

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

SECOND QUARTER ENDED 30 JUNE 2009

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2009**

| | Individual Quarter | | Cumulative Quarter | |
|-------------------------------------|--|--|--|---|
| | Current Year Quarter 30-Jun-09 RM'000 | Preceding Year Corresponding Quarter 30-Jun-08 RM'000 | Current Year To-date 30-Jun-09 RM'000 | Preceding Year Corresponding Period 30-Jun-08 RM'000 |
| Revenue | 25,635 | 30,538 | 42,550 | 57,823 |
| Cost of sales | (23,702) | (27,495) | (39,154) | (53,405) |
| Gross profit | 1,933 | 3,043 | 3,396 | 4,418 |
| Other income | 209 | 96 | 688 | 222 |
| Administrative expenses | (848) | (1,346) | (2,369) | (2,553) |
| Selling and distribution expenses | (1,472) | (1,438) | (2,412) | (3,507) |
| Other expenses | (128) | (131) | (484) | (280) |
| Finance Costs | (364) | (318) | (318) | (596) |
| Loss before taxation | (670) | (94) | (1,499) | (2,296) |
| Taxation | (108) | (30) | (199) | (30) |
| Loss after taxation | (778) | (124) | (1,698) | (2,326) |
| Attributable to: | | | | |
| Equity holders of the parent | (778) | (124) | (1,698) | (2,326) |
| Loss per share (sen) | | | | |
| - Basic | (0.65) | (0.10) | (1.42) | (1.94) |
| - Diluted | N/A | N/A | N/A | N/A |

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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(Company No.519103-X)

SECOND QUARTER ENDED 30 JUNE 2009

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009**

| | As at End of Current Quarter 30-Jun-09 (Unaudited) RM'000 | As at Preceding Financial Year End 31-Dec-08 (Audited) RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 33,626 | 35,414 |
| Prepaid lease payments | 4,591 | 4,966 |
| Goodwill on consolidation | 451 | 451 |
| | ----- | ----- |
| | 38,668 | 40,831 |
| | ----- | ----- |
| Current assets | | |
| Inventories | 16,170 | 17,004 |
| Trade & other receivables | 20,199 | 24,792 |
| Tax refundable | 878 | 1,613 |
| Short term deposits with licensed banks | 405 | 391 |
| Cash and bank balances | 8,803 | 5,753 |
| | ----- | ----- |
| | 46,455 | 49,553 |
| | ----- | ----- |
| TOTAL ASSETS | 85,123 | 90,384 |
| | ===== | ===== |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 60,000 | 60,000 |
| Retained profits | 6,658 | 8,356 |
| | ----- | ----- |
| | 66,658 | 68,356 |
| | ----- | ----- |
| LIABILITIES | | |
| Non-current liabilities | | |
| Hire purchase payables | 382 | 177 |
| Term loan | 1,798 | 2,270 |
| Deferred taxation | 1,822 | 1,822 |
| | ----- | ----- |
| | 4,002 | 4,269 |
| | ----- | ----- |
| Current liabilities | | |
| Trade & other payables | 4,846 | 4,981 |
| Hire purchase payables | 835 | 811 |
| Short term borrowings | 8,782 | 11,963 |
| Bank overdraft | - | 4 |
| | ----- | ----- |
| | 14,463 | 17,759 |
| | ----- | ----- |
| Total liabilities | 18,465 | 22,028 |
| | ----- | ----- |
| TOTAL EQUITY AND LIABILITIES | 85,123 | 90,384 |
| | ===== | ===== |
| Net assets per share (RM) | 0.56 | 0.57 |
| | ===== | ===== |

The unaudited Condensed Balance Sheet should be read in conjunction with the audited Financial Statements for year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

SECOND QUARTER ENDED 30 JUNE 2009

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2009**

| | Share Capital | Retained Profits | Total |
|---|--------------------------|-----------------------------|---------------|
| | RM'000 | RM'000 | RM'000 |
| <i>For the period ended 30 June 2009</i> | | | |
| At 1 January 2009 | 60,000 | 8,356 | 68,356 |
| Net loss for the period | - | (1,698) | (1,698) |
| At 30 June 2009 | 60,000 | 6,658 | 66,658 |
| <i>For the period ended 30 June 2008</i> | | | |
| At 1 January 2008 | 60,000 | 12,366 | 72,366 |
| Dividend paid | - | (1,200) | (1,200) |
| Net loss for the period | - | (2,326) | (2,326) |
| At 30 June 2008 | 60,000 | 8,840 | 68,840 |

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
 FOR THE QUARTER ENDED 30 JUNE 2009**

| | Current Year To-date 30-Jun-09 RM'000 | Preceding Year Corresponding Period 30-Jun-08 RM'000 |
|---|--|---|
| CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES | | |
| Loss before taxation | (1,499) | (2,296) |
| Adjustments for: | | |
| Amortisation of concession rights | 6,244 | 1,435 |
| Depreciation of property, plant & equipment | 1,929 | 2,163 |
| Interest expense | 293 | 445 |
| Lease rental | 33 | 35 |
| Net gain on disposal of property, plant & machinery | (111) | - |
| Interest income | (29) | (37) |
| Operating profit before working capital changes | <u>6,860</u> | <u>1,745</u> |
| Decrease in inventories | 834 | 4,046 |
| Decrease in trade & other receivables | 1,852 | 1,792 |
| Decrease in trade & other payables | (135) | (525) |
| Cash From Operations | <u>9,411</u> | <u>7,058</u> |
| Interest paid | (293) | (445) |
| Income tax refunded/ (paid) | 536 | (400) |
| Net Cash From Operating Activities | <u>9,654</u> | <u>6,213</u> |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Payment for concession rights | (3,503) | (4,342) |
| Interest received | 29 | 37 |
| Proceeds from disposal of property, plant and equipment | 1,523 | - |
| Purchase of property, plant and equipment | (1,213) | (923) |
| Net Cash For Investing Activities | <u>(3,164)</u> | <u>(5,228)</u> |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Dividend paid | - | (1,200) |
| Net drawdown/ (repayment) of hire purchase obligations | 229 | (936) |
| (Repayment)/ drawdown of bankers' acceptances | (3,084) | 2,612 |
| Repayment of term loan | (569) | (509) |
| Net Cash For Financing Activities | <u>(3,424)</u> | <u>(33)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 3,068 | 952 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | <u>6,140</u> | <u>1,162</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u><u>9,208</u></u> | <u><u>2,114</u></u> |
| CASH AND CASH EQUIVALENTS COMPRISE:- | | |
| Cash and bank balances | 8,803 | 3,261 |
| Short term deposits with licensed banks | 405 | 391 |
| Bank overdraft | - | (1,538) |
| | <u>9,208</u> | <u>2,114</u> |

The unaudited Condensed Cash Flow Statement should be read in conjunction with the audited Financial Statements for year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.