

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

SECTION A - NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of the preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B 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 2007.

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 2007.

A2. Changes in Accounting Policies

The significant accounting policies adopted in the interim financial report are consistent with those adopted by the Group in the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following amendment to Financial Reporting Standard (“FRS”) and revised FRSs:

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have significant financial impact on the Group for the current quarter under review.

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2007 was not qualified.

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

A4. Seasonal or Cyclical Factors

The operations of the Group during the quarter have not been affected by any material seasonal or cyclical factors.

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review because of their nature, size or incidence.

A6. Changes in Estimates

There were no changes in estimates of amounts reported in current quarter which have a material effect in the current quarter results/year to date under review.

A7. Debts and Equity Securities

There have been no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter under review.

A8. Dividends Paid

No interim dividend has been paid or declared during the current quarter under review.

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008****A9. Segmental Information**

(i) Segment analysis for the current quarter ended 30 June 2008:-

	Investment Holding	Manufacturing In Wood Products	Barging Services	Sales of logs	Inter-co Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
- External	-	11,467	-	550	-	12,017
- Inter- segmental sales	-	1,797	97	4,008	(5,902)	-
Total Revenue	-	13,264	97	4,558	(5,902)	12,017
Results						
Segment result	-	2,724	(27)	57	-	2,754
Unallocated corporate expenses						(2,908)
Loss from operations						(154)
Finance costs						(747)
Loss before taxation						(901)
Taxation						(66)
Net loss for the period						(967)

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008****A9. Segmental Information (Continued)**

(ii) Segment analysis for the financial period-to-date ended 30 June 2008:-

	Investment Holding	Manufacturing In Wood Products	Barging Services	Sales of logs	Inter-co Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
- External	-	21,503	-	550	-	22,053
- Inter- segmental sales	-	1,797	198	7,664	(9,659)	-
Total Revenue	-	23,300	198	8,214	(9,659)	22,053
Results						
Segment result	-	4,988	37	58	-	5,083
Unallocated corporate expenses						(5,324)
Loss from operations						(241)
Finance costs						(1,273)
Loss before taxation						(1,514)
Taxation						(117)
Net loss for the period						(1,631)

A10. Valuation of Property, Plant and Equipment

The Group did not carry out any valuation on its property, plant and equipment during the current quarter/period to date.

A11. Changes in the Composition of the Group

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

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

A12. Changes in Contingent Liabilities and Assets

There were no contingent liabilities or contingent assets as at the date of this interim financial report.

A13. Capital Commitment

There was no capital commitment as at the date of this interim financial report.

A14. Material Events Subsequent to the End of the Current Financial Period

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen from 30 June 2008 to the date of this announcement, which would substantially affect the financial results of the Group for the current quarter/period to date.

A15. Significant Related Party Transactions

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

	Amount RM'000
Office rental paid/payable to: Golden Bond Sdn Bhd	<u>15</u>

Golden Bond Sdn Bhd is company 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.

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

SECTION B: - ADDITIONAL INFORMATION REQUIRED BY - BURSA MALAYSIA'S LISTING REQUIREMENTS

B1. Review of Performance of the Company and its Principal Subsidiaries

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 under review, the Group revenue decreased by RM1.40 million (10.40%) compared to the corresponding quarter last year. The Group incurred a loss before taxation of RM0.90 million for the current quarter compared to a profit before taxation of RM1.04 million in the corresponding period last year. This is mainly due to amortisation of goodwill.

B2. Variation of Results Against Preceding Quarter

The comparison of the quarterly results is tabulated below:

	Current quarter ended 30 June 2008 (RM'000)	Immediate quarter ended 31 March 2008 (RM'000)	Difference (%)
Revenue	12,017	10,036	19.74
Loss before tax	(901)	(613)	(46.98)

Group revenue for the current quarter of RM12.02 million increased by RM1.98 million (19.74%) compared to RM10.04 million in the preceding quarter, due to the festival season in the immediate preceding quarter. Loss before tax in the preceding quarter of RM0.61 million compared to RM0.90 million recorded in the current quarter mainly due to amortisation of goodwill.

B3. Prospect Commentary

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 Group has not issued any profit forecast to the public and has not given any profit guarantee for the financial year.

ATURMAJU RESOURCES BERHAD
(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

B5. Taxation

Taxation comprises the following:

	Current Quarter 30.06.2008 RM'000	Current Period To Date 30.06.2008 RM'000
Current taxation	66	117

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/or Properties

There were no disposals of any unquoted investments and/or properties during the current quarter/period to date under review.

B7. Quoted Investments

There was no purchase or disposal of quoted investment during the current quarter/period to date under review.

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

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

B9. Group Borrowings and Debts Securities

The Group borrowings as at the end of the reporting quarter are as follows:

(a) Long Term Borrowing (Secured)

	As At 30.06.2008 RM'000	As At 31.12.2007 RM'000
Term Loan	16,788	10,807
Hire Purchases	551	348
	<hr/>	<hr/>
	17,339	11,155

(b) Short Term Borrowing (Secured)

	As At 30.06.2008 RM'000	As At 31.12.2007 RM'000
Trade Finance Facilities	13,700	14,451
Term Loan	6,604	4,254
Bank Overdrafts	1,363	2,397
	<hr/>	<hr/>
	21,667	21,102
Hire Purchases	60	117
	<hr/>	<hr/>
	21,727	21,219

The borrowings are all with a local financial institution and 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 interim financial report.

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

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 Payable

No interim dividend has been declared as at the date of this interim financial report.

B13. Basic and Fully Diluted Earnings Per Share

The calculation of basic earning per share is based on the consolidated loss after taxation and minority interest for the current quarter/period to date divided by the weighted average number of shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding year Corresponding Quarter	Current Year Quarter	Preceding year Corresponding Quarter
	30.06.2008 RM'000	30.06.2007 RM'000	30.06.2008 RM'000	30.06.2007 RM'000
(Loss)/Profit attributable to equity holder of the parent	(967)	991	(1,631)	1,732
Weighted average number of ordinary shares in issue	<u>60,850</u>	<u>60,850</u>	<u>60,850</u>	<u>60,850</u>
Basic earnings per share (sen)	<u>(1.59)</u>	<u>1.63</u>	<u>(2.68)</u>	<u>2.85</u>

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

B13. Basic and Fully Diluted Earnings Per Share (Continued)

For the purpose of calculating diluted earnings per share, the net (loss) / 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").

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2008 RM'000	Preceding year Corresponding Quarter 30.06.2007 RM'000	Current Year Quarter 30.06.2008 RM'000	Preceding year Corresponding Quarter 30.06.2007 RM'000
(Loss)/Profit attributable to equity holder of the parent	(967)	991	(1,631)	1732
Adjustment for after- tax effect of interest expense on ICPS	-	-	-	-
Adjusted (loss) / profit attributable to equity holders of the parent	<u>(967)</u>	<u>991</u>	<u>(1,631)</u>	<u>1,732</u>

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008****B13. Basic and Fully diluted Earnings Per Share (Continued)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding year Corresponding Quarter	Current Year Quarter	Preceding year Corresponding Quarter
	30.06.2008 RM'000	30.06.2007 RM'000	30.06.2008 RM'000	30.06.2007 RM'000
Weighted average number of ordinary shares in issue	60,850	60,850	60,850	60,850
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>61,100</u>
Diluted earnings per share (sen)	<u>(1.58)</u>	<u>1.62</u>	<u>(2.67)</u>	<u>2.83</u>

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

29 August 2008