

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.

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):-

FRSs/ IC Interpretations	Effective date
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

The Group has changed its financial year end from 31st December to 30th June effective from 23rd August 2011. The current financial period is from 1st January 2011 to 30th June 2012. Therefore, the respective quarter ended /ending 31st December 2011, 31st March 2012 and 30th June 2012 will be referred to as Other Quarter ended/ ending 31st December 2011, 31st March 2012 and 30th June 2012.

A2. Accounting Policies

Advances for rubberwood/ timber logs purchased

Payments made for purchase of rubber wood/ timber logs are now treated as inventories in the statement of financial position. The cost of rubber wood/ timber logs extracted shall be deducted from the inventories and charge to statement of comprehensive income. The directors and management are of the view that the change is more relevant and reliable to reflect the economic substance of the transaction involve. The following comparative figures have been reclassified:

	31.12.2010 As restated	31.12.2010 As previously stated
	RM	RM
Inventories	20,374	8,392
Advances for rubberwood/ timber logs purchase	2,313	14,295

Beside the above mentioned, there is no significant change of accounting policy for the Group during the financial reporting period.

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.

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 31 December 2011:-

	Investment Holding RM '000	Furniture RM '000	Kiln- Drying & Lamination RM '000	Wood RM '000	Inter-Co Elimination RM '000	Total RM '000
Revenue						
- External	-	43,613	54,178	9,765	-	107,556
- Inter-Segment Sales	-	2,480	6,584	10,563	(19,627)	-
Total Revenue	-	46,093	60,762	20,328	(19,627)	107,556
Results						
(Loss)/ Profit Before Tax	70	(941)	875	785	-	789
Income Tax Expenses	(50)	654	(275)	(276)	-	53
Net (Loss)/ Profit After Tax	20	(287)	600	509	-	842

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

During the reporting period, the Group had on 28 October 2011 incorporated a new subsidiary, Ecofert Biotech Sdn. Bhd. ("Ecofert") for RM51.00, representing 51% interest in the issued and paid up capital of Ecofert.

A13. Contingent Liabilities and Capital Commitments

Since the last annual statement of financial position 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:

	Company	
	As at 31.12.2011	As at 31.12.2010
	RM'000	RM'000
<u>Contingent Liabilities</u>		
Corporate guarantees given to licensed banks for		
Banking facilities granted to subsidiaries	<u>25,588</u>	<u>16,446</u>
<u>Capital Commitment</u>		
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. Performance Analysis

	Individual Quarter		Year to Date	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue				
Furniture	9,250	13,971	43,613	63,786
Kiln Drying & Lamination	15,172	2,385	60,763	19,388
Wood	1,303	11,313	20,328	31,771
Group	25,726	27,669	107,556	115,015
Profit/ (Loss) before tax				
Furniture	400	(927)	(940)	(923)
Kiln Drying & Lamination	(238)	19	875	1,350
Wood	(9)	105	785	1,680
Group	156	(780)	789	2,369

The Group's revenue for the current quarter ended 31 December 2011 recorded at RM26 million compared with previous year's corresponding quarter ended 31 December 2010 which recorded at RM28 million. For the quarter under review, the Group registered profit before tax of RM156,000 compared with previous year's corresponding quarter ended 31 December 2010 which registered loss before tax of RM 780,000. Furniture segment continued to suffer loss for financial period due to lower demand from its existing market. The Group's result was mainly contributed by Wood and Kiln Dried Segment which reported profit before tax of RM 875,000 and RM 785,000 respectively.

Furniture segment:

Furniture segment's performance in year 2011 was mainly affected by lower demand from existing market especially Europe Market due to slow down in economic condition. In addition, weaken US Dollar against Ringgit Malaysia also affect the bottom line of operation.

Kiln-drying & lamination segment

The overall sales of the segment has increased from RM4 millions in fourth quarter 2010 to RM16 millions during the current reporting quarter. The increase of sales was contributed by its tropical wood trading.

Rubber wood and laminated board's sales were directly affected by lower demand from local furniture manufacturer as their sales order generally decrease during the financial period. Besides, shortage in raw material supplies (wet rubber wood) also affects the production output.

Wood segment

Wood segment registered profit before tax of RM179,000 compared with previous corresponding quarter ended 31 December 2010 which recorded at RM RM477,000. The decrease in profit before tax was mainly due to increase of raw material cost. Besides, raining season at the end of the year also affected the operation of wood extraction.

B2. Comparison with Preceding Quarter's Result

	Turnover	Profit/ (Loss)	Profit/ (Loss)
	RM'000	before tax	after tax
		RM'000	RM'000
Other quarter 31.12.2011	25,726	156	499
Third quarter 30.9.2011	29,882	(17)	(478)

For the quarter under review, the group has reported profit before tax of RM 156,000 compare to loss before tax of RM17,000 in preceding quarter. Sales turnover affected by lower demand in furniture market. At the same time, Wood segment as well as Kiln Dried segment also affected by raining season and shortage of supplies of raw material.

B3. Prospects

The Group recognizes that current period is still challenging. Nevertheless, the Board and management will continue to take measures to reduce cost and expand into new markets aimed at improving the Group's performance in the remaining quarters.

B4. Profit Forecast

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

B5. Taxation

Taxation for the quarter and year to date comprises:

	Current Quarter RM '000	Current Year to Date RM '000
Current Taxation	343	53

B6. Status of Corporate Proposals

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

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2011 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short Term Borrowings			
Bankers Acceptances	19,526	-	19,526
Bank Overdraft	2,724	-	2,724
Hire Purchase Creditors	382	-	382
Term loan	321	-	321
	<u>22,953</u>	<u>-</u>	<u>22,953</u>
Long Term Borrowings			
Hire Purchase Creditors	680	-	680
Term loan	4,210	-	4,210
Total	<u>27,843</u>	<u>-</u>	<u>27,843</u>

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B8. Material Litigation

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

B9. Dividend payable

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

B10. 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)	499	842
Number of ordinary shares ('000)	120,000	120,000
PPS (Sen)	0.42	0.70

B11. Notes to Comprehensive Income Statement

The following items have been included in the Statement of Comprehensive Income:-

	Individual Quarter Ended 31.12.2011 RM'000	Year to date Ended 31.12.2011 RM'000
After Charging:-		
Interest Expenses	295	940
Depreciation	756	3,139
Loss on derivatives	-	422
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Impairment of assets	-	-
After Crediting:-		
Interest income	(1)	(39)
Other income	(108)	(608)
Gain on disposal of property, plant and equipment	(109)	(175)
Foreign exchange gain	(289)	(481)
Gain on derivatives	(400)	-

B12. Significant Related Party Transactions

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

B13. 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 31.12.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits/ (accumulated losses):		
-Realised profits	10,449	11,509
-Unrealised profits/ (losses)	326	(1,576)
Total Group retained profits as per consolidated accounts	10,775	9,933

B14. 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.