

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

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 2010. 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 2010.

A2. Changes in Accounting Policies

The financial statements of the Group have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

During the financial period, the Group have adopted the following applicable new Financial Reporting Standards (“FRSs”), revised FRSs, Issues Committee (“IC”) Interpretations and amendments to FRSs, issued by the Malaysian Accounting Standards Board that are mandatory for the current financial period:-

Amendments to FRS 132	Financial Instruments: Presentation
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease

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A2. Changes in accounting policies (cont'd)

IC Interpretation 18 Amendments to FRSs contained in the documents entitled "Improvements to FRSs (2010)"	Transfers of Assets from Customers
IC Interpretation 19 Amendments to IC	Extinguishing Financial Liabilities with Equity Instruments
Interpretation 14	Prepayment of a Minimum Funding Requirement

The revised FRSs are either not applicable to the Group or the adoption did not result in significant changes in accounting policies of the Group and did not have significant impact on the financial position and performance of the Group.

The Group have not adopted earlier the following new FRSs, revised FRSs, amendments to FRSs and IC Interpretations, which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:-

		<u>Effective date for financial periods beginning on or after</u>
IC Interpretation 15	Agreements for Construction of Real Estate	1 January 2012
FRS 124	Related Party Disclosures	1 January 2012
FRS 9	Financial Instruments	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosures of Interest in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112	Deferred Tax : Recovery of Underlying Assets	1 January 2012
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investment in Associates and Joint Ventures	1 January 2013

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A2. Changes in accounting policies (cont'd)

The initial applications of the above applicable new FRSs, revised FRSs, amendments to FRSs and IC Interpretations is not expected to have any material impact on the financial statements of the Group, except as discussed below:-

(i) FRS 127: Consolidated and separate financial statements

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interest, even if this results in the non-controlling interest 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. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

On 19 November 2011, the Malaysian Accounting Standard Board (MASB) gives notices of issuance new MASB approved accounting standards, herein-refer as **Malaysian Financial Reporting Standards (MFRSs or framework MFRS)**. Entities Other Than Private Entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate. Early application of MFRS framework is permitted.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no audit qualification in the audited report of the Company and its subsidiary companies preceding annual financial statements for the financial year ended 31 December 2010.

A4. Seasonal or Cyclical Factors

The principal business operations of the Group are not materially affected by seasonal or cyclical factors during the financial period-to-date under review.

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 2011.

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A6. Changes in Estimates

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

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 period-to-date under review.

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(i) Segment analysis for the financial period-to-date ended 30 September 2011:-

	Investment Holding RM'000	Manufacturing In Wood Products RM'000	Barging Services RM'000	Sales of Logs RM'000	Adjustment and Elimination RM'000	Total RM'000
Revenue						
- External	-	48,805	-	-	-	48,805
- Inter-segmental sales	-	12,443	590	16,001	(29,034)	-
Total Revenue	-	61,248	590	16,001	(29,034)	48,805
Results						
Segment result	(292)	3,204	(47)	708	(3,475)	98
Interest income	-	-	-	19	-	19
Interest expenses	-	(2,344)	-	-	-	(2,344)
(Loss)/Profit from before taxation	(292)	860	(47)	727	(3,475)	(2,227)
Taxation	-	(150)	-	-	-	(150)
Net (loss)/profit for the financial period	(292)	710	(47)	727	(3,475)	(2,377)
Additional to non-current assets	-	11	-	-	-	-
Segment assets	20	88,438	18	14,194	16,027	118,697
Non-Cash Expenses						
Amortisation of intangible asset	-	-	-	-	3,475	3,475
Depreciation of property, plant and equipment	-	3,235	4	-	-	3,239

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A9. Segmental Information (Cont'd)

(ii) Segment analysis for the preceding year corresponding period ended 30 September 2010:-

	Investment Holding RM'000	Manufacturing In Wood Products RM'000	Barging Services RM'000	Sales of Logs RM'000	Adjustment and Elimination RM'000	Total RM'000
Revenue						
- External	-	54,807	-	1,244	-	56,051
- Inter-segmental sales	-	12,085	780	25,153	(38,018)	-
Total Revenue	-	66,891	780	26,397	(38,018)	56,051
Results						
Segment result	(310)	6,253	197	12	(8,291)	(2,139)
Interest income	-	-	-	-	-	-
Interest expenses	-	(2,728)	-	-	-	(2,728)
(Loss)/Profit from before taxation	(310)	3,525	197	12	(8,291)	(4,867)
Taxation	-	(150)	-	-	-	(150)
Net (loss)/profit for the financial period	(310)	3,375	197	12	(8,291)	(5,017)
Additional to non-current assets	-	247	-	-	-	247
Segment assets	2	107,958	37	9,681	21,223	138,901
Non-Cash Expenses						
Amortisation of intangible asset	-	-	-	-	8,291	8,291
Depreciation of property, plant and equipment	-	4,026	4	12	-	4,042

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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 period -to-date under review.

A11. Significant Events

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

A12. Subsequent Events

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

A13. Changes in the Composition of the Group

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

A14. Changes in Contingent Liabilities and Assets

Except as disclosed below, there were no material contingent liabilities or assets during the current quarter under review.

	Current Quarter 30.09.2011 RM'000	Period To Date 30.09.2011 RM'000
Banker guarantees given in favour of third parties		
- Limit of guarantee	<u>73</u>	<u>73</u>
- Amount utilised	<u>10</u>	<u>10</u>

A15. Capital Commitments

There were no capital commitments during the current quarter under review.

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A16. Significant Related Party Transactions

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

	Current Quarter 30.09.2011 RM'000	Period To Date 30.09.2011 RM'000
Office rental paid/payable to:- Golden Bond Sdn. Bhd.	<u>15</u>	<u>45</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.

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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 30 September 2011 (RM'000)	Preceding quarter ended 30 September 2010 (RM'000)	Difference (%)
Revenue	18,223	15,576	16.99
Loss before tax	(392)	(2,409)	(83.73)

The major revenue of the Group is contributed by Aturmaju (Sabah) Holding Sdn. Bhd. which is the principal subsidiary of the Company and is principally involved in the operation of an integrated wood processing complex producing veneer, plywood and sawn timber.

For the current quarter period, the Group's revenue increased by 16.99% to RM18.22 million mainly due to higher demand in the market. The Group continues to achieve loss before taxation result mainly due to the amortisation of intangible asset in the quarter under review.

B2. Variation of Results Compared to Preceding Quarter

Loss before taxation for the quarter under review achieving better result as compared to the immediate preceding quarter is due to higher sales generated in the quarter under review.

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 Group did not announce and profit forecast nor profit guarantee for the current financial period.

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B5. Taxation

Taxation comprises the following:-

	Current Quarter 30.09.2011 RM'000	Period To Date 30.09.2011 RM'000
Current taxation	(50)	(150)
Deferred taxation	-	-
	<u>(50)</u>	<u>(150)</u>

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 under review.

B7. Quoted Securities

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

B8. Corporate Proposals

There were no corporate proposals as at the date of this announcement.

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	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
Term loans	17,707	27,575
Hire purchase payables	196	476
	<u>17,903</u>	<u>28,051</u>

(b) Short Term Borrowing (Secured)

	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
Term loans	13,262	12,941
Hire purchase payables	373	380
	<u>13,635</u>	<u>13,321</u>

All the above borrowings are denominated in Ringgit Malaysia.

B10. Retained Profits

	(Unaudited) As at 30.09.2011 RM'000	(Audited) As at 31.12.2010 RM'000
Total retained profits of the Group		
- Realised	46,281	45,263
- Unrealised	(5,161)	(5,241)
	<u>41,120</u>	<u>40,022</u>
Less: Consolidated adjustments	(34,055)	(30,580)
Total retained profits as per Statements of Financial Position	<u>7,065</u>	<u>9,442</u>

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B11. Off Balance Sheet Financial Instruments

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

B12. Material Litigations

The Group does not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group which might materially and adversely affect the financial position or business of the Group.

B13. Dividend

No dividend has been recommended by the Board of Directors for the current quarter under review.

B14. Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2011 RM'000	Preceding year Corresponding Quarter 30.09.2010 RM'000	Current Year Quarter 30.09.2011 RM'000	Preceding year Corresponding Quarter 30.09.2010 RM'000
Net loss attributable to equity holder of the parent	(442)	(2,459)	(2,377)	(5,017)
Weighted average number of ordinary shares in issue	61,100	61,100	61,100	61,100
Basic earnings per share (sen)	(0.72)	(4.02)	(3.89)	(8.21)

By Order of the Board,

Datuk Yeo Wang Seng
Managing Director
30 November 2011