

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

THIRD QUARTER ENDED 30 SEPTEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Sep-11 RM'000	Preceding Year Corresponding Quarter 30-Sep-10 RM'000	Current Year To-date 30-Sep-11 RM'000	Preceding Year Corresponding Period 30-Sep-10 RM'000
Continuing operations				
Revenue	29,882	27,618	81,830	87,276
Cost of sales	(27,192)	(24,168)	(73,986)	(76,455)
Gross profit	2,690	3,450	7,844	10,821
Other income	297	62	797	624
Distribution costs	(1,536)	(1,163)	(2,943)	(3,535)
Administrative expenses	(1,095)	(1,148)	(3,884)	(3,442)
Other expenses	(124)	(244)	(384)	(416)
Operating profit	232	957	1,430	4,052
Finance Costs	(249)	(331)	(798)	(905)
(Loss)/ Profit before taxation	(17)	626	632	3,147
Income tax expense	(461)	(298)	(290)	(547)
(Loss)/ Profit after taxation	(478)	328	342	2,600
Other Comprehensive Income	-	-	-	-
Total Comprehensive income for the financial period	(478)	328	342	2,600
Total comprehensive (expenses)/ income attributable to:				
-owner of the Company	(478)	328	342	2,600
(Loss)/ Earning Per Share				
-Basic (Sen)	(0.40)	0.27	0.29	2.17
-Diluted	Not applicable	Not applicable	Not applicable	Not applicable

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

THIRD QUARTER ENDED 30 SEPTEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011**

	As at End of Current Quarter 30-Sep-11 (Unaudited) RM'000	As at Preceding Financial Year End 31-Dec-10 (Audited) (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	38,512	37,089
Goodwill on consolidation	451	451
	<u>38,963</u>	<u>37,540</u>
Current assets		
Inventories	8,627	8,392
Advances for rubberwood/ timber logs purchased	10,074	14,295
Trade receivables	25,189	22,708
Other receivables, deposits and prepayments	12,616	5,360
Derivative assets	-	128
Tax refundable	403	667
Short term deposits with licensed banks	428	418
Cash and bank balances	8,449	4,676
	<u>65,786</u>	<u>56,644</u>
Total assets	<u>104,749</u>	<u>94,184</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	60,000	60,000
Retained profits	10,275	9,933
Total equity attributable to owners of the company	<u>70,275</u>	<u>69,933</u>
TOTAL EQUITY	70,275	69,933
Non-current liabilities		
Long-term borrowings	4,890	1,562
Deferred tax liabilities	1,256	1,551
	<u>6,146</u>	<u>3,113</u>
Current liabilities		
Trade payables	2,493	2,463
Other payables and accruals	2,188	2,579
Derivative liabilities	694	-
Short-term borrowings	20,229	14,928
Bank overdrafts	2,724	1,168
	<u>28,328</u>	<u>21,138</u>
Total liabilities	34,474	24,251
TOTAL EQUITY AND LIABILITIES	<u>104,749</u>	<u>94,184</u>
Net assets per share (RM)	<u>0.59</u>	<u>0.58</u>

The unaudited Condensed Statement of Financial Position should be read in conjunction with the audited Financial Statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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THIRD QUARTER ENDED 30 SEPTEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	Share Capital	Retained Profits	Total
	RM'000	RM'000	RM'000
For the period ended 30 September 2011			
Balance at 1.1.2011	60,000	9,933	69,933
Total comprehensive loss for the period	-	342	342
Balance at 30.9.2011	60,000	10,275	70,275
For the period ended 30 September 2010			
Balance at 1.1.2010	60,000	8,032	68,032
Total comprehensive income for the period	-	2,600	2,600
Balance at 30.9.2010	-	10,632	2,600

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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THIRD QUARTER ENDED 30 SEPTEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	Current Year To-date 30-Sep-11 RM'000	Preceding Year Corresponding Period 30-Sep-10 RM'000
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES		
Profit before tax	632	3,147
Adjustments for:		
Depreciation of property, plant & equipment	2,383	2,430
Interest expense	645	511
Loss/ (Gain) on forward currency contracts	822	(103)
Gain on disposal of property, plant & machinery	(66)	(101)
Interest income	(39)	(41)
Operating profit before working capital changes	<u>4,377</u>	<u>5,843</u>
(Increase)/ decrease in inventories	(235)	242
Decrease/ (increase) in advances for rubberwood/ timber logs purchased	4,221	(6,319)
Increase in trade & other receivables	(9,609)	(3,611)
Decrease in trade & other payables	(489)	(1,515)
Cash For Operations	<u>(1,735)</u>	<u>(5,360)</u>
Interest paid	(645)	(511)
Income tax paid	(321)	(408)
Net Cash For Operating Activities	<u>(2,701)</u>	<u>(6,279)</u>
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES		
Interest received	39	41
Proceeds from disposal of property, plant and equipment	383	676
Purchase of property, plant and equipment	(4,123)	(3,142)
Net Cash For Investing Activities	<u>(3,701)</u>	<u>(2,425)</u>
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES		
Net drawdown of hire purchase obligations	12	320
Net drawdown of bankers' acceptances	6,232	12
Net drawdown/ (repayment) of term loan	2,385	(924)
Net Cash From/ (For) Financing Activities	<u>8,629</u>	<u>(592)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	2,227	(9,296)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>3,926</u>	<u>17,756</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>6,153</u></u>	<u><u>8,460</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	8,449	8,042
Short term deposits with licensed banks	428	418
Bank overdraft	(2,724)	-
	<u><u>6,153</u></u>	<u><u>8,460</u></u>

The unaudited Condensed Statement of Cash Flow should be read in conjunction with the audited Financial Statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.