

**A. EXPLANATORY NOTES**

**A1. Basis of Preparation**

The interim financial statements of the Group are unaudited and have been prepared under the same accounting policies and methods of computation as those used in the preparation of the most recent audited financial statements and comply with FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. The 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. Accounting Policies**

The significant accounting policies adopted for the interim financial statements are consistent with those adopted for the Group's annual Audited Financial Statements for the year ended 31 December 2010, except for the adoption of the following new/revised Financial Reporting Standards (FRSs):-

<b>FRSs/ IC Interpretations</b>	<b>Effective date</b>
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS3: Business Combination	1 January 2011
Amendments to FRS101: Presentation of Financial Statements	1 January 2011
Amendments to FRS121: The Effect of Changes in Foreign Exchange Rates	1 January 2011
Amendments to FRS134: Interim Financial Reporting	1 January 2011

**A3. Auditors' Report on the Most Recent Audited Financial Statements**

The auditors' report on the most recent audited financial statements was not subject to any qualification.

**A4. Seasonality or Cyclicity Factors**

The performance of the Group is generally not affected by any seasonal or cyclical factors.

**A5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**A6. Changes in Estimates**

Not applicable.

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**A7. Issuance, Cancellations, Repurchase, Resale and Repayment of Debt and Equity Securities**  
There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations and sale of treasury for the financial period under review.

**A8. Dividend**  
There was no dividend paid for the financial period under review.

**A9. Segmental & Geographical Reporting**  
Segmental reporting for the period ended 30 June 2011:-

	<b>Investment Holding</b> RM '000	<b>Furniture</b> RM '000	<b>Kiln-Drying &amp; Lamination</b> RM '000	<b>Timber</b> RM '000	<b>Inter-Co Elimination</b> RM '000	<b>Total</b> RM '000
Revenue						
- External	-	23,422	22,810	5,715	-	51,947
- Inter-Segment Sales	-	507	3,576	7,215	(11,298)	-
<b>Total Revenue</b>	<b>-</b>	<b>23,929</b>	<b>26,386</b>	<b>12,930</b>	<b>(11,298)</b>	<b>51,947</b>
Results						
(Loss)/ Profit Before Tax	37	(819)	825	606	-	649
Income Tax Expenses	(35)	571	(195)	(170)	-	171
<b>Net (Loss)/ Profit After Tax</b>	<b>2</b>	<b>(248)</b>	<b>630</b>	<b>436</b>	<b>-</b>	<b>820</b>

Geographical segment has not been presented as the Group operates wholly in Malaysia.

**A10. Valuation of Property, Plant and Equipment Brought Forward**  
Not applicable as the Group did not revalue its property, plant and equipment.

**A11. Material Subsequent Events**  
There were no material events subsequent to the financial period under review.

**A12. Changes in the Composition of the Group**  
There were no changes in the composition of the Group in the financial period under review.

**A13. Contingent Liabilities and Capital Commitments**  
Since the last annual balance sheet as at 31 December 2010, there were no material changes in contingent liabilities for the Group as at the date of this report. The changes in contingent liabilities of the Company are as follows:

	<b>Company</b>	
	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
<b><u>Contingent Liabilities</u></b>		
Corporate guarantees given to licensed banks for Banking facilities granted to subsidiaries	<u>22,689</u>	<u>16,446</u>
	<b>Group</b>	
	As at 30.6.2011	As at 31.12.2010
	RM'000	RM'000
<b><u>Capital Commitment</u></b>		
Approved and Contracted for:-		
Purchase of property and equipment	<u>Nil</u>	<u>3,878</u>

**B. SELECTED EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of Performance**

	<b>Turnover</b>	<b>Profit before tax</b>	<b>Profit after tax</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Second quarter 30.6.2011	30,453	799	1,211
Second quarter 30.6.2010	28,420	1,360	1,365

The Group's revenue for the current quarter ended 30 June 2011 recorded at RM30 million compared with previous corresponding quarter ended 30 June 2010 which recorded at RM28 million. For the quarter under review, the Group reported profit before tax of RM799,000 compared with previous corresponding quarter ended 30 June 2010 which registered profit before tax of RM 1.3 million.

Furniture segment's sales turnover drop by 18% compared with previous corresponding quarters which directly bring down this quarter's results. On the other hand, Kiln-drying and lamination as well as timber segments' sales were increased by RM5.4 million as a result of increase in revenue from trading of tropical wood. However, these two segments profit before tax has reduced due to higher operating cost and cost of raw material.

**B2. Comparison with Preceding Quarter's Result**

	<b>Turnover</b>	<b>Profit/ (Loss)</b>	<b>Profit/ (Loss)</b>
	<b>RM'000</b>	<b>before tax</b>	<b>after tax</b>
		<b>RM'000</b>	<b>RM'000</b>
Second quarter 30.6.2011	30,453	799	1,211
First quarter 31.3.2011	21,495	(150)	(391)

The Group's revenue for the current quarter registered at RM30 million compared with RM21 million registered in preceding quarter. For the quarter under review, the group has reported profit before tax of RM 799,000 compare to loss before tax of RM150,000 in preceding quarter. The improvement of sales for furniture segment coupled with reduction of operating cost has reduced its loss before tax from RM701,000 in preceding quarter to loss before tax of RM119,000 in current quarter under review. Kiln-drying and lamination segment's turnover has also increased due to additional sales from its tropical wood trading.

**B3. Current Year Prospects**

The outlook for the coming quarters continues to be challenging in terms of global economic uncertainty, increase in raw material cost and foreign currency's fluctuation continue affecting the Group's performance. However, the Group's view on the performance for the second half year is favorable.

**B4. Profit Forecast**

There is no profit forecast issued for the current financial period under review.

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**B5. Taxation**

Taxation for the quarter and year to date comprises:

	Current Quarter RM '000	Current Year to Date RM '000
Current Taxation	328	87

**B6. Sale of Unquoted Investment / Properties**

There was no sale of unquoted investments and properties for the financial period under review.

**B7. Investment of Quoted Investment**

There was no purchase or disposal of quoted securities for the financial period under review.

**B8. Status of Corporate Proposals**

There were no corporate proposals announced for the financial period under review.

**B9. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 June 2011 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
<b>Short Term Borrowings</b>			
Bankers Acceptances	17,032	-	17,032
Bank Overdraft	1,331	-	1,331
Hire Purchase Creditors	278	-	278
Term loan	472	-	472
	<u>19,113</u>	<u>-</u>	<u>19,113</u>
<b>Long Term Borrowings</b>			
Hire Purchase Creditors	514	-	514
Term loan	3,923	-	3,923
Total	<u>23,550</u>	<u>-</u>	<u>23,550</u>

**B10. Off Balance Sheet Financial Instruments**

During the financial period to date, the Group did not enter into any contract involving off balance sheet financial instruments.

**B11. Material Litigation**

The Group did not engage in any material litigation for the current financial period to date.

**B12. Dividend payable**

There is no dividend proposed for the financial period under review.

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**B13. Profit per Share**

The basic profit per share (“PPS”) for the current quarter are calculated based on the profit after tax (“PAT”) and number of ordinary shares outstanding during the period as follows:

	Current Quarter	Current Year To Date
PAT (RM '000)	1,211	820
Number of ordinary shares ( '000)	120,000	120,000
PPS (Sen)	1.01	0.68

**B14. Significant Related Party Transactions**

During the financial period under review, there were no significant related party transactions.

**B15. Realised And Unrealised Profits/ (Losses)**

The breakdown of the retained profits/ (accumulated losses) of the Group as at the reporting period into realised and unrealised profit / (losses) as follows:-

	As at 30.6.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits/ (accumulated losses):		
-Realised profits	10,097	11,508
-Unrealised profits/ (losses)	<u>656</u>	<u>(1,576)</u>
Total Group retained profits as per consolidated accounts	<u>10,753</u>	<u>9,933</u>

**B16. Authorization for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors.