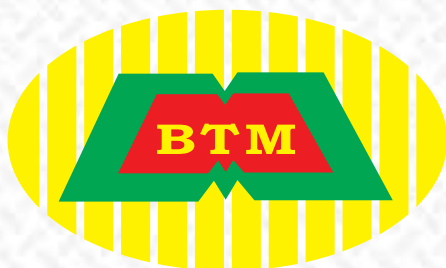




FORTIFYING OUR FRONTIERS

ANNUAL REPORT 2025



BTM RESOURCES BERHAD
(199401018283 (303962-T))

FORTIFYING OUR FRONTIERS

As BTM moves forward, we continue to strengthen the foundations that define us – resilience, responsibility, and progress. Fortifying Our Frontiers reflects our determination to reinforce our core strengths while exploring new frontiers in new business with sustainable growth. BTM is evolving with purpose, building on experience, and embracing innovation to navigate the challenges of a changing world. With every step, we are not only safeguarding what we have built but expanding our horizons, shaping a stronger, more sustainable future for generations to come.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

- | | |
|---|---|
| <p>+ Dato' Seri Yong Tu Sang
Managing Director</p> <hr/> <p>+ Mr. Tan Boon Pock
Executive Director</p> <hr/> <p>+ Datuk Yap Wai Hong
Executive Director
(Appointed on 1 July 2024)</p> | <p>+ Ms. Goh Siow Cheng
Independent Non-Executive Director</p> <hr/> <p>+ Mr. Lee Yoon Seong
Independent Non-Executive Director
(Appointed on 15 July 2024)</p> <hr/> <p>+ Mr. Chan Fook Mun
Independent Non-Executive Director
(Appointed on 27 October 2025)</p> |
|---|---|

AUDIT COMMITTEE

Chairman

Mr. Lee Yoon Seong
(Appointed on 15 July 2024)

Members

Ms. Goh Siow Cheng
Mr. Chan Fook Mun
(Appointed on 27 October 2025)

NOMINATION AND REMUNERATION COMMITTEE

Members

Mr. Lee Yoon Seong
(Appointed on 15 July 2024)
Ms. Goh Siow Cheng

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Chairperson

Ms. Goh Siow Cheng

Members

Mr. Tan Boon Pock
Mr. Lee Yoon Seong
(Appointed on 15 July 2024)

COMPANY SECRETARIES

Ms. Ng Sally
(SSM PC No. 202008002702 & MAICSA 7060343)

Ms. Goh Xin Yee
(SSM PC No. 202008000375 & MAICSA 7077870)

LONG-TERM INCENTIVE PLAN COMMITTEE

Members

Dato' Seri Yong Tu Sang
Mr. Tan Boon Pock
Ms. Goh Siow Cheng
Mr. Lee Yoon Seong
(Appointed on 15 July 2024)

SHARE REGISTRAR

Sectrars Management Sdn. Bhd.
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfields
50470 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Telephone No.: 603-2276 6138
Facsimile No.: 603-2276 6131
E-mail: sectrarsmg@gmail.com

REGISTERED OFFICE

Level 13, Menara 1 Sentrum
201, Jalan Tun Sambanthan
Brickfields
50470 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Telephone No.: 603-2382 4288
Facsimile No.: 603-2382 4170
Email: TMFKL-CoSec@tmf-group.com

HEAD OFFICE

No. 35-4, Jalan PJU 1/41
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No.: 603-7880 9523
Facsimile No.: 603-7880 9528
Email No.: enquiry@btmresources.com.my

AUDITORS

FOLKS DFK & CO. (AF 0502)
Chartered Accountants
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Telephone No.: 603-2273 2688
Facsimile No.: 603-2274 2688

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Public Bank Berhad
MBSB Bank Berhad

WEBSITE

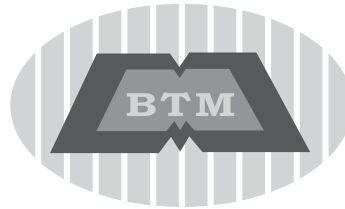
<http://www.btmresources.com.my/>

STOCK EXCHANGE

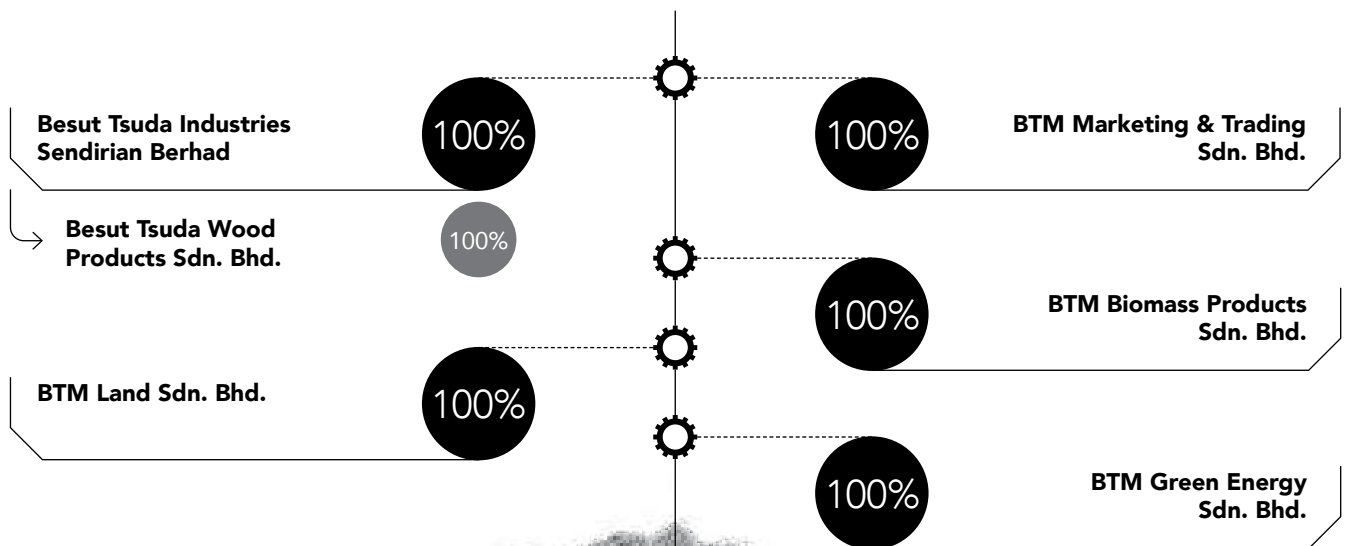
Bursa Malaysia Securities Berhad
Main Market
Stock Name: BTM
Stock Code: 7188
Warrant Code: 7188WC
Sector: Industrial Products & Services
Sub-Sector: Wood & Wood Products
Listed on 27 March 1996



CORPORATE STRUCTURE



BTM RESOURCES BERHAD
(199401018283 (303962-T))



GROUP FINANCIAL HIGHLIGHTS

	(Note A)	For Financial Year Ended on 31 December			
	2025 RM '000	2023 RM '000	2022 RM '000	2021 RM '000	2020 RM '000
FINANCIAL RESULTS					
Revenue	9,105	7,184	8,251	8,005	8,366
Loss Before Tax	(16,899)	(19,966)	(7,727)	(6,376)	(4,777)
Loss Attributable to Equity Holders of the Company	(17,233)	(19,949)	(7,726)	(6,053)	(4,198)
FINANCIAL POSITION					
Total Assets	67,017	98,162	45,520	38,935	38,621
Total Liabilities	11,888	24,547	34,516	20,203	16,496
Net Assets Attributable to Equity Owners of the Company	55,129	73,615	11,016	18,742	22,133
Share Capital	97,895	97,895	34,129	34,129	31,299
SHARE INFORMATION (SEN)					
Basic Loss per share (sen)	(1.37)	(1.66)	(4.52)	(3.68)	(2.91)
Net Assets per share Attributable to Equity Owners of the Company (sen)	4.4	5.9	6.4	11.0	14.2

(Note A)

The Group changed its accounting financial year end from ending on 31 December to 30 June during the current financial period. Accordingly, the financial results for the current financial period, 2025 were prepared for the period of 18 months from 1 January 2024 to 30 June 2025.



BOARD OF DIRECTORS' PROFILES

DATO' SERI YONG TU SANG

Managing Director / Executive Director

Age	/	79
Nationality	/	Malaysian
Gender	/	Male

Dato' Seri Yong Tu Sang ("Dato' Seri Yong") was appointed to the Board of BTM Resources Berhad as the Managing Director on 27 December 1995. He is also a member of the Long-Term Incentive Plan ("LTIP") Committee.

Dato' Seri Yong has more than 50 years of experience in the timber industry. His journey as a timber merchant and businessman commenced in 1973 with the establishment of BTM Timber Industries Sdn. Bhd., a company primarily engaged in logging and sawmilling operations. Since then, he has been actively involved in setting up and managing companies of varying business activities ranging from timber, oil palm plantation, civil and building construction, property development, and sea transportation.

Dato' Seri Yong currently sits on the Boards of several private limited companies in addition to companies within the Group.

His conflict of interest with the Company are those disclosed in note 33 in the accompanying financial statements.

Mr. Tan Boon Pock ("Mr Tan") was appointed to the Board of BTM Resources Berhad as an Executive Director on 18 July 2023. He is a member of the Risk Management and Sustainability Committee and the LTIP Committee respectively.

Mr. Tan graduated from Malaysia Insurance Institute ("MII") as a qualified Registered Financial Planner ("RFP"). He is the founder of Great Vision Advisory Group, an integrated financial services provider specialising in the provision of professional and comprehensive financial planning and advisory services. For more than 25 years, Mr. Tan gained experience in areas of financial planning, investments, advisory in personal & family wealth planning as well as business financial advisory services, working at Aetna International Inc. and ING Financial Group, both of whom he has received many awards.

Mr. Tan is the founder of National Entrepreneur Convention since 2003, where he is actively involved in organising talks and seminars to educate small and medium enterprises ("SMEs") on financial planning for business growth.

Currently, he sits as the Managing Director of Family Office Foundation Ltd, which is involved in setting up family offices for High-Net-Worth ("HNW") individuals and SMEs; focusing on personal, family, and business advisory matters.

He is also a Director of Biotek Dinamik Sdn. Bhd. which is involved in the Food & Energy Security sector.

TAN BOON POCK

Executive Director

Age	/	60
Nationality	/	Malaysian
Gender	/	Male



LEADERSHIP IN ACTION

BOARD OF DIRECTORS' PROFILES

DATUK YAP WAI HONG

Executive Director

Age	/	50
Nationality	/	Malaysian
Gender	/	Male

Datuk Yap Wai Hong ("Datuk Yap") was appointed to the Board of BTM Resources Berhad as an Executive Director on 1 July 2024.

Datuk Yap graduated with a Bachelor Degree in Commerce (Accounting & Finance) from Edith Cowan University (Perth, Australia).

Datuk Yap is a serial entrepreneur with over 25 years of experience in investment, business advisory and the renewable energy sector. His extensive experience has enabled him to facilitate over billion of ringgits in business financing and investments. Specializing in investments and mergers and acquisitions (M&A), he has played a pivotal role in guiding businesses toward strategic growth, sustainability and enhancing corporate value. With vast experience in the ICT, biotech and renewable energy sectors he has founded several companies providing innovative and sustainable solutions to the industries.

He serves as the Executive Chairman of Biotek Dinamik Sdn. Bhd., where he leads the company's transition into emerging sectors focused on Food and Energy Security. Under his leadership, Biotek Dinamik Sdn. Bhd. is committed to harnessing opportunities in the Food & Energy Security sector and sustainable practices to meet the challenges of a rapidly changing global landscape.

Datuk Yap's mission is to lead the industry toward a future where technology and nature coexist harmoniously, ensuring food security while preserving our fragile ecosystems. His vision and dedication to fostering sustainable development continue to drive innovation and progress within the industry, making a significant impact on both the business community and the environment.

Ms. Goh Siow Cheng ("Ms Goh") was appointed to the Board of BTM Resources Berhad as an Independent Non-Executive Director on 8 August 2023. She is the Chairperson of the Risk Management and Sustainability Committee, member of the Audit Committee, Nomination and Remuneration Committee, and LTIP Committee.

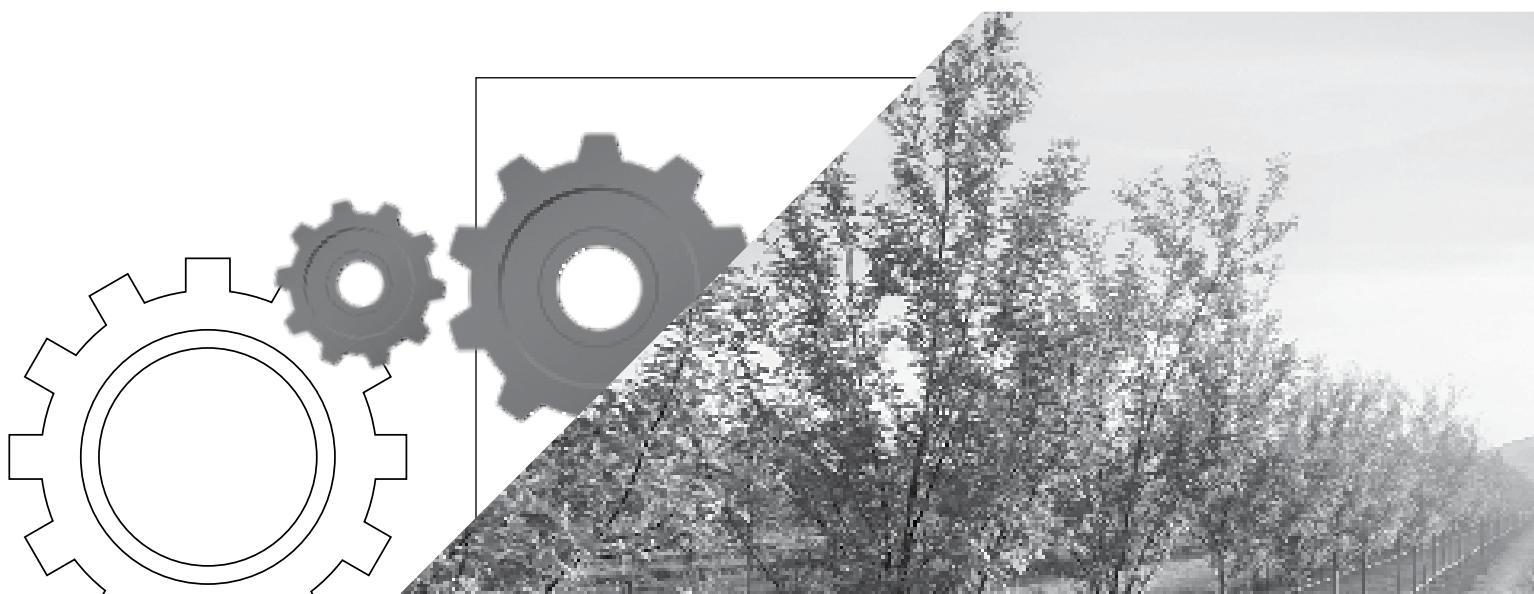
Ms. Goh graduated with a Bachelor of Business (Accounting & Finance) from University of Technology Sydney, Australia. She is a member of Certified Practising Accountant, Australia.

She currently sits on the Board of Ecomate Holdings Berhad and DC Healthcare Holdings Berhad.

GOH SIOW CHENG

Independent Non-Executive Director

Age	/	43
Nationality	/	Malaysian
Gender	/	Female



BOARD OF DIRECTORS' PROFILES

LEE YOON SEONG

Independent Non-Executive Director

Age	/	55
Nationality	/	Malaysian
Gender	/	Male

Mr. Lee Yoon Seong ("Mr. Lee") was appointed to the Board of BTM Resources Berhad as an Independent Non-Executive Director on 15 July 2024. He is the Chairman of Audit Committee, and member of the Risk Management and Sustainability Committee, Nomination and Remuneration Committee, and LTIP Committee.

Mr. Lee graduated with a Bachelor of Accountancy (Hons) from Universiti Utara Malaysia (UUM) in Year 1994 and is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) since Year 1998.

He has over 25 years of experience in the areas of accounting, auditing, taxation, secretarial and corporate finance. His past roles include serving as Audit Senior in an audit firm, C.S. Teh & Co, Group Accountant in Prestico Group and Business Planning & Control Manager in SONY Precision Engineering Malaysia Sdn Bhd (formerly known as KONICA MINOLTA Precision Engineering (M) Sdn. Bhd.). Prior to joining the Company, he was the Finance General Manager of Y&G Corporation Bhd, a public company listed on the MAIN Market of Bursa Malaysia Securities Berhad.

Mr. Chan Fook Mun ("Mr. Chan") was appointed to the Board of BTM Resources Berhad as an Independent Non-Executive Director on 27 October 2025. He is a member of the Audit Committee.

Mr. Chan is a Malaysian architect registered with the Board of Architects Malaysia (LAM), with over 25 years of experience in architecture, master planning, and commercial development. He holds a Bachelor of Architecture from Curtin University of Technology, Australia, and a Diploma in Interior Design from the Modern Institute of Interior Design. He is also an Associate Member of the Malaysia Institute of Interior Designers (MIID).

Mr. Chan is one of the Principals of RDO Architects, leading projects across Malaysia and the region including mixed-use, commercial, and hospitality developments. He was formerly a Non-Executive Director of Jiankun International Berhad, contributing to board deliberations on design governance, corporate strategy, and sustainability. He brings creative insight, commercial understanding, and independent judgment to support effective corporate governance and long-term value creation.

CHAN FOOK MUN

Independent Non-Executive Director

Age	/	54
Nationality	/	Malaysian
Gender	/	Male

Notes to Directors' profile:

1. Family Relationships

None of the Directors have any family relationship with any Director and/or major shareholders of the Company.

2. Conflict of Interest

Save as disclosed above, none of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business or any business arrangement involving the Company and the Group.

3. Conviction of Offences

None of the Directors have any conviction for offences other than compound from the Companies Commission of Malaysia and traffic offences within the past 5 years. There is no sanction or penalty imposed on the Directors by relevant regulatory bodies during the financial year end.

4. Attendances at Board Meetings

The details of the Directors' attendance at Board Meetings are set out on page 39 of this Annual Report.

5. Shareholdings

The details of the Directors' interest in the securities of the Company are set out on page 154 and 156 of this Annual Report.

6. Directorship in other public companies

Save as disclosed above, none of the Directors hold any directorship in public companies or subsidiaries of public companies.



MANAGEMENT DISCUSSION AND ANALYSIS



The following Management Discussion and Analysis ("MD&A") provide an analysis of the financial performance, a review of the business operation for BTM Resources Berhad ("BTM" or "the Company") and its subsidiaries ("the Group"). The Group changed its accounting financial year end from ending on 31 December to 30 June during the current financial period. Accordingly, the financial statements of the Group and of the Company for the current financial period were prepared for the period of 18 months from 1 January 2024 to 30 June 2025 ("FY2025"). This MD&A should be read in conjunction with the Company's audited financial statements for the financial period ended 30 June 2025.

BTM Biomass Products Sdn. Bhd. ("BTMBP"), a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with Gimzan Plywood Sdn. Bhd. on 12 September 2025 ("S&P") for the sale of its single-storey wood pellet factory building together with plants, machineries and equipment therein for a total sale consideration of RM4.50 million ("Proposed Disposals").

On 12 September 2025, the Group announced the Proposed Variation whereby the Group proposed a variation to the utilization of balance proceeds of RM19.59 million previously raised from the Rights Issue. The variation involves reallocating RM12.00 million to fund potential new business (which will be implemented upon obtaining the shareholders' approval for the Proposed Variation), with the remaining RM7.59 million being reallocated for working capital requirements.

BUSINESS OVERVIEW

BTM Resources Berhad is an investment holding company with its subsidiaries are principally involved in sawmilling and trading of sawn timbers and logs, and manufacturing and sale of timber products and wood pellets.

A COMMITMENT TO NAVIGATING CHALLENGES AND EMBRACING NEW OPPORTUNITIES

The Board is pleased to provide you with an update on the recent developments and our ongoing efforts to navigate challenges and secure new opportunities for the Group.

In relation to the biomass power plant projects, the Group has relinquished two (2) Feed-in Approvals issued by Sustainable Energy Development Authority Malaysia ("SEDA"), after assessing the projects' viability considering the current market uncertainties including heightened feedstock and construction costs as well as the challenges in securing financing for the projects. Apart from this, the Group discontinued its internal manufacturing activities during the current period and, as an alternative, continues its sawmilling operations through outsourced manufacturing.

FINANCIAL REVIEW

The Group reports a higher revenue of RM9.10 million and lower loss before tax of RM16.90 million for the FY2025 as compared to a revenue of RM7.18 million and a loss before tax of RM19.97 million for the previous financial year ended 31 December 2023 ("FY2023") primarily due to its change of financial year end covering a period of 18 months. As a result of the cancellation of biomass power plant projects, the expenditures on these projects amounted to RM4.50 million had been written off to profit or loss. In addition, mainly due to the Proposed Disposals, impairment losses on property, plant and equipment amounted to RM2.03 million had been charged to profit or loss while, impairment losses on revalued factory buildings (net of deferred tax) amounted to RM1.76 million had been charged to revaluation reserves through other comprehensive income or loss.

Cash and bank balances together with the fixed deposits with licensed banks of the Group had significantly decreased by RM7.84 million from RM29.86 million in FY2023 to RM22.02 million in FY2025 mainly due to the operating loss suffered, payment of retirement benefit and amicable settlement with EPCC contractor.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONT'D)

The Group's total borrowings have substantially reduced to RM0.05 million as at 30 June 2025 from RM3.18 million in FY2023 due to the full settlement of term loan following the disposal of a freehold office building during the FY2025 as disclosed in Note 37(c) of the audited financial statements in this Annual Report.

The capital commitments contracted for by the Group have dropped from RM121.12 million in FY2023 to RM nil in FY2025 as a result of the relinquishment of biomass power plant projects during the FY2025.

Other receivables, deposit and prepayments have substantially dropped from RM9.47 million in FY2023 to RM0.64 million in FY2025 primarily due to the abovementioned writing off of biomass power plant projects' expenditures and the amicable offset arrangement with EPCC contractor following the cancellation of biomass power plant projects.

During the FY2025, there were two (2) significant transfers of reserves totalling RM6.65 million to Accumulated Losses namely, the transfer of RM3.60 million from Warrant Reserves upon expiry of Warrant-B 2014/2024 on 23 October 2024 and the transfer of RM3.05 million from Revaluation Reserves upon the completion of disposal of the abovementioned freehold office building on 25 February 2025.

DIVIDEND

In view of the FY2025's losses and the abovementioned challenges, the Board does not recommend the payment of any dividend at the forthcoming 31st AGM.

MEASURES TO REDUCE COSTS

In response to the changing landscape, the Group has been continuously implementing downsizing and cost-cutting measures since 2024 and these measures encompass divesting excess assets, discontinuing rented factory land, and optimising our workforce and inventory holdings.

NEW BUSINESS PREPARATION

Active preparatory work for the new business is underway, in tandem with the Proposed Variation. This includes selecting a suitable land parcel for the new business, refining the new business's rollout and deployment plans.

RISKS AND UNCERTAINTIES

Increasing costs of doing business

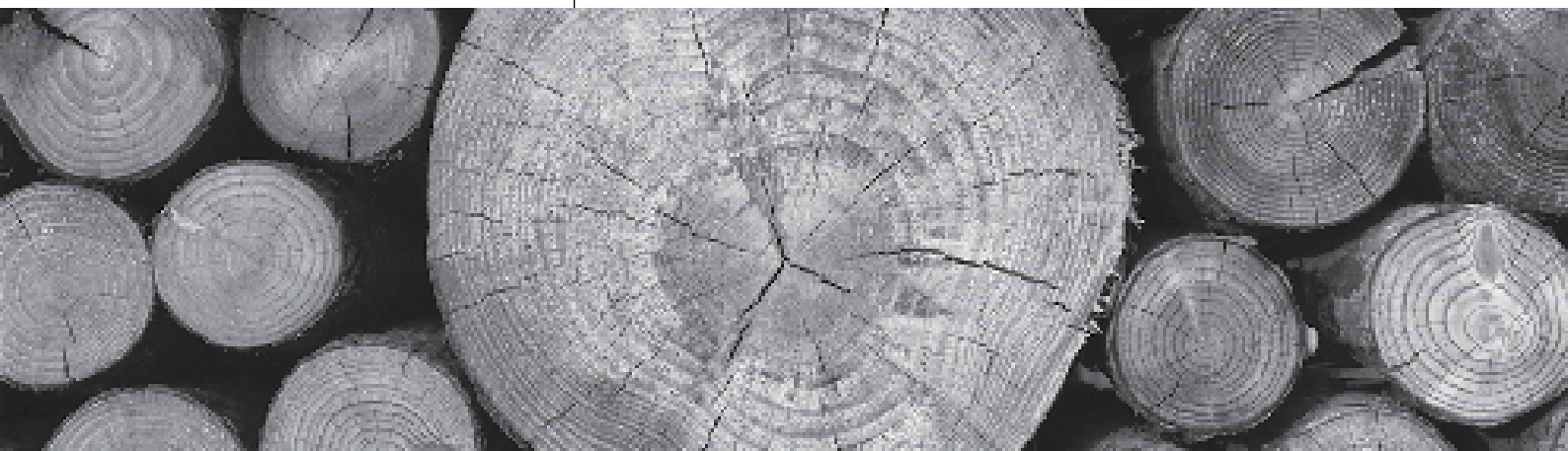
The Minimum Wages Order 2022 ("2022 Order") has undergone a revision effective 1 February 2025. Consequently, the national minimum monthly wage is now RM1,700 for all workers, including foreign employees. Labour costs remain one of the main components in operating costs which the Group has been continuously managing it.

Credit Risk

The Group's main exposure to credit risk is in respect of its trade receivables. Credit risk arises when sales are made on credit terms. The Group seeks to control credit risk by setting credit limits and ensuring that sales of products are made to customers with an appropriate credit history.

OUTLOOK

The Group is focused on maximizing operational efficiency for its existing core business in timber industry namely, sawmilling activities and trading of sawn timbers and logs. In addition, the management has initiatives in a strategic plan to create additional revenue stream by establishing a new business. This new business plan will be started upon obtaining the shareholders' approval for the Proposed Variation.



SUSTAINABILITY STATEMENT

BTM Resources Berhad presents its Sustainability Statement for the financial period ended 30 June 2025 ("FY2025"), outlining the Group's key sustainability performance, commitments, and continuous improvement initiatives. This Report outlines the Group's sustainability performance, progress, and commitments in advancing responsible business practices across its operations. It demonstrates the Group's ongoing efforts to integrate Economic, Environmental, Social and Governance (EESG) considerations into strategic decision making, enterprise risk management, and day-to-day operations.

The Report provides a transparent and balanced overview of key sustainability initiatives, material risks and opportunities, and forward-looking action plans formulated in response to evolving stakeholder expectations and regulatory developments. It should be read in conjunction with the Group's FY2025 Annual Report to gain a comprehensive understanding of how sustainability is integrated within the Group's overall business strategy and performance.

Reporting Period, Scope, and Boundary

This Sustainability Statement covers the operations of BTM Resources Berhad ("BTM Resources" or "the Company") and its subsidiaries ("BTM Group" or "the Group") for the financial period ended 30 June 2025 ("FY2025").

The reporting scope encompasses the Group's principal business operations and facilities located in Malaysia, which include:

BTMR

BTM Resources Berhad

BTMBP

BTM Biomass Products Sdn Bhd

BTWP

Besut Tsuda Wood Products Sdn Bhd

BTI

Besut Tsuda Industries Sendirian Berhad

The boundary of this Statement is limited to entities under BTM Group's direct management and operational control. Joint ventures, associate companies, and other investments are excluded from the current reporting scope as their sustainability performance is not directly managed by the Group.

Reporting Frameworks, Standards and References

This Sustainability Statement has been prepared to reflect BTM Group's sustainability approach in alignment with recognised frameworks, standards, and guidelines. These references ensure consistency, transparency, and comparability in the disclosure of our sustainability performance and initiatives.

Reporting Frameworks:

Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR)

Bursa Malaysia Sustainability Reporting Guide (3rd Edition)

**BURSA
MALAYSIA**

SUSTAINABILITY STATEMENT

Assurance Report

This Statement has not been externally assured for the current reporting cycle. Our current priority is to continue enhancing our data collection processes and improving reporting accuracy. As we progress in our sustainability journey, we are committed to strengthening the credibility of our disclosures. We plan to undertake assurance either internally or through an independent external party in the future.

Feedback

In line with BTM Group's continuous effort to raise its performance in sustainability standards, the Group welcomes stakeholders' feedback on any issues. Comments and enquiries related to this Sustainability Statement can be directed to enquiry@btmresources.com.my.

Associations and Memberships

BTM Group recognises the importance of engaging with industry associations and professional networks to remain informed on the latest developments in sustainability, governance, and operational best practices. Through its memberships and participations, the Group can share insights, exchange knowledge, and collectively promote responsible business practices across the wood-based manufacturing, sawmilling, and trading activities.

The Group maintains active engagement with, among others:

Malaysian Timber Industry Board (MTIB)

Supporting the growth and compliance of Malaysia's timber industry in line with sustainable forest management principles.

Malaysian Wood Industries Association (MWIA)

Promoting sustainable wood utilisation, advocating for responsible trade, and manufacturing standards.

Federation of Malaysian Manufacturers (FMM)

Facilitating knowledge sharing and advocacy on industrial sustainability, labour welfare, and circular economy practices.

Malaysian Biodiversity Information System (MyBIS) and Forest Research Institute Malaysia (FRIM) collaborations

Encouraging research and development in sustainable forestry and renewable materials.

These affiliations enable the Group to stay aligned with regulatory requirements, access capacity-building programmes, and collaborate with peers in advancing the nation's sustainability agenda.

Certifications

BTM Group upholds internationally recognised standards to ensure that its operations are conducted in an environmentally responsible, safe, and quality driven manner. The Group's facilities and products are certified under relevant industry standards and guidelines, including:

- ISO 9001:2015 – Quality Management System
Demonstrates the Group's commitment to consistent quality assurance, continuous improvement, and customer satisfaction.
- ISO 14001:2015 – Environmental Management System (where applicable)
Reinforces the Group's efforts to manage environmental impacts and comply with statutory environmental requirements.
- PEFC / MTCS Chain of Custody Certification (Programme for the Endorsement of Forest Certification / Malaysian Timber Certification Scheme)
Confirms that timber products are sourced from sustainably managed forests, ensuring traceability and compliance with global sustainability standards.

These certifications reflect the Group's commitment to maintaining exacting standards of operational excellence, environmental performance, and accountability.

Registrations

In ensuring full compliance with national regulations, BTM Resources and/or its subsidiaries are duly registered with the relevant authorities and industry regulators, including:

- Department of Environment (DOE) – for scheduled waste, air emission, and effluent monitoring compliance
- Department of Occupational Safety and Health (DOSH) – for workplace safety and machinery certifications
- Energy Commission (Suruhanjaya Tenaga) – for renewable energy operations and licensing

Through these registrations, BTM Group ensures that its operations remain legally compliant, transparent, and aligned with national sustainability objectives.

SUSTAINABILITY STATEMENT

KEY ESG HIGHLIGHTS FY2025

BTM Group remains steadfast in embedding Economic, Environmental, Social and Governance (EESG) considerations across its business operations. The following highlights summarise the Group's key EESG performance indicators, reflecting the Group's commitment to transparency, accountability, and sustainable growth.



ENVIRONMENT

0 case

of environmental regulatory
non-compliance

77.26 MWh

of energy consumption

60.7 tCO₂e

of GHG emissions



SOCIAL

0

workplace fatalities

0

substantial cases of
human rights violations

0

incidents of
discrimination

0

lost time injury
frequency rate



GOVERNANCE

0

corruption incidents

0

whistle-blowing instances, including
human rights violations

0

complaints on data breaches

Through consistent monitoring and initiative-taking management, BTM Group strives to advance its EESG performance and uphold the highest standards of integrity and accountability. Moving forward, the Group remains dedicated to enhancing its sustainability practices, aligning with national and international frameworks to contribute positively toward a resilient and low carbon future.

SUSTAINABILITY STATEMENT

APPROACH TO SUSTAINABILITY

Sustainability Governance

Our framework for sustainability governance ensures that all considerations relating to sustainability are accounted for to the best of our ability. We believe that all levels of employees in BTM Group are responsible for their contributions to our sustainability efforts. All sustainability efforts within the Group are led and overseen by the Board of Directors. The Board holds ultimate responsibility for aligning the Group's long-term business strategies and value creation efforts with sustainability targets. They provide oversight and direction in integrating sustainability. The Board is supported by the Risk Management and Sustainability Committee ("RMSC"), which plays a vital role in adapting the Board's vision into action, and overseeing our sustainability efforts. The Sustainability Working Group ("SWG"), under the purview of the RMSC, is responsible for the implementation and reporting of sustainability at BTM Group. This cross functional group translates the Group's goals into actionable plans, which are then communicated to all further levels of operations.

Board of Directors

- Sets the course for sustainability-related matters
- Aligns with BTM Resources' mission and values

Risk Management & Sustainability Committee

- Integrates EESG priorities into strategies, operations & deliverables
- Oversees progress towards sustainability targets

Sustainability Working Group

- Translate sustainability objectives into actionable plans
- Ensure seamless integration of sustainability practices



Stakeholder Engagement

BTM Group's stakeholders include individuals or groups who are affected by, or have an interest in, the Group's operations. The Group maintains the importance of engaging with both internal and external stakeholders from various backgrounds to shape our sustainability strategies. We engage with our stakeholders using various mediums of communication to understand their concerns and expectations. This ongoing dialogue helps us address evolving needs and maintain mutually beneficial relationships. The following table summarises BTM Group's key stakeholder groups, their interests, the methods of engagement, and the outcomes achieved through these interactions:

Stakeholders	Areas of Interest	Engagement Methods	Outcome of Engagement
Investors and Shareholders	• Business continuity and outlook • Corporate sustainability • Shareholders' return • EESG-related matters • Financial performance • Risk management	• Annual General Meetings • Bursa announcements • Press releases • Corporate website • Annual reports	• Providing further insights on BTM Resources' business operations and financial performance

SUSTAINABILITY STATEMENT

Stakeholders	Areas of Interest	Engagement Methods	Outcome of Engagement
Customers	- Product pricing - Timely delivery of products - Material quality and safety - Customer satisfaction	- Formal and informal meetings - Customer surveys - Site visits	- Establishing BTM Resources as a trusted business partner - Improving understanding of customers' needs - Fostering long-term relationship with customers
Employees	- Fair employment practices - Professional development opportunities - Occupational health and safety - Fair remuneration	- Employee orientation - Recreational activities - Employee training and development - Company intranet, internal announcements	- Increasing awareness of BTM Resources' policies, culture and core values - Fostering a positive work environment
Suppliers and Contractors	- Sustainable and ethical procurement practices - Supply chain management - Support of local businesses - Agreeable contracts - Terms of payment - Maintaining partnerships	- Meetings, and discussions with regular visits - Evaluations and re-evaluations	- Ensuring transparent and ethical procurement practices - Stronger partnerships - Discussing market landscape and trends
Local Communities	- Support towards community development - Job creation for locals - Conservation and protection of natural ecosystems - Management of environmental and social impacts derived from supply chain operations	- Meeting, discussions, and dialogues - Community programmes	- Improving rapport with the community - Developing collaborative initiatives
Regulatory Bodies & Government Agencies	- Support for government policies and initiatives - Compliance with environmental regulations and limits	- Meetings with regulatory and governmental bodies, memos, and circulars - Audits / inspections	Compliance with laws and regulations

Materiality Assessment & Stakeholder Prioritisation

As BTM Group advances its sustainability reporting journey, the Group has identified and prioritised several common sustainability matters relevant to its current operations. These matters form the foundation of this year's Sustainability Statement and will serve as the baseline for further enhancement.

In the subsequent reporting cycle, the Group plans to refine its materiality assessment through the development of a structured Materiality Matrix and the conduct of a more comprehensive stakeholder prioritisation exercise. This will enable BTM to deepen its understanding of stakeholder expectations, ensure alignment with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), and strengthen the integration of material sustainability topics into strategic and operational decision-making.

SUSTAINABILITY STATEMENT



ENVIRONMENT

Emissions Management

Water Management

+ Emissions Management

Why It Matters

Effective emissions management is critical to BTM Group's long-term sustainability and compliance with national and global environmental standards. As a company involved in manufacturing activities that consume energy and resources, our operations inherently contribute to greenhouse gas (GHG) emissions, particularly from fuel use, electricity consumption, and logistics. Managing these emissions is essential to mitigate our environmental footprint, enhance operational efficiency, and align with Malaysia's commitment to achieving net-zero GHG emissions by 2050.

By monitoring, reporting, and progressively reducing emissions across our operations, BTM Group seeks to contribute to global climate action while maintaining business resilience in the face of evolving regulatory expectations, carbon pricing mechanisms, and stakeholder demands. Responsible emissions management not only reduces environmental impact but also drives innovation, cost efficiency, and long-term competitiveness for the Group.

Our Approaches, Strategies, Targets, Initiatives and Performance

Our Approaches

BTM Group adopts a systematic approach to emissions management guided by the principles of the Greenhouse Gas (GHG) Protocol. The Group tracks and reports emissions associated with energy consumption and key operational activities to establish a reliable baseline. Emission data are regularly reviewed to identify hotspots, improve process efficiency, and implement feasible reduction measures.

In addition, the Group complies with relevant environmental regulations under the Department of Environment (DOE) and aligns its monitoring practices with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) to ensure transparency and accountability in environmental performance.

Our Strategies

- Integrate emissions management into operational decision making and sustainability planning.
- Optimise energy efficiency through preventive maintenance and adoption of modern, low-emission machinery.
- Increase awareness among employees on energy conservation and carbon footprint reduction.
- Explore renewable and cleaner energy alternatives to reduce dependence on grid electricity and fossil fuels.
- Establish long-term alignment with Malaysia's Net Zero Pathway and the National Energy Transition Roadmap (NETR).

Our Targets

- Short-Term (FY2025–FY2026): Establish and verify the Group's Scope 1 and Scope 2 GHG baseline using standardised calculation methods.
- Long-Term (Beyond 2030): Progressively increase the share of renewable or low-carbon energy sources within total energy consumption and support Malaysia's net-zero aspirations by 2050.

Our Initiatives

- Enhanced employee awareness campaigns on energy saving and sustainable work practices.
- Collaborated with relevant authorities and partners to explore future renewable energy integration opportunities.

SUSTAINABILITY STATEMENT

Our Performance

During the reporting period, BTM Group recorded the following GHG emissions and energy consumption:

	Measurement Unit	FY2025
Bursa C4(a) Total energy consumption	Megawatt	77.2583
Bursa C11(a) Direct (Scope 1) GHG Emissions	tCO ₂ e	0.91916
Bursa C11(b) Indirect (Scope 2) GHG Emissions	tCO ₂ e	59.78
Bursa C11(c) Indirect (Scope 3) GHG Emissions	tCO ₂ e	No Data Provided

The Group's total GHG emissions for FY2025 amounted to approximately 60.7 tonnes of CO₂e, reflecting BTM Group's modest operational scale and ongoing efforts to improve energy efficiency. Continuous monitoring and data refinement have enabled better emissions visibility, forming a solid foundation for future reduction targets and energy management strategies.

Emission factor of 0.774 kg CO₂e /kWh (as published by TNB, 2022) represents the best available value for location-based Scope 2 reporting in Peninsular Malaysia. Source: TNB Sustainability Report 2022. This factor reflects Malaysia's grid mix (mainly coal and natural gas) and will be updated as TNB releases new data to ensure transparency and comparability of emissions disclosures.



SUSTAINABILITY STATEMENT

+ Water Management

Why It Matters

Water is a critical resource for BTM Group's manufacturing and supporting activities. Although the Group's operations are not highly water intensive, responsible water management remains essential to ensure business continuity, environmental protection, and compliance with national regulations. Efficient use of water supports the conservation of natural resources, helps mitigate the impacts of climate change, and reduces operational costs.

Our Approaches, Strategies, Targets, Initiatives and Performance

Our Approaches

BTM Group manages water consumption through regular monitoring, maintenance, and adoption of good housekeeping practices. The Group primarily sources water from municipal supplies and tracks monthly usage to identify anomalies and potential leaks. Internal controls are established to encourage efficient consumption, while compliance with local authority requirements, such as water quality and discharge standards, is strictly observed.

Our Strategies

- Integrate water efficiency into operational and maintenance planning.
- Raise employee awareness on responsible water use across facilities.
- Continuously monitor and assess consumption patterns to identify potential reduction opportunities.
- Comply with environmental regulations concerning water abstraction, usage, and discharge.

Our Targets

- Short-Term (FY2025–FY2026): Establish a verified baseline for total water usage and maintain stable consumption levels despite production variations.

Our Initiatives

- Implemented regular inspection and maintenance of water fixtures to prevent leaks and wastage.
- Installed awareness signage and reminders to encourage efficient water use among employees.
- Conducted routine water use monitoring to identify usage trends and potential savings.
- Ensured compliance with relevant local regulations on water quality and discharge.
- Explored potential feasibility for water saving technologies in future upgrades.

Our Performance

In the financial period under review, BTM Group recorded a total water consumption of 19.016 megalitres, sourced entirely from municipal water supply. The Group continues to maintain responsible water consumption practices in line with operational needs. No significant water related incidents, non-compliances, or supply disruptions were reported during the period.

These efforts reflect BTM Group's ongoing commitment to sustainable water management and efficient resource utilisation as part of its broader environmental stewardship framework.

SUSTAINABILITY STATEMENT



Occupational Health and Safety
Labour Practices and Standards
Diversity and Equal Opportunity
Data Privacy and Security

+ Occupational Health and Safety

Why It Matters

A safe and healthy workplace is fundamental to BTM Group’s operational excellence and long-term success. Protecting the wellbeing of our employees, contractors, and visitors is both a moral and business imperative. Occupational health and safety management reduces the risk of workplace injuries, enhances productivity, and fosters a culture of care and responsibility.

Our Approaches, Strategies, Targets, Initiatives and Performance

Our Approaches

BTM Group adopts an initiative-taking and preventive approach to managing occupational health and safety risks. The Group’s safety management framework is guided by the Occupational Safety and Health Act (OSHA) 1994 and related Malaysian regulations. Regular inspections, training, and risk assessments are conducted to ensure that all operations comply with statutory requirements.

The Group promotes a “safety first” culture through continuous engagement, communication, and participation of employees in safety related programmes. All incidents and near misses are recorded, investigated, and reviewed to prevent recurrence and improve safety performance.

Our Strategies - Strengthen workplace safety culture through continuous training and leadership commitment. - Conduct regular risk assessments, safety inspections, and audits across all operational areas. - Ensure full compliance with OSHA 1994 and the Factories and Machinery Act 1967. - Provide adequate personal protective equipment (PPE) and ensure proper use at all times. - Promote health awareness, ergonomics, and wellness among employees.	Our Targets - Short-Term (FY2025–FY2026): Maintain zero fatality and minimise lost time injury (LTI) cases through strict adherence to safety protocols. - Long-Term (Beyond 2030): Work towards certification under ISO 45001: Occupational Health and Safety Management System.
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Our Initiatives

- Conducted regular safety briefings, toolbox meetings, and on the job training sessions.
- Enforced PPE usage and safety compliance at all worksites.
- Implemented machine safety measures and equipment maintenance to minimise mechanical hazards.
- Carried out periodic health and safety inspections, including fire safety and emergency preparedness drills.
- Promoted employee wellbeing through awareness campaigns and ergonomic workplace improvements.

SUSTAINABILITY STATEMENT

Our Performance

During the financial period under review, BTM Group achieved zero workplace fatalities and no major injury cases, reflecting the effectiveness of its safety management efforts. No regulatory fines or non-compliance incidents related to occupational health and safety were recorded. The Group continues to prioritise employee safety through preventive actions, continuous monitoring, and improvement of workplace conditions.

	Measurement Unit	FY2025
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	4.86
Bursa C5(c) Number of employees trained on health and safety standards	Number	1

+ Labour Practices and Standards

Why It Matters

A fair, inclusive, and respectful workplace is essential to BTM Group's continued growth and operational excellence. Upholding strong labour practices ensures that employees are treated with dignity, provided equal opportunities, and empowered to contribute to the Group's success. By maintaining compliance with Malaysia's Employment Act 1955 and related labour laws, BTM Group safeguards employee welfare while strengthening workforce engagement, morale, and retention.

Our Approaches, Strategies, Targets, Initiatives and Performance

Our Approaches

BTM Group is committed to upholding fair labour standards across all operations. The Group complies with relevant national labour laws and international best practices, ensuring fair remuneration, non-discrimination, and freedom from forced or child labour. Employee rights and welfare are protected through transparent contracts, proper working hours, and adherence to minimum wage requirements.

The Group also promotes open communication between employees and management to ensure that grievances or suggestions are addressed constructively and promptly. Training and career development opportunities are provided to support employee growth and long-term employability.

Our Strategies

- Uphold compliance with the Employment Act 1955, Industrial Relations Act 1967, and relevant Malaysian labour regulations.
- Promote diversity and equal opportunity in recruitment, promotion, and training.
- Maintain fair employment terms, wages, and benefits aligned with statutory requirements.
- Strengthen employee engagement through open dialogue, feedback mechanisms, and performance recognition.
- Foster a workplace culture of integrity, respect, and inclusivity.

SUSTAINABILITY STATEMENT

Our Targets

- Short-Term (FY2025–FY2026): Maintain full compliance with national labour laws and ensure zero incidents of non-compliance.
- Long-Term (Beyond 2030): Build a diverse and inclusive workforce reflective of Malaysia's demographic and social landscape.

Our Initiatives

- Ensured all employees receive fair and timely wages with statutory benefits including EPF, EIS and SOCSO statutory contributions.
- Conducted induction and awareness training on workplace rights, ethics, and company policies.
- Promoted gender equality and fair employment practices in all recruitment and promotion processes.
- Established clear grievance channels to ensure employee concerns are resolved transparently.
- Encouraged continuous learning through job related training and professional development opportunities.

Our Performance

During the financial period under review, BTM Group maintained zero reported cases of labour rights violations or non-compliance with employment regulations. All employees received statutory benefits, and no incidents of discrimination, child labour, or forced labour were recorded.

The Group maintained a stable workforce with fair employment terms and continued to uphold equal opportunities for all, regardless of gender, age, or background. These efforts reflect BTM Group's commitment to ethical business conduct and its ongoing dedication to creating a fair and supportive workplace.

⊕ Diversity and Equal Opportunity

Why It Matters

Diversity and inclusion are integral to BTM Group's values and long-term sustainability. A diverse workforce brings together a wide range of perspectives, skills, and experiences that foster creativity, innovation, and stronger decision making. Embracing equality in employment practices also ensures fair treatment, respect, and opportunities for all individuals, regardless of gender, age, ethnicity, or background.

Our Approaches, Strategies, Targets, Initiatives and Performance

Our Approaches

BTM Group upholds a non-discriminatory employment policy across all levels of the organisation. The Group ensures that recruitment, career advancement, remuneration, and training opportunities are based on merit, performance, and qualifications. Decisions relating to employment are made impartially, without bias towards gender, age, ethnicity, religion, or other personal attributes.

The Group also supports equal representation by encouraging the participation of women in management and operational roles. Employee diversity is monitored periodically to ensure fair opportunities are consistently provided.

Our Strategies

- Promote a workplace culture built on equality, respect, and inclusivity.
- Ensure hiring and promotion processes are merit based and free from discrimination.
- Encourage diversity in leadership and operational teams.
- Provide equal access to learning and development opportunities for all employees.
- Align practices with Bursa Malaysia's Sustainability Reporting Guide.

SUSTAINABILITY STATEMENT

Our Targets

- Short-Term (FY2025–FY2026): Maintain gender balanced representation across all employee categories and ensure no discrimination complaints.
- Long-Term (Beyond 2030): Foster an inclusive workplace culture with equal opportunities embedded in every stage of the employment lifecycle.

Our Initiatives

- Monitored employee composition by gender and age group to enhance diversity transparency.
- Ensured compliance with the Employment Act 1955 and other relevant labour laws.
- Continued to promote gender equality in leadership and management appointments.

Our Performance

During the reporting period, BTM Group maintained a diverse workforce across various departments and job categories, comprising employees from different age groups, backgrounds, and experiences.

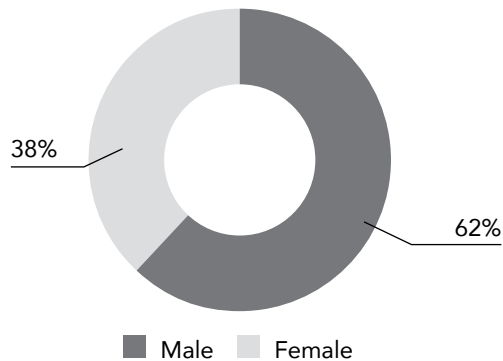
Performance

Employee Gender, and Age Profile

Bursa C3(a)

Percentage of employees by gender and age group, for each employee category

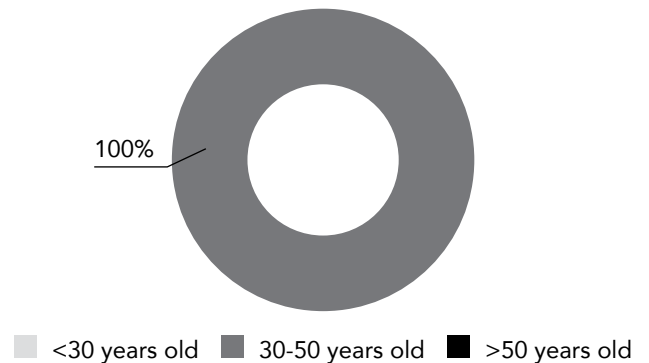
EMPLOYEE GENDER PROFILE



Bursa C3(b)

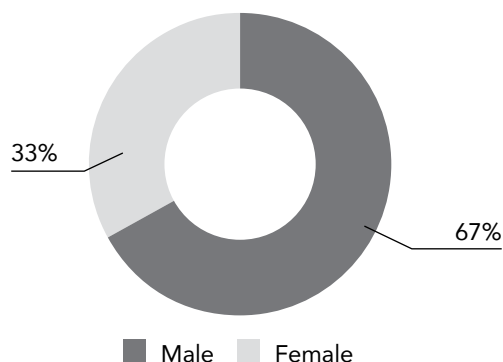
Percentage of directors by gender and age group

EMPLOYEE AGE PROFILE

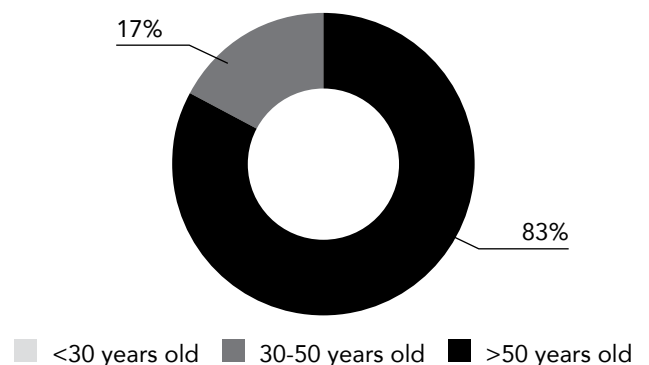


Director's Gender and Age Profile

GENDER PROFILE

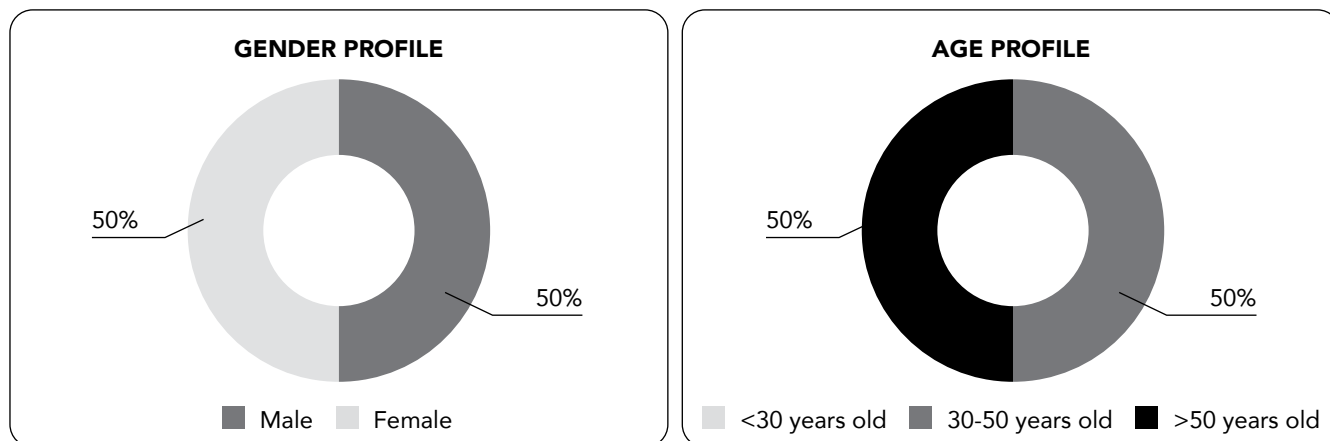


AGE PROFILE

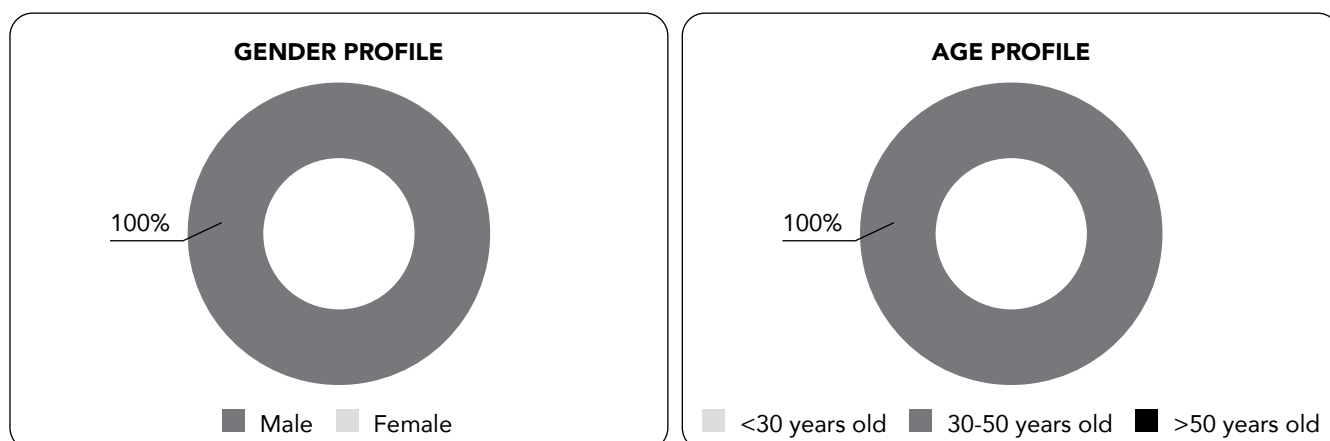


SUSTAINABILITY STATEMENT

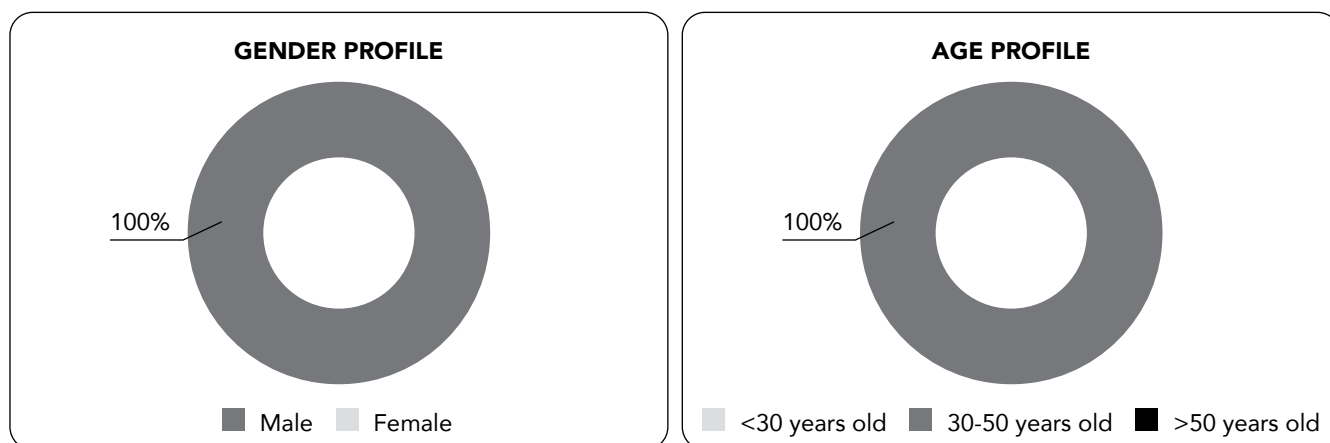
Executive's Gender and Age Profile



Non-Executive's Gender, and Age Profile



General Worker's Gender, and Age Profile



Moving forward, BTM Group aims to enhance its Human Capital strategy by implementing an Employee Development Framework that integrates ESG competencies, digital skills, and leadership growth modules. The Group is also exploring the adoption of an HR digital learning management system (LMS) to track training hours, monitor career progression, and improve retention analytics. Through continuous investment in its people, BTM Group will continue nurturing a resilient, competent, and future-ready workforce that supports the Group's sustainable growth journey.

SUSTAINABILITY STATEMENT

+ Data Privacy and Security

Why It Matters

In an increasingly digital business environment, protecting data privacy and ensuring information security are essential to maintaining stakeholder confidence and business integrity. BTM Group recognises that customers, suppliers, and employees entrust the Group with sensitive information, and safeguarding this data is a cornerstone of ethical and responsible business conduct.

Our Approaches, Strategies, Targets, Initiatives and Performance

Our Approaches

BTM Group adopts a proactive approach to managing data privacy and information security. Access to sensitive information is controlled through restricted systems and password-protected accounts, while physical documents are securely stored and accessible only to authorised personnel.

The Group ensures compliance with the Personal Data Protection Act ("PDPA") 2010 by collecting and processing personal data solely for legitimate operational purposes. Employees are made aware of their responsibilities in handling confidential information, including the proper use of IT resources and communication tools to prevent unauthorised access or disclosure.

Our Strategies

- Comply fully with the PDPA 2010 and related data protection requirements.
- Implement access control systems and secure storage for both physical and electronic data.
- Strengthen internal awareness through employee briefings and reminders on data security practices.
- Continuously assess and enhance IT and cybersecurity measures to prevent unauthorised data breaches.
- Maintain clear procedures for reporting and responding to any suspected data security incidents.

Our Targets

- Short-Term (FY2025–FY2026): Maintain zero substantiated complaints of data breaches or privacy violations.
- Long-Term (Beyond 2030): Progressively enhance digital governance and cybersecurity systems to align with ISO/IEC 27001 standards.

Our Initiatives

- Ensured all digital systems and internal networks are protected by passwords and antivirus safeguards.
- Conducted periodic reviews of user access rights and document control systems.
- Reinforced staff awareness on confidentiality and responsible handling of personal or company data.
- Maintained secure data disposal practices for outdated digital and printed records.
- Continued compliance with all applicable laws and internal data handling procedures.

Our Performance

During the reporting period, BTM Group recorded zero substantiated complaints concerning breaches of customer privacy or losses of customer data, in accordance with Bursa C8(a) disclosure requirements. No cybersecurity incidents, regulatory fines, or PDPA-related non-compliances were reported.

These outcomes reflect the Group's firm commitment to protecting stakeholder information and strengthening its data management systems in line with best practices in privacy and information security.

SUSTAINABILITY STATEMENT



GOVERNANCE

Anti-Corruption & Ethical Conduct

+ Anti-Corruption & Ethical Conduct

Why It Matters

Ethical conduct and zero tolerance for corruption are fundamental to BTM Group's sustainability and credibility as a listed company. Corruption and unethical practices not only undermine business integrity but also pose significant financial, operational, and reputational risks. As a wood-based manufacturer, the Group recognises that transparency, integrity, and fairness are essential to maintaining stakeholder trust, winning tenders responsibly, and ensuring long-term business continuity. Upholding ethical standards across all operations reinforces BTM Group's role as a responsible corporate citizen and trusted partner in Malaysia's manufacturing sector.

Our Approaches, Strategies, Targets, Initiatives and Performance

Our Approaches

BTM Group has established a comprehensive governance and compliance framework to prevent, detect, and respond to unethical behaviour or corruption. Its approach is grounded in compliance with the MACC Act 2009 (Section 17A), Companies Act 2016, and MCCG 2021, alongside the Group's internal Code of Conduct and Ethics.

Our Strategies

Key strategies include:

- Anti-Bribery and Corruption (ABC) Policy: A formal policy that prohibits all forms of bribery, kickbacks, facilitation payments, and conflicts of interest.
- Whistleblowing Policy: Secure and confidential reporting channels enabling employees, contractors, and external parties to report suspected misconduct without fear of retaliation.
- Governance Oversight: Oversight by the Board of Directors and Audit Committee to ensure compliance and accountability in business dealings.

Our Targets and Initiatives

- Achieve and maintain zero incidents of corruption or unethical behaviour.
- Conduct annual anti-corruption training and awareness sessions for all employees, customers, suppliers and contractors.
- Ensure 100% acknowledgment and compliance with the ABC Policy and Code of Conduct by employees.
- Conduct regular reviews of policies to align with MACC guidelines and best practices.
- Strengthen monitoring and reporting mechanisms under the Risk Management and Sustainability Committees.

Our Performance

- BTM Group maintained a zero corruption record across its business operations, reflecting strong governance controls and a well-established culture of integrity, with no reported cases of bribery, fraud, or unethical conduct.
- Conducted awareness and training programmes for employees and site management teams covering anti-bribery principles, whistleblowing mechanisms, and ethical decision-making.
- All employees, new hires, and key subcontractors formally acknowledged adherence to the Code of Conduct and ABC Policy during onboarding or contract renewal.
- The Whistleblowing Policy was reviewed and promoted internally to ensure accessibility, confidentiality, and trust in reporting channels.
- Periodic compliance audits and governance reviews were carried out to ensure full alignment with Section 17A of the MACC Act and the Group's zero-tolerance policy.
- The Board and senior management reinforced a "Tone from the Top" culture, demonstrating clear leadership commitment to integrity and ethical behaviour.

Moving forward, BTM Group will continue strengthening its anti-corruption framework by implementing compliance monitoring, periodic integrity risk assessments, and supplier due diligence programmes. The Group will also extend its ethics and compliance training to external business partners to ensure integrity across the entire value chain. BTM Group remains steadfast in promoting a culture of honesty, fairness, and accountability, ensuring that ethical conduct remains at the heart of its business sustainability.

SUSTAINABILITY STATEMENT

ESG PERFORMANCE DATA

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	55.00
Executive	Percentage	20.00
Non-Executive/Technical Staff	Percentage	0.00
General Worker	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	9,200.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 31-50	Percentage	0.00
Management Above 51	Percentage	0.00
Executive Under 30	Percentage	0.00
Executive Between 31-50	Percentage	50.00
Executive Above 51	Percentage	50.00
Non-Executive/Technical Staff Under 30	Percentage	0.00
Non-Executive/Technical Staff Between 31-50	Percentage	100.00
Non-Executive/Technical Staff Above 51	Percentage	0.00
General Worker Under 30	Percentage	0.00
General Worker Between 31-50	Percentage	100.00
General Worker Above 51	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	0.00
Management Female	Percentage	0.00
Executive Male	Percentage	50.00
Executive Female	Percentage	50.00
Non-Executive/Technical Staff Male	Percentage	100.00
Non-Executive/Technical Staff Female	Percentage	0.00
General Worker Male	Percentage	100.00
General Worker Female	Percentage	0.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	67.00
Female	Percentage	33.00
Under 30	Percentage	0.00
Between 31-50	Percentage	17.00
Above 51	Percentage	83.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	77.26

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2024
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	4.86
Bursa C5(c) Number of employees trained on health and safety standards	Number	1
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	6
Executive	Hours	6
Non-Executive/Technical Staff	Hours	0
General Worker	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	2
Executive	Number	10
Non-Executive/Technical Staff	Number	7
General Worker	Number	42
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	19.016000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	262.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	0.00
Bursa C10(a)(iii) Total waste directed to disposal	Metric tonnes	262.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	0.92
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	59.78
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	0.00

SUSTAINABILITY STATEMENT

Remarks for Performance Data

The data presented in this Sustainability Statement covers the reporting period from 1 January 2024 to 30 June 2025, representing an 18-month financial period following the Group's change of financial year end. Accordingly, all quantitative indicators, including those under Bursa Malaysia's Common Indicator (C1–C11), reflect performance as at 30 June 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of BTM Resources Berhad ("BTM" or "the Company") remains committed in maintaining the highest standards of corporate governance ("CG") within the Company and adhering to the principles and best practices of CG, through observing and practising the core values of Malaysian Code on Corporate Governance ("MCCG") 2021 and the Corporate Governance Guide issued by the Bursa Malaysia Securities Berhad ("Bursa Securities"). The commitment from the top paves the way for Management and all employees to ensure the Company's businesses and affairs are effectively managed in the best interest of all stakeholders.

The Board is pleased to present an overview on the application of the principles as set out in the MCCG and the extent to which the Company and the subsidiaries ("Group") have complied with the key principles of the MCCG during the financial period ended 30 June 2025 ("FY2025").

This statement should be read together with the 2025 CG Report of the Company which is available on the Company's website at www.btmresources.com.my. The CG Report provides the explanations on how the Group applied each Practice set out in the MCCG during FY2025.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is responsible for the stewardship of the Company's business and affairs with a view to enhance long term shareholders value as well as investor interest while taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.

The Board is also responsible for the overall performance of the Group and focuses mainly on the strategic management, performance monitoring and measurement, risk management and internal controls, standards of conduct, shareholders' communication, governance of sustainability and critical business decisions. The matters reserved for the collective decision of the Board are listed in the revised Board Charter adopted and approved by the Board on 28 August 2025, which a copy is available on the corporate website at www.btmresources.com.my. The Board also sets the Group's values and standards and ensures that its obligations to the shareholders and other stakeholders are understood and fulfilled.

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. The role of Management is to support the Executive Directors and implement the running of the general operations and business of the Company, in accordance with the delegated authority of the Board.

The Sustainability Statement stated the actions taken by the Group in protecting the environment while striving to achieve a better performance towards the goal at sustainable development.

In order to facilitate the effective discharge of its duties, the Board delegates and confers some of the Board's authorities and discretion on the Executive Directors as well as on properly constituted Committees comprising Executive and/or Non-Executive Directors which operate within clearly defined terms of reference.

The Board Committees consist of Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC"), Risk Management and Sustainability Committee ("RMSC") and Long-Term Incentive Plan Committee ("LTIP"). Save for LTIP, the power delegated to the respective Board Committees are set out in the revised Terms of Reference of AC and RMSC which were adopted on 20 November 2023 and the revised Terms of Reference of NRC which was adopted on 28 August 2025, a copy each of which are available on the Company's website at www.btmresources.com.my.

Overall, it is the governance responsibilities of the Board to lead and control the Group. The Board plans the strategic direction, development and control of the Group and has embraced the responsibilities listed in the MCCG to discharge its stewardship and fiduciary responsibilities. The Executive Directors are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors balance the board accountability by providing their independent views, expertise, advice and judgment in safeguarding the interests of the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.2 Chairman

The Chairman of the Company leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the other Independent Non-Executive Directors, the Chairman leads the discussion on the strategies and policies recommended by Management. The Chairman chairs the meetings of the Board and the shareholders, and thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

Nonetheless, the chairman position of the Company remains vacant subsequent to the resignation of Mr Loo Eng Hua as the Chairman cum Independent Non-Executive Director ("INED") of the Company on 12 June 2024.

1.3 Separation of the Positions of the Chairman and Managing Director ("MD")

The Board take cognizance that the position of the Chairman and the MD should be held by different individuals, with a clear division of responsibilities between the Chairman and the MD to ensure that there is a continued balance of power and authority. In addition, the separation of these positions promotes accountability and facilitates division of responsibilities.

The MD of the Company is Dato' Seri Yong Tu Sang whilst the chairman position of the Company remains vacant subsequent to the resignation of Mr Loo Eng Hua as the Chairman and INED of the Company on 12 June 2024.

Hence, the MD, together with the Executive Directors, have the overall responsibilities over the Group's operating units, organisational effectiveness and implementation of the Board policies and decisions.

All decisions of the Board are made unanimously or by consensus. The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

1.4 Separation of Chairman of the Board and member of the AC, NRC, RMSC and LTIP

The chairman position of the Company remains vacant subsequent to the resignation of Mr Loo Eng Hua as the Chairman and INED of the Company on 12 June 2024.

Having said so, the Board acknowledges the importance of the separation of the duties and functions of the Chairman of the Board from other board committees' members to assure that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest. To this, the Board would strive to ensure that the future chairman, when appointed, would not be further appointed as a member of the Board Committees.

1.5 Qualified and Competent Secretaries

The Company Secretaries of the Company are a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 ("Act"). The Company Secretaries act as CG counsel and facilitate overall compliance with the relevant requirements, codes or guidance and legislations within the Board, Board Committees and Management.

The Board has direct access to the professional advice and services of the Company Secretaries when performing their duties and discharging their responsibilities. The Company Secretary attends all meetings of the Board and Board Committees whenever necessary and guides the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Act, Main Market Listing Requirements ("MMLR"), MCCG and ensure the deliberations at the meetings are recorded and the minutes circulated in a timely manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.6 Access to Information and Advice

All Directors have access to the advice and services of the Company Secretaries as well as to all information within the Group in ensuring the effective functioning of the Board. In addition, the Board may seek independent professional advice on specific issues at the Company's expenses to enable it to discharge its duties in relation to the matters being deliberated, where necessary.

The Directors may seek advice from Management on issues under their respective purview and interact directly with Management or request further explanation, information or updates on any aspect of the Company's operations or business concern from them.

Schedule of Board and Committee meetings are determined in advance. This enables Management to plan ahead the yearly business and corporate affairs and ensure timely preparation of information for dissemination to the Board. The Board has a defined schedule of matters reserved for Board's decision and that the Board papers for meetings will be circulated to the Board at least seven (7) days prior to the meeting. This is to ensure all Directors have sufficient time to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed during the meeting.

The Company Secretary is entrusted to record the Board's deliberations, in terms of issues discussed, ensures that the deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to Management for appropriate actions. The minutes of the previous Board and Board Committee meetings are distributed to the Directors/ Committee prior to the meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to meetings and on-going basis to enable them to make informed decisions.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board Charter is reviewed to ensure that it complies with the best practices and regulations and thus, the last review of the Board Charter was conducted on 28 August 2025.

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter, which is available on the Company's website.

The Board Charter serves to ensure that all Board members acting on behalf of the Group are aware of their expanding roles and responsibilities. It sets out the strategic intents and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with CG principles.

The Board Charter would be reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

3. Promoting Good Business Conduct and Corporate Structure

3.1 Code of Conduct and Ethics

The Board established Code of Ethics for Directors and Code of Conduct for Officers and Employees which ensures that ethical conduct is permeated throughout the Company.

The Code of Ethics for Directors requires all Directors to establish a standard of ethical behaviour for Directors based on acceptable beliefs and values and to uphold the spirit of professionalism, objectivity, transparency, and accountability in line with the legislation, regulations and environmental and social responsibility guidelines governing a company.

While the Code of Conduct for the Directors and Employees clearly express detailed guidance to Directors and employees to ensure compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of their duties and to promote the following:-

- i) To emphasise the Company's commitment to ethics and compliance with the applicable laws and regulations;
- ii) To set forth basic standards of ethical and legal behaviour within the Company;
- iii) To include noble characteristics in performing duties so as to improve work quality and productivity;
- iv) To improve self-discipline in order to provide the Company with good and quality service; and
- v) To enhance skills in the implementation of duties and to be able to adapt to work environment.

A summary of the Code of Ethics for Directors and Code of Conduct for Officers and Employees had been published on the corporate website. The last review of the Code of Ethics for Directors and Code of Conduct for Officers and Employees was conducted on 27 November 2023.

3.2 Whistleblowing Policy

The Board recognises the importance of whistleblowing and is committed to maintaining the highest standards of ethical conduct within the Group. In line with this commitment, the Board has formalised a Whistleblowing Policy for the Group.

As prescribed in the said policy, the whistleblowing policy outlines the avenues for all employees, Directors, Shareholders, Consultants, Vendors, Outsider Agencies or any parties with a business relationship with the Group to raise genuine concerns about suspected misconduct, malpractice, or disclose in good faith any improper conduct within the Group and to enable prompt corrective actions and measures to resolve them effectively.

Any employee who has reasonable believes in good faith that Improper Conduct exists in the workplace, the employee should raise this concern with their immediate superior. However, if for any reason, it is believed that this is not possible or inappropriate, then the employee may report the concerns to either Managing Director and Executive Directors. For serious malpractice relating matter, they may direct such complaint and report to the Independent Non-Executive Chairman or the Chairman of Audit Committee, through a confidential reporting channel.

Management will ensure that the Whistleblower who raises a genuine complaint in good faith shall be protected from reprisal as a direct consequence of making a disclosure and to safeguard his/her confidentiality.

The Whistleblowing Policy has been adopted by the Board of Directors on 27 November 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

3. Promoting Good Business Conduct and Corporate Structure (Cont'd)

3.3 Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

The Board had on 27 November 2023 adopted the ABAC Policy to incorporate the policies and procedures on anti-corruption as guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption which come into force on 1 June 2020 and to include the corruption risks in the annual risk assessment of the Group.

A copy of the ABAC Policy is made available on the Company's website via www.btmresources.com.my.

3.4 Directors' Fit and Proper Policy

In line with the amendment to the MMLR, the Board also on 27 November 2023 adopted the Directors' Fit and Proper Policy, which outline the fit and proper criteria for the appointment and re-appointment of Directors on the Board of the Company.

The said policy also ensures that each of the Directors has the character, skills, knowledge, experience, honesty and integrity, competence and capability, financial soundness, and time to effectively discharge his/her role as a Director of the Company and its subsidiaries, and in tandem with good corporate governance practices.

In addition, the policy also serves as a guide to the NRC and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election at the forthcoming annual general meeting of the Company.

A copy of the Directors' Fit and Proper Policy is made available on the Company's website via www.btmresources.com.my.

4. Sustainability measure to support long-term strategy

4.1 Strategic Management of Material Sustainability matter

The Board provides the oversight on the Group's sustainability and is assisted by the Management who oversees the implementation of the Group's sustainability measures.

The Board recognises its responsibility to set the "tone from the top" and ensure good governance within the Group. In this regard, the Board continues to play an active role in providing oversight on all Economic, Environmental, Social and Governance ("EESG") topics and KPIs disclosed in the sustainability report. Aside from strategic guidance for management of its identified sustainability material matters and climate-related risk, the Board is also committed in advancing the EESG agenda across the organisation.

Supporting the Board is the RMSC, which oversees the Group's sustainability blueprint, including material topics, strategies and targets. The RMSC is chaired by an INED, together with an INED and an Executive Director, who are collectively tasked with overseeing the Group's risk management and sustainability governance process.

The RMSC is in turn supported by the Executive Directors and Senior Management, to drive and implement sustainability strategies.

The Group has also grouped under the four (4) main sustainability pillars such as Economic, Environmental, Social and Governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Sustainability measure to support long-term strategy (Cont'd)

4.2 Delivery of the Sustainability Consideration to Stakeholder

The Board is aware that stakeholder engagement is vital in ensuring continued business sustainability whereby it enable the company to pursue various approaches and valued stakeholders' feedback and inputs in shaping the Company business strategy as the Company believed effective communication maintained mutually beneficial relationships with the stakeholders.

The Board had engaged with the stakeholders proactively such as Customers, Shareholders and Investors, Employees, Government and Regulatory Bodies, Vendors/Suppliers, Media, Community/Public and NGOs and Opinion Leaders accordingly, to ensure that the Board meet the stakeholders' expectation and satisfaction for the Company's sustainability growth.

The Company had also disclosed the sustainability measures and forms of engagement with the stakeholder in the sustainability statement which also formed part of the Annual Report 2025 to the stakeholders, which provide further insight of the Group's efforts and commitment towards the sustainability issues surrounding the business operation.

4.3 Sustainability Issues and Opportunity

The Board, through the RMSC, acknowledges its fiduciary responsibility to ensure the profitability of the Group and assumes the responsibility for the effective management of the Group's financial and EESG risks. This includes risks and opportunities associated with climate change that may impact the financial value creation ability of the Group.

The Board had identified and highlighted several of the risks factor that associated with the business such as the rules and regulations, financial and EESG risks management, and climate change which may affect the Company's core value and competitive advantage in the market. At the same time, the Company remains vigilant in monitoring and mitigating the business, operational, financial, climate-related and other risks that may affect the Group.

4.4 Board and Senior Management Sustainability Evaluation

As addressing material sustainability risks and opportunities is the responsibility of the Board and Senior Management, the Board is looking into incorporating the evaluations to include the EESG considerations and sustainability yardstick to the Senior Management and their efforts in addressing the company's material sustainability risks and opportunities.

Nevertheless, the Boards review and evaluates its own performance and the performance of its committees on an annual basis to ensure accountability in the performance of the directors and senior management against the sustainability targets set upon them.

The annual assessment of the Board takes into the consideration of ability in addressing the Company's material sustainability risk and opportunities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION

5. Strengthen Board's Objectivity

5.1 Board Composition Evaluation

The Board currently consists of six (6) members, three (3) Independent Non-Executive Directors, two (2) Executive Directors and one (1) Managing Director. The Directors' profiles are disclosed in the Annual Report 2025.

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR as at least two (2) and more than one-third of the directors are Independent Directors and the Practice 5.2 of the MCCG where the Board comprise at least half of the independent directors.

The Group is led by an experienced and diversified Board, which comprises professionals from various fields to bring together a balance of skills, mix of experience and expertise in area relevant to enhance the growth of Group's business. The Board collectively bring with their wide and varied technical, legal, financial, and corporate experience to enable the Board to lead and control the Group effectively.

5.2 Percentage of the Independent Director

Independence is important for ensuring objectivity and fairness in the decision making. The independence of Directors is measured based on the criteria prescribed under the MMLR of Bursa Securities, of which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. In addition, to comply with the criteria set out under the MMLR of Bursa Securities, the Independent Non-Executive Directors are required to declare that they will continue to bring independent and objective judgement to the Board during the review of Directors' independence as part of the annual assessment carried out by the NRC.

The INEDs do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company, to ensure their objectivity would not be compromised. In staying clear of any potential conflict of interest, the INEDs would remain at the position of providing check and balance to the Board when discharging their duties and fulfilling their responsibilities.

The Board had established the NRC to assist the Board in ensuring its members remain relevant to the Company and the remuneration policy remains competitive to attract new talents and retain suitably qualified directors.

5.3 Tenure of Independent Director

No independent director's tenure exceeds a cumulative term of nine (9) years.

5.4 Policy on Limitation of Independent Director's Tenure

The Board has adopted the recommendation of the MCCG that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director. Otherwise, the Board must justify and seek shareholders' approval in the event that a Director, who has served in that capacity for more than nine (9) years, retains as an Independent Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Strengthen Board's Objectivity (Cont'd)

5.5 Diverse Board and Senior Management Team

The NRC shall apply the "Fit and Proper" standards as per the Directors' Fit and Proper Policy adopted by the Company before recommending the candidates to the Board for approval.

The NRC is delegated by the Board in identifying, selecting and recommending suitable candidates for the appointment of Board and senior management, by taking into consideration the aspects of the candidates such as candidates' skills, knowledge, expertise and experience, time commitment, character, competence, professionalism, integrity, age, cultural background and gender as well as the existing board positions held by the directors to ensure the Board to devote the required time to serve the board effectively.

The Company adopts a policy of non-discrimination on the basis of race, age, religion and gender. The Board has also adopted Board Diversity Policy on 27 November 2023 of the view that to strengthen women's representation in the composition of the Board as well as encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

5.6 Re-Election of Directors

The Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. Provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires. The Directors to retire each year are the Directors who have been longest in office since their last appointment on re-election.

The Constitution also states that the Board have power at any time and from time to time to appoint any person to be a Director, other than a Public Interest Director, either to fill a casual vacancy or as an addition to the existing Board but the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted separately.

Dato' Seri Yong Tu Sang is subject to retire by rotation in accordance with Article 18.4 of the Constitution of the Company while Datuk Yap Wai Hong, Mr Lee Yoon Seong and Mr Chan Fook Mun are subject to retire in accordance with Article 18.11 of the Constitution of the Company and have offered themselves for re-election as Directors of the Company.

To assist shareholders to renew their decision, sufficient information such as personal profile, meetings attendance and the shareholdings of each Director standing for election are available in the Annual Report 2025.

In identifying candidates for appointment as Directors, the Board does not solely rely on recommendations from the existing Board members, management or major shareholders. The Board is aware and may also utilise independent sources to identify suitable qualified candidates, which complies with Practice 5.6 of the MCGG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Strengthen Board's Objectivity (Cont'd)

5.7 Identification of New Candidates for Appointment of Directors

The Board has entrusted the NRC with the responsibility to recommend suitable candidate for appointment as new Directors or either to fill any vacancy arising from the resignation, retirement or any other reasons.

The NRC would source for potential candidates through various channels such as the recommendation by the existing Directors, management, major shareholders, independent advisors, professional bodies, independent search firms, and/or other independent sources.

The NRC would also evaluate the suitability of candidates for appointment to the Board, the NRC considers, inter-alia, the competency, experience, commitment, contribution, and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence and as well as based on the "Fit and Proper" standards.

The NRC had reviewed and recommended the appointment of Datuk Yap Wai Hong as an Executive Director, Ms Jasmine Cheong Chi-May (resigned on 19 May 2025) and Mr Chan Fook Mun as INED of the Company, for the Board's approval.

The Board has adopted that Nomination and Appointment of Directors Process and Procedure on 27 November 2023 to serve a guide for the NRC and Board in sourcing new candidates for the Directors in ensuring the continuity of an effective Board.

The Board is aware of the guidance to utilise independent sources for future appointment of Independent Director, and to disclose how a Board member is sourced in the Annual Report.

5.8 NRC

The NRC is primarily empowered by its terms of reference in carrying out the following functions amongst others, is to:

- To propose new nominees for the Board of the Company, as to who shall be nominated/appointed shall be the responsibility of the full Board after considering the recommendations of the NRC;
- To recommend to the Board, the remuneration package of Executive Directors, Non-Executive Directors, the Managing Director, Chief Executive and senior management of the Group. The individual Directors should play no part in decisions and/or approval of their own remuneration;
- Remuneration of the Non-Executive Directors should be a matter for the Board as a whole to determine and the individuals concerned should abstain from discussion of and voting on their own remuneration;
- To ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the NRC and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board; and
- To administer the Long-Term Incentive Plan ("LTIP") in such manner as it shall in its absolute discretion deem fit, subject always to the provisions of the By-laws of LTIP and generally exercise such powers and perform such acts deemed necessary or expedient in the implementation of the LTIP.

For any requisition of nomination by the shareholders, the NRC would also perform the same review process. However, if the requisition is by way of Sections 311 to 313 of the Act, the NRC would still carry out its duties if permitted by the requisitionist.

The Board has appointed Datuk Yap Wai Hong as an Executive Director, Mr Lee Yoon Seong, Ms Jasmine Cheong Chi-May (resigned on 19 May 2025) and Mr Chan Fook Mun as Independent Non-Executive Directors. The recommendation was proposed by the existing board member.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Strengthen Board's Objectivity (Cont'd)

5.8 NRC (Cont'd)

The NRC had considered and is of the view that given the needs and size of the Company and the relevant higher cost to be incurred, the NRC opined that the utilisation of independent sources to identify suitably qualified candidates was not required at the moment.

The NRC comprises exclusively of Independent Non-Executive Directors, as follows:-

- i. Ms Goh Siow Cheng – Member
- ii. Mr Lee Yoon Seong – Member (Appointed on 15 July 2024)

The Terms of Reference of the NRC is available on the Company's website.

A summary of key activities undertaken by the NRC in discharging its duties during the financial period under review is set out below:

- Reviewed and assessed annual assessment of the performance and effectiveness of the Board as a whole, the committee of the Board, contribution of each individual director;
- Reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- Reviewed and assessed the independence of the Independent Non-Executive Directors;
- Reviewed and recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the forthcoming AGM of the Company;
- Reviewed and assessed the term of office and performance of the AC;
- Reviewed and assessed the level of financial literacy of the AC members; and
- Reviewed and recommended the appointment Datuk Yap Wai Hong as an Executive Director and Ms Jasmine Cheong Chi-May (resigned on 19 May 2025) as an INED of the Company.

The NRC had undertaken a review and assessment of the level of independence of the Independent Directors during the FY2025 based on the independence criteria as defined in the MMLR and is satisfied that they are able to discharge their responsibilities in an independent manner.

The NRC was satisfied that the Board has the right size and the Board composition is well balanced having considered the appropriate mix of skills, experience, strength and independence and the diversity required to meet the current and future needs of the Company.

The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of quality in key management, in avoiding instability by helping mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual, and in promoting diversity.

5.9 Gender Diversity

The Board acknowledges the importance of boardroom diversity and takes cognisance of the recommendation of the MCCG to have at least 30% of female directors.

However, as at the date of printing of this Annual Report, the Company do not achieve the recommendation of the MCCG to have at least 30% of female directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Strengthen Board's Objectivity (Cont'd)

5.10 Gender Diversity Policy

The Board had adopted a Board Diversity Policy on 27 November 2023, to strengthen women's representation in the composition of the Board of Directors of the Company and as well as at all levels of employees including senior management. Having recognise the significant of gender diversity, the Board constantly emphasises the significance of diversity in terms of skills, experience, age, ethnicity, nationality and cultural background, in attaining effective strategic objectives to enhancing sustainable growth and in promoting better corporate governance within the Group.

A copy of a Board Diversity Policy is available on the Company's website at www.btmresources.com.my.

6. Overall Board Effectiveness

6.1 Annual Evaluation

The Board via the NRC undertakes annual evaluation to determine the effectiveness of the Board. The Board evaluation comprises Board Assessment, Board Committees Assessment, Individual Assessment and Assessment of Independence of Independent Directors and the financial literacy test of the Audit Committee Members.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities. Criteria used in these assessments are guided by the Corporate Governance Guide issued by Bursa Securities. This assessment is done annually conducted on a peer and self-evaluation basis through questionnaires circulated to the Directors.

All Board members completed the assessment questionnaires on a confidential basis and the results of the evaluations are collated and a summary of the findings is submitted to the NRC for deliberations and subsequently escalated to the Board for consideration on the key issues arising thereon, if any.

Based on the annual assessment conducted, the NRC was satisfied with the existing Board composition and concluded that each Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the year under review, and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NRC in discharge of its functions were properly documented.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board of Directors and Board Committee meetings during the financial year under review, as set out in the table below:-

Abbreviation

AC	:	Audit Committee
NRC	:	Nomination and Remuneration Committee
RMSC	:	Risk Management and Sustainability Committee
LTIP	:	Long-Term Incentive Plan Committee
AGM	:	Annual General Meeting

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

6. Overall Board Effectiveness (Cont'd)

6.1 Annual Evaluation (Cont'd)

Abbreviation (Cont'd)

Meeting Attendance	Board	AC	NRC	RMSC	LTIP	AGM
Loo Eng Hua (Resigned on 12 June 2024)	3/3	-	-	-	-	-
Leou Thiam Lai (Resigned on 12 June 2024)	3/3	3/3	2/2	2/2	-	-
Hon Kah Lai (Retired on 28 June 2024)	3/3	3/3	2/2	2/2	-	1/1
Jasmine Cheong Chi-May (Appointed on 11 September 2024 and Resigned on 19 May 2025)	1/2	1/2	-	-	-	-
Dato' Seri Yong Tu Sang	7/7	-	-	-	-	1/1
Tan Boon Pock	7/7	-	-	2/2	-	1/1
Goh Siow Cheng	7/7	8/8	2/2	2/2	-	1/1
Datuk Yap Wai Hong (Appointed on 1 July 2024)	4/4	-	-	-	-	-
Lee Yoon Seong (Appointed on 15 July 2024)	4/4	5/5	-	-	-	-
Chan Fook Mun (Appointed on 27 October 2025)	-	-	-	-	-	-

Note:

1. Mr Loo Eng Hua resigned as the Chairman and Independent Non-Executive Director ("INED") of the Company on 12 June 2024.
2. Mr Leou Thiam Lai resigned as the INED of the Company on 12 June 2024 and accordingly his position in all the Board Committee be ipso facto ceased.
3. Ms Hon Kah Lai retired as the INED at the last AGM of the Company held on 28 June 2024 and accordingly her position in all the Board Committee be ipso facto ceased.
4. Ms Jasmine Cheong Chi-May resigned as the INED of the Company on 19 May 2025 and accordingly her position in all the Board Committee be ipso facto ceased.
5. Datuk Yap Wai Hong has been appointed as an Executive Director of the Company on 1 July 2024.
6. Mr Lee Yoon Seong has been appointed as an INED of the Company, the Chairman of AC and a member of NRC, RMSC and LTIP on 15 July 2024.
7. Mr Chan Fook Mun has been appointed as an INED of the Company and a member of AC on 27 October 2025.

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold more than five (5) directorships in public listed companies and shall notify the Chairman before accepting any new directorships.

None of the directors hold more than 5 directorships in public listed companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

6. Overall Board Effectiveness (Cont'd)

6.2 Directors' Training

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast with the developments in the economy, industry, technology and updates on regulations, amongst others to effectively carry out their duties and responsibilities as directors and to comply with continuous training as required by the MMLR.

There were also briefings by the External Auditors and the Internal Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings.

During the FY2025, all the Directors have attended trainings, seminars, conferences and exhibitions which they considered vital in keeping abreast with the changes in laws and regulation, business environment, and corporate government development, as detailed hereunder: -

Name of Director	Course Attended	Date
Dato' Seri Yong Tu Sang	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	25 June 2025 & 26 June 2025
Tan Boon Pock	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	25 June 2025 & 26 June 2025
Goh Siow Cheng	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	19 March 2025 & 20 March 2025
Datuk Yap Wai Hong	Mandatory Accreditation Programme	16 October 2024 & 17 October 2024
Lee Yoon Seong	Tax Savvy Boss: e-invoicing Tactics Revealed	30 October 2024
	MIA Digital Month 2025 - Week 3: Tools and Technologies for Sustainability Reporting in Malaysia	30 April 2025
Chan Fook Mun (Appointed on 27 October 2025)	N/A	N/A

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION

7. Level and Composition of Remuneration

7.1 Remuneration Policy

The Board has adopted a Remuneration Policy on 27 November 2023 to support the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract and retain experienced, well-qualified, and high-calibre directors and Key Senior Management to drive and be aligned with the long term interest, business strategies, corporate objectives, sustainable growth and development of the Company, as pursuant to the Practice 7.1 of the Code.

The details of the Remuneration Policy is available on the Company's website at www.btmresources.com.my.

The NRC reviews the Directors' Remuneration (including Non-Executive Directors) for recommendation and approval by the Board. The Directors' remuneration payable to the Non-Executive Directors will be tabled at the AGM for approval by shareholders.

The determination of the remuneration of the Non-Executive Directors is a matter of the Board as a whole. The remuneration payable to Non-Executive Directors is proposed by the Board and is subject to shareholders' approval at the AGM. Each individual Director will not participate in decisions regarding their remuneration package and shall abstain from voting at general meetings to approve their fees. Executive Directors are remunerated based on the Group's performance, and their respective contributions for the year whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and level of responsibilities assumed in committee and the board.

The NRC comprises exclusively of Independent Non-Executive Directors. The NRC is guided by its terms of reference, which is available on the Company's website at www.btmresources.com.my.

7.2 Remuneration of Directors and Senior Management

7.2.1 Detailed Disclosure of Directors' Remuneration

The Company noted the needs for transparency on the detailed disclosure on named basis for the remuneration of individual Directors. The remuneration breakdown of individual Directors includes fees, salary, bonus, benefits in-kind and other emoluments.

The NRC reviews annually the Directors' Fees and the Directors' Remuneration (including Non-Executive Directors) to commensurate with the level of responsibility of its directors and senior management. There should be appropriate incentives to attract talent as well as nurture and retain high calibre directors and senior management, whilst taking into account the interests of other stakeholders, including shareholders and employees. In addition, the remuneration policy and procedures should also be aligned with the business strategy and long-term objectives of the Company.

The NRC would recommend the Directors' Remuneration (including Non-Executive Directors) for Board's approval while the Directors' remuneration payable to the Non-Executive Directors would be tabled at the AGM for the approval of shareholders in line with the provisions of its Constitution and the Act.

As for the Non-Executive Directors, the remuneration should take into account the fee levels and trends for the similar positions in the market and the time commitment required from the director. Such packages should take into consideration any additional responsibilities undertaken such as a director acting as chairman of the board, chairman of a board committee or as the senior independent director.

The Directors plays no part in determining his own remuneration and shall abstain from discussion on their own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

7. Level and Composition of Remuneration (Cont'd)

7.2 Remuneration of Directors and Senior Management (Cont'd)

7.2.1 Detailed Disclosure of Directors' Remuneration (Cont'd)

The remuneration package of the Executive Directors consists of monthly salary, bonus and benefits-in-kind such as company car and the benefit of Directors and Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Company.

Mr Chan Fook Mun was appointed as INED and a member of AC on 27 October 2025 (after the FY2025) hence, he is not entitled to the directors' fee and remunerations for FY2025.

Details of the Directors' Remuneration (including benefits-in-kind) of each Director during FY2025 are as follows:-

i. Breakdown of Directors' Remuneration (Company)

	Director Fees (RM'000)	Salary and Bonus (RM'000)	EPF Contribution (RM'000)	Benefit-In-Kind* (RM'000)	Other Emoluments^ (RM'000)	Total (RM'000)
Executive Directors						
Dato' Seri Yong Tu Sang	-	360	-	-	83	443
Tan Boon Pock	-	348	42	-	54	444
Datuk Yap Wai Hong (Appointed on 1 July 2024)	-	240	29	-	54	323
TOTAL	-	948	71	-	191	1,210
Non-Executive Directors						
Goh Siow Cheng	72	-	-	-	22	94
Lee Yoon Seong (Appointed on 15 July 2024)	46	-	-	-	14	60
Jasmine Cheong Chi-May (Appointed on 11 September 2024 and Resigned on 19 May 2025)	33	-	-	-	1	34
Hon Kah Lai (Retired on 28 June 2024)	24	-	-	-	7	31
Leou Thiam Lai (Resigned on 12 June 2024)	22	-	-	-	6	28
Loo Eng Hua (Resigned on 12 June 2024)	43	-	-	-	2	45
TOTAL	240	-	-	-	52	292

* Company's Car and Petrol Benefits.

^ Allowances paid by the Company

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

7. Level and Composition of Remuneration (Cont'd)

7.2 Remuneration of Directors and Senior Management (Cont'd)

7.2.1 Detailed Disclosure of Directors' Remuneration (Cont'd)

ii. Breakdown of Directors' Remuneration (Group)

	Director Fees (RM'000)	Salary and Bonus (RM'000)	EPF Contribution (RM'000)	Benefit-In-Kind* (RM'000)	Other Emoluments^ (RM'000)	Total (RM'000)
Executive Directors						
Dato' Seri Yong Tu Sang #	-	360	-	36	104	500
Tan Boon Pock #	-	348	42	6	54	450
Datuk Yap Wai Hong (Appointed on 1 July 2024)	-	240	29		54	323
TOTAL	-	948	71	42	212	1,273

Director of the subsidiary company

Non-Executive Directors						
Goh Siow Cheng	72	-	-	-	22	94
Lee Yoon Seong (Appointed on 15 July 2024)	46	-	-	-	14	60
Jasmine Cheong Chi-May (Appointed on 11 September 2024 and Resigned on 19 May 2025)	33	-	-	-	1	34
Hon Kah Lai (Retired on 28 June 2024)	24	-	-	-	7	31
Leou Thiam Lai (Resigned on 12 June 2024)	22	-	-	-	6	28
Loo Eng Hua (Resigned on 12 June 2024)	43	-	-	-	2	45
TOTAL	240	-	-	-	52	292

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

7. Level and Composition of Remuneration (Cont'd)

7.2 Remuneration of Directors and Senior Management (Cont'd)

7.2.1 Detailed Disclosure of Directors' Remuneration (Cont'd)

iii. Aggregate Directors' Remuneration

Categories of Remuneration	Group		Company	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
Director Fees	-	240	-	240
Salary and Bonus	948	-	948	-
EPF Contribution	71	-	71	-
Benefit-In-Kind*	42	-	-	-
Other Emoluments^	212	52	191	52

* Company's Car and Petrol Benefits.

^ Allowances paid by the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

7. Level and Composition of Remuneration (Cont'd)

7.2 Remuneration of Directors and Senior Management (Cont'd)

7.2.1 Detailed Disclosure of Directors' Remuneration (Cont'd)

iv. Analysis of Directors' Remuneration

Total remuneration of Directors in respect of the FY2025, in bands of RM50,000 is tabulated below:-

Range of Remuneration (RM)	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000		4		4
50,001 – 100,000		2		2
100,001 – 150,000				
150,001 – 200,000				
200,001 – 250,000				
250,001 – 300,000				
300,001 – 350,000	1		1	
350,001 – 400,000				
400,001 – 450,000	1		2	
450,001 – 500,000	1			

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

7. Level and Composition of Remuneration (Cont'd)

7.2 Remuneration of Directors and Senior Management (Cont'd)

7.2.2 Remuneration of Top Senior Management

The Company notes the need for transparency in the disclosure of its key senior management remuneration. However, the Company is of the opinion that the disclosure of remuneration details may be detrimental to the Company's management of its human resources due to the competitive environment for resources within the industries the Company and its subsidiaries operate in.

While the Company has set policies and procedures in setting the remuneration of key personnel, such disclosure may also be misconstrued so as to hinder its recruitment and retention of personnel.

The Company is of the view that the interest of the shareholders would not be prejudiced as a result of such non-disclosure of the Company's top senior management personnel who are not Directors on named basis.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I- AUDIT COMMITTEE

8. AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The AC also undertakes to provide oversight on the risk management framework of the Group.

In line with Practice 9.1 of the MCCG, the AC is chaired by an INED and all members of the AC are financially literate.

The composition of the AC, including its roles and responsibilities as well as a summary of its activities carried out in the FY2025, are set out in the AC Report of this Annual Report.

8.1 Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Group's position and prospects, primarily through the annual financial statements and the quarterly announcement of results.

Before the financial statements are drawn up, the Directors take the necessary steps to ensure that the Group has used all the applicable accounting policies and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable, have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

The composition of the AC are as below: -

- Mr Lee Yoon Seong – *Chairman (Appointed on 15 July 2024)*
- Ms Goh Siow Cheng – *Member*
- Mr Chan Fook Mun – *Member (Appointed on 27 October 2025)*

The AC has at least one (1) member fulfils qualifications prescribed by the MMLR. There is a strong element of independence to fulfil their role objectively and provide a critical and sounding view in ensuring the integrity of financial controls and integrated reporting, and identifying and managing key risk.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I – AUDIT COMMITTEE (CONT'D)

8. AUDIT COMMITTEE (CONT'D)

8.2 Transparency and Professional relationship with the external auditors

None of the AC members are former key audit partners of the Group. Nevertheless, the AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC, which applied the requirement of Practice 9.2 of the Code.

The terms of reference of the AC which was reviewed and revised on 27 November 2023, a copy which is available on the Company's website www.btmresources.com.my.

The AC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. Feedback based on the assessment areas is obtained from the AC, the Executive Directors, the Internal Auditor and senior management, where applicable.

In line with Practice 9.3 of the MCCG, the AC undertakes annual assessment of the suitability and independence of the External Auditors as well as the performance of the External Auditors, including the review of calibre of the audit firm, quality of processes, audit team, independence and objectivity, audit scope and planning, audit fees and audit communications. Further, the Company has also adopted an External Auditors' Selection Policy.

On the other hand, the AC has also sought written assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants ("MIA"). The External Auditors provided such declaration in their annual audit plan presented to the AC prior to the commencement of audit for a particular financial year.

In this regard, the AC had on 22 October 2025 assessed the independence of Messrs Folks DFK & Co as the External Auditors of the Company as well as reviewed the level of non-audit services rendered by Messrs Folks DFK & Co to the Company for the FY2025.

The AC was satisfied with Messrs Folks DFK & Co's technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to Messrs Folks DFK & Co. Details of statutory audit, audit-related and non-audit fees paid/payable in the FY2025 to the External Auditors are set out in the Additional Information of this Annual Report.

The AC, having satisfied itself with the performance and fulfilment of criteria as set out in the Non-Audit Services Policy as well as received the assurance from Messrs Folks DFK & Co as stated above, recommended the reappointment of Messrs Folks DFK & Co as the External Auditors to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM.

8.3 Financial Literacy of the AC

The AC complies with the recommendation of the MCCG requiring all members to be independent and at least one (1) member fulfils qualifications prescribed by the MMLR. There is a strong element of independence to fulfil their role objectively and provide a critical and sounding view in ensuring the integrity of financial controls and integrated reporting, and identifying and managing key risk. All members of the AC are financially literate.

Meanwhile, all members of the AC would undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, whenever possible.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Risk Management and Internal Control Framework

The Board oversees, reviews and monitors the operation, assess the adequacy and effectiveness of the and internal control. In line with Practices 10.1 and 10.2 of the MCCG, the AC oversees the risk management framework of the Group and identifying the principal risks, review and assess the effectiveness of the risk management framework and internal control systems based on the reports and recommendations from the internal auditors and report to the Board on its findings.

Further, the Board has established the RMSC to review the risk management and sustainability aspect of the Group, which aim to enhance the overall internal controls of the Group.

The Board has been integrating the risk issues into their decision-making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the AC Report and the Statement on Internal Control and Risk Management of the Annual Report.

10. Governance, Risk Management and Internal Control Framework

Pursuant to Practices 11.1 and 11.2 of the MCCG, the Board has outsourced the Internal Audit ("IA") function for the FY2025 to an independent service provider, namely Messrs Baker Tilly Monteiro Heng Governance Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group to the AC.

The responsibilities of the Internal Auditors include providing independent and objective reports on the state of internal controls and the significant operating units in the Group to the AC, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.

The engaging partner, Mr Kuan Yew Choong, a qualified Chartered Accountant and his team are free from any relationships or conflict of interests with the Company, to ensure the Internal Auditors' objectivity and independence are not impaired and the internal audit function is carried out in accordance with a recognised framework.

The resources deployed to conduct the internal audit function are 2 staffs, and all of them possess the necessary qualification to conduct internal audit.

During the financial year under review, the Internal Auditors have conducted review on the Group in accordance to the Internal Audit Plans, which have been approved by the AC and Board.

The Internal Auditors will perform quarterly testing of the internal control systems to ensure that the system is robust.

The Statement on Risk Management and Internal Control as included in the Annual Report 2025 provides the overview of the internal control framework adopted by the Company during the FY2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication Between Company and Stakeholders

The Group recognises the importance of prompt and timely dissemination of information to the shareholders and the investors, in order for these stakeholders to be able to make informed investment decisions.

In line with Practice 12.1 of the MCCG, The Board is committed to ensuring that the shareholders and other stakeholders are well informed of the major developments of the Company and the information is communicated to them through the publication of the Annual Report, various timely announcements, disclosures made during the financial year and the release of financial results on the quarterly basis to Bursa Securities. The Company will ensure that all quarterly financial results are announced to Bursa Securities no later than two (2) months after the end of each quarter of a financial year and that the Annual Report together with the Audited Financial Statements are released within four (4) months after the end of each financial year.

Towards this, the Company's website incorporates a corporate section which provides all relevant information on the Company and is accessible by the public. This corporate section enhances the investor relations function by including all announcements made, annual reports as well as the documents such as Board Charter, Terms of Reference of respective Board Committees, Whistleblowing Policy, Board Diversity Policy, Corporate Disclosure Policy, Directors' Code of Conduct, Anti-Bribery & Anti-Corruption Policy, Directors' Fit and Proper Policy and External Auditors' Selection Policy can be obtained from the Company's website.

To encourage greater shareholders' participation at the AGM, the Board strive to serve at least twenty-eight (28) days' notice (longer period than 21 days' notice, the minimum required notice period) for AGM, whenever possible. The Chairman shall ensure the Board is accessible to shareholders and an open channel of communication is cultivated.

From the Company's perspective, the AGM also serves as a forum for Directors and management to engage with the shareholders personally to understand their needs and seek for their feedback. The Board welcomes questions and feedback from the shareholders during and/or at the end of the AGM and ensures the queries raised by the shareholders are responded in a proper and systematic manner.

PART II – CONDUCT OF GENERAL MEETINGS

12. Shareholder Participation at General Meetings

The AGM of the Company provides the principal forum of dialogue and interaction between the Board and the shareholders. The shareholders are given the opportunity to raise questions or to seek for clarifications of pertinent and relevant information of the Company. During the meeting, the Chairman, the Board members and the External Auditors are available to respond to the shareholders' queries.

The Company does not have meetings in remote locations nor does it have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders' participation in general meetings.

The Company's general meetings have always been held at a venue which is easily accessible.

Shareholders are entitled to appoint representatives or proxy/proxies/Chairman to vote on their behalf in their absence.

Having said that, the Company would look into the proposal and have explored to leverage on technology to facilitate virtual general meetings and remote shareholders' participation at previous general meetings held.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

12. Shareholder Participation at General Meetings (Cont'd)

For good corporate governance practice, the notices of the AGM and the Annual Report are sent out to shareholders at least twenty-eight (28) days prior to the meeting so that shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM. The shareholders are thus provided with ample time to review the annual report, to appoint proxies and to collate questions to be asked at the AGM. All the Directors (including the chairman of the board committees) and the External Auditors were present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company, as pursuant to the Practice 13.1 of the MCCG.

All the Directors shall endeavour to present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company at the AGM. The Directors and the External Auditors will be in attendance at the AGM to respond to the shareholders' queries as required by the shareholders, which in line with Practices 13.2 and 13.4 of the MCCG.

To be In line with the MMLR of the Bursa Securities, the Company had implemented poll voting for all the proposed resolutions set out in the notice of 30th AGM. Each item of special business included in the notice of AGM was accompanied by an explanation of the said proposed resolutions. All shareholders or proxies was briefed on the voting procedures prior to the poll voting by the Share Registrar. The Company appointed independent scrutineers to validate the votes cast at the 30th AGM.

The outcome of resolutions tabled and passed at the AGM are released to Bursa Securities on the same meeting day.

This CG Overview Statement was approved by the Board on 28 October 2025.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of BTM Resources Berhad ("the Company") is pleased to present the Audit Committee ("AC") Report for the financial period ended 30 June 2025.

COMPOSITION OF AC

The composition of the AC are as follows:

Chairman

Lee Yoon Seong – Independent Non-Executive Director (*Appointed on 15 July 2024*)

Member

Goh Siow Cheng – Independent Non-Executive Director

Chan Fook Mun – Independent Non-Executive Director (*Appointed on 27 October 2025*)

AUDIT COMMITTEE MEETINGS

The Audit Committee ("AC") met eight (8) times during the financial period ended 30 June 2025. The details of their attendance at meetings are as follows:-

Name of Members	No. of Meetings Attended	Percentage (%)
Leou Thiam Lai (<i>Resigned on 12 June 2024</i>)	3/3	100%
Hon Kah Lai (<i>Retired on 28 June 2024</i>)	3/3	100%
Jasmine Cheong Chi-May (<i>Appointed on 11 September 2024 and Resigned on 19 May 2025</i>)	1/2	50%
Goh Siow Cheng	8/8	100%
Lee Yoon Seong (<i>Appointed on 15 July 2024</i>)	5/5	100%

The composition of the AC complied with the Paragraph 15.09(1)(a), (b) and (c) of Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") in which the AC is composed of three (3) members and all the committee members are independent non-executive directors. The Chairman of the AC, Mr Lee Yoon Seong, an Independent Non-Executive Director of the Company, is a Chartered Accountant of the Malaysian Institute of Accountants.

Further, no alternate director is appointed as a member of the AC.

The Board assesses the performance of the AC through an annual Board Committee evaluation and is satisfied that they are able to discharge their function, duties and responsibilities in accordance with the Terms of Reference of the AC, which is published on the Company's website.

Taken into consideration of the Malaysian Code on Corporate Governance ("MCCG") 2021 effective on 28 April 2021 and the amendments to the listing requirements of Bursa Malaysia Securities Berhad, the latest Terms of Reference of the AC was revised and adopted on 27 November 2023 to ensure appropriate corporate governance and compliance with the guidelines and requirements and amongst others, the rights of the AC, which shall include:-

- (a) Evaluate the quality of the audits performed by the internal and external auditors;
- (b) Determine the quality, adequacy and effectiveness of the Group's control environments and quality of the audits;
- (c) Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (d) Provide assurance that the financial information presented by management is relevant, reliable and timely.

The Group's external auditors, internal auditors and certain designated members of senior management also attended the meetings at the invitation of the Chairman of the AC to facilitate direct communication and to provide clarifications on the audit issues, operation matters as well as the risk management and internal controls of the Group.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE MEETINGS (CONT'D)

The AC shall meet with the external auditors on separate sessions without the presence of Executive Directors and Management, whenever deemed necessary. The attendance of the external auditors and internal auditors at the AC meetings would facilitate the AC to raise their concerns, if any, on the audit reports, audit findings and the internal controls systems of the Group in order for the AC to discharge their duties and responsibilities.

After each AC meeting, the AC Chairman submitted a report on matters deliberated to the Board for their attention and deliberation and conveyed to the Board the significant or major audit issues concern raised by the external auditors, internal auditors and the AC.

Matters reserved for the Board's approval were tabled at the Board meetings. The Company Secretary then documented the decisions made and actions required and forwarded to Management for their action.

The AC is guided by the Terms of Reference of the AC, which a copy of the same has been published on the Company's website at <https://www.btmresources.com.my>.

SUMMARY OF ACTIVITIES OF THE AC

In line with the Terms of Reference of the AC, the following activities have been undertaken by the AC during the financial period ended 30 June 2025, which are summarised as follows:-

- a) Ensuring Financial Statements Comply with Applicable Malaysian Financial Reporting Standards
 - Reviewed the quarterly financial results, audited financial statements and annual report of the Group and the Company and ensure, amongst others, that it complies with applicable Malaysian Financial Reporting Standards prior to submission to the Board for consideration and approval.
 - Reviewed any changes in the implementation of major accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with Listing Requirements of Bursa Malaysia Securities Berhad and other legal requirements.
 - Monitored the integrity of the financial statements of the Company and assessed whether the financial report represents a true and fair view of the Company's performance and ensured compliance with the regulatory requirements.
 - Proposed best practices on disclosure in the financial statements and the annual reports of the Company, to be in line with the recommendations set out in the Malaysian Code of Corporate Governance and other applicable rules and regulations.
- b) Reviewing the Audit Findings of the External Auditors and Assessing the Performance, Suitability and Independence of External Auditors:
 - Reviewed the external auditors' audit plans, its scope of work and nature for the year and for the Group.
 - Reviewed the external auditors' findings arising from audits and in particular, responses, appropriate action taken by Management.
 - Reviewed the results of the evaluation of the accounting policies and systems of internal controls within the Group and the assistance given by the officers of the Company to them, including any difficulties or disputes with Management encountered during the audit.
 - Reviewed the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year and assessed the independence of the external auditors for the re-appointment as external auditors. The AC is of the opinion that the independence of the external auditors has not been compromised based on the independent confirmation provided by the external auditors.
 - Conducted private meetings with the External Auditors without the presence of Executive Directors or employees of the Group.
 - Reviewed the co-operation and assistance given by Management to the External Auditors.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AC (CONT'D)

- c) Reviewing the Audit Findings of the Internal Auditors and Assisting the Board in Reviewing the Effectiveness and Adequacy of Systems of Internal Control in the Key Operation Processes
 - Reviewed the internal audit plan and the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
 - Reviewed and discussed with the internal auditors, their audit findings, recommendations made, management's response to the audit findings and proposed action plans, including those issues arising during the course of audit (in the absence of Management where necessary).
 - Reviewed the effectiveness and efficiency of the internal controls system in place and the risk factors affecting the Company as well as the action plans taken by Management to resolve the issues to ensure adequacy of the internal controls system.
 - Assisted the Board in identifying the principal risks, review and assess the effectiveness of the risk management framework and internal control systems based on the reports and recommendations from the internal auditors and report to the Board on its findings.
 - Reviewed the Statement of Risk Management and Internal Control and the Sustainability Statement of the Annual Report.
- d) Whistleblowing and fraud
 - Reviewed the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and reviewed the Company's procedures for detecting fraud.
 - Cultivated the awareness of the employees and ensured the whistleblower could report directly to the AC on any possible wrongdoings or fraud detected.
- e) Related Party Transactions and/or Conflict of Interest
 - Reviewed related party transactions entered into by the Group and any conflict of interest or potential conflict of interest situation that may arise within the Group and ensured that all transactions are at arm's length basis. There were no material related party transactions noted during the financial year other than those previously disclosed.
- f) Overseeing the Governance Practices in the Group
 - Reviewed and issued the AC Report for inclusion in the Annual Report.
 - Reviewed the Statement on Risk Management and Internal Control and Statement on Corporate Governance to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.
 - Reviewed the minutes of meetings of the AC.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS

The Group's internal audit function which reports directly to the AC, is outsourced to a professional firm. The outsourced internal auditors assist the Board via the AC in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems.

The role of the internal audit function is independent and not related to the Group's external auditors. The scope of review of the outsourced internal audit function is determined and approved by the AC with feedback from Management. During the financial period under review, the outsourced internal audit function carried out reviews in accordance with the audit plan approved by the AC, which focused on areas with high risk and ascertain that the risks were effectively mitigated by controls.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS (CONT'D)

Summary of works undertaken by the internal auditors comprised the followings:-

- Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary to mitigate risk identified;
- Conducted internal audits and highlighted to the AC the audit findings which required follow-up actions by Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system; and
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were addressed appropriately within the required timeframe by Management.

During the financial period ended 30 June 2025, the outsourced internal audit function conducted regular reviews of business processes in accordance with the internal audit plan approved by the AC as follows:-

- i) Reviewed on Production Planning & Controls and Production Operation of BTM Biomass Products Sdn. Bhd., which basically cover:-
 - Housekeeping and proper labelling required for the production area and storage area
 - Deficiencies noted on the Production Records
 - Safety Matters require further improvement
 - Establishment of Preventive Maintenance Schedule and Preventive Maintenance Checklist for machine maintenance
- ii) Review on Group Compliance of Section 17A of Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amended 2018)
- iii) Reviewed of Order Processing, Sales & Delivery Controls, Account Receivables Accounting and Collection & Credit Control for Besut Tsuda Woods Products Sdn. Bhd.
- iv) Follow Up Audit
 - Follow-up Audit Reviewed on Human Resource & Payroll Function of BTM Biomass Products Sdn. Bhd.
 - Production Planning & Controls and Production Operation of BTM Biomass Products Sdn. Bhd.

Based on the internal audits conducted, the AC and internal auditors did not detect any significant weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report 2025.

The details of the internal audit function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Group had incurred a total amount of RM33,000.00 for the internal audit function for the financial period ended 30 June 2025.

This report is made in accordance with the resolution of the Board dated 28 October 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of BTM Resources Berhad ("the Board") is pleased to present the Statement on Risk Management and Internal Control ("SORMIC") of the Group, pursuant to Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers ("Guidelines") issued by Bursa, which outlines the processes to be adopted by the Board of Directors in reviewing adequacy and effectiveness of risk management and internal control system of the Group.

This SORMIC outlines the processes that have been implemented to ensure adequacy and integrity of the system of risk management and internal control of the Group during the financial period ended 30 June 2025 ("FY2025") and it has been prepared in compliance with Main Market Listing Requirements of Bursa.

The Audit Committee ("AC") being the delegated committee of the Board, is responsible for the preparation of the SORMIC in accordance with the Guidelines. Set out below is the SORMIC which has been prepared in accordance with the Guidelines.

BOARD'S RESPONSIBILITY

The Board recognises the importance of sound framework for risk management and internal control as a platform to good corporate governance. The Board affirms that it is responsible for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Board also affirms that it is responsible for ensuring the adequacy and integrity of those systems.

The Board has received assurance from the Managing Director and the Executive Director that the Group's risk management and internal control systems adopted by the Group are operating adequately and effectively, in all materials aspects, based on their observations of routine business operations of the Group for the financial period ended 30 June 2025.

In view of the limitations inherent in any system of risk management and internal control, such systems put into effect by Management can only manage and reduce, rather than eliminate the risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control systems can only provide reasonable and not absolute assurance against errors, material misstatement, operational failure, fraud or loss.

RISK MANAGEMENT

The Board regards risk management as part of business operations. The Group has established a structured and on-going risk management process for identifying, evaluating, managing and reviewing any changes in the significant risks that may hinder the Group in achieving its business objectives. Management of respective business and functional units of the Group is involved in the risk management process in identifying and managing significant risks impacting the achievement of business objectives of the Group.

Management implements the Board's policies and procedures on risk management by identifying and addressing the risks faced by the Group as part of their routine functions and through review of such risks at regular management meetings chaired by managing/executive directors. Unresolved matters at management level will be brought to the attention of the Board for discussion. The key elements of the risk management process are as follows:

- Identify key risks associated with the Group'
- Identify the existing controls that manage the identified risks;
- Rate the identified risks in terms of likelihood of occurrence and the resulting consequence; and
- Decide on treatment of the risk and develop response to manage residual risk (if any).

Based on the on-going managing of risk management process, the review on adequacy and integrity of risk management is found satisfactory.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ORGANISATIONAL STRUCTURE

The Board provides business direction and oversight to the Group and management. The Board is supported by a number of Board Committees namely Risk Management and Sustainability Committee ("RMSC"), AC, Nomination and Remuneration Committee. Each committee has formal defined terms of reference and responsibilities and report on activities of each committee is presented to the Board on a regular basis.

The RMSC meets twice in FY2025 to discuss the risks faced by the Group and ensure that existing mitigation actions are adequate. The RMSC was established to oversee and perform regular reviews on the Group's risk management processes.

There is a clearly defined organisational structure aligned to the operational requirements of the business of the Group, which provides levels of authority limits, accountability and responsibility of respective job functions of management.

INTERNAL AUDIT FUNCTION

The responsibility for reviewing the adequacy and integrity of the internal control has been delegated by the Board to the AC. In turn, the AC assesses the adequacy and integrity of the internal control system and its compliance with the Group's policies and procedures through independent reviews performed by the Internal Auditors which include review on key business processes, check compliance with policies / procedures set by the Board, and evaluate effectiveness of internal control and governance processes. The Internal Auditors carry out the work with reference to the internal audit plan approved by AC. In this respect, the Board through the AC receives and reviews reports on internal control from its outsourced internal audit function.

The Board has outsourced the internal audit function to an independent service provider, namely Messrs Baker Tilly Monteiro Heng Governance Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group to the Audit Committee.

The responsibilities of the Internal Auditors include periodical testing of the internal control systems, based on Internal Audit Plan approved by the AC, to ensure that the system is robust and providing independent and objective reports on the state of internal controls of the significant operating units in the Group to the AC, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.

During the financial period ended 30 June 2025, internal audit was undertaken and the results on the audits were presented to the AC. The scope of work of the outsourced Internal Auditors' function was determined by the AC after careful consideration and discussion with the Board.

The cost incurred in outsourcing the internal audit function for the financial period ended 30 June 2025 was at RM33,000.

CONCLUSION

The Board is of the view that the Group's risk management and internal control systems are satisfactory and the Group has no significant internal control failures nor any weaknesses that has resulted in material losses or contingencies and is adequate and effective during the financial period under review. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Group will continue to take measures to strengthen the risk management and internal control system with a view to further enhance their effectiveness and to ensure new and additional risk arising from changes in the business and operating environment are managed within tolerable limits and timely dealt with.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the financial period ended 30 June 2025. Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respect, in accordance with the disclosure required by paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate.

This Statement on Risk Management and Internal Control is made by the Board in accordance to its resolution dated 28 October 2025.

ADDITIONAL COMPLIANCE INFORMATION

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

On 12 September 2025, BTM Biomass Products Sdn. Bhd. ("BTMBP"), a wholly owned subsidiary of BTM Resources Berhad, has entered into a Sale and Purchase Agreement with Gimzan Plywood Sdn. Bhd. ("Gimzan") for the sale of the single-storey wood pellet manufacturing factory building including plants and machineries on the land with postal address at Lot PT 6323, Kawasan Perindustrian Wakaf Tapai, KM 29, Jalan Kuala Berang, 21800 Hulu Terengganu, Terengganu Darul Iman for a total consideration of Ringgit Malaysia Four Million and Five Hundred Thousand (RM4,500,000.00) only ("Proposed Disposals").

The Proposed Disposals are subject to approval being obtained from the shareholders of BTM at an Extraordinary General Meeting to be convened.

Save as disclosed above, there were no material contracts entered into by BTM Resources Berhad ("BTM") and its subsidiaries, involving Directors and major shareholders' interests, either still subsisting at the end of the financial period, or which were entered into since the end of the previous financial year.

CORPORATE PROPOSAL AND UTILISATION OF PROCEEDS

Rights Issue

The Company had undertaken a renounceable right issue to issue up to 1,183,929,204 Rights Shares together with up to 394,643,068 Warrants-C at the issue price of RM0.08 per Rights Share on the basis of 6 Rights Shares for every 1 existing BTM Share held on the Entitlement Date together with 1 Warrant-C for every 3 Rights Shares subscribed, which was approved by the shareholders via the Extraordinary General Meeting held on 23 August 2022 and completed on 16 January 2023 following the listing and quotation for 921,571,130 Rights Shares, 307,190,331 Warrants-C and 8,642,716 additional Warrants-B on the Main Market of Bursa Malaysia Securities Berhad.

The status of the utilisation of the right issue proceeds as at 30 June 2025 is as follows:-

Proposed Utilisation of Proceeds	Proceeds raised (RM'000)	Balance Unutilised Proceeds (RM'000) (Note a)	Variation of Proceeds on 9 September 2024 (RM'000) (Note b)	Revised (RM'000)	Utilised (RM'000)	Balance Unutilised (RM'000)	Timeframe for Utilisation of Proceeds
Payment of Sublease Consideration	24,700	-	-	24,700	(24,700)	-	Within 3 months
Planting cost at the Plantation Lands	4,800	-	(4,800)	-	-	-	Within 60 months
Construction cost - Biomass Power Plant	23,120	-	-	23,120	(3,527)	19,593	Within 18 months
Repayment to Director	8,000	(290)	-	7,710	(7,710)	-	Within 3 months
Working capital requirements	10,606	717	4,800	16,123	(16,123)	-	Within 36 months
Estimated expenses for the Proposals	2,500	(427)	-	2,073	(2,073)	-	Within 1 month
Total	73,726	-	-	73,726	(54,133)	19,593	-

ADDITIONAL COMPLIANCE INFORMATION

CORPORATE PROPOSAL AND UTILISATION OF PROCEEDS (CONT'D)

Rights Issue (Cont'd)

Note:-

- (a) The balance unutilised proceeds for repayment to Director and expenses for the Proposals amounted to RM0.72 million has been channelled for Working Capital Requirement purposes.
- (b) The Board of Directors had on 9 September 2024, resolved to vary the utilisation of the RM4.8 million allocated for Planting Costs which still remains unutilised, by re-purposing it for Working Capital Requirement due to the absence of an immediate capital requirement for the plantation program and to ensure efficient use of capital and enhancement of working capital.

On 12 September 2025, the Company has announced the proposed variation of unutilised rights issue proceeds ("Proposed Variation") to Bursa Malaysia Securities Berhad. The Proposed Variation is subject to approval from the shareholders of BTM at an Extraordinary General Meeting to be convened, as well as other necessary approval from relevant authorities.

RECURRENT RELATED PARTY TRANSACTION ("RRPT")

During the financial period ended 30 June 2025, the Company did not enter into any recurrent related party transactions.

LONG-TERM INCENTIVE PLAN

The Long-Term Incentive Plan ("LTIP") was approved by the shareholders at the Extraordinary General Meeting held on 23 August 2022.

The LTIP was implemented with effect from 17 January 2023 entails the establishment of a scheme which comprises the Executive Share Grant Scheme ("ESGS") and Employee Share Option Scheme ("ESOS") all to be in force for a period of five (5) years and maybe for such further period, at the sole and absolute discretion of the Board, for a further period of up to five (5) years, provided always that the Initial Period above and such extension of the scheme made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years from the effective date or such other longer period as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities.

There was no issuance of new ordinary shares pursuant to the ESGS during the financial period ended 30 June 2025. Information on aggregate basis for the ESGS is shown below:

Description	Number of Ordinary Shares
Total ESGS granted	163,889,200
Total shares vested	163,889,200
Total shares outstanding	-

Aggregate ESGS granted to Directors and Senior Management as follows:-

Description	Number of Ordinary Shares
Aggregate ESGS granted	16,388,900
Aggregate shares vested	16,388,900

ADDITIONAL COMPLIANCE INFORMATION

LONG-TERM INCENTIVE PLAN (CONT'D)

Shares granted to Directors and Senior Management as follows:-

	During the financial period ended 30 June 2025	Since commencement of the LTIP on 17 January 2023
Aggregate maximum allocation in percentage	Nil	80.00%
Actual percentage granted	Nil	76.63%

On 7 August 2023, the Company offered 24,500,000 new ordinary shares for no consideration to certain directors and employees of the Group pursuant to the ESGS under the LTIP ("2nd ESGS"). The market value of BTM shares at offer date is RM0.08 per share. The offer was fully accepted but the new ordinary shares have not been allotted and issued yet as at the date of this Annual Report.

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2025.

AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to Messrs Folks DFK & Co, the external auditors by the Company and its subsidiaries during the financial period ended 30 June 2025 are as follow:-

Details of fees	Group (RM)	Company (RM)
Statutory Audit Fees	82,000	28,000
Non-Audit Fee	8,000	8,000
	90,000	36,000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors of BTM Resources Berhad ("the Company") are required to prepare financial statements for each financial year which have been drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial period and of the financial performance and cash flows of the Group and of the Company for the financial period then ended.

In preparing the financial statements of the Group and of the Company for the financial period ended 30 June 2025, the Directors of the Company have:-

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are also responsible for taking such steps which are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The directors submit herewith their report and the audited financial statements of the Group and of the Company for the 18 months ended 30 June 2025.

CHANGE OF FINANCIAL YEAR END

The Group changed its accounting financial year end from ending on 31 December to 30 June during the current financial period. Accordingly, the financial statements of the Group and of the Company for the current financial period were prepared for the period of 18 months from 1 January 2024 to 30 June 2025.

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 and other details of the subsidiary companies are set out in Note 6(a) to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial period	<u>(17,232,707)</u>	<u>(29,650,393)</u>

DIVIDEND

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 financial period other than those disclosed in the financial statements.

SHARE CAPITAL

There were no changes in the issued and paid-up share capital of the Company during the financial period.

WARRANTS-B 2014/2024

The Warrants-B 2014/2024 carried the entitlement, at any time from the issue date of 24 October 2014 up to the close of business at 5.00 p.m. on the maturity date of 23 October 2024, to subscribe for one new ordinary share in the Company at the exercise price of RM0.16 for cash in accordance with the Deed Poll dated 12 September 2014 constituting the Warrants-B 2014/2024.

DIRECTORS' REPORT

As at the close of business at 5.00 p.m. on the maturity date of 23 October 2024, the total outstanding 34,937,862 Warrants-B 2014/2024 had remained unexercised and lapsed upon their expiry.

WARRANTS-C 2023/2028

The Warrants-C 2023/2028 carry the entitlement, at any time from the issue date of 10 January 2023 up to the close of business at 5.00 p.m. on the maturity date of 9 January 2028, to subscribe for one new ordinary share in the Company at the exercise price of RM0.10 for cash in accordance with the Deed Poll dated 25 November 2022 constituting the Warrants-C 2023/2028.

As at end of the financial period, a total 307,190,331 Warrants-C 2023/2028 remained unexercised.

LONG TERM INCENTIVE PLAN

The Company's Long Term Incentive Plan ("LTIP") approved by the shareholders of the Company at the Extraordinary General Meeting held on 23 August 2022 was implemented with effect from 17 January 2023 for a period of 5 years and may be extended for a further period of up to 5 years at the absolute discretion of the directors. The LTIP entails a scheme which comprises the Executive Share Grant Scheme ("ESGS") and Employee Share Option Scheme ("ESOS") to attract, retain, motivate and reward the employees and directors of the Group (excluding dormant subsidiaries) ("Eligible Persons") who fulfil the eligibility criteria for participation in the scheme as stipulated in the By-Laws for the LTIP. The LTIP is administered by a committee ("LTIP Committee") appointed and authorised by the directors and governed by the By-Laws.

The ESGS is intended for the Company to reward the Eligible Persons through the grant of ordinary shares in the Company at no consideration ("ESGS Grants") while the ESOS is for the Company to reward the Eligible Persons through the grant of options ("ESOS Options") to subscribe for ordinary shares in the Company at the option price fixed at the time of award of the grant, during the duration of the LTIP in the manner and subject to the terms and conditions provided in the By-Laws. Both ESGS Grants and ESOS Options will be vested with the Eligible Persons upon their acceptance of the grants subject to the Eligible Persons fulfilling the vesting conditions as may be determined by the LTIP Committee in accordance with the By-Laws.

Other salient features and terms of the LTIP are as follows :-

- (a) The maximum number of ordinary shares made available under the LTIP shall not exceed in aggregate 15% of the total number of issued ordinary shares (excluding treasury shares, if any) in the Company at any point in time over the duration of the LTIP.
- (b) The number of ordinary shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of ordinary shares (excluding treasury shares) in the Company, does not exceed 10% of the total number of ordinary shares to be allocated to the LTIP. In addition, the number of ordinary shares that could be allocated, in aggregate, to the executive directors, non-executive directors and key senior management of the Group shall be up to a maximum of 80% of the total number of ordinary shares made available under the LTIP.
- (c) At the date of which the offer of ESGS Grants and ESOS Options are awarded, the Eligible Persons must
 - (i) attain the age of at least 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) be in employment within the Group and have been confirmed in service and have served at least 6 months with the employment contract be at least for a duration of 1 year and shall have not expired within 3 months from the offer date;
 - (iii) have not served a notice to resign or receive a notice of termination in respect of the employment; and/or
 - (iv) be a director or employee under such categories and criteria that the LTIP Committee may from time to time decide at its absolute discretion.
- (d) The option price for the exercise of ESOS Options shall be the 5-day volume weighted average market price of the ordinary shares of the Company immediately preceding the date of the award of the ESOS Options with a discount of not more than 10% or such other percentage of discount may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the LTIP.

DIRECTORS' REPORT

- (e) ESGS Grants and ESOS Options granted shall vest with the Eligible Persons on the vesting date when any stipulated vesting conditions have been fully and duly satisfied. The ESOS Options are exercisable either in whole or in part at their exercise price at any time from the vesting date during the duration of the LTIP ("Option Period") whilst the Eligible Persons are in employment of the Group or during their tenure as directors by following the procedures determined by the LTIP Committee from time to time. Any ESOS Option which remained unexercised at the expiry of the Option Period shall be automatically terminated and lapsed without any claim against the Company. Similarly, any unvested ESGS Grants shall be automatically terminated and ceased to be valid at the end of the duration of the LTIP.
- (f) Grantees of ESGS Grants and ESOS Options shall not be entitled to any dividends, rights or other entitlements on their unvested ESGS Grants and/or unvested or unexercised ESOS Options.
- (g) The new ordinary shares of the Company to be allotted and issued under the LTIP shall rank equally in all respects with the existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date which precedes the date of allotment and issuance of the new ordinary shares. In the event that existing ordinary shares are to be transferred to grantees of ESGS Grants upon their vesting, the grantees shall not be entitled to any dividends, rights, allotment and/or distributions unless the ordinary shares are credited to their shares depository accounts on or prior to the entitlement date for those dividends, rights, allotment and/or distributions.
- (h) The new ordinary shares to be allotted and issued or existing ordinary shares to be transferred to the Eligible Persons pursuant to the LTIP will not be subjected to any retention period unless otherwise stipulated by the LTIP Committee at the time of granting the awards. Notwithstanding, an Eligible Person who is a non-executive director must not sell, transfer or assign his shares obtained through the vesting of ESGS Grants or the exercise of ESOS Options within one year from the date of award in accordance with listing requirements of Bursa Securities.

The Company has not granted any ESOS Options since the implementation of the LTIP.

On 7 August 2023, the Company had offered 24,500,000 new ordinary shares to Eligible Persons under the ESGS which were also fully accepted but which have yet to be allotted and issued as at the date of this report. The market price of the ordinary shares on the date of offer was RM0.08 per share. These ESGS Grants have no vesting period upon acceptance and include grants comprising 10,000,000 new ordinary shares to two former non-executive directors of the Company.

The Company did not grant any ESGS Grants during the current financial period.

DIRECTORS

The names of the directors of the Company in office during the financial period and during the period from the end of the financial period to the date of this report are as follows :-

Dato' Seri Yong Tu Sang * (Managing Director)	
Tan Boon Pock *	
Goh Siow Cheng	
Datuk Yap Wai Hong	(Appointed on 1 July 2024)
Lee Yoon Seong	(Appointed on 15 July 2024)
Jasmine Cheong Chi-May	(Appointed on 11 September 2024; Resigned on 19 May 2025)
Chan Fook Mun	(Appointed on 27 October 2025)
Datuk Woo Thin Choy *	(Resigned on 5 January 2024)
Loo Eng Hua (Chairman)	(Resigned on 12 June 2024)
Leou Thiam Lai	(Resigned on 12 June 2024)
Hon Kah Lai	(Retired on 28 June 2024)

* These directors also serve as directors of subsidiary companies. Datuk Woo Thin Choy resigned from his sole directorship in a subsidiary company on 28 February 2025.

DIRECTORS' REPORT

Other than the abovenamed directors, the name of other director of subsidiary companies who served during the financial period and during the period from the end of the financial period to the date of this report is as follows:-

Yong Ellen

(Resigned on 1 July 2024)

DIRECTORS' INTERESTS

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

	As at 1.1.2024	Number of ordinary shares During the financial period		As at 30.06.2025
		Acquired	Disposed	
Dato' Seri Yong Tu Sang				
- direct	85,244,181	-	-	85,244,181
- indirect #	118,909,408	-	(5,000,000)	113,909,408
Tan Boon Pock				
- direct	7,340,000	-	-	7,340,000
- indirect ##	1,000,000	-	-	1,000,000
	As at 1.1.2024	Number of Warrants-B 2014/2024 During the financial period		As at 30.06.2025
		Acquired	Expired	
Dato' Seri Yong Tu Sang				
- direct	20	-	(20)	-
- indirect #	2,514,328	-	(2,514,328)	-
	As at 1.1.2024	Number of Warrants-C 2023/2028 During the financial period		As at 30.06.2025
		Acquired	Disposed	
Dato' Seri Yong Tu Sang				
- direct	36,452,832	-	-	36,452,832
- indirect #	46,258,956	-	-	46,258,956
Tan Boon Pock				
- direct	2,710,000	-	-	2,710,000

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

Deemed interest by virtue of shares held by his spouse.

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

DIRECTORS' BENEFITS

As at the end of the financial period and during the period, 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-C 2023/2028.

DIRECTORS' REPORT

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 as disclosed in the Directors' Remuneration section below) 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 as disclosed in Note 33 to the financial statements.

No indemnity was given to nor was there any insurance effected for the directors and officers of the Group and of the Company during the financial period.

DIRECTORS' REMUNERATION

The remuneration received or receivable by the directors of the Company from the Company and its subsidiary companies during the financial period are as follows: -

	Received or receivable from		
	Company RM	Subsidiary companies RM	Total RM
Fees	239,845	-	239,845
Salaries and other emoluments	1,262,408	21,000	1,283,408
Estimated monetary value of benefits-in-kind	-	41,912	41,912
	<u>1,502,253</u>	<u>62,912</u>	<u>1,565,165</u>

AUDITORS' REMUNERATION

The remuneration paid or payable to the auditors of the Group and of the Company for the financial period are RM90,000 and RM36,000 respectively.

No indemnity was given to nor was there any insurance effected for the auditors of the Group and of the Company during the financial period.

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 proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that 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 it necessary to write off any bad debts or the amount of the provision for doubtful debts in respect of the financial statements of the Group and of 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;

DIRECTORS' REPORT

- (iii) which have arisen which would 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 period 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 period.
- (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 period 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 period 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 period 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 period in which this report is made.

AUDITORS

The auditors, Messrs. Folks DFK & Co., have expressed their willingness to continue in office.

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

DATO' SERI YONG TU SANG
Director

TAN BOON POCK
Director

Date : 28 October 2025

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, DATO' SERI YONG TU SANG and TAN BOON POCK, being two of the directors of BTM RESOURCES BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 70 to 145 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025 and of their financial performance and cash flows for the 18 months ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 28 October 2025.

DATO' SERI YONG TU SANG
Director

TAN BOON POCK
Director

STATUTORY DECLARATION

(Pursuant to Section 251(1)(b) of the Companies Act 2016)

I, DATO' SERI YONG TU SANG being the person primarily responsible for the financial management of BTM RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 70 to 145, 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 DATO' SERI YONG)
TU SANG at Kuala Lumpur in the)
Federal Territory this 28 October)
2025.)

DATO' SERI YONG TU SANG

Before me,

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	30.6.2025 RM	31.12.2023 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	10,106,588	26,111,214
Right-of-use assets	5	<u>28,096,186</u>	<u>30,136,115</u>
		<u>38,202,774</u>	<u>56,247,329</u>
Current Assets			
Inventories	8	1,189,102	2,066,290
Trade receivables	9	759,857	523,466
Other receivables, deposits and prepayments	10	640,515	9,469,683
Fixed deposits with licensed banks	12	265,853	10,443,564
Cash and bank balances		<u>21,758,617</u>	<u>19,411,671</u>
		<u>24,613,944</u>	<u>41,914,674</u>
Non-current assets held for sale	13	<u>4,200,000</u>	<u>-</u>
		<u>28,813,944</u>	<u>41,914,674</u>
Total Assets		<u><u>67,016,718</u></u>	<u><u>98,162,003</u></u>
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	14	97,895,077	97,895,077
Revaluation reserves	15	15,504,140	19,897,270
Warrant reserves	17	20,612,471	24,214,906
Accumulated losses		<u>(78,883,215)</u>	<u>(68,392,057)</u>
Total Equity		<u><u>55,128,473</u></u>	<u><u>73,615,196</u></u>

The notes on pages 83 to 145 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	30.6.2025 RM	31.12.2023 RM
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	18	229,210	2,112,404
Lease liabilities	19	492,089	1,274,540
Term loan (secured)	20	-	1,283,727
Hire purchase creditors	21	37,502	62,262
Deferred taxation	22	270,000	361,426
		<u>1,028,801</u>	<u>5,094,359</u>
Current Liabilities			
Trade payables	23	1,854,240	354,262
Other payables, deposits and accruals	24	8,231,687	14,131,010
Lease liabilities	19	114,212	424,029
Term loan (secured)	20	-	1,797,308
Amount due to directors	25	642,587	2,707,829
Hire purchase creditors	21	16,718	38,010
		<u>10,859,444</u>	<u>19,452,448</u>
Total Liabilities		<u>11,888,245</u>	<u>24,546,807</u>
Total Equity and Liabilities		<u>67,016,718</u>	<u>98,162,003</u>

The notes on pages 83 to 145 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 18 MONTHS ENDED 30 JUNE 2025

		1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Revenue	26	9,104,671	7,184,403
Cost of sales		<u>(12,796,266)</u>	<u>(11,401,087)</u>
Gross loss		(3,691,595)	(4,216,684)
Other income		2,329,414	1,406,932
Distribution expenses		(24,000)	(265,013)
Administrative expenses		(8,054,408)	(16,161,245)
Other operating expenses		(7,123,558)	(46,328)
Finance costs		<u>(335,010)</u>	<u>(683,652)</u>
Loss before taxation	27	(16,899,157)	(19,965,990)
Taxation	28	<u>(333,550)</u>	<u>16,632</u>
Loss for the period/year		(17,232,707)	(19,949,358)
Other comprehensive loss :-			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
- Deficit on revaluation of land and buildings		-	(896,421)
Attributable deferred tax		-	79,938
		-	(816,483)
- Impairment losses on revalued buildings		(1,763,389)	-
Attributable deferred tax		423,214	-
		(1,340,175)	-
- Actuarial gain on defined benefit obligations		86,159	353,728
Total other comprehensive loss for the period/year, net of tax		<u>(1,254,016)</u>	<u>(462,755)</u>
Total comprehensive loss for the period/year		<u>(18,486,723)</u>	<u>(20,412,113)</u>
Loss per share attributable to owners of the Company			
Basic	29(a)	<u>(1.37 sen)</u>	<u>(1.66 sen)</u>
Diluted	29(b)	<u>(1.37 sen)</u>	<u>(1.66 sen)</u>

The notes on pages 83 to 145 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	Attributable to Owners of the Company				
	Share capital (Note 14) RM	Revaluation reserves (Note 15) RM	Warrant reserves (Note 17) RM	Accumulated losses RM	Total RM
Balance as at 1 January 2024	97,895,077	19,897,270	24,214,906	(68,392,057)	73,615,196
Loss for the period	-	-	-	(17,232,707)	(17,232,707)
Other comprehensive loss :-					
- Impairment losses on revalued buildings, net of tax	-	(1,340,175)	-	-	(1,340,175)
- Actuarial gain on defined benefit obligations	-	-	-	86,159	86,159
Total other comprehensive loss for the period	-	(1,340,175)	-	86,159	(1,254,016)
Total comprehensive loss for the period	-	(1,340,175)	-	(17,146,548)	(18,486,723)
Transfer upon disposal of freehold land and building	-	(3,052,955)	-	3,052,955	-
Transfer upon expiry of Warrants-B 2014/2024	-	-	(3,602,435)	3,602,435	-
Balance as at 30 June 2025	97,895,077	15,504,140	20,612,471	(78,883,215)	55,128,473

The notes on pages 83 to 145 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	Attributable to Owners of the Company					
	Share capital (Note 14) RM	Revaluation reserves (Note 15) RM	Non-distributable Capital reserve (Note 16) RM	Warrant reserves (Note 17) RM	Accumulated losses RM	Total RM
Balance as at 1 January 2023	34,129,060	20,713,753	119,093	3,602,435	(47,548,332)	11,016,009
Loss for the year	-	-	-	-	(19,949,358)	(19,949,358)
Other comprehensive loss :-						
- Deficit on revaluation of land and buildings, net of tax	-	(816,483)	-	-	-	(816,483)
- Actuarial gain on defined benefit obligations	-	-	-	-	353,728	353,728
Total other comprehensive loss for the year	-	(816,483)	-	-	353,728	(462,755)
Total comprehensive loss for the year	-	(816,483)	-	-	(19,595,630)	(20,412,113)
Issuance of new shares	53,113,219	-	-	20,612,471	-	73,725,690
- Rights Issue with Warrants-C	10,652,798	-	-	-	-	10,652,798
- ESGS under LTIP	-	-	-	-	-	-
Share issue expenses	-	-	-	-	(1,367,188)	(1,367,188)
Derecognition of non-controlling interest in a subsidiary company struck-off	-	-	-	-	-	11,652
Transfer	-	-	(119,093)	-	119,093	-
Balance as at 31 December 2023	97,895,077	19,897,270	-	24,214,906	(68,392,057)	73,615,196

The notes on pages 83 to 145 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Cash Flows From Operating Activities		
Loss before taxation	(16,899,157)	(19,965,990)
Adjustments for :-		
Allowance for impairment losses on :		
- property, plant and equipment	2,028,492	42,321
- prepayments	594,888	-
- trade receivables	338,192	-
Write-down in value of inventories	627,161	193,998
Depreciation of property, plant and equipment	2,121,429	1,430,037
Depreciation of right-of-use assets	1,292,571	932,604
Defined benefit cost net of past service credit	120,741	(40,723)
Property, plant and equipment written off	-	1
Gain on derecognition of right-of-use assets	(150,788)	-
Gain on derecognition of subsidiary companies struck off	(3,904)	(52,669)
Gain on disposal of a subsidiary company	(1,079,048)	-
Share-based payment - ESGS Grants	-	10,652,798
Interest expenses	299,967	658,875
Interest income	(1,010,380)	(579,582)
Loss on disposal of property, plant and equipment	713,440	-
Prepaid expenses relating to biomass renewable energy power plant project written off	4,500,178	-
Operating loss before working capital changes	(6,506,218)	(6,728,330)
Decrease in inventories	250,027	405,705
(Increase)/Decrease in trade receivables	(574,583)	229,352
Decrease in other receivables, deposits and prepayments	3,734,102	1,834,065
Increase/(Decrease) in trade payables	1,517,901	(1,335,295)
Decrease in other payables, deposits and accruals	(5,921,955)	(2,861,174)
Decrease in amount due to directors	(2,065,242)	(5,515,215)
Cash used in operations	(9,565,968)	(13,970,892)
Retirement benefit paid	(1,830,093)	(194,750)
Tax paid	(1,762)	(4)
Interest received	1,010,380	579,582
Interest paid	(73)	(163,422)
Net cash used in operating activities	(10,387,516)	(13,749,486)

The notes on pages 83 to 145 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(22,125)	(809,218)
Purchase of right-of-use leasehold plantation and industrial lands	-	(29,035,635)
Proceeds from disposal of property, plant and equipment	5,200,001	-
Refund of stamp duty on leasehold industrial land	142,670	-
Net cash inflow from disposal of a subsidiary company [Note 6(b)]	999,978	-
	<u>6,320,524</u>	<u>(29,844,853)</u>
Net cash from/(used in) investing activities		
Cash Flows From Financing Activities		
Proceeds from rights issue of shares net of share issue expenses	-	72,358,502
Repayment of term loan	(3,081,035)	(318,965)
Term loan interest paid	(175,617)	(93,729)
Payment of hire purchase liabilities	(46,052)	(37,098)
Hire purchase interest paid	(5,337)	(2,891)
Upfront payment for leases of motor vehicles	-	(141,599)
Payment of lease liabilities	(336,792)	(359,305)
Withdrawal/(Placement) of fixed deposits pledged	10,177,711	(10,192,757)
Lease interest paid	(118,940)	(137,496)
	<u>6,413,938</u>	<u>61,074,662</u>
Net cash from financing activities		
Net Increase In Cash And Cash Equivalents	2,346,946	17,480,323
Cash and cash equivalents at beginning of period/year	19,411,671	1,931,348
Cash And Cash Equivalents At End Of Period/Year [Note 30(b)]	<u>21,758,617</u>	<u>19,411,671</u>

The notes on pages 83 to 145 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	30.6.2025 RM	31.12.2023 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	101,736	6,130,109
Right-of-use assets	5	-	57,910
Subsidiary companies	6	15,554,536	18,520,110
Amount due from subsidiary companies	11	17,236,607	44,789,421
		<u>32,892,879</u>	<u>69,497,550</u>
Current Assets			
Other receivables, deposits and prepayments	10	276,294	21,173
Amount due from subsidiary companies	11	-	5,242,826
Cash and bank balances		<u>20,989,010</u>	<u>18,337,567</u>
		<u>21,265,304</u>	<u>23,601,566</u>
Total Assets		<u><u>54,158,183</u></u>	<u><u>93,099,116</u></u>
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	14	97,895,077	97,895,077
Revaluation reserves	15	-	3,052,955
Warrant reserves	17	20,612,471	24,214,906
Accumulated losses		<u>(68,357,361)</u>	<u>(45,401,783)</u>
Total Equity		<u>50,150,187</u>	<u>79,761,155</u>
Liabilities			
Non-Current Liabilities			
Retirement benefit obligations	18	170,198	655,878
Lease liabilities	19	-	16,118
Term loan (secured)	20	-	1,283,727
Hire purchase creditor	21	37,502	62,262
Deferred taxation	22	-	91,426
		<u>207,700</u>	<u>2,109,411</u>
Current Liabilities			
Other payables, deposits and accruals	24	2,857,928	6,197,700
Lease liabilities	19	-	46,469
Term loan (secured)	20	-	1,797,308
Amount due to a subsidiary company	11	309,127	471,752
Amount due to directors	25	616,523	2,699,871
Hire purchase creditor	21	<u>16,718</u>	<u>15,450</u>
		<u>3,800,296</u>	<u>11,228,550</u>
Total Liabilities		<u>4,007,996</u>	<u>13,337,961</u>
Total Equity And Liabilities		<u><u>54,158,183</u></u>	<u><u>93,099,116</u></u>

The notes on pages 83 to 145 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	Note	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Revenue	26	538,750	396,000
Other income		877,970	1,152,585
Administrative expenses		(30,975,519)	(24,838,512)
Finance costs		<u>(183,020)</u>	<u>(362,169)</u>
Loss before taxation	27	(29,741,819)	(23,652,096)
Taxation	28	<u>91,426</u>	<u>9,354</u>
Loss for the period/year		(29,650,393)	(23,642,742)
Other comprehensive income/(loss) :-			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
- Deficit on revaluation of land and building		-	(926,761)
Attributable deferred tax		-	87,220
		-	(839,541)
- Actuarial gain on defined benefit obligations		<u>39,425</u>	<u>77,520</u>
Total other comprehensive income/(loss) for the period/year, net of tax		<u>39,425</u>	<u>(762,021)</u>
Total comprehensive loss for the period/year		<u><u>(29,610,968)</u></u>	<u><u>(24,404,763)</u></u>

The notes on pages 83 to 145 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	Share capital (Note 14) RM	Non-distributable Revaluation reserves (Note 15) RM	Warrant reserves (Note 17) RM	Accumulated losses RM	Total RM
Balance as at 1 January 2024	97,895,077	3,052,955	24,214,906	(45,401,783)	79,761,155
Loss for the period	-	-	-	(29,650,393)	(29,650,393)
Other comprehensive income :- - Actuarial gain on defined benefit obligations	-	-	-	39,425	39,425
Total comprehensive loss for the period	-	-	-	(29,610,968)	(29,610,968)
Transfer upon disposal of freehold land and building	-	(3,052,955)	-	3,052,955	-
Transfer upon expiry of Warrants-B 2014/2024	-	-	(3,602,435)	3,602,435	-
Balance as at 30 June 2025	97,895,077	-	20,612,471	(68,357,361)	50,150,187

The notes on pages 83 to 145 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	Share capital (Note 14) RM	Revaluation reserves (Note 15) RM	Warrant reserves (Note 17) RM	Accumulated losses RM	Total RM
Balance as at 1 January 2023	34,129,060	3,892,496	3,602,435	(20,469,373)	21,154,618
Loss for the year	-	-	-	(23,642,742)	(23,642,742)
Other comprehensive loss :-					
- Deficit on revaluation of land and building, net of tax	-	(839,541)	-	-	(839,541)
- Actuarial gain on defined benefit obligations	-	-	-	77,520	77,520
Total other comprehensive loss for the year	-	(839,541)	-	77,520	(762,021)
Total comprehensive loss for the year	-	(839,541)	-	(23,565,222)	(24,404,763)
Issuance of new shares					
- Rights Issue with Warrants-C	53,113,219	-	20,612,471	-	73,725,690
- ESGS under LTIP	10,652,798	-	-	-	10,652,798
Share issue expenses	-	-	-	(1,367,188)	(1,367,188)
Balance as at 31 December 2023	97,895,077	3,052,955	24,214,906	(45,401,783)	79,761,155

The notes on pages 83 to 145 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Cash Flows From Operating Activities		
Loss before taxation	(29,741,819)	(23,652,096)
Adjustments for :-		
Allowance for impairment losses on :		
- amount due from subsidiary companies	24,908,504	15,862,884
- investments in subsidiary companies	1,965,282	-
Depreciation of property, plant and equipment	137,058	95,835
Depreciation of right-of-use assets	43,432	43,432
Defined benefit cost	59,253	58,831
Share-based payment - ESGS Grants	-	6,032,981
Interest expenses	183,020	361,959
Interest income	(854,163)	(111,573)
Investments in subsidiary companies written off upon striking-off	292	1,051
Loss on disposal of property, plant and equipment	713,440	-
Reversal of allowance for impairment losses on :		
- investment in a subsidiary company	-	(718,306)
- amount due from a subsidiary company	-	(322,697)
Gain on derecognition of right-of-use assets	(1,640)	-
Operating loss before working capital changes	(2,587,341)	(2,347,699)
Increase in other receivables, deposits and prepayments	(255,121)	(9,043)
Decrease/(Increase) in amount due from subsidiary companies	7,887,136	(41,092,211)
(Decrease)/Increase in other payables, deposits and accruals	(3,339,772)	2,400,460
Decrease in amount due to directors	(2,083,348)	(3,227,746)
Decrease in amount due to a subsidiary company	(162,625)	(12,929)
Cash used in operations	(541,071)	(44,289,168)
Retirement benefit paid	(505,508)	-
Interest received	854,163	111,573
Net cash used in operating activities	(192,416)	(44,177,595)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(22,125)	(40,483)
Proceeds from disposal of property, plant and equipment	5,200,000	-
Additional investment in a subsidiary company	-	(11,000,000)
Proceeds from disposal of a subsidiary company	1,000,000	-
Net cash from/(used in) investing activities	6,177,875	(11,040,483)

The notes on pages 83 to 145 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE 18 MONTHS ENDED 30 JUNE 2025

	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Cash Flows From Financing Activities		
Proceeds from rights issue of shares net of share issue expenses	-	72,358,502
Repayment of term loan	(3,081,035)	(318,965)
Term loan interest paid	(175,617)	(93,729)
Payment of lease liabilities	(46,469)	(43,769)
Lease interest paid	(2,491)	(5,191)
Payment of hire purchase liabilities	(23,492)	(6,188)
Hire purchase interest paid	(4,912)	(1,702)
	<u>(3,334,016)</u>	<u>71,888,958</u>
Net cash (used in)/from financing activities	(3,334,016)	71,888,958
Net Increase In Cash And Cash Equivalents	2,651,443	16,670,880
Cash and cash equivalents at beginning of period/year	<u>18,337,567</u>	<u>1,666,687</u>
Cash And Cash Equivalents At End Of Period/Year [Note 30(b)]	<u><u>20,989,010</u></u>	<u><u>18,337,567</u></u>

The notes on pages 83 to 145 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

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 13, Menara 1 Sentrum, 201, Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur W.P. Kuala Lumpur.

The principal place of business of the Company is located at No. 35-4, Jalan PJU 1/41, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

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(a) to the financial statements.

The Group changed its accounting financial year end from ending on 31 December to 30 June during the current financial period. Accordingly, the financial statements of the Group and of the Company for the current financial period were prepared for the period of 18 months from 1 January 2024 to 30 June 2025.

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

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 October 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Going Concern Assumption

The Group and the Company have incurred loss of RM17,232,707 (2023 : RM19,949,358) and RM29,650,393 (2023 : RM23,642,742) respectively for the period ended 30 June 2025 and as at that date, accumulated losses of the Group and of the Company amounted to RM78,883,215 (2023 : RM68,392,057) and RM68,357,361 (2023 : RM45,401,783) respectively. In addition, the Group has generated negative operating cash flows of RM10,387,516 (2023 : RM13,749,486) for the current period.

During the current period, the Group discontinued its internal manufacturing activities and, as an alternative, continues its sawmilling operations through outsourced manufacturing.

The Group has previously planned diversification into renewable energy business and in furtherance of this new business, the Group has secured two Feed-in Approvals from the Sustainable Energy Development Authority Malaysia ("SEDA") through two wholly-owned subsidiary companies for the development and operations of two biomass renewable energy power plants for supply of electricity to Tenaga Nasional Berhad. As disclosed in Notes 37(d) and 38(a), the Group has relinquished both Feed-in Approvals to SEDA after reassessing the plant projects' viability in light of the current market uncertainties including raw materials price volatility and availability of favourable financing sources to fund the construction of the plants.

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Following the abovementioned relinquishment of Feed-in Approvals, the Group does not have any on-going biomass renewable energy power plant projects. Consequently, the Group is in the process of evaluating proposed alternative uses for the leasehold industrial land and plantation land acquired for the purpose of the biomass renewable energy power plant project. In addition, the Company has concurrently proposed a variation in the utilisation of the remaining unutilised proceeds from the Rights Issue with Warrants-C earmarked for utilisation for the construction of the plant, as further detailed under Proposed Variation in Note 38(c).

The financial conditions and circumstances as aforesaid indicate the existence of uncertainties which may cast doubt on the ability of the Group and the Company to continue as a going concern. Notwithstanding, the directors are of the opinion that the Group and the Company are able to continue as a going concern and accordingly, the financial statements of the Group and the Company continue to be prepared on a going concern basis that is principally premised on the following assumptions, both individually and collectively: -

- (a) The Proposed Variation, as detailed in Note 38(c), by the Company will receive the approval of its shareholders and unlock additional funds of approximately RM7.59 million for use as additional working capital requirements of the Group and approximately RM12.00 million for potential strategic acquisition of new business(es) or asset(s) or investment(s) to be identified as part of the Group's efforts to expand and diversify its revenue stream and improve its profitability.
- (b) The Group will be successful in its evaluation of alternative use for both the leasehold plantation and industrial lands originally intended for the biomass renewable energy power plant projects, and also potential swap and sale of the lands, which will generate inflow of economic benefits to the Group.
- (c) The funds made available from the Proposed Variation will result in the Group to successfully acquire new business(es) or asset(s) or investment(s) that will expand and diversify the revenue stream and improve the profitability of the Group.
- (d) The Group is able to achieve future profitability and generate sufficient net cash inflows from its business operations so as to be able to meet its obligations as and when they fall due.
- (e) The Group will be able to obtain support of its suppliers, bankers and major shareholders to enable the Group and the Company to continue as a going concern and to meet their obligations as and when they fall due.

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

2.2 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 2016 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 material 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 adopted as disclosed in Note 2.3 below, where applicable.

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2.3 Adoption of Amendments to MFRSs

During the financial period, the Group has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 January 2024 :-

Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback
 Amendments to MFRS 101 - Non-current Liabilities with Covenants
 Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
 Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements

The adoption of the abovementioned amendments to MFRSs have no significant effect on the financial statements of the Group and of the Company.

2.4 New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective

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 2025

Amendments to MFRS 121 - Lack of Exchangeability

Effective for annual periods beginning on or after 1 January 2026

Amendments to MFRS 9 and MFRS 7 - Amendments to the Classification and Measurement of Financial Instruments
 Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107 contained in the document entitled "Annual Improvements - Volume 11"
 Amendments to MFRS 7 and MFRS 9 - Contracts Referencing Nature-dependent Electricity

Effective for annual periods beginning on or after 1 January 2027

MFRS 18, Presentation and Disclosure in Financial Statements
 MFRS 19, Subsidiaries without Public Accountability: Disclosures

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

The Group will adopt the above new MFRSs and amendments to MFRSs that are applicable when they become effective.

The new MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* while retaining many of the requirements in MFRS 101 with limited changes. MFRS 18 introduces new specified categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures that are reported outside an entity's financial statements in the notes to the financial statements, and enhanced principles on aggregation and disaggregation of information in the financial statements. The new standard will redefine financial performance reporting by an entity through a new structure of the statement of profit or loss and additional disclosures for performance measures. It will not impact the recognition and measurement of items in the financial statements of an entity.

Except as disclosed above with regard to the new MFRS 18, the initial application of the 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.

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2.5 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.

2.6 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.

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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.

2.7 Investment in Subsidiary Companies

In the Company's separate financial statements, 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.

2.8 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.

2.9 Property, Plant and Equipment

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

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

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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.

The annual depreciation rates used are as follows :-

Buildings	3% to 5%
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 2.11.

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.

2.10 Non-current Assets Classified as Held for Sale

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

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

2.11 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories) 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.

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.

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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.

An impairment loss for an asset 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 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 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.

2.12 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

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :-

- (a) at amortised cost;
- (b) fair value through other comprehensive income; and
- (c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other 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. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

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Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets which determine their classification into the following measurement categories :-

(a) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :-

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment gains or losses are recognised in profit or loss.

The Group's financial assets measured at amortised cost comprise all receivables, fixed deposits, cash and bank balances.

(b) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as at FVTPL at initial recognition :-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment gains or losses are recognised in profit or loss.

The Group does not have financial assets measured at FVOCI as at the reporting date.

(c) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designates a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

The Group does not have financial assets measured at FVTPL as at the reporting date.

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Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers 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 measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2.13 Impairment of Financial Assets

The Group recognises loss allowance for expected credit losses ("ECLs") on the following items, where applicable :-

- financial assets measured at amortised cost
- debt instruments measured at fair value through other comprehensive income ("FVOCI")

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL. In making the assessment of whether there has been a significant increase in credit risk, a comparison is made between the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition of the asset, taking into consideration of reasonable and supportable information including forward-looking information that are available without undue cost and effort.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Under this approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience and past due information on debtors, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of a loss allowance account.

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the loss allowance account is recognised in other comprehensive income.

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2.14 Inventories

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

2.15 Cash and Cash Equivalents

Cash and cash equivalents in the statements of cash flows comprise deposits with licensed banks, cash and bank balances, reduced by bank overdraft. The statements of cash flows are prepared using the indirect method.

2.16 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.

2.17 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 minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

(a) Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses.

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The Group does not have financial liabilities measured at FVTPL as at the reporting date.

(b) Amortised cost

All financial liabilities, other than those categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

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

The Group's financial liabilities measured at amortised cost comprise all payables and bank borrowings.

Derecognition of financial liabilities

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.

2.18 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Leases

(a) The Group as a lessee

The Group assesses whether a contract is, or contains a lease at the inception of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where applicable, the Group applies, by class of underlying asset, the practical expedient of not separating non-lease components from lease components and instead accounts for them as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the commencement date for all leases except for short-term leases with lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments in respect of short-term leases and leases of low value assets as an expense on a straight-line basis over the term of the leases.

At the lease commencement date, the right-of-use asset is initially measured at cost which comprises the initial amount of the corresponding lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the site on which it is located or to restore the underlying asset to the condition required by the terms of the lease.

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Right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment loss. The right-of-use asset is depreciated on a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset shall be depreciated from the commencement date to the end of the useful life of the underlying asset. The right-of-use asset is also assessed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets and adjusted for any remeasurement of corresponding lease liability.

The lease term is determined as the non-cancellable period plus periods covered by an extension or termination option when the lease is reasonably certain to be extended or not to be terminated after considering all facts and circumstances that create an economic incentive for the Group to exercise an extension option or not to exercise a termination option.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, at the incremental borrowing rate of the Group entity.

Lease payments included in the measurement of the lease liability comprise :-

- fixed payments, including in-substance fixed payments, less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- exercise price of a purchase option if the lessee is reasonably certain to exercise; and
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that are linked to future performance or usage of the underlying asset are excluded from the measurement of the lease liability and these payments are recognised in profit or loss in the period in which the event or condition that triggers the payments occurs.

Lease liability is subsequently measured at amortised cost through increasing its carrying amount to reflect accretion of interest on the lease liability using the effective interest method and reducing the carrying amount by the lease payments made.

The carrying amount of the lease liability is remeasured to reflect changes to lease payments arising from a change in the lease term, a change in linked index or rate, a change in the estimated amount payable under a residual value guarantee, a change in the assessment of an option to purchase the underlying asset or a lease modification that is not accounted for as a separate lease. The amount of remeasurement is adjusted to the carrying amount of the associated right-of-use asset or recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) The Group as a lessor

When the Group enters into a leasing arrangement as a lessor, it determines at the lease inception whether the lease is a finance lease or an operating lease. If the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, the lease is classified as a finance lease. If not, the lease is an operating lease.

All leases entered by the Group are operating leases. The Group recognises lease payments from an operating lease as income on a straight-line basis over the lease term. The income is included as part of revenue.

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2.20 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.

2.21 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 substantively 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.

2.22 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 defined 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

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(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) Equity-Settled Share-Based Compensation

The Group operates a Long Term Incentive Plan which includes an Executive Share Grant Scheme ("ESGS") to reward eligible directors and employees of the Group through the grant of ordinary shares in the Company at no consideration as their compensation for services rendered to the Group.

Any new ordinary shares of the Company granted under the ESGS shall be allotted and issued when they are vested with the grantees. The fair value of the new ordinary shares issued pursuant to the ESGS are recognised as an employee benefits expense in profit or loss of the Group at their issuance date with a corresponding increase to share capital in equity.

In the Company's separate financial statements, the fair value of the ordinary shares granted to employees of subsidiaries is not recognised as an expense in profit or loss upon their issuance. Instead, their fair value is accounted for as additional equity contribution to subsidiaries resulting in an increase in the investment in subsidiaries with a corresponding increase to share capital in equity.

NOTES TO THE FINANCIAL STATEMENTS

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(v) 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.

2.23 Borrowing 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.

2.24 Revenue from Contracts with Customers

The Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Performance obligations may be satisfied over time or at a point in time. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

The Group recognises revenue from the following business activities :-

- (a) Sale of timber products
- (b) Sale of wood pellets
- (c) Sale of logs

Revenue from sales of timber products, wood pellets and logs is recognised at the point in time when control of the goods is transferred to the customers, generally on acceptance by customers of the individual contracts.

In respect of the Company, management fees from subsidiaries are recognised as revenue upon rendering of services for which the Company has the right to specified consideration.

2.25 Revenue from Other Sources and Other Income

(a) Rental income

Rental income from operating leases is recognised as disclosed in Note 2.19(b).

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

2.26 Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

2.27 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of treasury shares held, for the effects of all dilutive potential ordinary shares.

2.28 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed by the chief operating decision maker i.e. the Group Managing Director who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

2.29 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :-

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

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

(b) Key sources of estimation uncertainty

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

(i) Impairment of non-financial assets

The Group assesses impairment of property, plant and equipment when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Similar assessment for impairment of investments in subsidiary companies and other investment is performed in respect of the Company. 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. The carrying amount of the Group's property, plant and equipment and the Company's investments in subsidiary companies and their accumulated impairment losses are disclosed in Note 4 and Note 6 respectively.

(ii) Impairment losses of receivables

The Group made impairment loss allowance for trade receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period. For credit impaired debts, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Where expectations differ from the original estimates, such difference will impact the carrying value of the trade receivables. The carrying amount of the Group's trade receivables and their loss allowance for impairment are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

(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 RM1,771,357 (2023 : RM3,748,922) and RM Nil (2023 : RM480,678) respectively.

The unrecognised unabsorbed tax losses, unutilised allowances and other deductible temporary differences are disclosed under Note 22(b) and the unrecognised deferred tax assets in connection thereto at the end of the reporting period are estimated at RM19,177,848 (2023 : RM15,346,968) and RM4,363,992 (2023 : RM2,103,552) 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 2.9. 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.

(vi) Estimation of net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The Group writes down its obsolete or slow moving inventories to net realisable value based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this adjustment to evaluate the adequacy of the write-down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories. The carrying amount of the Group's inventories is disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

4. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation Freehold and leasehold properties (Refer *) RM	At cost				Total RM
		Plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Factory and office renovation RM	
30.6.2025						
Cost/Valuation						
At beginning of period	22,170,000	17,810,661	2,456,755	2,028,706	216,511	52,802,325
Additions	-	-	22,125	-	-	22,125
Disposals	(6,000,000)	-	(5,961)	-	-	(6,005,961)
Transfer to non-current assets held for sale (Note 13)	(5,470,000)	(6,584,184)	-	(654,023)	-	(12,708,207)
At end of period	10,700,000	11,226,477	2,472,919	1,374,683	216,511	34,110,282
Accumulated depreciation						
At beginning of period	-	14,591,423	2,365,573	1,526,587	46,884	18,530,467
Charge for the period	907,101	995,431	51,327	126,650	40,920	2,121,429
Disposals	(90,046)	-	(2,474)	-	-	(92,520)
Transfer to non-current assets held for sale (Note 13)	(248,636)	(4,397,508)	-	(380,382)	-	(5,026,526)
At end of period	568,419	11,189,346	2,414,426	1,272,855	87,804	15,532,850
Accumulated impairment loss						
At beginning of period	-	8,500	-	-	42,321	8,160,644
Additions	-	1,885,992	-	142,500	-	2,028,492
- recognised in profit or loss	1,763,389	-	-	-	-	1,763,389
- recognised in other comprehensive income	-	-	-	-	-	-
At end of period	1,763,389	1,885,992	-	142,500	-	3,791,881
Transfer to non-current assets held for sale (Note 13)	(1,481,808)	(1,857,373)	-	(142,500)	-	(3,481,681)
At end of period	281,581	37,119	-	-	42,321	8,470,844
Net book value	9,850,000	12	58,493	101,828	86,386	10,106,588

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

Group	At valuation Freehold and leasehold properties (Refer *) RM	Plant and machinery		Office equipment, furniture and fittings RM		Motor vehicles RM		Factory and office renovation RM		Unused plant RM		Total RM
		Subject to operating lease RM	Own use RM									
31.12.2023												
Cost/Valuation												
At beginning of year	25,001,316	2,693,126	14,832,721	2,402,019	1,615,561	80,111	8,119,692	54,744,546				
Additions	-	-	284,814	54,736	417,168	136,400	-	893,118				
Transfer	-	(2,693,126)	2,693,126	-	-	-	-	-				
Write-off	-	-	-	-	(4,023)	-	-	(4,023)				
Revaluation	(2,831,316)	-	-	-	-	-	-	(2,831,316)				
At end of year	22,170,000	-	17,810,661	2,456,755	2,028,706	216,511	8,119,692	52,802,325				
Accumulated depreciation												
At beginning of year	1,292,461	2,693,115	11,232,479	2,333,352	1,454,155	33,785	-	19,039,347				
Charge for the year	642,434	-	665,829	32,221	76,454	13,099	-	1,430,037				
Transfer	-	(2,693,115)	2,693,115	-	-	-	-	-				
Write-off	-	-	-	-	(4,022)	-	-	(4,022)				
Revaluation	(1,934,895)	-	-	-	-	-	-	(1,934,895)				
At end of year	-	-	14,591,423	2,365,573	1,526,587	46,884	-	18,530,467				
Accumulated impairment loss												
At beginning of year	-	-	8,500	-	-	-	8,109,823	8,118,323				
Additions	-	-	-	-	-	42,321	-	42,321				
At end of year	-	-	8,500	-	-	-	8,109,823	8,160,644				
Net book value	22,170,000	-	3,210,738	91,182	502,119	127,306	9,869	26,111,214				

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

* Details of properties are as follows :-

Group	At valuation				Total RM
	Freehold building				
	Freehold land RM	Subject to operating lease RM	Own use RM	Leasehold building RM	
30.6.2025					
Valuation					
At beginning of period	6,700,000	610,653	9,389,347	5,470,000	22,170,000
Disposals	(3,200,000)	(610,653)	(2,189,347)	-	(6,000,000)
Transfer to non-current assets held for sale (Note 13)	-	-	-	(5,470,000)	(5,470,000)
At end of period	3,500,000	-	7,200,000	-	10,700,000
Accumulated depreciation					
At beginning of period	-	-	-	-	-
Charge for the period	-	19,638	638,827	248,636	907,101
Disposals	-	(19,638)	(70,408)	-	(90,046)
Transfer to non-current assets held for sale (Note 13)	-	-	-	(248,636)	(248,636)
At end of period	-	-	568,419	-	568,419
Accumulated impairment loss					
At beginning of period	-	-	-	-	-
Additions	-	-	281,581	1,481,808	1,763,389
Transfer to non-current assets held for sale (Note 13)	-	-	-	(1,481,808)	(1,481,808)
At end of period	-	-	281,581	-	281,581
Net book value	3,500,000	-	6,350,000	-	9,850,000
31.12.2023					
Valuation					
At beginning of year	7,665,736	654,271	10,675,729	6,005,580	25,001,316
Revaluation	(965,736)	(43,618)	(1,286,382)	(535,580)	(2,831,316)
At end of year	6,700,000	610,653	9,389,347	5,470,000	22,170,000
Accumulated depreciation					
At beginning of year	-	34,901	918,461	339,099	1,292,461
Charge for the year	-	17,217	458,396	166,821	642,434
Revaluation	-	(52,118)	(1,376,857)	(505,920)	(1,934,895)
At end of year	-	-	-	-	-
Net book value	6,700,000	610,653	9,389,347	5,470,000	22,170,000

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

Company	At valuation			At cost Office equipment, motor vehicles, furniture and fittings RM	Total RM
	Freehold land RM	Freehold building Subject to operating lease RM	Own use RM		
30.6.2025					
Cost/Valuation					
At beginning of period	3,200,000	610,653	2,189,347	1,608,952	7,608,952
Additions	-	-	-	22,125	22,125
Disposals	(3,200,000)	(610,653)	(2,189,347)	(4,132)	(6,004,132)
At end of period	-	-	-	1,626,945	1,626,945
Accumulated depreciation					
At beginning of period	-	-	-	1,478,843	1,478,843
Charge for the period	-	19,638	70,408	47,012	137,058
Disposals	-	(19,638)	(70,408)	(646)	(90,692)
At end of period	-	-	-	1,525,209	1,525,209
Net book value	-	-	-	101,736	101,736
31.12.2023					
Cost/Valuation					
At beginning of year	4,165,736	654,271	2,345,729	1,484,569	8,650,305
Additions	-	-	-	124,383	124,383
Revaluation	(965,736)	(43,618)	(156,382)	-	(1,165,736)
At end of year	3,200,000	610,653	2,189,347	1,608,952	7,608,952
Accumulated depreciation					
At beginning of year	-	34,901	125,127	1,461,955	1,621,983
Charge for the year	-	17,217	61,730	16,888	95,835
Revaluation	-	(52,118)	(186,857)	-	(238,975)
At end of year	-	-	-	1,478,843	1,478,843
Net book value	3,200,000	610,653	2,189,347	130,109	6,130,109

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

- (a) The Group has provided impairment losses amounting to RM3,791,881 to write down the carrying amounts of the factory buildings, certain plant and machinery and motor vehicles to their recoverable amounts as a result of their discontinued use for manufacturing activities during the current period, and the management's commitment to a plan for disposal of a leasehold factory building and its associated plant and machinery and motor vehicles (collectively "factory building and machineries") by a subsidiary company following their discontinued use, which has resulted in their proposed sale as disclosed in Note 38(d). Impairment loss recognised in profit or loss is included under other operating expenses in the statement of profit or loss and other comprehensive income of the Group.

The impairment losses on the factory building and machineries of the subsidiary company amounting to RM3,481,681 form the major portion of the total impairment losses recognised for the current period. In arriving at this impairment loss amount, the recoverable amounts of the factory building and machineries are based on their fair values less costs to sell determined by reference to the selling prices in the sale and purchase agreement and estimated costs of disposal as follows: -

	RM
Factory building	4,000,000
Machineries	<u>500,000</u>
	4,500,000
Estimated costs of disposal	<u>(300,000)</u>
Recoverable amounts	<u><u>4,200,000</u></u>

The carrying amounts of the factory building and machineries totalling RM4,200,000 are transferred to non-current assets held for sale classified under current assets as at 30 June 2025.

- (b) Property, plant and equipment of a subsidiary company with a net carrying amount of RM10,843,346 as at 31 December 2023 were subject to fixed and floating charges to secure a fully settled term loan facility of the subsidiary company. The charges had been discharged by the lending bank during the current period.

As at 31 December 2023, a freehold land and building of the Group and of the Company with total carrying amount of RM6,000,000 was subject to a fixed charge to secure a term loan granted by a moneylender to the Company as disclosed in Note 20. The term loan has been settled in full during the current period following the disposal of the freehold land and building by the Company as disclosed in Note 37(c).

- (c) The freehold land and buildings, and leasehold building of the Group and of the Company were last revalued by the directors on 31 December 2023 based on their open market values as ascertained through an independent valuation carried out by professional valuers on that date.

The fair values of the freehold land and buildings, and leasehold building of the Group and of the Company as at 31 December 2023 are RM22,170,000 and RM6,000,000 respectively. In the assessment of the fair values, the sales prices of comparable properties in the locality are adjusted for factors which affect value such as the size of the properties. The most significant input into this valuation is price per square foot.

The fair values of the freehold land and buildings, and leasehold building are determined in accordance with Level 2 of the fair value hierarchy.

- (d) Had the freehold land and buildings of the Group been carried under the cost model, the carrying amount as at 30 June 2025, would have been RM800,000 (2023 : RM3,085,736) and RM244,194 (2023 : RM1,134,495) respectively.

Had the leasehold building of the Group been carried under the cost model, the carrying amount as at 31 December 2023 would have been RM3,799,199.

Had the freehold land and building of the Company been carried under the cost model, the carrying amount as at 31 December 2023, would have been RM2,285,736 and RM869,504 respectively.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

- (e) The title to the freehold land acquired in 2004 by a subsidiary company with carrying amount of RM3,500,000 (2023 : RM3,500,000) as at 30 June 2025 has yet to be registered in the name of the subsidiary company as at the end of the reporting period. The transfer of the title is in progress as at the date of this report, pending settlement of outstanding quit rents and assessments.
- (f) 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 period/ year depreciation RM
Group				
30.6.2025				
Motor vehicle	101,430	38,881	62,549	30,429
31.12.2023				
Motor vehicles	263,098	170,119	92,979	33,310
Company				
30.6.2025				
Motor vehicle	101,430	38,881	62,549	30,429
31.12.2023				
Motor vehicle	101,430	8,452	92,978	8,452

- (g) The unused plant refers to a Woodwaste Fired Cogeneration System boiler plant acquired by a subsidiary company which has yet to be installed. In 2014, 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, and had impaired the asset to its estimated recoverable amount based on its indicative offered scrap value of RM10,000. Subsequently in 2017, certain parts of the unused plant were used for the construction of a plant and machinery of a fellow subsidiary company, and hence reduced the carrying amount of the unused plant to RM9,869.
- (h) Prior to its disposal during the current period, the Group leased part of the freehold building of the Company to a third party under an operating lease with a lease term of three years. Advance lease rental payments of three months as tenancy deposit were collected to secure the Company's rights in the asset. The existing tenancy of the property with the tenancy deposit had been assigned to the purchaser of the property concurrent with the disposal of the property.

The lease income from operating lease of the freehold building recognised in profit or loss was included in revenue of the Group and of the Company as disclosed in Note 26.

Maturity analysis of the undiscounted lease payments receivable is as follows: -

	30.6.2025		31.12.2023	
	Group RM	Company RM	Group RM	Company RM
Within one year	-	-	156,000	156,000
Between one year to two years	-	-	156,000	156,000
Between two years to three years	-	-	156,000	156,000
	-	-	468,000	468,000

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

5. RIGHT-OF-USE ASSETS

Group	Leasehold plantation lands RM	Leasehold industrial land RM	Office premises RM	Factory land RM	Office equipment RM	Motor vehicles RM	Total RM
30.6.2025							
Cost							
At beginning of period	24,855,666	4,179,969	315,073	1,847,157	5,999	862,744	32,066,608
Adjustment for waiver of stamp duty	-	(142,670)	-	-	-	-	(142,670)
Additions	-	-	-	25,509	-	-	25,509
Derecognition	-	-	(173,728)	(1,872,666)	(5,999)	-	(2,052,393)
At end of period	24,855,666	4,037,299	141,345	-	-	862,744	29,897,054
Accumulated depreciation							
At beginning of period	400,898	108,103	155,080	1,154,475	3,920	108,017	1,930,493
Charge for the period	601,347	213,745	114,104	102,473	2,079	258,823	1,292,571
Derecognition	-	-	(159,249)	(1,256,948)	(5,999)	-	(1,422,196)
At end of period	1,002,245	321,848	109,935	-	-	366,840	1,800,868
Carrying amount							
At end of period	23,853,421	3,715,451	31,410	-	-	495,904	28,096,186

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AT 30 JUNE 2025

Group	Short term leasehold land RM	Leasehold plantation lands RM	Leasehold industrial land RM	Office premises RM	Factory land RM	Office equipment RM	Motor vehicles RM	Total RM
31.12.2023								
Cost								
At beginning of year	195,000	-	-	173,728	1,847,157	5,999	-	2,221,884
Additions	-	24,855,666	4,179,969	141,345	-	-	862,744	30,039,724
Derecognition	(195,000)	-	-	-	-	-	-	(195,000)
At end of year	-	24,855,666	4,179,969	315,073	1,847,157	5,999	862,744	32,066,608
Accumulated depreciation								
At beginning of year	194,999	-	-	72,386	923,580	1,924	-	1,192,889
Charge for the year	1	400,898	108,103	82,694	230,895	1,996	108,017	932,604
Derecognition	(195,000)	-	-	-	-	-	-	(195,000)
At end of year	-	400,898	108,103	155,080	1,154,475	3,920	108,017	1,930,493
Carrying amount								
At end of year	-	24,454,768	4,071,866	159,993	692,682	2,079	754,727	30,136,115

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

	Company	
	30.6.2025	31.12.2023
	RM	RM
Office premises		
Cost		
At beginning of period/year	173,728	173,728
Derecognition	(173,728)	-
At end of period/year	-	173,728
Accumulated depreciation		
At beginning of period/year	115,818	72,386
Charge for the period/year	43,432	43,432
Derecognition	(159,250)	-
At end of period/year	-	115,818
Carrying amount		
At end of period/year	-	57,910

The leasehold plantation lands are subleased by a subsidiary company, BTM Biomass Products Sdn Bhd ("BTMBP") from SPPT Development Sdn Bhd ("SPPT"), a company in which certain director and shareholders of the Company have substantial interests for a period of approximately 63 years pursuant to a sublease agreement dated 20 January 2022. The sublease commenced in the previous financial year upon fulfilment of all conditions precedent in the sublease agreement. The sublease agreement assigned all of SPPT's rights, interest and title in and to the plantation lands to BTMBP for a total sublease consideration of RM24,700,000 which has been paid upfront in cash in the previous financial year.

The leasehold industrial land is in relation to a lease agreement dated 12 December 2021 entered into by BTMBP with Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") for term of 30 years in respect of the lease of 20 acres out of 80 acres of the whole leasehold industrial land for a total lease payment of RM3,965,919. The lease commenced in the previous financial year upon fulfilment of all conditions precedent in the lease agreement. Pursuant to the lease agreement, BTMBP and PMINT have agreed that the remaining 60 acres of the land shall be under two separate leases of 30 acres of the land for lease payment of RM5,948,879 each. The lease agreements for these separate leases shall be executed once the parties have finalised the terms and conditions for the lease agreements. The total lease payments for the lease of the entire 80 acres of land is RM15,863,677. Upon execution of the lease agreement, prepaid lease payments amounting to RM594,888 for the remaining 60 acres has been made by BTMBP which is included under prepayments of the Group as disclosed in Note 10.

The costs recognised for the abovementioned right-of-use leasehold plantation and industrial lands include initial costs incurred for obtaining the leases.

In view of the cancellation of the Group's biomass renewable energy power plant projects as further detailed in Notes 37(d), 38(a) and 38(b), BTMBP is currently evaluating potential alternative use for both the leasehold plantation and industrial lands originally intended for the projects, and also potential swap and sale of the lands.

The Group and the Company have also leased office premises, factory land, office equipment and motor vehicles for the operations of the Group and the Company. The office premises have lease terms of between three to four years, and factory land had total lease term of nine years. Office equipment was leased for term of three years while motor vehicles are leased for term of five years. Obligations for lease payments in respect of these right-of-use assets are recognised as lease liabilities as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

6. SUBSIDIARY COMPANIES

	Company	
	30.6.2025	31.12.2023
	RM	RM
Unquoted shares, at cost	28,494,235	31,873,843
Equity contribution arising from ESGs under LTIP (Note 14)	4,619,817	4,619,817
	33,114,052	36,493,660
Less : Accumulated impairment losses		
At beginning of period/year	(17,973,550)	(18,691,856)
Addition	(1,965,282)	-
Disposal	2,379,316	-
Reversal	-	718,306
At end of period/year	(17,559,516)	(17,973,550)
	15,554,536	18,520,110

During the current period, the Company has undertaken an impairment review on the carrying value of investments in subsidiary companies and has made further allowance for impairment losses on certain loss making subsidiary companies. The impairment losses recognised in profit or loss are included under administrative expenses in the statement of profit or loss and other comprehensive income of the Company.

(a) Details of the subsidiary companies

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

Name of Company	Equity Interest (%)		Principal Activities
	30.6.2025	31.12.2023	
Besut Tsuda Industries Sendirian Berhad	100.00	100.00	Investment holding and trading of sawn timber and logs
Syarikat Maskayu Sawmill Sdn. Bhd. [Note 6(b)]	-	99.99	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, and trading of sawn timber and logs (ceased manufacturing in current period)
BTM Marketing & Trading Sdn. Bhd.	100.00	100.00	Trading of sawn timber, plywood and logs
BTM Biomass Products Sdn. Bhd.	100.00	100.00	Manufacturing and sale of wood pellets (ceased operation in current period)

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

Name of Company	Equity Interest (%)		Principal Activities
	30.6.2025	31.12.2023	
BTM Land Sdn. Bhd.	100.00	100.00	Dormant
BTM Green Energy Sdn. Bhd.	100.00	100.00	Dormant
BTM Biomass NZ Limited *# (Incorporated and with place of operation in New Zealand)	-	100.00	Dormant

* This subsidiary company was struck off from the companies register in New Zealand during the current period. The striking off of this dormant subsidiary company has no material effect on the financial statements of the Group and of the Company. As disclosed in Note 27, the derecognition of this subsidiary company resulted in a gain of RM3,904 for the Group and investment cost write-off of RM292 for the Company in the current period.

Not audited by Folks DFK & Co.

(b) Disposal of entire equity interest in a subsidiary company, Syarikat Maskayu Sawmill Sdn. Bhd. ("SMS")

The Company disposed of its entire equity interest in the subsidiary company, SMS for a cash consideration of RM1,000,000 during the current period. The disposal of SMS resulted in no gain or loss for the Company.

The effects of the disposal of SMS on the assets and liabilities at the date of disposal, and results and cash flows of the Group for the current period are as tabulated below :-

	Group RM
Bank balance	22
Trade payables	(17,923)
Other payables and accruals	(61,147)
Net liabilities of subsidiary company disposed	(79,048)
Disposal consideration	(1,000,000)
Gain of disposal of a subsidiary company	(1,079,048)
Cash consideration received	1,000,000
Less : Bank balance disposed	(22)
Net cash inflow from disposal of a subsidiary company	999,978

7. INVESTMENT IN CLUB MEMBERSHIP

	Group/Company	
	30.6.2025 RM	31.12.2023 RM
Golf club membership, at cost	40,000	40,000
Less : Allowance for impairment loss	(40,000)	(40,000)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

8. INVENTORIES

	Group	
	30.6.2025	31.12.2023
	RM	RM
At cost :-		
Raw material	-	39,473
Logs and sawn timber	381,001	143,384
Manufactured timber products	-	1,514,938
Consumables stores	107,110	177,704
Manufactured wood pellets	-	14,896
	<u>488,111</u>	<u>1,890,395</u>
At net realisable value :-		
Sawn timber and manufactured timber products	<u>700,991</u>	<u>175,895</u>
	<u>1,189,102</u>	<u>2,066,290</u>

Cost of inventories recognised as an expense for the period amounted to RM3,964,143 (2023 : RM11,401,087).

9. TRADE RECEIVABLES

	Group	
	30.6.2025	31.12.2023
	RM	RM
Trade receivables	1,123,049	548,466
Less : Allowance for impairment losses	<u>(363,192)</u>	<u>(25,000)</u>
	<u>759,857</u>	<u>523,466</u>

The normal credit term of trade receivables is 30 days (2023 : 30 days).

(a) Credit risk exposure

Information about the exposure to credit risk and allowance for expected credit losses ("ECLs") in respect of trade receivables are as tabulated below :-

	Group		
	Gross carrying amount	Loss allowance	Net carrying amount
	RM	RM	RM
As at 30 June 2025			
Current	414,369	-	414,369
Past due 31 to 120 days	172,673	-	172,673
Past due more than 120 days	<u>172,815</u>	<u>-</u>	<u>172,815</u>
	759,857	-	759,857
<u>Credit impaired</u>			
Past due more than 120 days	<u>363,192</u>	<u>(363,192)</u>	<u>-</u>
	<u>1,123,049</u>	<u>(363,192)</u>	<u>759,857</u>

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

	Group		
	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
As at 31 December 2023			
Current	7,376	-	7,376
Past due 31 to 120 days	2,739	-	2,739
Past due more than 120 days	513,351	-	513,351
	523,466	-	523,466
<u>Credit impaired</u>			
Past due more than 120 days	25,000	(25,000)	-
	548,466	(25,000)	523,466

Further information on credit risk exposure together with the recognition and measurement of allowance for ECLs are disclosed in Note 35(b)(i).

(b) Allowance for impairment losses

Movements in allowance for impairment losses on trade receivables are as follows :-

	Group	
	30.6.2025 RM	31.12.2023 RM
At beginning of period/year	25,000	25,000
Addition	338,192	-
At end of period/year	363,192	25,000

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	30.6.2025 RM	31.12.2023 RM	30.6.2025 RM	31.12.2023 RM
Other receivables and deposits	345,145	241,477	179,180	12,510
Prepayments	890,258	9,228,206	97,114	8,663
Less : Allowance for impairment loss	(594,888)	-	-	-
	295,370	9,228,206	97,114	8,663
	640,515	9,469,683	276,294	21,173

Prepayments of the Group as at the end of the period/year include prepaid lease payments amounting to RM594,888 (2023 : RM594,888) relating to the lease of a parcel of vacant leasehold industrial land in stages as further detailed in Note 5. Full impairment loss has been allowed for possible forfeiture of the amount in view of BTMBP having decided not to enter into further lease arrangement with PMINT for the remaining 60 acres of the land and the recovery of the prepaid amount is pending negotiation with PMINT on a potential land swap being pursued by BTMBP.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

Prepayments of the Group as at 31 December 2023 included an amount of RM5,780,000 to the main contractor for construction of a biomass renewable energy power plant on the leasehold industrial land. The amount has been fully offset in the arrangement for mutual termination of the contract with the main contractor as disclosed in Note 37(e).

Allowance for impairment loss

Movements in allowance for impairment loss on prepayments are as follows :-

	Group	
	30.6.2025	31.12.2023
	RM	RM
At beginning of period/year	-	-
Addition	594,888	-
At end of period/year	594,888	-

11. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The balances are interest-free, unsecured and repayable on demand. Amount due from subsidiary companies is stated net of impairment losses of RM60,987,414 (2023 : RM36,080,383). Movements in allowance for impairment losses on amount due from subsidiary companies are as follows :-

	Company	
	30.6.2025	31.12.2023
	RM	RM
At beginning of period/year	36,080,383	20,604,518
Addition	24,908,504	15,862,884
Reversal	-	(322,697)
Written off	(1,473)	(64,322)
At end of period/year	60,987,414	36,080,383

The classification of the net amount due from subsidiary companies into current and non-current portions is based on their expected timing of settlement.

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 period/year range from 2.70% to 3.00% (2023 : 2.50% to 3.10%) per annum and 12 months (2023 : 12 months) respectively.

Fixed deposits of the Group as at end of the financial period/year amounting to RM265,853 (2023 : RM256,604) are pledged to a licensed bank as securities for a bank guarantee facility granted to a subsidiary company. The Group's fixed deposits as at the end of the previous financial year also included a deposit of RM10,186,960 pledged to a licensed bank for another subsidiary company's overdraft facility which had been cancelled during the current financial period.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

13. NON-CURRENT ASSETS HELD FOR SALE

	Group 30.6.2025 RM	31.12.2023 RM
Reclassified from property, plant and equipment [Note 4(a)]	4,200,000	-

14. SHARE CAPITAL

	30.6.2025 Number	31.12.2023 Number	Group/Company 30.6.2025 RM	31.12.2023 RM
Issued and fully paid :-				
Ordinary shares				
At beginning of period/year	1,256,486,718	171,026,388	97,895,077	34,129,060
Issuance of new shares during the period/year [Note 14(c)]				
- Rights Issue with Warrants-C	-	921,571,130	-	53,113,219
- ESGS under LTIP	-	163,889,200	-	10,652,798
At end of period/year	<u>1,256,486,718</u>	<u>1,256,486,718</u>	<u>97,895,077</u>	<u>97,895,077</u>

- (a) Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon commencement of the Act shall have no par or nominal value.
- (b) 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.
- (c) Pursuant to the approval of the shareholders at the Extraordinary General Meeting ("EGM") of the Company held on 23 August 2022, the Company increased its share capital in the previous financial year through :-
- (i) a rights issue of 921,571,130 new ordinary shares ("Rights Shares") at the issue price of RM0.08 per Rights Share together with 307,190,331 new free detachable warrants ("Warrants-C 2023/2028") on the basis of 6 Rights Shares for every 1 existing ordinary share together with 1 Warrant-C 2023/2028 for every 3 Rights Shares subscribed ("Rights Issue with Warrants-C"); and
 - (ii) issuance of 163,889,200 new ordinary shares granted at no cost to certain directors and employees of the Group under the Executive Share Grant Scheme ("ESGS") of the Company's Long Term Incentive Plan ("LTIP").

The Rights Issue with Warrants-C raised gross cash proceeds of RM73,725,690 of which RM20,612,471 was allocated to warrant reserve as fair value of the Warrants-C 2023/2028 and RM53,113,219 was allocated to share capital as fair value of the Rights Shares. The fair value attributed to the new ordinary shares issued for no consideration under the ESGS was RM10,652,798 based on their market price of RM0.065 per ordinary share at the date of issuance.

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

Details of the Warrants-C 2023/2028 are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

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Long Term Incentive Plan

The Company's Long Term Incentive Plan ("LTIP") approved by the shareholders of the Company at the EGM held on 23 August 2022 was implemented with effect from 17 January 2023 for a period of 5 years and may be extended for a further period of up to 5 years at the absolute discretion of the directors. The LTIP entails a scheme which comprises the Executive Share Grant Scheme ("ESGS") and Employee Share Option Scheme ("ESOS") to attract, retain, motivate and reward the employees and directors of the Group (excluding dormant subsidiaries) ("Eligible Persons") who fulfil the eligibility criteria for participation in the scheme as stipulated in the By-Laws for the LTIP. The LTIP is administered by a committee ("LTIP Committee") appointed and authorised by the directors and governed by the By-Laws.

The ESGS is intended for the Company to reward the Eligible Persons through the grant of ordinary shares in the Company at no consideration ("ESGS Grants") while the ESOS is for the Company to reward the Eligible Persons through the grant of options ("ESOS Options") to subscribe for ordinary shares in the Company at the option price fixed at the time of award of the grant, during the duration of the LTIP in the manner and subject to the terms and conditions provided in the By-Laws. Both ESGS Grants and ESOS Options will be vested with the Eligible Persons upon their acceptance of the grants subject to the Eligible Persons fulfilling the vesting conditions as may be determined by the LTIP Committee in accordance with the By-Laws.

Other salient features and terms of the LTIP are as follows :-

- (i) The maximum number of ordinary shares made available under the LTIP shall not exceed in aggregate 15% of the total number of issued ordinary shares (excluding treasury shares, if any) in the Company at any point in time over the duration of the LTIP.
- (ii) The number of ordinary shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of ordinary shares (excluding treasury shares) in the Company, does not exceed 10% of the total number of ordinary shares to be allocated to the LTIP. In addition, the number of ordinary shares that could be allocated, in aggregate, to the executive directors, non-executive directors and key senior management of the Group shall be up to a maximum of 80% of the total number of ordinary shares made available under the LTIP.
- (iii) At the date of which the offer of ESGS Grants and ESOS Options are awarded, the Eligible Persons must (i) attain the age of at least 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; (ii) be in employment within the Group and have been confirmed in service and have served at least 6 months with the employment contract be at least for a duration of 1 year and shall have not expired within 3 months from the offer date; (iii) have not served a notice to resign or receive a notice of termination in respect of the employment; and/or (iv) be a director or employee under such categories and criteria that the LTIP Committee may from time to time decide at its absolute discretion.
- (iv) The option price for the exercise of ESOS Options shall be the 5-day volume weighted average market price of the ordinary shares of the Company immediately preceding the date of the award of the ESOS Options with a discount of not more than 10% or such other percentage of discount may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the LTIP.
- (v) ESGS Grants and ESOS Options granted shall vest with the Eligible Persons on the vesting date when any stipulated vesting conditions have been fully and duly satisfied. The ESOS Options are exercisable either in whole or in part at their exercise price at any time from the vesting date during the duration of the LTIP ("Option Period") whilst the Eligible Persons are in employment of the Group or during their tenure as directors by following the procedures determined by the LTIP Committee from time to time. Any ESOS Option which remained unexercised at the expiry of the Option Period shall be automatically terminated and lapsed without any claim against the Company. Similarly, any unvested ESGS Grants shall be automatically terminated and ceased to be valid at the end of the duration of the LTIP.

NOTES TO THE FINANCIAL STATEMENTS

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- (vi) Grantees of ESGS Grants and ESOS Options shall not be entitled to any dividends, rights or other entitlements on their unvested ESGS Grants and/or unvested or unexercised ESOS Options.
- (vii) The new ordinary shares of the Company to be allotted and issued under the LTIP shall rank equally in all respects with the existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date which precedes the date of allotment and issuance of the new ordinary shares. In the event that existing ordinary shares are to be transferred to grantees of ESGS Grants upon their vesting, the grantees shall not be entitled to any dividends, rights, allotment and/or distributions unless the ordinary shares are credited to their shares depository accounts on or prior to the entitlement date for those dividends, rights, allotment and/or distributions.
- (viii) The new ordinary shares to be allotted and issued or existing ordinary shares to be transferred to the Eligible Persons pursuant to the LTIP will not be subjected to any retention period unless otherwise stipulated by the LTIP Committee at the time of granting the awards. Notwithstanding, an Eligible Person who is a non-executive director must not sell, transfer or assign his shares obtained through the vesting of ESGS Grants or the exercise of ESOS Options within one year from the date of award in accordance with listing requirements of Bursa Securities.

The Company has not granted any ESOS Options since the implementation of the LTIP.

On 1 March 2023, ESGS Grants of 163,889,200 new ordinary shares were offered to certain directors and employees of the Group and of the Company including certain employees connected to the Company's directors. These ESGS Grants have no vesting period upon acceptance and the new ordinary shares were fully allotted and issued on 8 March 2023.

On 7 August 2023, the Company offered further 24,500,000 new ordinary shares to Eligible Persons under the ESGS which were also fully accepted. These ESGS Grants include grants comprising 10,000,000 ordinary shares to two former non-executive directors of the Company. The market price of the ordinary shares on the date of offer was RM0.08 per share. These ESGS Grants also have no vesting period upon acceptance. All the ordinary shares comprised in these ESGS Grants have yet to be allotted and issued as at the date of this report.

15. REVALUATION RESERVES

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
At beginning of period/year	19,897,270	20,713,753	3,052,955	3,892,496
Impairment losses recognised for the period/year	(1,763,389)	-	-	-
Revaluation deficit recognised for the period/year	-	(896,421)	-	(926,761)
Transfer to accumulated losses upon disposal of freehold land and building	(3,052,955)	-	(3,052,955)	-
Deferred taxation reversed (Note 22)	423,214	79,938	-	87,220
At end of period/year	15,504,140	19,897,270	-	3,052,955

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Revaluation reserves represent surplus net of tax arising from revaluation of land and buildings under property, plant and equipment.

16. CAPITAL RESERVE

	Group	
	30.6.2025 RM	31.12.2023 RM
At beginning of period/year	-	119,093
Transfer to accumulated losses upon derecognition of attributable short term leasehold land	-	(119,093)
At end of period/year	-	-

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

17. WARRANT RESERVES

	Group/Company	
	30.6.2025 RM	31.12.2023 RM
At beginning of period/year	24,214,906	3,602,435
Fair value attributed to Warrants-C 2023/2028 issued during the year pursuant to Rights Issue with Warrants-C [Note 14(c)]	-	20,612,471
Transfer to accumulated losses upon expiry of Warrants-B 2014/2024	(3,602,435)	-
At end of period/year	20,612,471	24,214,906
Comprising:		
Warrants-B 2014/2024	-	3,602,435
Warrants-C 2023/2028	20,612,471	20,612,471
	20,612,471	24,214,906

Warrant reserves represent fair value allocated to the free detachable Warrants-B 2014/2024 and Warrants-C 2023/2028 issued together with rights issues of ordinary shares by the Company which have been ascertained through independent valuations performed by professional valuers using appropriate option pricing models. The warrants are listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

Warrants-B 2014/2024

The fair value allocated to each of the Warrants-B 2014/2024 as at their issuance date is RM0.137 using the Black-Scholes option pricing model.

Prior to the Rights Issue with Warrants-C 2023/2028, the Company has outstanding 26,295,146 Warrants-B 2014/2024 and each Warrant-B 2014/2024 carries the entitlement, at any time from the issue date of 24 October 2014 up to the close of business at 5.00 p.m. on the maturity date of 23 October 2024 ("Exercise Period"), to subscribe for one new ordinary share in the Company at the exercise price of RM0.20 for cash.

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As a consequence of the Rights Issue with Warrants-C 2023/2028, additional 8,642,716 Warrants-B 2014/2024 were issued to the holders of the outstanding Warrants-B 2014/2024 and its exercise price was revised from RM0.20 to RM0.16 pursuant to adjustments in accordance with the Deed Poll dated 12 September 2014 constituting the Warrants-B 2014/2024.

Any warrant not exercised during the Exercise Period will lapse and thereafter ceases to be valid for any purpose.

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

	Group/Company	
	30.6.2025	31.12.2023
	Number	Number
At beginning of period/year	34,937,862	26,295,146
Adjustment during the period/year	-	8,642,716
Expired during the period/year	(34,937,862)	-
At end of period/year	<u>-</u>	<u>34,937,862</u>

Warrants-C 2023/2028

The fair value allocated to each of the Warrants-C 2023/2028 as at their issuance date is RM0.0671 using the Trinomial option pricing model.

The Warrants-C 2023/2028 carry the entitlement, at any time from the issue date of 10 January 2023 up to the close of business at 5.00 p.m. on the maturity date of 9 January 2028 ("Exercise Period"), to subscribe for one new ordinary share in the Company at the exercise price of RM0.10 for cash in accordance with the Deed Poll dated 25 November 2022 constituting the Warrants-C 2023/2028. Any warrant not exercised during the Exercise Period will lapse and thereafter ceases to be valid for any purpose.

The movements in the number of Warrants-C 2023/2028 that remained unexercised are as follows :-

	Group/Company	
	30.6.2025	31.12.2023
	Number	Number
At beginning of period/year	307,190,331	-
Issued during the period/year	-	307,190,331
At end of period/year	<u>307,190,331</u>	<u>307,190,331</u>

18. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
Present value of unfunded defined benefit obligations	<u>229,210</u>	<u>2,112,404</u>	<u>170,198</u>	<u>655,878</u>

- (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 latest valuation was performed as at 30 June 2025. 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.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

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

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
At beginning of period/year	2,112,404	2,701,605	655,878	674,567
Defined benefit cost recognised in profit or loss [Note 18(b)]	120,741	(40,723)	59,253	58,831
Benefit paid	(1,830,093)	(194,750)	(505,508)	-
Actuarial gain arising from remeasurement due to:				
- Changes in financial assumptions	(881)	(145,338)	(124)	(26,717)
- Experience adjustments	(85,278)	(208,390)	(39,301)	(50,803)
Actuarial gain recognised in other comprehensive income	(86,159)	(353,728)	(39,425)	(77,520)
Reclassification of unclaimed amount to other payables (Note 24)	(87,683)	-	-	-
At end of period/year	<u>229,210</u>	<u>2,112,404</u>	<u>170,198</u>	<u>655,878</u>

- (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	
	1.1.2024 to 30.6.2025	1.1.2023 to 31.12.2023	1.1.2024 to 30.6.2025	1.1.2023 to 31.12.2023
	RM	RM	RM	RM
Current service cost	83,302	147,357	41,361	26,206
Past service credit	-	(290,617)	-	-
Interest cost	27,647	102,537	16,577	32,625
Loss on settlement	9,792	-	1,315	-
	<u>120,741</u>	<u>(40,723)</u>	<u>59,253</u>	<u>58,831</u>

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

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	%	%	%	%
Discount rate	4.20	4.60	4.20	4.60
Salary increment rate	<u>4.00</u>	<u>4.50</u>	<u>4.00</u>	<u>4.50</u>

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

- (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 period/year, with all other assumptions remain constant is as follows :-

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
Discount rate				
1% increase	(9,608)	(123,337)	(1,451)	(8,145)
1% decrease	11,387	144,327	1,676	8,785
Salary increment rate				
1% increase	10,890	135,195	1,588	7,170
1% decrease	(9,405)	(117,927)	(1,407)	(6,751)

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.

19. LEASE LIABILITIES

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
Non-current	492,089	1,274,540	-	16,118
Current	114,212	424,029	-	46,469
Total lease liabilities	606,301	1,698,569	-	62,587
Balance attributable to :				
- a director	33,639	167,180	-	62,587
- a related party	-	848,337	-	-
	33,639	1,015,517	-	62,587

Lease liabilities are in respect of the future lease payments for the leases of office premises, factory land, office equipment and motor vehicles which are recognised as right-of-use assets as disclosed in Note 5.

Maturity analysis of the undiscounted lease payments is as follows :-

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
Not later than 1 year	162,848	554,300	-	48,960
Later than 1 year and not later than 2 years	128,448	519,380	-	16,320
Later than 2 years and not later than 5 years	357,240	719,956	-	-
More than 5 years	75,082	239,650	-	-
Total outstanding lease payments	723,618	2,033,286	-	65,280
Total cash outflow for leases for the period/year	532,258	563,355	75,888	48,960

NOTES TO THE FINANCIAL STATEMENTS

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20. TERM LOAN (SECURED)

	Group/Company	
	30.6.2025	31.12.2023
	RM	RM
Amount due within one year (included under current liabilities)	-	1,797,308
Amount due more than one year (included under non-current liabilities)	-	1,283,727
Outstanding principal at period/year end	-	3,081,035

The Company's term loan with principal sum of RM3,400,000 was granted from a licensed moneylender for the purpose of working capital financing. The loan was contractually repayable over 36 equal monthly instalments and secured by a fixed charge over the freehold land and building of the Company as disclosed in Note 4(b) and a personal guarantee by a director of the Company. Interest was charged on the loan at the effective interest rate of 11.08% per annum.

The licensed moneylending company became a related party of the Group in the previous financial year by virtue of the deemed interest of a new substantial shareholder of the Company in the moneylender.

The Company's monthly instalments for repayment of the term loan had been in arrears. Notwithstanding the arrears, there had been no legal demand or notice of default from the moneylender. Eventually, the term loan was settled in full during the current period with part of the proceeds from the disposal of the charged property by the Company as disclosed in Note 37(c).

21. HIRE PURCHASE CREDITORS

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
Future minimum payments :-				
Payable within one year	18,936	41,531	18,936	18,936
Payable between two to five years	39,409	67,813	39,409	67,813
	58,345	109,344	58,345	86,749
Future finance charges	(4,125)	(9,072)	(4,125)	(9,037)
Present value	54,220	100,272	54,220	77,712
Payable within one year (included under current liabilities)	(16,718)	(38,010)	(16,718)	(15,450)
Payable between two to five years (included under non-current liabilities)	37,502	62,262	37,502	62,262

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

22. DEFERRED TAXATION

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
At beginning of period/year	361,426	458,000	91,426	188,000
Recognised in profit or loss (Note 28)	331,788	(16,636)	(91,426)	(9,354)
Recognised in other comprehensive income	(423,214)	(79,938)	-	(87,220)
At end of period/year	270,000	361,426	-	91,426

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

Group	At beginning of period RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At end of period RM
30.6.2025				
Deferred tax liabilities :-				
Revaluation of land and buildings	2,890,139	(704,400)	(423,214)	1,762,525
Accelerated capital allowances	833,934	(681,657)	-	152,277
Right-of-use assets	386,275	(259,720)	-	126,555
	4,110,348	(1,645,777)	(423,214)	2,041,357
Deferred tax assets :-				
Excess of depreciation over capital allowances	(17,599)	10,319	-	(7,280)
Unutilised capital allowances	(2,090,880)	1,355,476	-	(735,404)
Unabsorbed tax losses	(1,232,786)	349,625	-	(883,161)
Lease liabilities	(407,657)	262,145	-	(145,512)
	(3,748,922)	1,977,565	-	(1,771,357)
	361,426	331,788	(423,214)	270,000

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

Group	At beginning of year RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At end of year RM
31.12.2023				
Deferred tax liabilities :-				
Revaluation of land and buildings	3,058,313	(88,236)	(79,938)	2,890,139
Accelerated capital allowances	791,041	42,893	-	833,934
Right-of-use assets	246,959	139,316	-	386,275
	4,096,313	93,973	(79,938)	4,110,348
Deferred tax assets :-				
Excess of depreciation over capital allowances	(9,922)	(7,677)	-	(17,599)
Unutilised capital allowances	(1,853,108)	(237,772)	-	(2,090,880)
Unabsorbed tax losses	(1,488,391)	255,605	-	(1,232,786)
Lease liabilities	(286,892)	(120,765)	-	(407,657)
	(3,638,313)	(110,609)	-	(3,748,922)
	458,000	(16,636)	(79,938)	361,426
Company	At beginning of period RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At end of period RM
30.6.2025				
Deferred tax liabilities :-				
Revaluation of land and building	554,745	(554,745)	-	-
Accelerated capital allowances	3,461	(3,461)	-	-
Right-of-use assets	13,898	(13,898)	-	-
	572,104	(572,104)	-	-
Deferred tax assets :-				
Unutilised capital allowances	(25,787)	25,787	-	-
Unabsorbed tax losses	(439,870)	439,870	-	-
Lease liabilities	(15,021)	15,021	-	-
	(480,678)	480,678	-	-
	91,426	(91,426)	-	-

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

Company	At beginning of year RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At end of year RM
31.12.2023				
Deferred tax liabilities :-				
Revaluation of land and building	655,111	(13,146)	(87,220)	554,745
Accelerated capital allowances	2,160	1,301	-	3,461
Right-of-use assets	24,322	(10,424)	-	13,898
	<u>681,593</u>	<u>(22,269)</u>	<u>(87,220)</u>	<u>572,104</u>
Deferred tax assets :-				
Unutilised capital allowances	(20,203)	(5,584)	-	(25,787)
Unabsorbed tax losses	(447,865)	7,995	-	(439,870)
Lease liabilities	(25,525)	10,504	-	(15,021)
	<u>(493,593)</u>	<u>12,915</u>	<u>-</u>	<u>(480,678)</u>
	<u>188,000</u>	<u>(9,354)</u>	<u>(87,220)</u>	<u>91,426</u>

- (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	
	30.6.2025 RM	31.12.2023 RM	30.6.2025 RM	31.12.2023 RM
Excess of capital allowances over depreciation	-	(1,000)	-	-
Excess of depreciation over capital allowances	20,900	-	16,800	-
Other deductible temporary differences	316,800	2,112,400	170,200	655,900
Unutilised capital allowances	4,510,300	-	133,100	-
Unabsorbed tax losses	71,666,700	58,441,300	17,863,200	8,108,900
Unutilised reinvestment allowances	<u>3,393,000</u>	<u>3,393,000</u>	<u>-</u>	<u>-</u>
	<u>79,907,700</u>	<u>63,945,700</u>	<u>18,183,300</u>	<u>8,764,800</u>

23. TRADE PAYABLES

The normal credit terms for trade payables range from 30 days to 90 days (2023 : 30 days to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

24. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
Other payables	7,379,515	7,567,636	2,642,597	1,960,896
Deposits received	-	5,596,381	-	3,859,111
Accruals	852,172	966,993	215,331	377,693
	<u>8,231,687</u>	<u>14,131,010</u>	<u>2,857,928</u>	<u>6,197,700</u>

Deposits received of the Group and of the Company as at 31 December 2023 included RM4,530,270 from customers for future purchases of timber and wood pellets, and RM1,000,000 in respect of the disposal of a subsidiary company of the Company as disclosed in Note 6(b).

25. 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.

26. REVENUE

	Group		Company	
	1.1.2024 to 30.6.2025	1.1.2023 to 31.12.2023	1.1.2024 to 30.6.2025	1.1.2023 to 31.12.2023
	RM	RM	RM	RM
Revenue from contracts with customers :-				
Sale of timber products	1,962,999	138,501	-	-
Sale of wood pellets	261,840	2,745,480	-	-
Sale of logs	6,701,082	4,144,422	-	-
Management fee	-	-	360,000	240,000
	<u>8,925,921</u>	<u>7,028,403</u>	<u>360,000</u>	<u>240,000</u>
Revenue from other sources :-				
Rental income	178,750	156,000	178,750	156,000
	<u>9,104,671</u>	<u>7,184,403</u>	<u>538,750</u>	<u>396,000</u>

All intra-group transactions have been eliminated in arriving at the revenue of the Group.

Revenue from contracts with customers of the Group and of the Company are recognised at a point in time.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

27. LOSS BEFORE TAXATION

	Group		Company	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
This is stated after charging :-				
Auditors' remuneration				
- statutory audit				
- current year	82,000	85,000	28,000	28,000
- underprovision in prior year	500	3,000	-	-
- other services	8,000	4,000	8,000	4,000
Allowance for impairment losses on :-				
- property, plant and equipment	2,028,492	42,321	-	-
- amount due from subsidiary companies	-	-	24,908,504	15,862,884
- investments in subsidiary companies	-	-	1,965,282	-
- trade receivables	338,192	-	-	-
- prepayments	594,888	-	-	-
Interest expenses :-				
- hire purchase	5,337	2,891	4,912	1,702
- term loan	175,617	355,066	175,617	355,066
- lease liabilities	118,940	137,496	2,491	5,191
- bank overdraft	73	163,422	-	-
Depreciation of property, plant and equipment	2,121,429	1,430,037	137,058	95,835
Depreciation of right-of-use assets	1,292,571	932,604	43,432	43,432
Defined benefit cost net of past service credit	120,741	(40,723)	59,253	58,831
Directors' fees				
- directors of the Company	239,845	151,734	239,845	151,734
Directors' salaries, bonuses and other emoluments				
- directors of the Company	1,283,408	853,498	1,262,408	817,498
- directors of subsidiary companies	397,523	161,280	-	-
Directors' share-based payment (ESGS Grants under LTIP - Note 14)				
- directors of the Company	-	5,180,760	-	5,180,760
- director of subsidiary company	-	1,065,279	-	-
Property, plant and equipment written off	-	1	-	-
Rental of plant equipment				
- short-term lease	44,000	56,054	-	-
- low value asset	1,140	-	-	-
Rental of premises				
- short-term lease	31,386	10,500	26,928	-
Investments in subsidiary companies written off upon striking-off	-	-	292	1,051
Write-down in value of inventories	627,161	193,998	-	-
Corporate exercise expenses	-	918,174	-	918,174
Loss on disposal of property, plant and equipment	713,440	-	713,440	-

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AT 30 JUNE 2025

	Group		Company	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Prepaid expenses relating to biomass renewable energy power plant project written off	4,500,178	-	-	-
Estimated monetary value of benefits-in-kind				
- directors of the Company	41,912	29,938	-	-
- director of a subsidiary company	27,942	-	-	-
And crediting :-				
Interest income	1,010,380	579,582	854,163	111,573
Gain on derecognition of subsidiary companies struck off	3,904	52,669	-	-
Gain on derecognition of right-of-use assets	150,788	-	1,640	-
Gain on disposal of a subsidiary company [Note 6(b)]	1,079,048	-	-	-
Rental income	22,092	82,000	22,092	-
Reversal of allowance for impairment losses on :-				
- investment in a subsidiary company	-	-	-	718,306
- amount due from a subsidiary company	-	-	-	322,697

	Group		Company	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Employee information :-				
Employee benefits expense	3,835,973	4,640,222	1,915,743	1,273,976
Employee benefits expense included the following :-				
Contributions to Employees Provident Fund	267,834	285,310	126,050	84,416
Share-based payment - ESGS Grants under LTIP (Note 14)	-	10,652,798	-	6,032,981

Employee benefits expense of the Group and of the Company includes directors' remuneration other than fees.

NOTES TO THE FINANCIAL STATEMENTS

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28. TAXATION

	Group		Company	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Current taxation				
- underprovision in prior year	1,762	4	-	-
Transfer from deferred taxation (Note 22)	331,788	(16,636)	(91,426)	(9,354)
	<u>333,550</u>	<u>(16,632)</u>	<u>(91,426)</u>	<u>(9,354)</u>

- (a) The statutory income tax rate in Malaysia applicable to the Group and the Company is 24% (2023 : 24%). Taxation for foreign jurisdiction is calculated at rate prevailing in the foreign jurisdiction.
- (b) Reconciliations of tax income applicable to loss before taxation at the statutory tax rate to the tax expense/(income) at the effective tax rate of the Group and of the Company are as follows :-

	Group		Company	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Loss before taxation	<u>(16,899,157)</u>	<u>(19,965,990)</u>	<u>(29,741,819)</u>	<u>(23,652,096)</u>
Taxation at the rate of 24% (2023 : 24%)	(4,055,798)	(4,791,838)	(7,138,037)	(5,676,503)
Tax effect of non-taxable income	(632,356)	-	(283,350)	(77,447)
Tax effect of expenses not deductible for tax purposes	2,546,439	3,255,790	6,517,404	5,401,327
Underprovision of income tax in prior year	1,762	4	-	-
Deferred tax assets not recognised for the period/ year	2,473,503	1,563,244	812,557	343,269
Realisation of deferred tax assets not recognised in prior year	-	(43,832)	-	-
	<u>333,550</u>	<u>(16,632)</u>	<u>(91,426)</u>	<u>(9,354)</u>

- (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	
	30.6.2025 RM	31.12.2023 RM	30.6.2025 RM	31.12.2023 RM
Unutilised reinvestment allowances	3,393,000	3,393,000	-	-
Unutilised capital allowances	7,574,487	8,711,994	133,075	107,445
Unabsorbed tax losses	75,346,429	63,577,882	17,863,225	9,941,648
	<u>86,313,916</u>	<u>75,682,876</u>	<u>17,996,300</u>	<u>10,049,093</u>

NOTES TO THE FINANCIAL STATEMENTS

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- (d) The Group's tax savings arising from the utilisation of brought forward unabsorbed tax losses for set-off against the previous financial year's taxable income amounted to approximately RM51,139.
- (e) Pursuant to the Finance Act 2018, any unabsorbed tax losses for the year of assessment 2019 onwards shall be available for utilisation for a maximum period of seven consecutive years of assessment immediately following that year of assessment and any excess at the end of the seventh year shall be disregarded. The Finance Act 2021 which became effective on 1 January 2022 has extended the maximum period for carrying forward of the unabsorbed tax losses to 10 years with effect from year of assessment 2019. Consequently, the unabsorbed tax losses of the Group and of the Company at the end of the reporting period shall expire in the year of assessment as tabulated below :-

Year of Assessment	Group		Company	
	30.6.2025 RM	31.12.2023 RM	30.6.2025 RM	31.12.2023 RM
2028	36,217,973	39,336,151	4,945,276	4,945,276
2029	5,926,379	5,926,379	874,208	874,208
2030	4,815,605	4,815,605	806,138	806,138
2031	4,429,345	4,429,345	865,365	865,365
2032	3,122,987	3,122,987	1,033,245	1,033,245
2033	14,149,407	5,947,415	7,454,842	1,417,416
2035	6,684,733	-	1,884,151	-
	<u>75,346,429</u>	<u>63,577,882</u>	<u>17,863,225</u>	<u>9,941,648</u>

29. LOSS PER SHARE

(a) Basic

The basic loss per share attributable to owners of the Company is calculated based on the Group's loss for the period/year attributable to owners of the Company of RM17,232,707 (2023 : RM19,949,358) divided by the weighted average number of ordinary shares in issue during the financial period/year of 1,256,486,718 (2023 : 1,204,339,141).

(b) Diluted

For the purpose of calculating diluted loss per share, the loss for the period/year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period/year have been adjusted for the dilutive effects of all potential ordinary shares arising from the assumed exercise of the Warrants-B 2014/2024 and Warrants-C 2023/2028 where applicable.

Warrants-C 2023/2028 are not considered in the computation of diluted loss per share for the current financial period and previous financial year as their exercise price exceeded the weighted average price during that period/year and hence, have no dilutive effect on loss per share.

The computation of diluted loss per share for the previous financial year also excluded the exercise of Warrants-B 2014/2024 as their exercise price exceeded the weighted average price during that year and hence, had no dilutive effect on loss per share.

Consequently, the diluted loss per share disclosed for both current financial period and previous financial year equal the basic loss per share as they are computed on the same basis.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

30. NOTES TO STATEMENTS OF CASH FLOWS

(a) Liabilities arising from financing activities

Changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the reconciliations below :-

Group	Term Loan RM	Hire Purchase Financing RM	Lease Liabilities RM	Total RM
At 1 January 2024	3,081,035	100,272	1,698,569	4,879,876
Addition	-	-	25,509	25,509
Derecognition	-	-	(780,985)	(780,985)
Net non-cash changes	-	-	(755,476)	(755,476)
Repayment of term loan	(3,081,035)	-	-	(3,081,035)
Payment of lease liabilities	-	-	(336,792)	(336,792)
Payment of hire purchase financing	-	(46,052)	-	(46,052)
Net changes in cash flows	(3,081,035)	(46,052)	(336,792)	(3,463,879)
At 30 June 2025	-	54,220	606,301	660,521
At 1 January 2023	3,400,000	53,470	1,195,384	4,648,854
Non-cash changes				
- Addition	-	83,900	862,490	946,390
Repayment of term loan	(318,965)	-	-	(318,965)
Payment of lease liabilities	-	-	(359,305)	(359,305)
Payment of hire purchase financing	-	(37,098)	-	(37,098)
Net changes in cash flows	(318,965)	(37,098)	(359,305)	(715,368)
At 31 December 2023	3,081,035	100,272	1,698,569	4,879,876

Company	Term Loan RM	Hire Purchase Financing RM	Lease Liabilities RM	Total RM
At 1 January 2024	3,081,035	77,712	62,587	3,221,334
Non-cash changes				
- Derecognition	-	-	(16,118)	(16,118)
Repayment of term loan	(3,081,035)	-	-	(3,081,035)
Payment of lease liabilities	-	-	(46,469)	(46,469)
Payment of hire purchase financing	-	(23,492)	-	(23,492)
Net changes in cash flows	(3,081,035)	(23,492)	(46,469)	(3,150,996)
At 30 June 2025	-	54,220	-	54,220

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AT 30 JUNE 2025

Company	Term Loan RM	Hire Purchase Financing RM	Lease Liabilities RM	Total RM
At 1 January 2023	3,400,000	-	106,356	3,506,356
Non-cash changes				
- Addition	-	83,900	-	83,900
Repayment of term loan	(318,965)	-	-	(318,965)
Payment of lease liabilities	-	-	(43,769)	(43,769)
Payment of hire purchase financing	-	(6,188)	-	(6,188)
Net changes in cash flows	(318,965)	(6,188)	(43,769)	(368,922)
At 31 December 2023	3,081,035	77,712	62,587	3,221,334

The aggregate cost of property, plant and equipment purchased by the Group and the Company during the previous financial year included cost of RM83,900 financed by hire purchase as disclosed in the reconciliations above.

(b) Cash and cash equivalents at end of period/year

	Group		Company	
	30.6.2025 RM	31.12.2023 RM	30.6.2025 RM	31.12.2023 RM
Cash and bank balances	21,758,617	19,411,671	20,989,010	18,337,567
Fixed deposits with licensed banks	265,853	10,443,564	-	-
	22,024,470	29,855,235	20,989,010	18,337,567
Less : Fixed deposits pledged	(265,853)	(10,443,564)	-	-
	21,758,617	19,411,671	20,989,010	18,337,567

Cash and bank balances of the Group and the Company include a balance of RM19,592,839 representing the balance of proceeds raised from the Rights Issue with Warrants-C in the previous financial year and earmarked for utilisation for the construction of biomass power plant. This balance which remains unutilised as at the end of the current period and restricted from general use is subject to the Proposed Variation as disclosed in Note 38(c).

31. CONTINGENT LIABILITIES

	Group	
	30.6.2025 RM	31.12.2023 RM
Bank guarantee - secured	-	150,000

NOTES TO THE FINANCIAL STATEMENTS

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32. CAPITAL COMMITMENTS

	Group	
	30.6.2025	31.12.2023
	RM	RM
Authorised and contracted for :-		
Construction of biomass renewable energy power plant	-	109,820,000
Lease of leasehold industrial land	-	11,302,870
	<u>-</u>	<u>121,122,870</u>

33. 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 period/year-end outstanding balances with subsidiary companies

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

	Company	
	1.1.2024	1.1.2023
	to	to
	30.6.2025	31.12.2023
	RM	RM
Management fees charged to subsidiary companies	<u>360,000</u>	<u>240,000</u>

The period/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) Transactions with a director

Transactions between the Group and the Company with its director, Dato' Seri Yong Tu Sang during the financial period/year are as follows :-

	Group		Company	
	1.1.2024	1.1.2023	1.1.2024	1.1.2023
	to	to	to	to
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
Rental of premises payable to director	<u>153,288</u>	<u>91,960</u>	<u>75,888</u>	<u>48,960</u>

Future rentals for the remaining lease of the premises payable to the director are recognised as lease liabilities as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

(c) Transactions and period/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) Sung Lee Timber Trading Sdn. Bhd.
- (v) Seri Indah Resort Sdn. Bhd.
- (vi) SPPT Development Sdn Bhd

Modern Mode Sdn Bhd, a company of which its sole director/shareholder is also a director of BTM Timber Industries Sdn Bhd and is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the above director of the Company, is deemed a related party of the Group.

Related party relationship also exists between the Group and Hai Ming Marketing Sdn. Bhd., the moneylending company referred to under Note 20, in which a substantial shareholder of the Company is deemed to have substantial financial interest.

- (ii) Details of significant transactions between the Group and the Company with other related parties recognised in profit or loss for the period/year are as follows :-

	Group	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Expenditure		
Purchases of sawdust and waste product		
BTM Timber Industries Sdn. Bhd.	2,148	24,194
Gimzan Plywood Sdn Bhd	16,000	-
Purchases of logs		
Gimzan Plywood Sdn Bhd	112,000	-
Management fee		
BTM Timber Industries Sdn. Bhd.	-	49,000
Rental of lorry		
BTM Timber Industries Sdn. Bhd.	4,000	43,950
Rental of staff quarter		
BTM Timber Industries Sdn. Bhd.	-	10,500
Gimzan Plywood Sdn Bhd	2,000	-
Rental of plant equipment		
BTM Timber Industries Sdn. Bhd.	-	104
Gimzan Plywood Sdn Bhd	38,000	-
Consultancy fee		
BTM Timber Industries Sdn. Bhd.	-	99,940
Accommodation		
Seri Indah Resort Sdn. Bhd.	459	5,142
Services		
Seri Indah Enterprise Sdn. Bhd.	10,812	88,679
Term loan interest		
Hai Ming Marketing Sdn. Bhd.	175,617	355,066

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AT 30 JUNE 2025

	Company	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Term loan interest Hai Ming Marketing Sdn. Bhd.	<u>175,617</u>	<u>355,066</u>
(iii) Lease transactions with other related parties		

	Group	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Sublease consideration paid to SPPT Development Sdn Bhd (Note 5)	-	24,700,000
Rental of factory land payable to Gimzan Plywood Sdn Bhd	<u>138,877</u>	<u>323,012</u>

Future rentals for the remaining lease of the factory land payable to Gimzan Plywood Sdn Bhd are recognised as lease liabilities as disclosed in Note 19.

- (iv) Transaction with Modern Mode Sdn Bhd

	Group	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Advances to a subsidiary company	<u>5,000,000</u>	<u>-</u>

The advances obtained by the subsidiary company, BTM Biomass Products Sdn Bhd ("BTMBP") for its working capital purposes are interest free, unsecured and have no fixed repayment terms.

- (v) Other than term loan balance disclosed in Note 20, amounts due from/(to) other related parties at period/year end included in the statements of financial position are as follows :-

	Group		Company	
	30.6.2025 RM	31.12.2023 RM	30.6.2025 RM	31.12.2023 RM
Included in other receivables :- BTM Timber Industries Sdn. Bhd.	<u>7,519</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

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	Group		Company	
	30.6.2025	31.12.2023	30.6.2025	31.12.2023
	RM	RM	RM	RM
Included in other payables :-				
BTM Timber Industries Sdn. Bhd.	-	6,995	-	-
Sung Lee Timber Trading Sdn. Bhd.	-	2,320	-	-
Gimzan Plywood Sdn. Bhd.	1,846,865	1,903,077	1,803,077	1,903,077
Seri Indah Resort Sdn. Bhd.	-	306	-	-
Modern Mode Sdn. Bhd.	4,500,000	-	-	-

The outstanding amount of RM4,500,000 owing to Modern Mode Sdn Bhd ("MMSB") has been assigned to Gimzan Plywood Sdn Bhd ("Gimzan") pursuant to a debt assignment agreement entered into between MMSB and Gimzan on 12 September 2025, subsequent to end of the financial period. Accordingly, the outstanding amount become due to Gimzan from 12 September 2025 and forms the settlement sum for the proposed disposal of the factory building and plant, machinery and equipment of BTMBP to Gimzan as further detailed in Note 38(d).

(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 period/year are as follows :-

	Group		Company	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Short-term benefits	2,021,180	1,471,246	1,548,403	1,261,308
Post-employment benefits				
- Contribution to Employees Provident Fund	130,405	109,532	84,565	92,252
Share-based payment - ESGS Grants under LTIP (Note 14)	-	7,098,260	-	6,032,981
	<u>2,151,585</u>	<u>8,679,038</u>	<u>1,632,968</u>	<u>7,386,541</u>

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

34. SEGMENT INFORMATION

(a) Operating Segment

The Group's activities are primarily conducted within a single industry segment comprising the sawmilling, trading in sawn timbers, plywood and logs, timber moulding and manufacturing of finger-jointed timber and wood pellet and its operations are located wholly in Malaysia. 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

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

(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	
	1.1.2024 to 30.6.2025 RM	1.1.2023 to 31.12.2023 RM
Customer A	5,900,123	910,000
Customer B	1,230,000	2,429,086
Customer C	-	1,669,292
Customer D	-	1,173,000
	<u>7,130,123</u>	<u>6,181,378</u>

35. 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, amount due to directors and bank borrowings. In respect of the Company, financial liabilities include amount due to subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

(a) Categories of Financial Instruments

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

30.6.2025

Financial Assets as per Statements of Financial Position

	Group		Company	
	Carrying amount RM	Financial assets at amortised cost RM	Carrying amount RM	Financial assets at amortised cost RM
Trade receivables	759,857	759,857	-	-
Other receivables and deposits	345,145	345,145	179,180	179,180
Amount due from subsidiary companies	-	-	17,236,607	17,236,607
Fixed deposits with licensed banks	265,853	265,853	-	-
Cash and bank balances	21,758,617	21,758,617	20,989,010	20,989,010
	<u>23,129,472</u>	<u>23,129,472</u>	<u>38,404,797</u>	<u>38,404,797</u>

Financial Liabilities as per Statements of Financial Position

	Group		Company	
	Carrying amount RM	Financial liabilities at amortised cost RM	Carrying amount RM	Financial liabilities at amortised cost RM
Trade payables	1,854,240	1,854,240	-	-
Other payables and accruals	8,231,687	8,231,687	2,857,928	2,857,928
Amount due to directors	642,587	642,587	616,523	616,523
Amount due to a subsidiary company	-	-	309,127	309,127
Hire purchase creditor	54,220	54,220	54,220	54,220
	<u>10,782,734</u>	<u>10,782,734</u>	<u>3,837,798</u>	<u>3,837,798</u>

NOTES TO THE FINANCIAL STATEMENTS

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31.12.2023

Financial Assets as per Statements of Financial Position

	Group		Company	
	Carrying amount RM	Financial assets at amortised cost RM	Carrying amount RM	Financial assets at amortised cost RM
Trade receivables	523,466	523,466	-	-
Other receivables and deposits	241,477	241,477	12,510	12,510
Amount due from subsidiary companies	-	-	50,032,247	50,032,247
Fixed deposits with licensed banks	10,443,564	10,443,564	-	-
Cash and bank balances	19,411,671	19,411,671	18,337,567	18,337,567
	<u>30,620,178</u>	<u>30,620,178</u>	<u>68,382,324</u>	<u>68,382,324</u>

Financial Liabilities as per Statements of Financial Position

	Group		Company	
	Carrying amount RM	Financial liabilities at amortised cost RM	Carrying amount RM	Financial liabilities at amortised cost RM
Trade payables	354,262	354,262	-	-
Other payables and accruals	14,131,010	14,131,010	6,197,700	6,197,700
Amount due to directors	2,707,829	2,707,829	2,699,871	2,699,871
Amount due to a subsidiary company	-	-	471,752	471,752
Term loan	3,081,035	3,081,035	3,081,035	3,081,035
Hire purchase creditors	100,272	100,272	77,712	77,712
	<u>20,374,408</u>	<u>20,374,408</u>	<u>12,528,070</u>	<u>12,528,070</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

(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 assesses changes in its exposure to credit risk of its customers based primarily on past due information for customers' balances, their past payment trend and historical defaults experience, if any, together with other relevant credit risk related information affecting the financial standing of the customers which are available to management. The Group also considers macroeconomic information in respect of current market development and industry outlook that may affect its credit risk exposure.

The Group measures its exposure to credit risk by way of an allowance for expected credit losses ("ECLs"). ECLs take into consideration the probability of a default in payment of trade receivables before they become credit impaired. The Group uses the simplified approach, i.e. lifetime ECLs in determining the allowance for ECLs on trade receivables which are assessed individually based on their credit risk characteristics. In this respect, the ECLs are computed by way of estimating the present value of the receivables based on the expected timing of receipts of their cash flows, and the difference with their carrying amount is recognised as credit loss. For any trade receivables which are determined as credit impaired at the reporting date, ECLs are assessed and measured on an individual basis. Trade receivables are determined as credit impaired when they have defaulted on their payments and are considered to have financial difficulties in repaying their debts.

Information on the exposure to credit risk and impairment of trade receivables are disclosed in Note 9.

Impairment loss of other receivables is determined based on the general approach under MFRS 9 dependent on whether there has been a significant increase in credit risk since initial recognition of the financial assets. A 12-month expected credit loss is recognised if there is no significant increase in the credit risk. If the credit risk has increased significantly at the reporting date, a lifetime expected credit loss is recognised. There is no expected credit loss allowed for other receivables as the probability of default on other receivables of the Group and the Company is assessed as low.

Cash and cash equivalents are placed with major financial institutions which have low credit risk. The Group views that any expected credit loss arising on these financial assets is insignificant.

The Company has made advances to its subsidiary companies and monitors the financial position of the subsidiary companies in managing the exposure to their credit risk arising from the advances. Appropriate loss allowance has been made for outstanding balances due from subsidiary companies as disclosed in Note 11 using the general approach under MFRS 9 based on management's assessment of changes in credit risk at the reporting date.

The 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 statements of financial position of the Group and of the Company at the reporting date.

None of the Group's financial assets are secured by collateral or other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

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(ii) 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, 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

As the Group's bank deposits and borrowings at the end of the reporting period comprise fixed rate instruments, a change in the market interest rate would not have any effect on the profit or loss and equity of the Group.

(iii) 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 interest rate fluctuation which is discussed under the interest rate risk heading.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

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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 :-

Group	Maturity Profile			Total RM	Effective interest rate %
	Less than one year RM	More than one year and less than five years RM	More than five years RM		
30.6.2025					
Trade payables	1,854,240	-	-	1,854,240	-
Other payables and accruals	8,231,687	-	-	8,231,687	-
Hire purchase creditor	18,936	39,409	-	58,345	4.84
Amount due to directors	642,587	-	-	642,587	-
31.12.2023					
Trade payables	354,262	-	-	354,262	-
Other payables and accruals	14,131,010	-	-	14,131,010	-
Term loan	2,340,324	1,225,900	-	3,566,224	11.08
Hire purchase creditors	41,531	67,813	-	109,344	4.84 to 6.29
Amount due to directors	2,707,829	-	-	2,707,829	-
Company					
30.6.2025					
Other payables and accruals	2,857,928	-	-	2,857,928	-
Hire purchase creditor	18,936	39,409	-	58,345	4.84
Amount due to a subsidiary company	309,127	-	-	309,127	-
Amount due to directors	616,523	-	-	616,523	-
31.12.2023					
Other payables and accruals	6,197,700	-	-	6,197,700	-
Term loan	2,340,324	1,225,900	-	3,566,224	11.08
Hire purchase creditor	18,936	67,813	-	86,749	4.84
Amount due to a subsidiary company	471,752	-	-	471,752	-
Amount due to directors	2,699,871	-	-	2,699,871	-

NOTES TO THE FINANCIAL STATEMENTS

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(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 and directors approximate their fair values due to their repayable on demand settlement terms.
- (iii) The fair values of term loan and hire purchase creditors approximate their carrying amounts.

36. 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 attributable to owners of the Company. Borrowings consist of term loan and hire purchase financing. The debt-to-equity ratios at the reporting dates were as follows :-

	Group	
	30.6.2025	31.12.2023
	RM	RM
Total borrowings	54,220	3,181,307
Total equity attributable to owners of the Company	55,128,473	73,615,196
Debt-to-equity ratio	-	0.04

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

37. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- (a) On 27 February 2024, the Company announced that its wholly-owned subsidiary company, BTM Biomass Products Sdn Bhd ("BTMBP") had received a letter of notification dated 8 February 2024 from MBSB Bank Berhad ("MBSB") that the bank credit facilities of a total amount of RM99,168,000 offered to BTMBP was deemed cancelled as MBSB was not able to extend the availability period of the facilities for first drawdown by 31 January 2024. BTMBP had on 23 February 2024 submitted an appeal to MBSB for an extension of the availability period of the facilities for drawdown. However, the appeal had been rejected by MBSB.

The bank credit facilities from MBSB accepted by BTMBP was for the purpose of part-financing the engineering, procurement, construction and commissioning ("EPCC") works and purchase of equipment/materials in relation to the development of its 10MW biomass renewable energy power plant, which had subsequently been cancelled during the current period [Note 37(d)].

- (b) On 9 September 2024, the Company announced that the Board had resolved to vary the utilisation of RM4.80 million raised from the Rights Issue with Warrants-C (Note 14) which was allocated for the plantation costs at the plantation lands (Note 5) but remained unutilised by re-purposing the fund for working capital requirements of the Group. As this variation was not a material variation exceeding 25% or more of the total proceeds from the Rights Issue with Warrants-C pursuant to Paragraph 8.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, it was not subject to the approval from the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

- (c) On 1 November 2024, the Company announced that it had entered into a Sale and Purchase Agreement ("SPA") with Pelangi Technowood Sdn Bhd to dispose of a freehold five and half (5 ½) storey office building held under Geran Negeri 12710, No. Lot 4288, Bandar Kuala Terengganu, Daerah Kuala Terengganu, Negeri Terengganu, measuring approximately 385 square metres in land area and bearing postal address of No. 101, Jalan Kg. Tiong, 20100 Kuala Terengganu, Terengganu for a disposal price of RM5,200,000.00.

On 25 February 2025, the Company further announced that it had received the balance of proceeds of the disposal price in full (less redemption sum paid to financier) and also confirmed that the SPA dated 1 November 2024 was deemed completed.

- (d) On 15 May 2025, the Company announced that its wholly-owned subsidiary company, BTMBP had on 8 May 2025, received a letter dated 7 May 2025 from the Sustainable Energy Development Authority Malaysia ("SEDA") signifying its agreement to BTMBP's application to formally relinquish the 1st Feed-in Approval granted by SEDA for the development and operation of a 10MW biomass renewable energy power plant, which took effect on 30 April 2025. BTMBP had applied for the relinquishment of the 1st Feed-in-Approval to SEDA on 30 April 2025 after reassessing the plant project's viability in light of the current market uncertainties including raw materials price volatility and availability of favourable financing sources to fund the construction of the plant after the cancellation of the banking facilities by MBSB [Note 37(a)].
- (e) On 19 May 2025, the Company announced that BTMBP and Samaiden Sdn Bhd, the appointed EPCC contractor for the 10MW biomass renewable energy power plant, had on 16 May 2025 entered into an agreement to mutually terminate the EPCC agreement with immediate effect, on amicable terms with all outstanding amounts to be settled to the satisfaction of both parties.

38. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

- (a) On 11 July 2025, the Company announced that another wholly-owned subsidiary company, BTM Land Sdn Bhd ("BTML") had on 10 July 2025, received a letter dated 7 July 2025 from SEDA confirming its acceptance of BTML's application to relinquish its Feed-in Approval for the development and operation of a 7MW biomass renewable energy power plant.

This development followed SEDA's letter dated 20 February 2025, which rejected BTML's application for an extension of time to meet key project milestones, specifically in relation to the execution of a financing agreement and the first payment to an EPCC contractor. Additionally, on 21 February 2025, BTML received a further letter from SEDA indicating its intention to revoke the Feed-in Approval due to non-compliance with the stipulated milestone deadlines.

In light of the above and after reassessing the project's viability and considering its current progress, heightened feedstock and construction costs as well as the challenges in securing financing, BTML had submitted the application to relinquish the Feed-in Approval.

- (b) On 16 July 2025, the Company further clarified, amongst other additional information announced, that following the relinquishment of both Feed-in Approvals by BTMBP [Note 37(d)] and BTML [Note 38(a)], the Group does not have any on-going biomass renewable energy power plant projects. Consequently, the Group is in the process of evaluating proposed alternative uses for the leasehold industrial land and plantation land acquired by BTMBP for the purpose of the biomass renewable energy power plant project. In addition, the Group is concurrently reviewing potential variation in the utilisation of the remaining unutilised proceeds from the Rights Issue with Warrants-C earmarked for utilisation for the construction of the plant.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2025

- (c) On 12 September 2025, the Company announced that it is proposing to vary the utilisation of the balance proceeds of approximately RM19.59 million (determined as at 8 September 2025 being latest practicable date prior to announcement) raised from the Rights Issue with Warrants-C and earmarked for utilisation for the construction of biomass power plant ("Proposed Variation") by way of reallocating up to approximately RM7.59 million for purpose of working capital requirements of the Group and up to approximately RM12.00 million for potential strategic acquisition of new business(es) or asset(s) or investment(s) to be identified as part of the Group's efforts to expand and diversify its revenue stream and improve its profitability. The timeframe for the revised utilisation of the balance proceeds is within 24 months from the date of approval by the Company's shareholders for the Proposed Variation.

The Proposed Variation is subject to approval from the shareholders of the Company at an Extraordinary General Meeting ("EGM") to be held and shall be effective upon receipt of approval from the shareholders.

- (d) On 12 September 2025, the Company also announced that BTMBP had entered into a Sale and Purchase Agreement ("SPA") with Gimzan Plywood Sdn Bhd ("Gimzan"), a related party [Note 33(c)(i)] for the proposed disposals of its factory building and the plant, machinery and equipment installed and equiped within the factory building for total disposal consideration of RM4,500,000 ("Disposals Consideration") segregated as follows: -

	RM
Factory building ("Proposed Factory Building Disposal")	4,000,000
Plant, machinery and equipment ("Proposed PME Disposal")	<u>500,000</u>
Disposals Consideration	<u><u>4,500,000</u></u>

The Proposed Factory Building Disposal and Proposed PME Disposal are collectively referred to as the Proposed Disposals to be undertaken by BTMBP.

On 12 September 2025, Modern Mode Sdn Bhd ("MMSB") and Gimzan had entered into a debt assignment agreement, to mutually agreed for Gimzan to assume all of the rights and interests of MMSB in the outstanding advances amounting to RM4,500,000 ("Settlement Sum") owing by BTMBP to MMSB. Accordingly, the Settlement Sum is due and payable to Gimzan. As disclosed in Note 33(c)(i), MMSB is deemed to be a related party which has made the advances to BTMBP during the current period. Pursuant to the Proposed Disposals, the Settlement Sum will be set-off against the Disposals Consideration in accordance with the SPA.

The Proposed Disposals are subject to approvals by the shareholders of the Company at an EGM to be convened. Barring unforeseen circumstances and subject to all approvals being obtained, the Proposed Disposals are expected to be completed in the 4th quarter of 2025.

The Proposed Disposals are deemed as related party transactions of the Group as Dato' Seri Yong Tu Sang, the Managing Director and major shareholder of the Company is also the director and sole shareholder of Gimzan.

39. COMPARATIVE FIGURES

The comparative amounts presented in the financial statements of the Group and of the Company (including the related notes) relate to a period of twelve months and hence are not entirely comparable with the current period's amounts.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BTM RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BTM RESOURCES BERHAD, which comprise the statements of financial position as at 30 June 2025 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 18 months then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 70 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025, and of their financial performance and their cash flows for the 18 months then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BTM RESOURCES BERHAD

Key audit matters

1. Impairment assessment on property, plant and equipment and right-of-use leasehold lands

Refer to Notes 2.11, 3(b)(i), 4 and 5 to the financial statements.

The Group has ceased its operating activities in manufacturing of timber products and wood pellets during the period. In addition, it has also aborted its biomass renewable energy power plant project which would have utilised the right-of-use leasehold lands. These are impairment indicators which require the management to perform an impairment assessment on the carrying amounts of the property, plant and equipment and right-of-use leasehold lands. Such impairment assessment by the management requires a significant degree of management's judgement and estimates based on its intention for the assets.

Following the impairment assessment, the Group has provided significant impairment losses amounting to RM3,791,881 to write down the carrying amounts of certain items of property, plant and equipment to their recoverable amounts as a result of their discontinued use for manufacturing activities, and the management's commitment to a plan for disposal of certain of the assets following their discontinued use, as disclosed in Note 4(a). The impairment losses have a material impact on the financial statements of the Group for the period.

Our audit approach to address the key audit matters

Our audit approach included the following :-

- Discussed with the management on their intention for the items of property, plant and equipment which have been discontinued from use for manufacturing activities, and also for the right-of-use of leasehold lands.
- Assessed the approaches by the management in determining the recoverable amounts of the relevant assets subject to assessment for impairment based on intention for either alternative use or disposal of the assets.
- Reviewed the appropriateness of the methodology and assumptions adopted by independent professional valuers in their valuation reports on the relevant assets, which have been relied by the management in determining their recoverable amounts. We also assessed the competency, independence and integrity of the professional valuers.
- Reviewed the accuracy of disposal price of relevant assets, adopted by the management as the recoverable amounts of the assets, to supporting sale and purchase agreement.
- Performed recomputation of the impairment losses on the relevant assets based on workings prepared by the management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BTM RESOURCES BERHAD

Key audit matters

2. Valuation of inventories

Refer to Notes 2.14, 3(b)(vi) and 8 to the financial statements.

The Group held significant balance of inventories with carrying value of RM1,189,102 as at 30 June 2025. The inventories are valued at the lower of cost and net realisable value. The risk of a decline in the net realisable value of the inventories below cost due to obsolescence or declining market demand and any significant error in application of the costing methodology for the inventories may have a material impact on the carrying value of inventories, which will affect the financial results of the Group.

3. Impairment of trade receivables

Refer to Notes 2.13, 3(b)(ii), 9 and 35(b)(i) to the financial statements.

Trade receivables are subject to assessment for expected credit loss ("ECL") based on the simplified approach impairment model under MFRS 9 *Financial Instruments*. The ECL impairment model is a forward-looking approach which requires the management's significant judgement on assumptions and estimates which have significant impact on the valuation of trade receivables of the Group. For determining ECL at the reporting date, the Group uses a provision matrix based on the age of receivables and assumptions on credit risk profiling, expected future cash flows and macro economic conditions.

Our audit approach to address the key audit matters

Our audit approach included the following :-

- Attended inventory counts performed by the management to determine the existence of inventories and assessed their completeness.
- Reviewed the management's costing methodology and performed recomputation of the costing of selected sample of inventories to determine the accuracy of the valuation of inventories.
- Reviewed the listing of inventories and made appropriate inquiries of the management to identify any obsolete or slow moving inventories which required evaluation for write-down to their net realisable values.
- Assessed the management's basis in analysing and determining inventory obsolescence and conclude on the adequacy of the amount of write-down of inventories recognised in the financial statements.
- Assessed the net realisable values of major categories of inventories by checking selected samples to sales made subsequent to end of reporting period.

Our audit approach included the following :-

- Assessed the management's internal controls for monitoring the debts, in particular those of related parties, and assessing the credit risk of the debts.
- Reviewed past due ageing report of the trade receivables and performed inquiries with the management regarding actions taken to recover overdue debts for the purpose of identifying any credit impaired debts.
- Assessed the appropriateness of the expected credit loss impairment model adopted by management to measure the loss allowance for trade receivables, including reasonableness of the value assumed for inputs to the model. We also performed recomputation of the expected credit loss for arithmetical accuracy.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BTM RESOURCES BERHAD

Key audit matters

4. Assessment of impairment on the carrying value of the Company's investment in subsidiary companies and amount due from subsidiary companies

Refer to Notes 2.11, 2.13, 3(b)(i), 6 and 11 to the financial statements.

The Company assesses the recoverable amount of the investment in a subsidiary company based on the higher of its value in use ("VIU") and fair value less cost to sell when there are indications that the carrying value of the subsidiary company may have been impaired. The Company has determined that the recoverable amount is based on VIU which involves estimation of future cash flows from the subsidiary company. This estimation is inherently uncertain and requires the management's significant judgement on both future cash flows and the discount rate applied to the future cash flows in arriving at the VIU.

The Company's assessment of the recoverability of amount due from subsidiary companies also involves the management's significant judgement and estimates on the expected future operating cash flows of the subsidiary companies while considering their present financial conditions.

The extent of significant judgement required from the management and the significance of the amounts of investment in and advances to subsidiary companies resulted in the above matters being identified as key audit matters for the Company.

Our audit approach to address the key audit matters

Our audit approach included the following :-

- Reviewed the cash flow projections of subsidiary companies to assess the reasonableness of key assumptions on revenue and growth rate adopted in the cash flow projections based on their planned operations.
- Assessed the reasonableness of the discount rate which reflects the specific risk relating to the investment in subsidiary companies.
- Performed a sensitivity analysis over terminal growth rate and discount rate used in deriving the VIU to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of the investment in subsidiary companies.
- Assessed the business plans and strategies for the subsidiary companies which may impact the availability and timing of future cash flows from operations to meet their repayment obligations to the Company through discussion with the management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BTM RESOURCES BERHAD

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BTM RESOURCES BERHAD

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also :-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BTM RESOURCES BERHAD

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

Kuala Lumpur

Date : 28 October 2025

NG YONG CHIN
NO : 03051/05/2027 J
CHARTERED ACCOUNTANT

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2025

Issued and Paid-Up Share Capital : RM97,895,077 comprising 1,256,486,718 ordinary shares
 Class of Shares : Ordinary shares
 Voting Rights : Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
 Number of shareholders : 1,846

Analysis of Shareholdings

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	18	700	0.00
100 – 1000	418	255,614	0.02
1,001 – 10,000	504	2,850,348	0.23
10,001 – 100,000	547	23,958,820	1.91
100,001 – 62,824,335 ¹	356	817,196,305	65.04
62,824,336 ² and above	3	412,224,931	32.81
TOTAL	1,846	1,256,486,718	100.00

Notes:

¹ Less than 5% of issued shares

² 5% and above of issued shares

Substantial Shareholders according to the Register of Substantial Shareholders (Holding 5% or more of the issued share capital)

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt an for Kenanga Investors Berhad	250,000,000	19.90	-	-
Koh Poh Seng	104,980,750	8.36	-	-
Dato' Seri Yong Tu Sang	85,244,181	6.78	113,909,408 ¹	9.07
Datuk Dr Hon Tian Kok @ William	92,659,797	7.38	-	-

¹ Deemed interested by virtue of the shareholding of his spouse, Datin Seri Ng Ah Heng and the shareholding of his children, Yong Hin Siong, Yong Emmy and Yong Ellen pursuant to Section 8 of the Companies Act 2016

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2025

Directors' Shareholdings according to the Register of Directors' Shareholdings

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Seri Yong Tu Sang	85,244,181	6.78	113,909,408 ¹	9.07
Tan Boon Pock	7,340,000	0.58	1,000,000 ²	0.08
Datuk Yap Wai Hong	-	-	-	-
Goh Siow Cheng	-	-	-	-
Lee Yoon Seong	-	-	-	-

1 Deemed interested by virtue of the shares held by his spouse and children pursuant to Section 8 of the Companies Act 2016 (Datin Seri Ng Ah Heng, Yong Emmy, Yong Hin Siong, and Yong Ellen)

2 Deemed interested by virtue of the shares held by his wife pursuant to Section 8 of the Companies Act 2016 (Chng Bee Jiu)

List of Thirty (30) Largest Registered Shareholders

Name	No. of shares held	Percentage (%)
1. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	250,000,000	19.90
2. YONG TU SANG	85,244,181	6.78
3. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH POH SENG (100430)	76,980,750	6.13
4. CHEW GUAN TECK	62,600,000	4.98
5. NG AH HENG	62,500,099	4.97
6. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN BOON TIAN	60,000,000	4.78
7. MBSB INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MGN-LPS0005M)	57,543,500	4.58
8. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	53,278,572	4.24
9. YONG EMMY	51,274,809	4.08
10. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KOK YEW FATT (PB)	36,000,000	2.87
11. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR JASON KOH JIAN HUI	30,100,000	2.40
12. KOH POH SENG	28,000,000	2.23
13. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	20,381,225	1.62
14. TYE LIM HUAT	19,824,500	1.58
15. TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON TIAN KOK @ WILLIAM	19,000,000	1.51

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2025

List of Thirty (30) Largest Registered Shareholders (Cont'd)

Name	No. of shares held	Percentage (%)
16. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE MENG	11,364,100	0.90
17. CHONG TZE SENG	10,040,200	0.80
18. TEE KIAN HENG	10,000,000	0.80
19. CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)	8,800,000	0.70
20. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP HENG SANG	8,247,900	0.66
21. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIAN TAK	8,000,000	0.64
22. KHOO SIEW HONG	7,391,000	0.59
23. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAM KIENG SUENG	6,621,800	0.53
24. LIM WOI KOK	6,500,000	0.52
25. KONG TIAM MING	5,938,200	0.47
26. CHAY TIAN LOKE	5,725,000	0.46
27. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR YAP HENG SANG	5,593,100	0.45
28. TUNG SIEW HUN	5,390,000	0.43
29. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK (TAN6190M)	5,270,000	0.42
30. KEVIN WEE TECK JIN	5,101,000	0.41
TOTAL	1,022,709,936	81.43

ANALYSIS OF WARRANTS-C HOLDINGS

AS AT 30 SEPTEMBER 2025

Type of Securities	: Warrants 2023/2028 ("Warrants-C")
Total Number of Warrants Outstanding	: 307,190,331
Exercise Price	: RM0.10 per warrant
Voting Rights	: The holder of warrants is not entitled to any voting rights.
Number of shareholders	: 340

Analysis of Warrant Holdings

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	16	891	0.00
100 – 1000	12	5,258	0.00
1,001 – 10,000	33	196,909	0.06
10,001 – 100,000	112	5,745,783	1.87
100,001 – 15,359,516 ¹	163	186,106,146	60.58
15,359,517 ² and above	4	115,135,344	37.48
TOTAL	340	307,190,331	100.00

Notes:

¹ Less than 5% of outstanding warrants

² 5% and above of outstanding warrants

Directors' Warrant Holdings according to the Register of Directors' Shareholdings

Shareholders	Direct		Indirect	
	No. of Warrants-C	%	No. of Warrants-C	%
Dato' Seri Yong Tu Sang	36,452,832	11.87	46,258,956 ¹	15.06
Tan Boon Pock	2,710,000	0.88	-	-
Datuk Yap Wai Hong	-	-	-	-
Goh Siow Cheng	-	-	-	-
Lee Yoon Seong	-	-	-	-

¹ Deemed interested by virtue of the warrants held by his spouse and children (Datin Seri Ng Ah Heng, Yong Emmy and Yong Ellen)

ANALYSIS OF WARRANTS-C HOLDINGS

AS AT 30 SEPTEMBER 2025

List of Thirty (30) Largest Registered Warrant Holders

Name	No. of Warrants held	Percentage (%)
1. YONG TU SANG	36,452,832	11.87
2. MODERN MODE SDN BHD	32,649,180	10.63
3. YONG EMMY	25,199,999	8.20
4. NG AH HENG	20,833,333	6.78
5. TAN KHA LUONG	11,687,708	3.80
6. CONFIRMED UPTREND SDN BHD	11,266,149	3.67
7. LOW LAY PING	9,500,000	3.09
8. KUIK SOON ANN	8,000,000	2.60
9. TYE LIM HUAT	5,000,000	1.63
10. TEH AH HUAH	4,800,000	1.56
11. SAHAM TERBILANG SDN BHD	4,663,535	1.52
12. LEE CHAN LAN	4,300,000	1.40
13. HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUIK SOON ANN	4,100,000	1.33
14. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIAN TAK	4,100,000	1.33
15. LAI THIAM POH	3,800,000	1.24
16. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN	3,535,000	1.15
17. SIEW CHOON SHIONG	3,500,000	1.14
18. TAN SAN HUAY	3,200,000	1.04
19. NG CHEE KONG	3,173,200	1.03
20. NEOH GUAN KIE	3,100,000	1.00
21. TAN SAN XUIN	3,050,000	0.99
22. CHAI TZER LUEN	3,000,000	0.98
23. SOH ENG SOENG	3,000,000	0.98
24. CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)	2,995,000	0.98
25. TAN SAN SHIAN	2,800,000	0.91
26. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK	2,710,000	0.88
27. SHIM SOO LIEN	2,592,000	0.84
28. OOI LEE PENG	2,542,800	0.83
29. CHAY TIAN LOKE	2,469,522	0.80
30. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN JING YING (MO1)	2,375,478	0.77
TOTAL	230,395,736	74.97

LIST OF PROPERTIES

Registered Owner	Location	Description/ Existing Use	Date of certificate of fitness/ Year of Acquisition	Approximate Age of Building Years/ Tenure	Land Area/ Built-up Area	Audited Net Book Value as at 30 June 2025 RM'000
Besut Tsuda Wood Products Sdn. Bhd.	Lot No 1654 Mukim of Tanggul District of Hulu Terengganu Terengganu Darul Iman	Factory Buildings Kiln-dried chambers, office erected thereon.	2004	30 years/ Freehold	40,545.45 sq.m./ 21,887.68 sq.m.	9,850
BTM Biomass Products Sdn. Bhd.	Lot 12373, Mukim of Bukit Payung, District of Marang, Terengganu Darul Iman	Factory Building belonging to the company erected on rented land	15 December 2019	5 years	8,042 sq.m.	3,740
BTM Biomass Products Sdn. Bhd.	HSD No. 10689, PT No. 9691 Mukim of Hulu Chukai District of Kemaman Terengganu Darul Iman	Vacant Industrial Land	2023	30 years leasehold expiring on 11 December 2051	80,940 sq.m.	3,715
BTM Biomass Products Sdn. Bhd.	Block 10 (Lot Nos 28 to 31) and Block 11A (Lot No 32) Mukim of Tebak/Bandi District of Kemaman Terengganu Darul Iman	Secondary Forest	2023	63 years leasehold expiring on 30 December 2084	5,572.912 acres	23,853

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First ("31st") Annual General Meeting ("AGM") of BTM RESOURCES BERHAD (the "Company" or "BTM Resources") will be held at Arista, Level 3, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on 18 December 2025, Thursday at 11:00 a.m. or at any adjournment thereof, for the following purposes:-

1. To receive the Audited Financial Statements for the financial period ended 30 June 2025 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)
2. To re-elect Dato' Seri Yong Tu Sang, who is retiring by rotation in accordance with Article 18.4 of the Constitution. (Ordinary Resolution 1)
3. To re-elect the following Directors who are retiring in accordance with Article 18.11 of the Company's Constitution:-
 - i) Datuk Yap Wai Hong; (Ordinary Resolution 2)
 - ii) Mr Lee Yoon Seong; and (Ordinary Resolution 3)
 - iii) Mr Chan Fook Mun. (Ordinary Resolution 4)
4. To approve the payment of Directors' Fees amounting to RM300,000.00 for the period commencing from the date immediately after the 31st AGM until 31 December 2026. (Ordinary Resolution 5)
5. To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of Directors of the Company and its subsidiaries up to an amount of RM400,000.00 for the period from 1 July 2025 until 31 December 2026. (Ordinary Resolution 6)
6. To re-appoint Messrs Folks DFK & Co. (AF 0502) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 7)

Special Business

To consider and if thought fit, to pass the following resolution, with or without modifications:-

7. **Ordinary Resolution** **- Proposed Waiver of Statutory Pre-Emptive Rights of the Shareholders and Authority to Issue Shares**

"THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company. (Ordinary Resolution 8)

THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Article 13.2 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid before the date of allotment of such new shares."

8. To transact any other business for which due notice has been given.

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

NG SALLY (SSM PC No. 202008002702 & MAICSA 7060343)
GOH XIN YEE (SSM PC No. 202008000375 & MAICSA7077870)

Companies Secretaries
Kuala Lumpur
31 October 2025

Notes:

- (1) A Member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy where a Member appoints more than one (1) proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
- (2) A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (3) Where a Member 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. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
- (4) The instrument appointing a proxy shall be in writing executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited with the Share Registrar of the Company, Sectrars Management Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, W.P. Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
- (6) The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 10 December 2025.

Explanatory Notes:

(i) Item 1 of the Agenda

The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Section 248(1) and Section 340(1)(a) of the Companies Act 2016 (the "Act") does not require a formal approval of the shareholders and hence this Agenda item is not put forward for voting.

(ii) Items 2 and 3 of the Agenda – Ordinary Resolutions 1 to 4

Dato' Seri Yong Tu Sang, Datuk Yap Wai Hong, Mr Lee Yoon Seong and Mr Chan Fook Mun are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 31st AGM. The profile of the retiring Directors is set out in the Profile of Directors of the Annual Report 2025.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes: (Cont'd)

(ii) Items 2 and 3 of the Agenda – Ordinary Resolutions 1 to 4 (Cont'd)

The Directors standing for re-election at the forthcoming 31st AGM of the Company are as follows:-

i.	Dato' Seri Yong Tu Sang	Article 18.4	Ordinary Resolution 1
ii.	Datuk Yap Wai Hong	Article 18.11	Ordinary Resolution 2
iii.	Mr Lee Yoon Seong	Article 18.11	Ordinary Resolution 3
iv.	Mr Chan Fook Mun	Article 18.11	Ordinary Resolution 4

(iii) Items 4 and 5 of the Agenda – Ordinary Resolutions 5 and 6

Section 230(1) of the Act provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the 31st AGM on the Directors’ Remuneration in two (2) separate resolutions as below:-

- Resolution 5 on payment of Directors’ Fees for the period commencing from the date immediately after the 31st AGM until 31 December 2026; and
- Resolution 6 on payment of Directors’ Remuneration (excluding Directors’ Fees) payable to the Board of the Company and its subsidiaries for the period from 1 July 2025 until 31 December 2026.

The payment of the Directors’ Fees for the period commencing from the date immediately after the 31st AGM until 31 December 2026 will only be made if the proposed Resolution 5 has been passed at the 31st AGM pursuant to Article 19.1 of the Company’s Constitution and Section 230(1) of the Act.

The total amount of directors’ remuneration (excluding Directors’ Fees) for the period from 1 July 2025 until 31 December 2026 is estimated not exceeding RM400,000.00

Payment of the Directors’ Fees for the period commencing from the date immediately after the 31st AGM until 31 December 2026 and the payment of Directors’ Remuneration (excluding Directors’ Fees) will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Resolutions 5 and 6 have been passed at the 31st AGM. The Board is of the view that it is just and equitable for the Directors to be paid the said proposed Directors’ Fees and Directors’ Remuneration (excluding Directors’ Fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the mentioned period. In the event, where the payment of the Directors’ Fees for the period commencing from the date immediately after the 31st AGM until 31 December 2026 and the Directors’ Remuneration (excluding Directors’ Fees) payable for the period from 1 July 2025 until 31 December 2026 exceeded the estimated amount sought at the 31st AGM, a separate shareholders’ approval will be sought at the next AGM.

(iv) Item 6 of the Agenda – Ordinary Resolution 7

The Audit Committee (“AC”) has carried out an assessment of the suitability, objectivity and independence of the external auditors, Messrs Folks DFK & Co. (“DFK”) and was satisfied with the suitability of DFK based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group.

The Board therefore approved the AC’s recommendation on the re-appointment of DFK as the external auditors of the Company be put forward for the shareholders’ approval at the forthcoming 31st AGM.

(v) Item 7 of the Agenda – Ordinary Resolution 8

The proposed Ordinary Resolution 8, if passed, will allow the Company to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate. Accordingly, the Company wishes to seek approval from the shareholders for the Directors to issue shares to any person, whether a member or not, in such numbers or proportions as the Directors may determine under this mandate.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes: (Cont'd)

(v) Item 7 of the Agenda – Ordinary Resolution 8 (Cont'd)

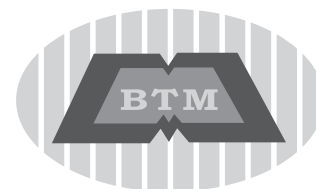
This mandate, if passed, will also empower the Directors from the date of this AGM, to allot and issue up to a maximum of ten percent (10%) of the issued shares of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The rationale for this general mandate is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placement of shares, for the purpose of future investment project(s), working capital, repayment of borrowings and/ or acquisition.

This is the renewal of the mandate obtained from the shareholders at the last AGM held on 28 June 2024 ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.

PROXY FORM

Number Of Shares Held	
CDS Account No.	



BTM RESOURCES BERHAD
(199401018283 (303962-T))

* I/We _____

of _____

being a Member/Members of BTM RESOURCES BERHAD [Registration No. 199401018283 (303962-T)], hereby appoint

_____ NRIC/Passport No. _____

of _____ or failing him/her

_____ NRIC/Passport No. _____

of _____

or # THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Thirty-First Annual General Meeting ("AGM") of the Company to be held at Arista, Level 3, Hotel Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on 18 December 2025, Thursday at 11:00 a.m. or at any adjournment thereof and to vote as indicated below:-

Ordinary Resolutions			For	Against
1.	To re-elect Dato' Seri Yong Tu Sang as Director	(Ordinary Resolution 1)		
2.	To re-elect Datuk Yap Wai Hong as Director	(Ordinary Resolution 2)		
3.	To re-elect Mr Lee Yoon Seong as Director	(Ordinary Resolution 3)		
4.	To re-elect Mr Chan Fook Mun as Director	(Ordinary Resolution 4)		
5.	To approve the payment of Directors' Fees amounting to RM300,000.00 for the period commencing from the date immediately after the Thirty-First (31 st) AGM until 31 December 2026.	(Ordinary Resolution 5)		
6.	To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of Directors of the Company and its subsidiaries up to an amount of RM400,000.00 for the period from 1 July 2025 until 31 December 2026.	(Ordinary Resolution 6)		
7.	To re-appoint Messrs Folks DFK & Co as Auditors of the Company	(Ordinary Resolution 7)		
8.	To approve Proposed Waiver and Authority to Issue Shares	(Ordinary Resolution 8)		

Please indicate with an "X" in the space provided above on how you wish to cast your vote. In the absence of specific directions, your Proxy may vote or abstain at his/her discretion.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable.

The proportions of our shareholding to be represented by my/our proxies (if more than 1 proxy) are as follows:-

First proxy	%
Second proxy	%
	100%



Dated this..... day of 2025

.....
Signature / Common Seal of member

Notes:

- (1) A Member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy where a Member appoints more than 1 proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
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- (5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited with the Share Registrar of the Company, Sectrars Management Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, W.P. Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
- (6) The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 10 December 2025.

Please fold here

**AFFIX
STAMP**

BTM RESOURCES BERHAD

(199401018283 (303962-T))

C/O Sectrars Management Sdn. Bhd.
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfields
50470 Kuala Lumpur

Please fold here

BTM RESOURCES BERHAD

(199401018283 (303962-T))

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