

ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

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 MFRS 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 2011. 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 2011.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully coverage Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

A2. Significant 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:-

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement
MFRS 124	Related Party Disclosures (revised)
Amendments to MFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to MFRS 7	Disclosures – Transfers of Financial Assets
Amendments to MFRS 112	Deferred Tax: Recovery of Underlying Assets

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A2. Significant accounting policies (cont'd)

		<u>Effective date for financial periods beginning on or after</u>
Amendments to FRS 9 (IFRS 9 as issued by IASB in November 2009), MFRS 9 (IFRS 9 as issued by IASB in October 2010) and MFRS 7	Mandatory Effective Date of FRS 9 and Transition Disclosures	1 March 2012

Adoption of the above MFRSs, IC Interpretations, Amendments to MFRSs and Amendments to IC Interpretations did not have any significant effect on the financial statements of the Group, other than for the following:

(i) MFRS 124 “Related Party Disclosures”

The revised MFRS 124 simplify the definition of a related party, clarifies its intended meaning and eliminates inconsistencies from the definition and gives partial exemption from disclosure for government-related entities. These changes affect disclosures in the financial statements and did not have any impact on the financial results of the Group.

(ii) Amendments to MFRS 7 Disclosures - Transfers of Financial Assets

The amendment enhances the transparency in the reporting of transfer transactions and improves users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets.

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A2. Significant accounting policies (cont'd)

The Group have not adopted earlier the following new MFRSs, revised MFRSs, Issues Committee (“IC”) Interpretations and amendments to MFRSs, 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:-

		Effective date for financial periods beginning on or after
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 10	Consolidated Financial Statements	1 January 2013
Amendments to MFRS 11	Joint Arrangements	1 January 2013
Amendments to MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 3 Business Combination (IFRS 3 issued by International Accounting Standards Board (“IASB”) in March 2004)^	Business Combination	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
Amendments to MFRS 127	Separate Financial Statements	1 January 2013
MFRS 127 (IAS 27 revised by IASB in December 2003)^	Consolidated and Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRSs contained in the document entitled “Annual Improvements 2009-2011 Cycle		1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9 (IFRS 9 as issued by IASB in November 2009)	Financial Instruments	1 January 2015*
MFRS 9 (IFRS 9 as issued by IASB in October 2010)	Financial Instruments	1 January 2015*

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A2. Significant accounting policies (cont'd)

* Original effective date of 1 January 2013 deferred to 1 January 2015 via amendments issued by MASB on 1 March 2012.

^ These standards are applicable if the entity elected to apply the transition guidance as allowed in MFRS 10 Consolidated Financial Statements paragraphs C4B and C4C respectively.

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 2011.

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 2012.

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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A9. Segmental Information

(i) Segment analysis for the financial period-to-date ended 30 September 2012:-

	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	-	54,175	-	-	-	54,175
- Inter-segmental sales	-	8,080	436	20,545	(29,061)	-
Total Revenue	-	62,255	436	20,545	(29,061)	54,175
Results						
Segment result	(530)	3,354	(855)	367	(3,517)	(1,181)
Interest income	-	-	-	-	-	-
Interest expenses	-	(1,502)	-	-	-	(1,502)
(Loss)/Profit from before taxation	(530)	1,852	(855)	367	(3,517)	(2,683)
Taxation	-	(150)	-	-	-	(150)
Net (loss)/profit for the financial period	(530)	1,702	(855)	367	(3,517)	(2,833)
Additional to non-current assets	-	9	310	-	-	319
Segment assets	20	74,628	41	7,684	15,244	97,617
Non-Cash Expenses/(Income)						
Amortisation of intangible asset	-	-	-	-	3,517	3,517
Depreciation of property, plant and equipment	-	2,791	20	-	-	2,811

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(ii) Segment analysis for the preceding year corresponding period 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	-	-	-	7
Segment assets	20	88,438	18	14,194	16,027	118,697
Non-Cash Expenses/(Income)						
Amortisation of intangible asset	-	-	-	-	3,475	3,475
Depreciation of property, plant and equipment	-	3,235	4	-	-	3,239

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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 30.09.2012 RM'000	Period To Date 30.09.2012 RM'000
Banker guarantees given in favour of third parties		
- Limit of guarantee	-	70
- Amount utilised	-	10

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A15. Capital Commitments

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

A16. Significant Related Party Transactions

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

	Current Quarter 30.09.2012 RM'000	Period To Date 30.09.2012 RM'000
Office rental paid/payable to:- Golden Bond Sdn Bhd	<u>24</u>	<u>72</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 2012 (RM'000)	Preceding quarter ended 30 September 2011 (RM'000)	Difference (%)
Revenue	24,376	18,223	33.77
Profit/(Loss) before tax	189	(392)	(148.21)

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 33.77% to RM24.38 million mainly due to higher demand in the market. The Group able to achieve a profit before taxation result mainly due to the higher sales generated in the quarter under review.

B2. Variation of Results Compared to Preceding Quarter

Profit before taxation for the quarter under review achieving better result as compared to the immediate preceding quarter is due to better gross profit margin achieved 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 30.09.2012 RM'000	Period To Date 30.09.2012 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.

B9. Group Borrowings and Debts Securities

(a) Long Term Borrowing (Secured)

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Term loans	4,997	15,700
Hire purchase payables	38	129
	<u>5,035</u>	<u>15,829</u>

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B9. Group Borrowings and Debts Securities (Cont'd)

(b) Short Term Borrowing (Secured)

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Term loans	14,204	13,866
Hire purchase payables	164	349
	<u>14,368</u>	<u>14,215</u>

All the above borrowings are denominated in Ringgit Malaysia.

B10. Retained Profits

	(Unaudited) As at 30.09.2012 RM'000	(Audited) As at 31.12.2011 RM'000
Total retained profits of the Group		
- Realised	39,567	40,464
- Unrealised	(3,847)	(3,756)
	<u>35,720</u>	<u>36,708</u>
Less: Consolidated adjustments	(35,510)	(33,665)
Total retained profits as per Statements of Financial Position	<u>210</u>	<u>3,043</u>

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.

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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 30.09.2012 RM'000	Preceding year Corresponding Quarter 30.09.2011 RM'000	Current Year Quarter 30.09.2012 RM'000	Preceding year Corresponding Quarter 30.09.2011 RM'000
Net profit/(loss) attributable to equity holder of the parent	139	(442)	(2,833)	(2,377)
Weighted average number of ordinary shares in issue	61,100	61,100	61,100	61,100
Basic earnings per share (sen)	0.23	(0.72)	(4.64)	(3.89)

B15. Notes to the Statement of Comprehensive Income

	Current Quarter 30.09.2012 RM'000	Period To Date 30.09.2012 RM'000
Amortisation of intangible asset	1,172	3,517
Depreciation of property, plant and equipment	911	2,811
Interest expense	427	1,502
Unrealised loss/(gain) on derivative financial instrument	87	(146)

By Order of the Board,

Datuk Yeo Wang Seng
Managing Director
30 NOVEMBER 2012