

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

THIRD QUARTER ENDED 31 MARCH 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014**

| | Individual Quarter | | Cumulative Quarter | |
|--|---|---|---|--|
| | Current Quarter 31-Mar-14 RM'000 | Preceding Year Corresponding Quarter 31-Mar-13 RM'000 | Current Year To-date 31-Mar-14 RM'000 | Preceding Year Corresponding Period 31-Mar-13 RM'000 |
| Continuing operations | | | | |
| Revenue | 20,079 | 25,805 | 64,999 | 79,799 |
| Cost of sales | (17,318) | (24,367) | (59,370) | (73,532) |
| Gross profit | 2,761 | 1,438 | 5,629 | 6,267 |
| Other income | 344 | 311 | 1,205 | 847 |
| Selling and distribution expenses | (675) | (632) | (1,980) | (2,207) |
| Administrative expenses | (1,334) | (1,985) | (4,218) | (5,632) |
| Other expenses | (203) | (246) | (488) | (743) |
| Finance Costs | (427) | (297) | (1,156) | (904) |
| Profit/ (Loss) before taxation | 466 | (1,411) | (1,008) | (2,372) |
| Income tax expense | (15) | 358 | (37) | 427 |
| Profit/ (Loss) after taxation | 451 | (1,053) | (1,045) | (1,945) |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive income/ (expenses) for the financial period | 451 | (1,053) | (1,045) | (1,945) |
| Profit/ (Loss) after taxation attributable to:- | | | | |
| -Owner of the Company | 451 | (1,053) | (1,045) | (1,945) |
| -Non-controlling interest | - | - | - | - |
| | 451 | (1,053) | (1,045) | (1,945) |
| Total Comprehensive Income/ (Expenses) Attributable to:- | | | | |
| -Owner of the Company | 451 | (1,053) | (1,045) | (1,945) |
| -Non-controlling interest | - | - | - | - |
| | 451 | (1,053) | (1,045) | (1,945) |
| Profit/ (Loss) Per Share | | | | |
| -Basic (Sen) | 0.38 | (0.88) | (0.87) | (1.62) |
| -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 period ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2014**

| | As at End of Current Quarter 31-Mar-14 (Unaudited) | As at Preceding Financial Year End 30-Jun-13 (Audited) |
|---|---|---|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 33,523 | 35,507 |
| | <u>33,523</u> | <u>35,507</u> |
| Current assets | | |
| Inventories | 14,931 | 11,798 |
| Trade receivables | 24,132 | 22,700 |
| Other receivables, deposits and prepayments | 17,844 | 20,204 |
| Tax refundable | 1,103 | 1,124 |
| Short term deposits with licensed banks | 1,500 | 455 |
| Cash and bank balances | 5,367 | 5,301 |
| | <u>64,877</u> | <u>61,582</u> |
| Total assets | <u>98,400</u> | <u>97,089</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 60,000 | 60,000 |
| Retained (losses)/ profits | 467 | 1,512 |
| TOTAL EQUITY | 60,467 | 61,512 |
| Non-current liabilities | | |
| Long-term borrowings | 4,866 | 5,109 |
| Deferred tax liabilities | 1,594 | 1,594 |
| | <u>6,460</u> | <u>6,703</u> |
| Current liabilities | | |
| Trade payables | 2,034 | 2,398 |
| Other payables and accruals | 1,953 | 2,281 |
| Derivative liabilities | 68 | 13 |
| Short-term borrowings | 26,662 | 22,454 |
| Bank overdrafts | 756 | 1,728 |
| | <u>31,473</u> | <u>28,874</u> |
| Total liabilities | 37,933 | 35,577 |
| TOTAL EQUITY AND LIABILITIES | <u>98,400</u> | <u>97,089</u> |
| Net assets per share (RM) | 0.50 | 0.51 |

The unaudited Condensed Statement of Financial Position should be read in conjunction with the audited Financial Statements for period ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

THIRD QUARTER ENDED 31 MARCH 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2014**

| | Share Capital | Retained (Losses)/Profits | Total |
|---|--------------------------|--------------------------------------|---------------|
| | RM'000 | RM'000 | RM'000 |
| For the period ended 31 March 2014 | | | |
| Balance at 1.7.2013 | 60,000 | 1,512 | 61,512 |
| Loss after taxation/total comprehensive expenses for the financial period | - | (1,045) | (1,045) |
| Balance at 31.3.2014 | 60,000 | 467 | 60,467 |
| For the period ended 31 March 2013 | | | |
| Balance at 1.7.2012 | 60,000 | 5,429 | 65,429 |
| Loss after taxation/total comprehensive expenses for the financial period | | (1,945) | (1,945) |
| Balance at 31.3.2013 | 60,000 | 3,484 | 63,484 |

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for period ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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(Company No.519103-X)

THIRD QUARTER ENDED 31 MARCH 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 MARCH 2014**

| | Current Year To-date 31-Mar-14 RM'000 | Preceding Year Corresponding Period 31-Mar-13 RM'000 |
|--|--|---|
| CASH FLOWS FOR OPERATING ACTIVITIES | | |
| Loss before tax | (1,008) | (2,372) |
| Adjustments for: | | |
| Gain on disposal of subsidiary | - | (2) |
| Depreciation of property, plant & equipment | 2,251 | 2,342 |
| Interest expense | 980 | 711 |
| Fair value loss | 55 | - |
| Gain on disposal of property, plant & machinery | (32) | (14) |
| Interest income | (9) | (4) |
| Operating profit before working capital changes | <u>2,237</u> | <u>661</u> |
| Changes in working capital: | | |
| Inventories | (3,133) | (964) |
| Trade and other receivables | 928 | 4,947 |
| Trade and other payables | (692) | 325 |
| Cash (used in)/ generated from operations | <u>(660)</u> | <u>4,969</u> |
| Interest paid | (980) | (711) |
| Income tax paid | (16) | (421) |
| Net cash (used in)/ from operating activities | <u>(1,656)</u> | <u>3,837</u> |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Interest received | 9 | 4 |
| Proceeds from disposal of property, plant and equipment | 42 | 14 |
| Purchase of property, plant and equipment | (277) | (922) |
| Net cash used in investing activities | <u>(226)</u> | <u>(904)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net (repayment)/ drawdown of hire purchase obligations | (430) | 319 |
| Net repayment of bankers' acceptances | (2,428) | (4,558) |
| Net drawdown/(repayment) of term loan | 6,823 | (181) |
| Net cash from/ (used in) financing activities | <u>3,965</u> | <u>(4,420)</u> |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>2,083</u> | <u>(1,487)</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | <u>4,028</u> | <u>4,557</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u><u>6,111</u></u> | <u><u>3,070</u></u> |
| CASH AND CASH EQUIVALENTS COMPRISE:- | | |
| Cash and bank balances | 5,367 | 455 |
| Short term deposits with licensed banks | 1,500 | 3,970 |
| Bank overdraft | (756) | (1,355) |
| | <u><u>6,111</u></u> | <u><u>3,070</u></u> |

The unaudited Condensed Statement of Cash Flow should be read in conjunction with the audited Financial Statements for period ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.