

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

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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 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 119<sub>2004</sub> 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 119<sub>2004</sub> 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 December 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 December 2007:-

	<b>Investment Holding</b>	<b>Manufacturing In Wood Products</b>	<b>Barging Services</b>	<b>Sales of logs</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>RM'000</b>
<b>Revenue</b>						
- External	-	20,559	2	-	-	20,561
- Inter-segmental sales	348	-	144	8,604	(9,096)	-
Total Revenue	<u>348</u>	<u>20,559</u>	<u>146</u>	<u>8,604</u>	<u>(9,096)</u>	<u>20,561</u>
<b>Results</b>						
Segment result	348	4,543	36	(258)	(348)	4,321
Unallocated corporate expenses						(4,912)
Loss from operations						(591)
Finance costs						(786)
Loss before taxation						(1,377)
Taxation						(358)
Net loss for the period						<u>(1,735)</u>

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

	<b>Investment Holding</b>	<b>Manufacturing In Wood Products</b>	<b>Barging Services</b>	<b>Sales of logs</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>RM'000</b>
<b>Revenue</b>						
- External		54,575	16	-	-	54,591
- Inter-segmental sales	348	-	616	15,535	(16,499)	-
Total Revenue	<u>348</u>	<u>54,575</u>	<u>632</u>	<u>15,535</u>	<u>(16,499)</u>	<u>54,591</u>
<b>Results</b>						
Segment result	348	12,628	185	226	(348)	13,039
Unallocated corporate expenses						<u>(8,790)</u>
Profit from operations						4,249
Finance costs						<u>(2,813)</u>
Profit before taxation						1,436
Taxation						<u>(508)</u>
Net profit for the period						<u>928</u>

### 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

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 31 December 2007.

### A14. Capital Commitments

There were no capital commitments as at 31 December 2007.

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### A15. Significant Related Party Transactions

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

	<b>Amount RM'000</b>
Sawing fee and Hire of log loader paid/payable to:- Bayan Cekap Sdn Bhd	411
Office rental paid/payable to:- Golden Bond Sdn Bhd	60
Rental of premises received/receivable from:- Bayan Cekap Sdn Bhd	18
Purchase of logs from:- Golden Bond Sdn Bhd	625
Purchase of logs from:- Seraya Permai Sdn Bhd	820

Bayan Cekap Sdn Bhd, Seraya Permai 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 December 2007 (RM'000)	Immediate quarter ended 30 September 2007 (RM'000)	Difference (%)
Revenue	20,561	11,378	80.71
(Loss)/Profit before tax	(1,377)	984	(239.94)

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.

For the current quarter period, the Group's revenue increased to 20.56 million from 11.38 million mainly due to higher demand from the market. However Group's loss before tax as compared with immediate quarter period mainly due to the amortisation of goodwill.

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

Loss before tax for the quarter under review as compared to the immediate preceding quarter is due to amortisation of goodwill.

#### 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.

#### B5. Taxation

Taxation comprises the following:-

	Current Quarter 31.12.2007 RM'000	Current Period To Date 31.12.2007 RM'000
Current taxation	517	667
Deferred taxation	(159)	(159)
	<hr/> 358	<hr/> 508

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### B5. Taxation (continued)

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:-

	<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	<u>10,200</u>	<u>10,200</u>

### B9. Group Borrowings and Debts Securities

#### (a) Long Term Borrowing (Secured)

	<b>As At 31.12.2007 RM'000</b>	<b>As At 30.09.2007 RM'000</b>
Term Loan	10,807	11,632
Hire Purchases	348	134
	<u>11,155</u>	<u>11,766</u>

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### B9. Group Borrowings and Debts Securities (continued)

#### (b) Short Term Borrowing (Secured)

	As At 31.12.2007 RM'000	As At 30.09.2007 RM'000
Trade Finance Facilities	14,451	16,843
Term Loan	4,254	3,952
Bank Overdrafts	2,397	1,368
	<hr/>	<hr/>
	21,102	22,163
Hire Purchases	117	59
	<hr/>	<hr/>
	21,219	22,222

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.

### 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.

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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 31.12.2007 RM'000	Preceding year Corresponding Quarter 31.12.2006 RM'000	Current Year Quarter 31.12.2007 RM'000	Preceding year Corresponding Quarter 31.12.2006 RM'000
(Loss)/Profit attributable to equity holder of the parent	(1,735)	704	928	2,621
Weighted average number of ordinary shares in issue	60,850	60,850	60,850	60,823
Basic earnings per share (sen)	(2.85)	1.16	1.53	4.31

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 31.12.2007 RM'000	Preceding year Corresponding Quarter 31.12.2006 RM'000	Current Year Quarter 31.12.2007 RM'000	Preceding year Corresponding Quarter 31.12.2006 RM'000
(Loss)/Profit attributable to equity holder of the parent	(1,735)	704	928	2,621
Adjustment for after-tax effect of interest expense on ICPS	-	-	-	-
Adjusted (loss)/profit attributable to equity holders of the parent	(1,735)	704	928	2,621



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	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current Year Quarter 31.12.2007 RM'000	Preceding year Corresponding Quarter 31.12.2006 RM'000	Current Year Quarter 31.12.2007 RM'000	Preceding year Corresponding Quarter 31.12.2006 RM'000
Weighted average number of ordinary shares in issue	60,850	60,850	60,850	60,823
Adjustment for assumed conversion of ICPS	250	250	250	250
Diluted weighted average number of ordinary shares in issue	<u>61,100</u>	<u>61,100</u>	<u>61,100</u>	<u>61,073</u>
Diluted earnings per share (sen)	(2.84)	1.15	1.52	4.29

**By Order of the Board,****Datuk Yeo Wang Seng  
Managing Director**

29 February 2008