

**ATURMAJURESOURCES BERHAD**  
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of the preparation**

The interim financial report is unaudited and has been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005. These explanatory notes attached to the interim financial statement provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

**A2. Changes in Accounting Policies**

The significant accounting policies adopted in the interim financial report are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the new/revised Financial Reporting Standards (“FRS”) issued by MASB that are effective for financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combination
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Properties

With the exception of FRS 3, the adoption of the remaining FRSs does not have significant financial impact on the Group. The principal effects of adopting FRS 3 is as follow:-

FRS 3: Business Combinations.

Under FRS 3, negative goodwill which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition is now recognized immediately to the income statement. Prior to 1 January 2006, negative goodwill was capitalized in reserve on consolidation. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM14,104,418 was derecognized with a corresponding increase in retained profits.

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**A3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the preceding annual financial statements was not qualified.

**A4. Seasonal or Cyclical Factors**

The Group's operations are not materially affected by any seasonal or cyclical factors.

**A5. Exceptional Items**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial period ended 30 September 2006.

**A6. Changes in Estimates**

There were no material changes in estimates of the amounts reported during the current quarter and financial year-to-date.

**A7. Changes in Debts and Equity Securities**

There were no issuances, share cancellations, share buy-back, share held as treasury share, resale of treasury share and repayments of debts and equity securities.

**A8. Dividends Paid**

No dividend has been paid during the current quarter and financial year-to-date.

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**A9. Segmental Information**

(i) Segment analysis for the current quarter ended 30 September 2006:-

	<b>Investment Holding</b>	<b>Manufacturing In Wood Products</b>	<b>Barging Services</b>	<b>Inter-co Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
- External	-	14,326	-	-	14,326
- Inter-segmental sales	-	-	223	(223)	-
Total Revenue	-	14,326	223	(223)	14,326
<b>Results</b>					
Segment result	(102)	2,859	90	-	2,847
Unallocated corporate expenses					(1,310)
Profit from operations					1,537
Finance costs					(660)
Profit before taxation					877
Taxation					(59)
Net profit for the period					818

(ii) Segment analysis for the financial year-to-date ended 30 September 2006:-

	<b>Investment Holding</b>	<b>Manufacturing In Wood Products</b>	<b>Barging Services</b>	<b>Inter-co Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
- External	-	40,724	-	-	40,724
- Inter-segmental sales	-	-	705	(705)	-
Total Revenue	-	40,724	705	(705)	40,724
<b>Results</b>					
Segment result	(332)	8,503	269	-	8,440
Unallocated corporate expenses					(4,718)
Profit from operations					3,722
Finance costs					(1,904)
Profit before taxation					1,818
Taxation					(177)
Net profit for the period					1,641

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**A10. Revaluation of Property, Plant and Equipment**

No valuations of property, plant and equipment were carried out during the current quarter and financial year-to-date.

**A11. Subsequent Events**

There were no material events subsequent to the end of the current quarter.

**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter.

**A13. Changes in Contingent Liabilities and Assets**

There were no contingent liabilities or contingent assets since the last balance sheet as at 30 September 2006.

**A14. Capital Commitments**

There were no capital commitments as at 30 September 2006.

**A15. Significant Related Party Transaction**

The significant related party transactions as at year-to date were summarised as below:-

	<b>Amount RM'000</b>
Sawing fee, hire of log loader and kiln dry charges paid/payable to:- Bayan Cekap Sdn Bhd	1,675
Office rental paid/payable to:- Golden Bond Sdn Bhd	45
Hire of log loader paid/payable to:- Biramans Transportation Sdn Bhd	90
Rental of premises received/receivable from:- Bayan Cekap Sdn Bhd	63

Bayan Cekap Sdn Bhd, Golden Bond Sdn Bhd and Biramas Transportation Sdn. Bhd. are companies in which the Directors of the Company have financial interests. These transactions have been entered into in the normal course of business and have been established on commercial terms.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**

**B1. Review of Performance**

The comparison of the quarterly results is tabulated below:

	<b>Current quarter ended 30 September 2006 (RM'000)</b>	<b>Immediate quarter ended 30 June 2006 (RM'000)</b>	<b>Difference (%)</b>
Revenue	14,326	14,224	0.71
Profit before tax	877	696	26.01

The major revenue of the Group is contributed by Aturmaju (Sabah) Holding Sdn. Bhd which is the principal subsidiary of ARB and is principally involved in the operation of an integrated wood processing complex producing veneer, plywood, blockboard and sawn timber. Although the Group is maintaining the sales of its timber products, the operating cost has increased this has resulted in lower profit being generated.

For the current quarter period, the Group has generated higher revenue and recorded a significant increase in profit before tax as compared with immediate quarter period due to the steady demand from the market coupled with the effects of increase in selling price.

**B2. Variation of Results Compared to Preceding Quarter**

The higher profit before tax for the quarter under review as compared to the immediate preceding quarter is due to the steady demand from the market coupled with the effects of increase in selling price.

**B3. Prospect for Current Financial Year**

The impact of the world's oil price which had constantly escalated during this financial year had hindered the Group's performance in terms of profit as overall operating cost had increased. In view of the impact of the soaring world's oil price, the directors of the Group anticipated that this financial year would be a challenging year. However, barring any unforeseen circumstances, the directors anticipate that the timber business will continue to contribute favourably to the results of the Group in this financial year due to the wide varieties and high quality timber based products produced by the Group.

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**B4. Profit Forecast and Profit Guarantee**

The disclosure requirements for this matter are not applicable.

**B5. Taxation**

Taxation comprises the following:-

	<b>Current Quarter 30.09.2006 RM'000</b>	<b>Current Year To Date 30.09.2006 RM'000</b>
Current taxation	59	177
Under provision for the previous years	-	-
Deferred taxation	-	-
	<hr/> <hr/> 59	<hr/> <hr/> 177

Taxation is computed after taking into consideration the capital allowances available to set-off against taxable profit and the tax-exempt income on certain products where pioneer status had been granted. Hence, the effective tax rate of the current quarter and financial year to-date was lower than the statutory tax rate.

**B6. Unquoted Investments and Properties**

There was no sale of unquoted investments and/ or properties for the current quarter and financial year to-date.

**B7. Quoted Securities**

There was no purchase or disposal of quoted securities for the current quarter and financial year to-date.

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**B8. Corporate Proposals**

**(i) Status of Corporate Proposals**

There was no corporate proposal announced but not completed during the quarter under review.

**(ii) Status of Utilisation of Proceeds**

The gross proceeds of the Public Issues amounting to RM10.2 million have been utilised for the following purposes to-date:-

	<b>Proposed Amount RM'000</b>	<b>Utilised Amount RM'000</b>
a) Repayment of bank borrowings	5,000	5,000
b) Working capital	3,600	3,500
c) Listing expenses	1,600	1,700
Total	10,200	10,200

**B9. Group Borrowings and Debts Securities**

**(a) Long Term Borrowing (Secured)**

	<b>As At 30.09.2006 RM'000</b>	<b>As At 30.06.2006 RM'000</b>
Term Loan	14,852	15,893
Hire Purchases	118	-
	14,970	15,893

**(b) Short Term Borrowing (Secured)**

	<b>As At 30.09.2006 RM'000</b>	<b>As At 30.06.2006 RM'000</b>
Trade Finance Facilities	11,590	12,900
Term Loan	3,702	3,621
Bank Overdrafts	1,399	1,452
	16,691	17,973
Hire Purchases	29	135
	16,720	18,108

All the above borrowings are denominated in Ringgit Malaysia.

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**B10. Off Balance Sheet Financial Instruments**

The Group does not have any off balance sheet financial instruments as at the date of this report.

**B11. Material Litigations**

The wholly-owned subsidiary, Aturmaju (Sabah) Holding Sdn Bhd ("AHSB"), has on 9 October 2006 filed a Writ of Summons and Statement of Claim at the High Court of Sabah and Sarawak at Kota Kinabalu, Sabah against Sugumar Balakrishnan (NRIC No: 540127-05-5533), practising under the name and style of Sugumar & Co., for the sum of RM3,000,000.00 being the outstanding amount due to be refunded by the Defendant to AHSB and general damages for loss of opportunity with discretionary interest at the rate of 8% per annum on the sum of RM3,000,000.00. The Writ of Summons was served on the Defendant on 19 October 2006.

Defendant has on 13 November 2006 filed a Defence and Counterclaim at the High Court of Sabah and Sarawak at Kota Kinabalu, Sabah against AHSB. The Statement of Defence and Counterclaim was received by AHSB on 20 November 2006.

On 22 November 2006, the Company AHSB has filed a reply to the Defendant' s defence and counterclaim denying the Defendant' s allegations. AHSB is disputing the defence and challenging the purported counterclaim as the same is baseless and unfounded

**B12. Dividend**

No dividend has been recommended by the Board of Directors for the current financial period.

**B13. Earnings Per Share**

The basic earning per share amounts are calculated by dividing the profit for the period attributable to the ordinary equity holders of the parent by the weighted average number of ordinary share in issue during the period.

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current Year Quarter 30.09.2006 RM'000	Preceding year Corresponding Quarter 30.09.2005 RM'000	Current Year Quarter 30.09.2006 RM'000	Preceding year Corresponding Quarter 30.09.2005 RM'000
Profit attributable to equity holder of the parent	818	873	1,641	3,397
Weighted average number of ordinary shares in issue	60,850	54,997	60,814	53,597
Basic earnings per share (sen)	1.34	1.59	2.70	6.34



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For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Irredeemable Convertible Preference Shares (“ICPS”).

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current Year Quarter 30.09.2006 RM'000	Preceding year Corresponding Quarter 30.09.2005 RM'000	Current Year Quarter 30.09.2006 RM'000	Preceding year Corresponding Quarter 30.09.2005 RM'000
Profit attributable to equity holder of the parent	818	873	1,641	3,397
Adjustment for after-tax effect of interest expense on ICPS	-	-	-	-
Adjusted profit attributable to equity holders of the parent	<u>818</u>	<u>873</u>	<u>1,641</u>	<u>3,397</u>
Weighted average number of ordinary shares in issue	60,850	54,997	60,814	53,597
Adjustment for assumed conversion of ICPS	250	6,081	250	6,081
Diluted weighted average number of ordinary shares in issue	<u>61,100</u>	<u>61,078</u>	<u>61,064</u>	<u>59,678</u>
Diluted earnings per share (sen)	1.34	1.43	2.69	5.69

**By Order of the Board,**

**Datuk Yeo Wang Seng**  
**Managing Director**

28 November 2006