the previous year was auditors' remuneration of RM50,000.

15. REVALUATION RESERVES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
At beginning/end of year	16,377,545	16,377,545	4,198,896	4,198,896

16. CAPITAL RESERVES

	GROUP	
	2015 RM	2014 RM
At beginning/end of year	531,845	531,845

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

17. WARRANT RESERVE

	GROUP/COMPANY	
	2015 RM	2014 RM
At beginning of year	4,464,466	-
Issuance of warrants pursuant to Rights Issue with Warrants	-	4,464,466
Transfer to share premium upon conversion of Warrants 2014/2024 (Note 14)	(424,700)	-
At end of year	4,039,766	4,464,466

The warrant reserve represents the fair value allocated to the 32,587,346 free detachable Warrants 2014/2024 issued by the Company pursuant to the Rights Issue with Warrants implemented during the previous financial year as disclosed in Note 13 (iii). The fair value allocated to each of the Warrants 2014/2024 as at their issuance date is RM0.137 which has been ascertained through an independent valuation performed by professional valuers using the Black-Scholes option pricing model. The fair value determined is in accordance with Level 2 of the fair value hierarchy as defined in Note 4 (b) which is based on observable inputs including the Company's share prices and volatility of the share prices over a trading period and market risk free rate of return. The warrant reserve arising from the allocation of fair value to the warrants has been charged to share premium and accumulated losses.

The Warrants 2014/2024 carry the entitlement, at any time from the issue date on 24 October 2014 up to the close of business at 5.00 p.m. in Malaysia on the maturity date of 23 October 2024 ("Exercise Period"), to subscribe for one new ordinary share of RM0.20 each in the Company at the exercise price of RM0.20 which shall be satisfied in cash. Any warrant not exercised during the Exercise Period will lapse and thereafter cease to be valid for any purpose.

Warrants 2014/2024 are constituted by the Deed Poll dated 12 September 2014.

The movements in the number of Warrants 2014/2024 that remained unexercised are as follows :-

	GROUP/COMPANY	
	2015 Number	2014 Number
At beginning of year	32,587,346	-
Warrants alloted during the year	-	32,587,346
Warrants converted during the year	(3,100,000)	-
At end of year	29,487,346	32,587,346

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

18. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Present value of unfunded defined benefit obligations	1,697,775	1,478,148	395,102	354,929

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

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
At beginning of year	1,478,148	1,270,152	354,929	317,667
Defined benefit cost recognised in profit or loss [Note 18(b)]	219,627	207,996	40,173	37,262
At end of year	1,697,775	1,478,148	395,102	354,929

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Current service cost	144,128	142,094	21,610	20,607
Interest cost	75,499	65,902	18,563	16,655
	219,627	207,996	40,173	37,262

c) The significant actuarial assumptions used for determination of the present value of defined benefit obligations were as follows :-

	GROUP		COMPANY	
	2015 %	2014 %	2015 %	2014 %
Discount rate	5.25	5.25	5.25	5.25
Salary increment rate	4.50	4.50	4.50	4.50

The discount rate is determined based on the values of AA rated corporate bond yields with 3 to 15 years of maturity.

d) A sensitivity analysis of the effects of changes to the significant actuarial assumptions [as disclosed in Note 18(c)] on the defined benefit obligations as at the end of the year, with all other assumptions remain constant is as follows :-

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
A 1% increase/decrease in discount rate will decrease/increase the defined benefit obligation by	143,296	129,779	14,161	15,797
A 1% increase/decrease in salary rate will increase/decrease the defined benefit obligation by	188,966	155,794	23,073	20,458

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligations as the change in assumptions unlikely would occur in isolation of one another as some of the assumptions may be correlated.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

19. TERM LOAN (SECURED)

	GROUP 2015 RM	GROUP 2014 RM
Amount due within one year (included under current liabilities)	908,096	1,707,880
Amount due more than one year (included under non-current liabilities)	4,973,586	4,173,802
Outstanding principal at year end	5,881,682	5,881,682

i) The above term loan granted by Small Medium Enterprise Development Bank Malaysia Berhad to a subsidiary company resulted from the restructuring of two previous outstanding term loans with the bank which was executed in the previous financial year. The restructuring of the previous outstanding term loans encompassed the following:-

a) Waiver of normal interest and penalty interest amounted to RM1,274,725 and RM1,235,570 respectively; totaling RM2,510,295 which was recognised as other income in profit or loss for the previous financial year.

b) Upfront payment of RM500,000 made on 29 January 2014 upon acceptance of the debts settlement plan from the bank.

c) Capitalisation of outstanding balance of principal and interest sum of RM5,881,682 and rescheduling of the repayment terms for the new principal over a five-year term with interest charged at 2% above the bank's prevailing base lending rate.

d) No change to the existing securities and guarantors.

The restructured term loan shall be repayable over 60 equal monthly instalments commencing after the formalisation of a Supplemental Facility Agreement executed with the lending bank which was pending stamping at the end of the reporting period. This supplemental agreement was stamped on 24 February 2016. The first monthly instalment payment for the restructured term loan commenced on 29 February 2016 based on a written advice from the bank on 25 February 2016.

As at the end of the reporting period, outstanding interest accrued on the restructured term loan and included in other payables amounted to RM1,011,650 (2014 : RM505,825). The outstanding interest has been accrued due to delay in the formalisation of the Supplemental Facility Agreement.

The segregation of the outstanding amount of the term loan at 31 December 2015 into current and non-current portions has been revised based on the above commencement date for repayment of the loan as advised by the bank.

ii) The Group's term loans are secured by :-

a) First fixed charge over land and buildings of a subsidiary company;

b) A debenture creating first fixed and floating charges on all present and future assets of the subsidiary company;

c) Unconditional and irrevocable corporate guarantee from the Company;

d) Unconditional and irrevocable joint and several guarantee from a director and past directors of the subsidiary company; and

e) Assignment of monies in sinking fund account in which an amount equivalent to five per cent from each export proceeds is to be deposited.

iii) Interest charged on the term loan is at the rate of 8.85% (2014 : 8.85%) per annum.

20. HIRE PURCHASE CREDITORS

	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
Future minimum payments :-				
Payable within one year	26,921	29,220	24,817	22,908
Payable more than one year	51,437	76,450	51,437	74,345
	78,358	105,670	76,254	97,253
Future finance charges	(6,089)	(11,292)	(5,575)	(9,477)
Present value	72,269	94,378	70,679	87,776
Payable within one year (included under current liabilities)	(23,533)	(24,018)	(21,943)	(19,006)
Payable more than one year (included under non-current liabilities)	48,736	70,360	48,736	68,770

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

21. DEFERRED TAXATION

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
At beginning of year	167,434	167,434	95,000	95,000
Recognised in profit or loss (Note 26)	(2,434)	-	-	-
At end of year	165,000	167,434	95,000	95,000

a) The components and movements of deferred tax liabilities and assets recognised in the financial statements during the financial year are as follows:-

	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
Group 2015			
Deferred tax liabilities :-			
Revaluation of land and building	2,661,867	(119,881)	2,541,986
Accelerated capital allowances	21,517	(19,333)	2,184
	2,683,384	(139,214)	2,544,170
Deferred tax assets :-			
Excess of depreciation over capital allowances	-	(341,918)	(341,918)
Unutilised capital allowances	(1,381,474)	215,640	(1,165,834)
Unabsorbed tax losses	(1,134,476)	263,058	(871,418)
	(2,515,950)	136,780	(2,379,170)
	167,434	(2,434)	165,000
Group 2014			
Deferred tax liabilities :-			
Revaluation of land and buildings	3,012,452	(350,585)	2,661,867
Accelerated capital allowances	5,977	15,540	21,517
	3,018,429	(335,045)	2,683,384
Deferred tax assets :-			
Excess of depreciation over capital allowances	(435,359)	435,359	-
Unutilised capital allowances	(1,292,924)	(88,550)	(1,381,474)
Unabsorbed tax losses	(1,122,712)	(11,764)	(1,134,476)
	(2,850,995)	335,045	(2,515,950)
	167,434	-	167,434

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

21. DEFERRED TAXATION (cont'd)

	At beginning of year RM	Recognised in profit or loss RM	At end of year RM
Company 2015			
Deferred tax liabilities :-			
Revaluation of land and building	513,867	(7,439)	506,428
Accelerated capital allowances	639	(289)	350
	514,506	(7,728)	506,778
Deferred tax assets :-			
Unutilised capital allowances	(11,518)	358	(11,160)
Unabsorbed tax losses	(407,988)	7,370	(400,618)
	(419,506)	7,728	(411,778)
	95,000	-	95,000
Company 2014			
Deferred tax liabilities :-			
Revaluation of land and buildings	521,308	(7,441)	513,867
Accelerated capital allowances	2,532	(1,893)	639
	523,840	(9,334)	514,506
Deferred tax assets :-			
Unutilised capital allowances	(11,018)	(500)	(11,518)
Unabsorbed tax losses	(417,822)	9,834	(407,988)
	(428,840)	9,334	(419,506)
	95,000	-	95,000

b) Deferred tax assets have not been recognised in respect of the following items which are available for set-off against future taxable profit :-

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other deductible temporary differences	1,697,775	1,478,148	395,102	354,929
Unutilised capital allowances	13,109	61,184	-	-
Unabsorbed tax losses	34,308,173	34,723,034	1,433,063	971,416
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
	39,412,057	39,655,366	1,828,165	1,326,345

22. TRADE PAYABLES

The normal credit terms for trade payables range from 30 days to 90 days (2014 : 30 days to 90 days). Trade payables are denominated in Ringgit Malaysia.

23. AMOUNT DUE TO DIRECTORS

The amount due to directors are unsecured, interest free and are repayable on demand. Repayment is expected to be in cash.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

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.

25. LOSS BEFORE TAXATION

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
This is stated after charging :-				
Auditors' remuneration				
- current year	57,200	57,200	23,000	23,000
- underprovision in prior year	-	3,000	-	3,000
Amortisation of prepaid lease payments	38,473	38,473	-	-
Allowance for impairment loss on property, plant and equipment	-	4,103,747	-	-
Allowance for impairment loss on trade receivables	21,230	-	-	-
Interest expense :-				
- hire purchase	5,202	6,231	3,902	4,931
- bank overdraft	5	7,275	-	-
- term loans	505,825	505,825	-	-
- others	49,614	1,814	-	-
Depreciation	877,666	1,721,911	167,503	191,106
Defined benefit obligations	219,627	207,996	40,173	37,262
Directors' fees	120,000	120,000	120,000	120,000
Executive directors' salaries, bonuses and other emoluments				
- directors of the Company	631,144	631,760	457,432	464,120
Rental of premises				
- belonging to a director	48,960	48,960	48,960	48,960
And crediting :-				
Rental income	333,844	251,995	176,844	156,995
Interest income	272,393	72,720	257,916	13,540
Forfeiture income	420,000	-	-	-
Waiver of interest on term loans	-	2,510,295	-	-
Gain on disposal of property, plant and equipment	35,327	95,693	-	-
Management fees				
- subsidiary companies	-	-	240,000	240,000
Employee information :-				
Employee benefits expense	4,542,384	3,800,500	812,597	813,572

Included in the employee benefits expense are contributions made to the Employees Provident Fund of directors and employees of the Group and of the Company amounting to RM310,623 and RM70,224 (2014 : RM276,388 and RM71,186) respectively.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

26. TAXATION

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Current Malaysian taxation	3,600	3,500	-	-
(Over)/Underprovision in prior year	(1,745)	5,912	-	-
Transfer from deferred taxation (Note 21)	(2,434)	-	-	-
	(579)	9,412	-	-

a) The statutory income tax rate attributable to the Group and the Company is 25% (2014 : 25%). The statutory tax rate will be reduced to 24% with effect from year of assessment 2016. The computation of the deferred taxation had reflected this change.

b) Reconciliations of tax income applicable to loss before taxation at the statutory tax rate to the tax (income)/expense at the effective tax rate of the Group and the Company are as follows:-

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Loss before taxation	(2,632,923)	(6,346,241)	(864,859)	(1,238,730)
Taxation at the rate of 25% (2014 : 25%)	(658,231)	(1,586,560)	(216,215)	(309,683)
Tax effects of expenses not deductible for tax purposes	181,752	127,500	72,150	105,876
Tax effects of income not subject to tax	(105,000)	(69)	-	-
(Over)/Underprovision of taxation in prior year	(1,745)	5,912	-	-
Overprovision of deferred taxation in prior year	(2,434)	-	-	-
Deferred tax assets not recognised for the year	617,000	1,464,194	144,065	203,807
Realisation of deferred tax assets not recognised in prior year	(31,921)	(1,565)	-	-
	(579)	9,412	-	-

c) The following are estimated unutilised capital and reinvestment allowances and unabsorbed tax losses which subject to agreement with the Inland Revenue Board, are available for set-off against future taxable income :-

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
Unutilised capital allowances	4,870,748	5,817,371	46,498	47,995
Unabsorbed tax losses	37,535,818	39,449,917	3,102,308	2,671,366
	45,799,566	48,660,288	3,148,806	2,719,361

d) The Group's tax savings arising from the utilisation of brought forward unabsorbed tax losses for set-off against the previous year's taxable income amounted to approximately RM3,741.

27. LOSS PER SHARE

The basic loss per share attributable to owners of the Company is calculated based on the Group's loss for the year attributable to owners of the Company of RM2,632,344 (2014 : RM6,355,653) divided by the weighted average number of ordinary shares in issue during the financial year of 123,517,109 (2014 : 56,135,070).

The effect on the loss per share of the assumed exercise of the warrants is anti-dilutive and hence, the diluted loss per share for the current and previous financial year has not been presented.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

28. CASH AND CASH EQUIVALENTS AT END OF YEAR

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	614,553	3,363,269	41,289	1,624,318
Fixed deposits with licensed banks	7,658,449	10,440,118	7,219,395	10,015,161
	8,273,002	13,803,387	7,260,684	11,639,479

As disclosed in Note 12, fixed deposits amounting to RM205,775 (2014 : RM199,378) in the name of a subsidiary company have been pledged to a licensed bank as securities for a term loan facility granted to the subsidiary company and hence, are not available for general use.

29. CAPITAL COMMITMENTS

	GROUP	
	2015 RM	2014 RM
Authorised and contracted for :-		
Purchase of plant and machinery	4,186,811	-

30. CONTINGENT LIABILITIES

	GROUP	
	2015 RM	2014 RM
Bank guarantee - secured	100,000	100,000

	Company			
	2015		2014	
	Limit of facility RM	Outstanding amount RM	Limit of facility RM	Outstanding amount RM
Corporate guarantee given to a bank for a term loan facility granted to a subsidiary company	5,881,682	5,881,682	5,881,682	5,881,682

31. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or one party controlled both.

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

Transactions between the Company and its subsidiary companies during the financial year are as follows :-

	COMPANY	
	2015 RM	2014 RM
Management fees charged to subsidiary companies	240,000	240,000

The year-end outstanding balances with the subsidiary companies are as disclosed in the statement of financial position of the Company and their terms and conditions are as disclosed in Note 11 to the financial statements.

b) **Transaction with a director, Dato' Seri Yong Tu Sang**

Transaction between the Company and its director, Dato' Seri Yong Tu Sang during the financial year is as follows :-

	GROUP/COMPANY	
	2015 RM	2014 RM
Rental of premises payable to Dato' Seri Yong Tu Sang	48,960	48,960

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

31. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

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

i) Related party relationships exist between the Group and the undermentioned companies in which a director of the Company and certain family members of the director have substantial financial interest :-

(i) Gimzan Plywood Sdn. Bhd.
(ii) Seri Indah Enterprise Sdn. Bhd.
(iii) BTM Timber Industries Sdn. Bhd.
(iv) SPPT Development Sdn. Bhd.
(v) Sung Lee Timber Trading Sdn. Bhd.
(vi) Oversea Timber Supplies Sdn. Bhd.
(vii) Syarikat Zamry Sawmill Sdn. Bhd.
(viii) Samas Limited
(ix) Seri Indah Resort Sdn. Bhd.

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

	GROUP	
	2015 RM	2014 RM
Income		
Sales of logs, sawn and moulding timber and plywood		
Gimzan Plywood Sdn. Bhd.	8,709	1,626
Oversea Timber Supplies Sdn. Bhd.	261,162	1,304,160
Sales of lamination and board timber		
Oversea Timber Supplies Sdn. Bhd.	2,933,657	1,264,157
Services		
BTM Timber Industries Sdn. Bhd.	20,090	-
Oversea Timber Supplies Sdn. Bhd.	139,455	271,692
Disposal of property, plant and equipment		
BTM Timber Industries Sdn. Bhd.	15,000	-
Others		
BTM Timber Industries Sdn. Bhd.	-	18,049
Gimzan Plywood Sdn. Bhd.	-	3,825
Seri Indah Resort Sdn. Bhd.	-	4,235
Expenditure		
Purchases of logs, sawn timber and plywood		
BTM Timber Industries Sdn. Bhd.	1,315,801	1,269,749
SPPT Development Sdn. Bhd.	-	258,585
Sung Lee Timber Trading Sdn. Bhd.	-	50,959
Oversea Timber Supplies Sdn. Bhd.	646,201	349,822
Services		
Seri Indah Enterprise Sdn. Bhd.	142,569	123,490
BTM Timber Industries Sdn. Bhd.	109,144	416,880
Others		
Seri Indah Resort Sdn. Bhd.	510	337
BTM Timber Industries Sdn. Bhd.	13,585	27,884

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

31. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

c) **Transactions and year-end outstanding balances with other related parties (cont'd)**

iii) Amounts due from/(to) other related parties at year end included in the statement of financial position are as follows :-

	GROUP	
	2015 RM	**2014 RM**
Included in trade receivables :-		
Gimzan Plywood Sdn. Bhd.	1,295,573	1,631,967
Oversea Timber Supplies Sdn. Bhd.	332,548	353,652
Sung Lee Timber Trading Sdn. Bhd.	3,815	3,815
Included in other receivables :-		
Gimzan Plywood Sdn. Bhd.	18,997	11,814
Included in trade payables :-		
Sung Lee Timber Trading Sdn. Bhd.	32,010	32,010
BTM Timber Industries Sdn. Bhd.	497,889	507,701
SPPT Development Sdn. Bhd.	-	258,585
Included in other payables :-		
Seri Indah Enterprise Sdn. Bhd.	18,102	23,789

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

d) **Key management personnel compensation**

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

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Short-term benefits	870,950	847,575	706,850	688,575
Post-employment benefits				
- Contribution to Employees Provident Fund	78,120	77,928	68,508	69,288
	949,070	925,503	775,358	757,863

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

32. SEGMENT INFORMATION

a) **Operating Segment**

The Group activities are conducted within a single industry segment comprising the logging, sawmilling, trading in sawn timbers, plywood and logs, timber moulding and manufacturing of finger-jointed timber and its operations are located wholly in Malaysia. As such, the operating revenue and results of this segment is reflected in the Group's statement of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the Group's statement of financial position.

b) **Geographical Information**

Revenue and non-current assets information in respect of the Group based on the geographical location of customers and non-current assets respectively are as follows:-

	2015		2014	
	Revenue RM	Non-current assets RM	Revenue RM	Non-current assets RM
Malaysia	5,309,015	22,401,445	4,900,232	20,070,397
Australia	5,619,350	-	3,826,688	-
Korea	493,433	-	355,292	-
South Africa	67,872	-	-	-
China	62,820	-	-	-
	11,552,490	22,401,445	9,082,212	20,070,397

c) **Major Customers**

Revenue from transactions with major customers who individually accounted for 10 percent or more of Group's revenue are summarised below :-

	REVENUE	
	2015 RM	2014 RM
Customer A	3,042,354	2,568,317
Customer B	1,382,426	1,773,219
Customer C	2,493,623	1,714,667
Customer D	1,313,767	-

33. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include fixed deposits, cash and bank balances and trade and other receivables. In respect of the Company, financial assets include amount due from subsidiary companies.

Financial liabilities of the Group include trade and other payables and bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

33. FINANCIAL INSTRUMENTS (cont'd)

a) **Categories of Financial Instruments**

The financial instruments of the Group and of the Company are categorised as follows :-

2015 Financial Assets as per Statements of Financial Position

	GROUP		COMPANY	
	Carrying amount RM	Loans and receivables RM	Carrying amount RM	Loans and receivables RM
Trade receivables	1,896,640	1,896,640	-	-
Other receivables and deposits	1,740,570	1,740,570	19,520	19,520
Amount due from subsidiary companies	-	-	14,712,711	14,712,711
Fixed deposits with licensed banks	7,658,449	7,658,449	7,219,395	7,219,395
Cash and bank balances	614,553	614,553	41,289	41,289
	11,910,212	11,910,212	21,992,915	21,992,915

2015 Financial Liabilities as per Statements of Financial Position

	GROUP		COMPANY	
	Carrying amount RM	Other financial liabilities measured at amortised cost RM	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Trade payables	1,355,960	1,355,960	-	-
Other payables and accruals	2,854,849	2,854,849	167,847	167,847
Amount due to directors	1,496,104	1,496,104	986,104	986,104
Term loan	5,881,682	5,881,682	-	-
Hire purchase creditors	72,269	72,269	70,679	70,679
	11,660,864	11,660,864	1,224,630	1,224,630

2014 Financial Assets as per Statements of Financial Position

	GROUP		COMPANY	
	Carrying amount RM	Loans and receivables RM	Carrying amount RM	Loans and receivables RM
Trade receivables	2,559,304	2,559,304	-	-
Other receivables and deposits	90,519	90,519	19,520	19,520
Amount due from subsidiary companies	-	-	12,778,171	12,778,171
Fixed deposits with licensed banks	10,440,118	10,440,118	10,015,161	10,015,161
Cash and bank balances	3,363,269	3,363,269	1,624,318	1,624,318
	16,453,210	16,453,210	24,437,170	24,437,170

2014 Financial Liabilities as per Statements of Financial Position

	GROUP		COMPANY	
	Carrying amount RM	Other financial liabilities measured at amortised cost RM	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Trade payables	1,445,541	1,445,541	-	-
Other payables and accruals	1,901,743	1,901,743	272,295	272,295
Amount due to directors	2,258,251	2,258,251	2,258,251	2,258,251
Term loans	5,881,682	5,881,682	-	-
Hire purchase creditors	94,378	94,378	87,776	87,776
	11,581,595	11,581,595	2,618,322	2,618,322

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)
At 31 December 2015

33. FINANCIAL INSTRUMENTS (cont'd)

b) **Financial Risk Management**

The Group's activities expose it to certain financial risks, including currency risk, interest rate risk, credit risk, market risk and liquidity and cash flow risks. The Board of Directors have formulated a financial risk management framework with the principal objectives of minimising the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are established for observation in the day-to-day operations for the controlling and management of the risks associated with the deployment of financial instruments by the Group.

i) **Credit Risk**

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade receivables.

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Analysis of the ageing of the Group's trade receivables as at the end of the reporting period that are past due but not impaired are disclosed in Note 9(b).

The Group's maximum exposure to credit risk at the end of the reporting period is represented by the carrying amount of the financial assets recognised in the statement of financial position.

None of the Group's financial assets are secured by collateral or other credit enhancements other than as disclosed in Note 9(c) to the financial statements.

The Group's management considers that all the financial assets of the Group that are neither past due nor impaired at the end of the reporting period are of good credit quality. The credit risk for deposits, cash and bank balances is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

ii) **Currency Risk**

The Group is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than its functional currency.

The Group monitors the risk arising from foreign exchange exposure from time to time and will formulate appropriate strategies should the risk become material. The Group does not speculate in foreign currency derivatives.

The Group's foreign currency exposure profile of trade receivables has been disclosed under Note 9(a) to the financial statements.

Currency risk sensitivity analysis

A 10 percent strengthening or weakening of the foreign currencies against the RM at the end of the reporting period would have increased or decreased respectively the profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP	
	2015 RM	2014 RM
United States Dollar	7,964	46,512

iii) **Interest Rate Risk**

The Group has interest rate risk in respect of its deposits with licensed banks and bank borrowings.

The Group's term loan is subject to interest based on floating rate while its deposits with licensed banks and hire purchase financing are subject to interest based on fixed rates.

Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate interest bearing instruments and borrowings arrangements are restructured or reduced.

Interest rate risk sensitivity analysis

The Group's profit or loss and equity are sensitive to the change in the market interest rate as at the end of the reporting period due to its floating rate term loan. An increase in the market interest rate would have unfavourable effects on the profit or loss and equity of the Group. A reasonably possible increase of 50 basis points in the market interest rate as at the end of the reporting period would reduce the Group's profit or loss for the year then ended and equity of the Group as at that date by RM29,408 (2014 : RM29,408). This sensitivity analysis assumes that all other risk variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

33. FINANCIAL INSTRUMENTS (cont'd)

b) **Financial Risk Management (cont'd)**

iv) **Market Risk**

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposure is in respect of currency and interest rates fluctuations and which are discussed under the respective risk headings.

v) **Liquidity and Cash Flow Risk**

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in its funding requirements through a mix of equity capital, external borrowings and supplies credit.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows:-

	<------------- Maturity Profile		------------>		
	Less than one year RM	More than one year and less than five years RM	More than five years RM	Total RM	Effective interest rate %
Group 2015					
Trade payables	1,355,960	-	-	1,355,960	-
Other payables and accruals	2,854,849	-	-	2,854,849	-
Term loan	1,371,768	6,110,606	-	7,482,374	8.85
Hire purchase creditors	26,921	51,437	-	78,358	5.24 - 6.87
Amount due to directors	1,496,104	-	-	1,496,104	-
Group 2014					
Trade payables	1,445,541	-	-	1,445,541	-
Other payables and accruals	1,901,743	-	-	1,901,743	-
Term loan	2,494,125	4,988,249	-	7,482,374	8.85
Hire purchase creditors	29,220	76,450	-	105,670	5.24 - 6.87
Amount due to directors	2,258,251	-	-	2,258,251	-
Company 2015					
Other payables and accruals	167,847	-	-	167,847	-
Hire purchase creditor	24,817	51,437	-	76,254	5.24
Amount due to director	986,104	-	-	986,104	-
Company 2014					
Other payables and accruals	272,295	-	-	272,295	-
Hire purchase creditor	22,908	74,345	-	97,253	5.24
Amount due to directors	2,258,251	-	-	2,258,251	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

33. FINANCIAL INSTRUMENTS (cont'd)

c) **Fair Value of Financial Instruments**

i) The carrying amounts of fixed deposits, cash and bank balances, trade and other receivables and trade and other payables approximate their fair values due to the relatively short term nature of these financial instruments.

ii) The carrying amount of balances with subsidiary companies approximate their fair values due to their repayable on demand settlement terms.

iii) The fair value of long term loan approximate its carrying amount because it attracts a floating rate of interest.

iv) The fair values of hire purchase creditors approximate their carrying amounts.

34. CAPITAL MANAGEMENT

The main objective in managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern so as to maintain market confidence and sustain future business development. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital using debt to equity ratio, which is total borrowings divided by total equity. The debt-to-equity ratios at 31 December 2015 and at 31 December 2014 were as follows:-

	GROUP	
	2015 RM	2014 RM
Total borrowings (Note 19)	5,881,682	5,881,682
Total equity	25,795,122	27,807,466
Debt-to-equity ratio	0.23	0.21

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) if such shareholders' equity is less than RM40 million. The Group has complied with this requirement.

35. SIGNIFICANT EVENTS DURING THE YEAR

a) On 14 May 2015, a wholly-owned subsidiary of the Company, BTM Biomass Products Sdn Bhd ("BTM Biomass"), has entered into a tenancy agreement with a related party, Gimzan Plywood Sdn Bhd to rent part of a leasehold land measuring approximately 26.9177 acres located at Mukim of Bukit Payong, District of Marang, Negeri Terengganu at a monthly rental of RM26,918 for a period of three years, with an option to renew further term of three years, and thereafter another three years, at a revised rental to be mutually agreed.

The tenancy agreement is expected to commence upon the commercial production of wood pellets by BTM Biomass scheduled in the third quarter of 2016.

b) On 27 August 2015, RHB Investment Bank Berhad ("RHBIBB") on behalf of the Company announced the proposal to undertake a private placement of up to 10% of its issued and paid-up share capital to investors to be identified in accordance with Section 132D of the Companies Act, 1965 ("Proposed Private Placement"). The Proposed Private Placement has been approved by the shareholders at the last Annual General Meeting ("AGM") convened on 29 June 2015 and such approval shall continue in force until the conclusion of the next AGM.

The Company has on 4 September 2015 submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") the listing application for the listing of and quotation for the placement shares on the Main Market of Bursa Securities in relation to the Proposed Private Placement for approval.

On 18 April 2016, RHBIBB on behalf of the Company announced that the Company has decided not to proceed with the Proposed Private Placement.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)
At 31 December 2015

36. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

Realised and Unrealised Profits/(Loss)

The breakdown of accumulated losses of the Group and of the Company as at the end of the reporting period, into realised and unrealised loss, pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010, is as follows :-

	2015 RM	2014 RM
Group		
Total accumulated losses of BTM Resources Berhad and its subsidiaries :		
- Realised	(59,230,952)	(56,596,174)
- Unrealised	(1,685,601)	(1,688,035)
	(60,916,553)	(58,284,209)
Add: Consolidation adjustments	40,277,302	40,277,302
Accumulated losses as per financial statements	(20,639,251)	(18,006,907)
Company		
Total accumulated losses of BTM Resources Berhad		
- Realised	(2,752,958)	(1,888,099)
- Unrealised	(1,685,601)	(1,685,601)
Accumulated losses as per financial statements	(4,438,559)	(3,573,700)

The determination of realised and unrealised profits/(losses) is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BTM RESOURCES BERHAD

(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of BTM RESOURCES BERHAD, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 70.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following :-

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) 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.

c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BTM RESOURCES BERHAD

(cont'd)

(Incorporated in Malaysia)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 on page 71 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.
FIRM NO. : AF 0502
CHARTERED ACCOUNTANTS

NG ENG KIAT
NO : 1064/03/17(J/PH)
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 19 April 2016

ANALYSIS OF SHAREHOLDINGS

As at 31ST MARCH 2016

Class of Share	: Ordinary Share of RM0.20 each
Authorised	: 500,000,000 shares of RM0.20 each
Issued and Fully Paid-up Capital	: 125,302,588 shares of RM0.20 each
Voting Rights	: One vote per share
Number of Shareholders	: 1,293

ANALYSIS OF SHAREHOLDERS

Range of Shareholdings	No. of Holders	% Over Total Shareholders	No. of Shares	%
1 - 99	12	0.93	394	-
100 - 1000	394	30.47	281,616	0.23
1,001 -10,000	443	34.26	2,394,777	1.91
10,001 - 100,000	365	28.23	13,332,263	10,64
100,001 - 6,265,129	75	5.80	67,238,458	53.66
6,265,130 and above (*)	4	0.31	42,055,080	33.56
TOTAL	1,293	100.00	125,302,588	100.00

Note:
** 5% of issued and paid-up Share Capital*

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2016

	Direct		Indirect	
DIRECTORS	No. of Shares	%	No. of Shares	%
Dato' Seri Yong Tu Sang	12,339,081	9.85	(1) 27,814,399	22.20
Yong Emmy	12,096,000	9.65	(2) 28,057,480	22.39
Ng Ah Heng	9,999,999	7.98	(3) 20,153,481	24.06
Tan Sri Dato' Mohd Hussin Bin Abd Hamid	7,620,000	6.08	(4) 979,500	0.78

DIRECTORS AND THEIR SHAREHOLDINGS AS AT 31 MARCH 2016

	Direct		Indirect	
DIRECTORS	No. of Shares	%	No. of Shares	%
Dato' Seri Yong Tu Sang	12,339,081	9.85	(1) 27,814,399	22.20
Yong Emmy	12,096,000	9.65	(2) 28,057,480	22.39
Yong Ellen (Alternate to Yong Emmy)	108,300	0.08	(5) 40,045,180	31.96
Yong Hin Siong	-	-	(6) 40,153,480	32.05
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	-	-	-	-
Choong Show Tong	-	-	-	-
Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey	-	-	-	-

Note :
(1) *Deemed interest by virtue of shares held by his spouse, children and son-in-law.*
(2) *Deemed interest by virtue of shares held by her parents, sister and brother-in-law.*
(3) *Deemed interest by virtue of shares held by her spouse, children and son-in-law.*
(4) *Deemed interest by virtue of shares held by his child.*
(5) *Deemed interest by virtue of shares held by her parents, sister and spouse.*
(6) *Deemed interest by virtue of shares held by his parents, sisters and brother-in-law.*

ANALYSIS OF SHAREHOLDINGS
(cont'd)
As at 31ST MARCH 2016

LIST OF THIRTY LARGEST SHAREHOLDERS:

No	Name of Shareholders	No. of Shares Held	Percentage
1.	Dato' Seri Yong Tu Sang	12,339,081	9.85
2.	Yong Emmy	12,096,000	9.65
.3	Ng Ah Heng	9,999,999	7.98
4.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Mohd Hussin Bin Abd Hamid	7,620,000	6.08
5.	Modern Mode Sdn Bhd	6,215,957	4.96
6.	Confirmed Uptrend Sdn Bhd	6,210,000	4.96
7.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tham Kaam Siong	6,020,400	4.80
8.	Tan Kha Luong	5,610,100	4.48
9.	Saham Terbilang Sdn Bhd	5,354,701	4.27
10.	Tambah Mulia Holdings Sdn Bhd	4,844,000	3.86
11.	Paling Masyhur Sdn Bhd	4,700,000	3.75
12.	Tham Quek Ngok	1,850,000	1.48
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leng Kok Fun	1,830,500	1.46
14.	Ong Chu Lee	1,450,000	1.16
15.	Darren Tham Joon Kit	1,327,000	1.06
16.	Yeo Keng Choong	1,200,000	0.96
17.	Lo Mun Tat	1,067,900	0.85
18.	Tan Lian Tiong	1,030,000	0.82
19.	Lye Loi Keng	999,100	0.80
20.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abdul Malik Bin Mohd Hussin	979,500	0.78
21.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Foong Luen	901,200	0.72
22	Leong Tuck Wei	881,600	0.70
23	Lee Lee Choo	700,000	0.56
24	Tan Soon Ann @ Wong Soon Lan	621,400	0.50
25	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Twee Yong	600,000	0.48
26	Khoo Chee How	588,900	0.47
27	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wee Pang Joon	560,000	0.45
28	Tan Bee May	525,000	0.42
29	Yap Ngan Choy	500,000	0.40
30	Zainul Abideen Bin Fazle Abbas	440,000	0.35
	Total	99,062,338	79.06

ANALYSIS OF WARRANT A HOLDINGS

As at 31ST MARCH 2016

Warrant A 2009/2019

No. of Warrants A 2009/2019 : 19,985,593

Class of Securities : Warrants A 2009/2019

ANALYSIS OF WARRANT A HOLDERS

Size of Warrantholdings	No. of Warrant Holders	Percentage %	No. of Warrants	Percentage %
Less than 100	42	7.85	1,952	0.01
100 - 1,000	118	22.06	34,436	0.17
1,001 - 10,000	126	23.55	629,708	3.15
10,001 - 100,000	204	38.13	8,308,945	41.58
100,001 and below 5%	44	8.22	10,010,552	50.09
5% and above	1	0.19	1,000,000	5.00
TOTAL	535	100.00	19,985,593	100.00

DIRECTORS' WARRANT A HOLDINGS AS AT 31 MARCH 2016

Name of Directors	No. of Warrant A Direct	%	No. of Warrant A Indirect	%
Yong Emmy	146,359	0.73	(1) 106,280	0.53
Yong Ellen	214	-	(2) 252,425	1.26
Dato' Seri Yong Tu Sang	-	-	(3) 252,639	1.26
Yong Hin Siong	-	-	(4) 252,639	1.26

SUBSTANTIAL WARRANT A HOLDERS AS AT 31st MARCH 2016

(1) Deemed interest by virtue of Warrant A held by her parent, sister and brother-in-law.

(2) Deemed interest by virtue of Warrant A held by her parent, sister and spouse.

(3) Deemed interest by virtue of Warrant A held by his spouse, children and son-in-law.

(4) Deemed interest by virtue of Warrant A held by his parent, sisters and brother-in-law..

SUBSTANTIAL WARRANT A HOLDERS AS AT 31 MARCH 2016

Name of Warrant A Holders	No. of Warrant A Direct	%	No. of Warrant A Indirect	%
Gan Ee Chorng	1,000,000	5.00	-	-

ANALYSIS OF WARRANT A HOLDINGS

(cont'd)

As at 31ST MARCH 2016

LIST OF THIRTY LARGEST WARRANT A HOLDERS:

No.	Name of Warrant A holders	No. of Warrant A Held	Percentage
1.	Gan Ee Chorng	1,000,000	5.00
2.	Ho Kah Heng	690,000	3.45
3	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chin How	678,400	3.39
4	Ahmad Syazwan Bin Razak	538,600	2.70
5	Ng Choo Hin	534,600	2.68
6	Mohd Dzulkarnine Bin Ismail	483,400	2.42
7	Tham Ah Lan	478,600	2.40
8	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Kee Gwo	300,000	1.50
9	Koh Yan Yie	300,000	1.50
10	Ooi Poh Nam	300,000	1.50
11	Mohd Faizal Bin Hamdan @ Jamaludin	265,300	1.33
12	Sambasivam A/L Petchimuthu	253,629	1.27
13	Nik Muhammad Bin Nik Abdul Kadir	236,700	1.18
14	Wan Soo Teck	225,000	1.13
15	Roslinah Binti Omar	214,800	1.07
16	Har Cheong Kit	200,000	1.00
17	Mohd Razali Bin Ismail	200,000	1.00
18	Siti Zaharah Binti Mohd Shah	200,000	1.00
19	Ranjit Kaur A/P Shamshir Singh	197,000	0.99
20	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Karen Chua Siew Joo @ Chua Siew Zoo	182,341	0.91
21	Wong Nyuk Mee	177,700	0.89
22	Low Tian Heng	171,451	0.86
23	Lee Thiam Hock	170,000	0.85
24	Mohamad Fuad Bin Abdullah Bada	170,000	0.85
25	Sanrika A/P Ravindran	160,000	0.80
26	Raja Sekaran A/L Chamiappan	156,300	0.78
27	Ting Chuo Kiew	154,600	0.77
28	Jesbeer Kaur A/P Shamshir Singh	150,000	0.75
29	Siah Boon Pah	150,000	0.75
30	Tan Hwa Fong	150,000	0.75
	Total	9,088,421	45.47

ANALYSIS OF WARRANT B HOLDINGS
AS AT 31st MARCH 2016

Warrant B 2014 / 2024
No. of Warrants B 2014 / 2024 : 29,487,346
Class of Securities : Warrants B 2014 / 2024

ANALYSIS OF WARRANT B HOLDERS

Size of Warrantholdings	No. of Warrant Holders	Percentage %	No. of Warrants	Percentage %
Less than 100	31	9.51	1,644	0.01
100 - 1,000	44	13.49	27,762	0.09
1,001 - 10,000	99	30.37	426,779	1.45
10,001 - 100,000	119	36.50	4,773,192	16.19
100,001 and below 5%	29	8.90	14,579,299	49.44
5% and above	4	1.23	9,678,670	32.82
TOTAL	326	100.00	29,487,346	100.00

DIRECTORS' WARRANT B HOLDINGS AS AT 31 MARCH 2016

Name of Directors	No. of Warrant B Direct	%	No. of Warrant B Indirect	%
Dato' Seri Yong Tu Sang	2,290,421	7.77	(1) 3,561,146	12.08
Yong Emmy	1,225,600	4.16	(2) 4,625,967	15.69
Yong Ellen	228,880	0.78	(3) 5,622,687	19.07
Yong Hin Siong	-	-	(4) 5,851,567	19.84

SUBSTANTIAL WARRANT B HOLDERS AS AT 31 MARCH 2016

Name of Warrant B Holders	No. of Warrant B Direct	%	No. of Warrant B Indirect	%
Confirmed Uptrend Sdn. Bhd.	2,795,700	9.48	-	-
Modern Mode Sdn. Bhd.	2,560,349	8.68	-	-
Dato' Seri Yong Sang	2,290,421	7.77	(1) 3,561,146	12.08
Tan Sri Dato' Mohd Hussin Bin Abd Hamid	2,032,000	6.89	(6) 261,200	0.88

(1) Deemed interest by virtue of Warrant B held by his spouse, children and son-in-law.
(2) Deemed interest by virtue of Warrant B held by her parents, sister and brother-in-law.
(3) Deemed interest by virtue of Warrant B held by her parents, spouse and sister.
(4) Deemed interest by virtue of Warrant B held by his parents, sisters and brother-in-law.
(5) Deemed interest by virtue of Warrant B held by his child

ANALYSIS OF WARRANT B HOLDINGS
(cont'd)
AS AT 31st MARCH 2016

LIST OF THIRTY LARGEST WARRANT B HOLDERS:

No.	Name of Warrant B holders	No. of Warrant B Held	Percentage
1.	Confirmed Uptrend Sdn Bhd	2,795,900	9.48
2	Modern Mode Sdn Bhd	2,560,349	8.68
3	Yong Tu Sang	2,290,421	7.77
4	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Mohd Hussin Bin Abd Hamid	2,032,000	6.89
5	Tan Kha Luong	1,440,000	4.88
6	Saham Terbilang Sdn Bhd	1,374,933	4.66
7	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tham Kaam Siong	1,374,320	4.66
8	Tambah Mulia Holdings Sdn Bhd	1,358,400	4.61
9	Yong Emmy	1,225,600	4.16
10	Lim Siew Lee	1,100,000	3.73
11	Loh Lee Wan	800,000	2.71
12	Ng Ah Heng	666,666	2.26
13	Lo Mun Tat	478,000	1.62
14	Chin Siew Har	450,000	1.53
15	Cho Han Woon	406,000	1.38
16	Maybank Nominees (Tempatan) Sdn Bhd Tay Soo Cheng	375,000	1.27
17	Teoh See Cheng	350,000	1.19
18	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chin How	297,100	1.01
19	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abdul Malik Bin Mohd Hussin	261,200	0.88
20	Chin Nguk Moi	258,000	0.87
21	Yong Ellen	228,880	0.78
22	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sek Yeong Kang	220,000	0.75
23	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kiew Tik Wei	200,000	0.68
24	Kong Chee Seng	200,000	0.68
25	Kuay Chai Sang	200,000	0.68
26	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Poh Suan	200,000	0.68
27	Cheah Keng Toh	198,300	0.67
28	Tiow Choon Lan	195,000	0.66
29	Ku Kok Kit	180,000	0.61
30	Kelvin Ang Wei Ming	160,000	0.54
	Total	23,876,069	80.97

LIST OF PROPERTIES

Location	Tenure	Description	Land Area	Approx. Age of Building	Net Book Value as at 31.12.2015
BTM Resources Berhad No. 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman	Freehold	5 ½ Storey Office Building	385 sq.m	17 years	7,700,000
Besut Tsuda Industries Sdn Bhd 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	-	48,748
Syarikat Maskayu Sawmill Sdn Bhd 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	-	391,032
Besut Tsuda Wood Products Sdn Bhd 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	22 years	10,320,000

BTM RESOURCES BERHAD

(303962-T)

(Incorporated in Malaysia)

PROXY FORM

I/We ____
(Block Letters)

of ____

being a Member / Members of **BTM Resources Berhad** hereby appoint ______________________________

______________________________ (NRIC No.) ______________________

of ____

or failing him/her ____

______________________________ (NRIC No.) ______________________

of ____

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Second Annual General Meeting of BTM Resources Berhad to be held at the Latitude 1.01, Level 1, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 30th May 2016 at 11.00 a.m. and any adjournment thereon for/against the resolution(s) to be proposed thereat.

No.	AGENDA			
1.	**Receive Accounts and Report**			
No.	**RESOLUTION**		**FOR**	**AGAINST**
2.	Approval of Directors' Fees	Resolution 1		
3.	Re-election and Re-appointment of Directors :- Dato' Seri Yong Tu Sang	Resolution 2		
4.	Mr. Choong Show Tong	Resolution 3		
5.	Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	Resolution 4		
6.	Re-appointment of Auditors :- Messrs Folks DFK & Co.	Resolution 5		
7.	Approval for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965	Resolution 6		
8.	Continuing in Office for Mr. Choong Show Tong as an Independent Non-Executive Director	Resolution 7		
9.	Continuing in Office for Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman as an Independent Non-Executive Director	Resolution 8		
10.	Proposed Shareholders Mandate	Resolution 9		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of shares	
CDS A/C No.	

______________________ Date

______________________ Signature

Notes : -

i) Only depositors whose name appear in the Record of Depositors as at 23rd May 2016 (General Meeting Record of Depositors) be regarded as members and entitled to attend, speak and vote at the meeting.

ii) 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.

iii) A proxy may but need not be a member.

iv) 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.

v) 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.

vi) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

vii) The instrument appointing a proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 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)
Level 2, Tower 1, Avenue 5, Bangsar South City
59200 Kuala Lumpur

Please fold here

BTM RESOURCES BERHAD
(303962-T)
Level 2, Tower 1, Avenue 5, Bangsar South City
59200 Kuala Lumpur