

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

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 2006. These explanatory notes attached to the interim financial statements 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 2006.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the new/revised Financial Reporting Standards (“FRS”):-

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 6	Exploration for and Evaluation of Mineral Resources

Amendment
To FRS 119₂₀₀₄ Employee Benefits–Actuarial Gains and Losses, Group Plans and Disclosure

Amendment
To FRS 121 The Effects of Changes in Foreign Exchange Rate – Net Investment in a Foreign Operation

FRS 6 is not applicable to the Group as the Group is not involved in the exploration of mineral resources. The adoption Amendment to FRS 119₂₀₀₄ and Amendment to FRS 121 does not have significant financial impact on the Group for the current quarter under review. The principle effects of the changes in accounting policies’ resulting from the adoption of the other new/revised FRSs is as follow:-

FRS 124: Related Party Disclosures

This FRS does not have any material impact to the Group other than additional disclosure on the key management personnel remuneration and disclosure by the Company on related party transactions.

A3. Auditors’ Report on Preceding Annual Financial Statements

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

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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 31 March 2007.

A6. Changes in Estimates

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

A9. Segmental Information

(i) Segment analysis for the current quarter ended 31 March 2007:-

	Investment Holding	Manufacturing In Wood Products	Barging Services	Inter-co Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
- External	-	9,239	2	-	9,241
- Inter-segmental sales	-	-	125	(125)	-
Total Revenue	-	9,239	127	(125)	9,241
Results					
Segment result	-	2,219	42	-	2,261
Unallocated corporate expenses					(849)
Profit from operations					1,412
Finance costs					(621)
Profit before taxation					791
Taxation					(50)
Net profit for the period					741

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(ii) Segment analysis for the financial period -to-date ended 31 March 2007:-

	Investment Holding	Manufacturing In Wood Products	Barging Services	Inter-co Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
- External	-	9,239	2	-	9,241
- Inter-segmental sales	-	-	125	(125)	-
Total Revenue	-	9,239	127	(125)	9,241
Results					
Segment result	-	2,219	42	-	2,261
Unallocated corporate expenses					(849)
Profit from operations					1,412
Finance costs					(621)
Profit before taxation					791
Taxation					(50)
Net profit for the period					741

A10. Revaluation of Property, Plant and Equipment

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

A11. Subsequent Events

On 5 April 2007, the Board of Directors of Aturmaju is pleased to announce that Foreign Investment Committee ("FIC") approved the acquisition of 2 ordinary shares of RM1.00 each in Alamjad, representing the entire issued and paid-up share capital of Alamjad, by Aturmaju (Sabah) Holding Sdn Bhd ("Aturmaju (Sabah)"), a wholly-owned subsidiary of the Company for a cash consideration of RM20,000,000.00. The FIC' s approval letter dated 23 March 2007 was received by Aturmaju (Sabah) on 30 March 2007.

The said approval is subject to the condition that the issued and paid-up capital of Alamjad be increased to a minimum of RM100,000 within six (6) months from the date of FIC' s approval letter.

Aturmaju (Sabah) will take the necessary actions to ensure that the condition imposed by FIC is complied with within the timeline stipulated by FIC.

A12. Changes in the Composition of the Group

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

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A13. Changes in Contingent Liabilities and Assets

There were no contingent liabilities or contingent assets since the last balance sheet as at 31 March 2007.

A14. Capital Commitments

There were no capital commitments as at 31 March 2007.

A15. Significant Related Party Transaction

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

	Amount RM'000
Sawing fee, hire of log loader and kiln dry charges paid/payable to:- Bayan Cekap Sdn Bhd	13
Office rental paid/payable to:- Golden Bond Sdn Bhd	15
Rental of premises received/receivable from:- Bayan Cekap Sdn Bhd	14

Bayan Cekap Sdn Bhd and Golden Bond 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:

	Current quarter ended 31 March 2007 (RM'000)	Immediate quarter ended 31 December 2006 (RM'000)	Difference (%)
Revenue	9,241	15,687	(41.09)
Profit before tax	741	704	5.26

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's revenue was decreased to 9.24 million from 15.69 million due to festive and extended monsoon period. However the Group's profit before tax as compared with immediate quarter period was increased this mainly due to the effects of increase in selling price (gross profit margin increase to 24% from 21%) and the decrease in selling expenses.

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 decrease in selling expenses.

B3. Prospect for Current Financial Year

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.

B4. Profit Forecast and Profit Guarantee

The disclosure requirements for this matter are not applicable.

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B5. Taxation

Taxation comprises the following:-

	Current Quarter 31.03.2007 RM'000	Current Period To Date 31.03.2007 RM'000
Current taxation	50	50
Over provision for the previous years	-	-
Deferred taxation	-	-
	50	50

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 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 period -to- date.

B7. Quoted Securities

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

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:-

	Proposed Amount RM'000	Utilised Amount RM'000
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

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B9. Group Borrowings and Debts Securities

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

	As At 31.03.2007 RM'000	As At 31.12.2006 RM'000
Term Loan	13,175	13,521
Hire Purchases	150	165
	13,325	13,686

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

	As At 31.03.2007 RM'000	As At 31.12.2006 RM'000
Trade Finance Facilities	15,124	13,443
Term Loan	3,832	4,055
Bank Overdrafts	707	1,412
	19,663	18,910
Hire Purchases	59	58
	19,722	18,968

All the above borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

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

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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.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2007 RM'000	Preceding year Corresponding Quarter 31.03.2006 RM'000	Current Year Quarter 31.03.2007 RM'000	Preceding year Corresponding Quarter 31.03.2006 RM'000
Profit attributable to equity holder of the parent	741	195	741	195
Weighted average number of ordinary shares in issue	60,850	60,791	60,850	60,791
Basic earnings per share (sen)	1.22	0.32	1.22	0.32

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").

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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2007 RM'000	Preceding year Corresponding Quarter 31.03.2006 RM'000	Current Year Quarter 31.03.2007 RM'000	Preceding year Corresponding Quarter 31.03.2006 RM'000
Profit attributable to equity holder of the parent	741	195	741	195
Adjustment for after-tax effect of interest expense on ICPS	-	-	-	-
Adjusted profit attributable to equity holders of the parent	<u>741</u>	<u>195</u>	<u>741</u>	<u>195</u>
Weighted average number of ordinary shares in issue	60,850	60,791	60,850	60,791
Adjustment for assumed conversion of ICPS	250	309	250	309
Diluted weighted average number of ordinary shares in issue	<u>61,100</u>	<u>61,100</u>	<u>61,100</u>	<u>61,100</u>
Diluted earnings per share (sen)	1.21	0.32	1.21	0.32

By Order of the Board,

Datuk Yeo Wang Seng
Managing Director

29 May 2007