

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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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 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 2012. 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 2012.

Since the previous annual audited financial statements as at 31 December 2012 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

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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### A2. Significant accounting policies (cont'd)

The Group have not adopted earlier the following new FRSs, revised FRSs, Issues Committee ("IC") Interpretations and amendments to FRSs, 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>
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
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (revised)	1 January 2013
MFRS 127	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 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*

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

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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### **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 2012.

### **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 June 2013.

### **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.

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

### A9. Segmental Information

(i) Segment analysis for the financial period-to-date ended 30 June 2013:-

	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
<b>Revenue</b>						
- External	-	33,790	-	-	-	33,790
- Inter-segmental sales	-	4,683	190	5,209	(10,082)	-
Total Revenue	-	38,473	190	5,209	(10,082)	33,790
<b>Results</b>						
Segment result	(97)	1,931	(180)	(355)	(2,062)	(763)
Interest income	-	-	-	-	-	-
Interest expenses	-	(280)	-	-	-	(483)
(Loss)/Profit from before taxation	33	(65)	(173)	6	(1,031)	(1,246)
Taxation	-	(50)	-	-	-	(100)
Net (loss)/profit for the financial period	33	(115)	(173)	6	(1,031)	(1,346)
Additional to non-current assets	-	5	360	-	-	365
Segment assets	18	50,033	409	10,179	10,189	70,828
<b>Non-Cash Expenses/(Income)</b>						
Amortisation of intangible asset	-	-	-	-	2,062	2,062
Depreciation of property, plant and equipment	-	2,490	18	-	-	2,508
Property, plant and equipment written off	-	124	-	-	-	124
Unrealised gain on derivative financial instrument	-	337	-	-	-	250

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

### A9. Segmental Information (Cont'd)

(ii) Segment analysis for the preceding year corresponding period ended 30 June 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
<b>Revenue</b>						
- External	-	29,800	-	-	-	29,800
- Inter-segmental sales	-	5,236	213	12,722	(18,171)	-
Total Revenue	-	35,036	213	12,722	(18,171)	29,800
<b>Results</b>						
Segment result	(431)	1,019	(520)	463	(2,345)	(1,796)
Interest income	-	-	-	-	-	-
Interest expenses	-	(1,075)	-	-	-	(1,075)
(Loss)/Profit from before taxation	(431)	(56)	(520)	463	(2,345)	(2,871)
Taxation	-	(100)	-	-	-	(100)
Net (loss)/profit for the financial period	(431)	(156)	(520)	463	(2,345)	(2,971)
Additional to non-current assets	-	3	310	-	-	313
Segment assets	20	82,619	337	6,120	14,072	103,168
<b>Non-Cash Expenses/(Income)</b>						
Amortisation of intangible asset	-	-	-	-	2,344	2,344
Depreciation of property, plant and equipment	-	1,888	12	-	-	1,900
Gain on disposal of property, plant and equipment	-	-	-	-	-	-
Inventories written off	-	-	-	-	-	-
Unrealised loss on derivative financial instrument	-	-	-	-	-	88

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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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.

	<b>Current Quarter 30.06.2013 RM'000</b>	<b>Period To Date 30.06.2013 RM'000</b>
<b>Banker guarantees given in favour of third parties</b>		
- Limit of guarantee	-	-
	<hr/>	<hr/>
- Amount utilised	-	-
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# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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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:-

	<b>Current Quarter</b> <b>30.06.2013</b> <b>RM'000</b>	<b>Period To Date</b> <b>30.06.2013</b> <b>RM'000</b>
Office rental paid/payable to:- Golden Bond Sdn Bhd	<u>24</u>	<u>48</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 2013

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### ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

#### **B1. Review of Performance**

The comparison of the quarterly results is tabulated below:

	<b>Current quarter ended 30 June 2013 (RM'000)</b>	<b>Preceding quarter ended 30 June 2012 (RM'000)</b>	<b>Difference (%)</b>
Revenue	15,480	14,473	6.96
Loss before tax	(104)	(993)	89.53

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 6.96% to RM15.48 million mainly due to selling of high margin product, ie; wooden flooring board. The Group continues to achieve a loss before taxation result mainly due to the goodwill amortisation 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 margin being 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.



# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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### B5. Taxation

Taxation comprises the following:-

	<b>Current Quarter 30.06.2013 RM'000</b>	<b>Period To Date 30.06.2013 RM'000</b>
Current taxation	(50)	(100)
Deferred taxation	-	-
	<u>(50)</u>	<u>(100)</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)

	<b>As at 30.06.2013 RM'000</b>	<b>As at 31.12.2012 RM'000</b>
Term loans	-	2,527
Hire purchase payables	-	8
	<u>-</u>	<u>2,535</u>

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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

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

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Term loans	11,005	14,386
Hire purchase payables	64	121
	<u>11,069</u>	<u>14,507</u>

All the above borrowings are denominated in Ringgit Malaysia.

### B10. Accumulated Losses

	(Unaudited) As at 30.06.2013 RM'000	(Audited) As at 31.12.2012 RM'000
Total accumulated losses of the Group		
- Realised	12,698	11,982
- Unrealised	(2,044)	(2,044)
	<u>10,654</u>	<u>9,938</u>
Less: Consolidated adjustments	(31,276)	(29,214)
Total accumulated losses as per Statements of Financial Position	<u>(20,622)</u>	<u>(19,276)</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

# ATURMAJU RESOURCES BERHAD

(Company No: 448934-M)

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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 30.06.2013 RM'000	Preceding year Corresponding Quarter 30.06.2012 RM'000	Current Year Quarter 30.06.2013 RM'000	Preceding year Corresponding Quarter 30.06.2012 RM'000
Net loss attributable to equity holder of the parent	(154)	(1,043)	(1,346)	(2,971)
Weighted average number of ordinary shares in issue	61,100	61,100	61,100	61,100
Basic earnings per share (sen)	(0.25)	(1.71)	(2.20)	(4.86)

### B15. Notes to the Statement of Comprehensive Income

	Current Quarter 30.06.2013 RM'000	Period To Date 30.06.2013 RM'000
Amortisation of intangible asset	1,031	2,062
Depreciation of property, plant and equipment	1,258	2,508
Interest expense	280	483
Unrealised gain on derivative financial instrument	250	337
Property, plant and equipment	124	124

By Order of the Board,

Datuk Yeo Wang Seng

**ATURMAJU RESOURCES BERHAD**

(Company No: 448934-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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**Managing Director**  
30 AUGUST 2013