

**SERN KOU RESOURCES BERHAD**  
**(Company No. 519103 - X)**

**AUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER ENDED 31 DECEMBER 2006**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current Year Quarter 31-Dec-06 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Dec-05 RM'000</b>	<b>Current Year To-date 31-Dec-06 RM'000</b>	<b>Preceding Year Corresponding Period 31-Dec-05 RM'000</b>
Revenue	32,461	29,353	135,927	121,459
Cost of sales	<u>(26,745)</u>	<u>(24,866)</u>	<u>(118,701)</u>	<u>(103,983)</u>
<b>Gross profit</b>	<b>5,716</b>	<b>4,487</b>	<b>17,226</b>	<b>17,476</b>
Other income	63	46	226	119
Administrative expenses	(1,478)	(1,369)	(5,027)	(4,910)
Selling and distribution expenses	(730)	(772)	(3,608)	(3,349)
Other expenses	(150)	(293)	(492)	(671)
Finance Costs	<u>(273)</u>	<u>(152)</u>	<u>(713)</u>	<u>(635)</u>
<b>Profit before taxation</b>	<b>3,148</b>	<b>1,947</b>	<b>7,612</b>	<b>8,030</b>
Taxation	<u>(968)</u>	<u>(1,472)</u>	<u>(1,925)</u>	<u>(2,136)</u>
<b>Profit after taxation</b>	<b><u>2,180</u></b>	<b><u>475</u></b>	<b><u>5,687</u></b>	<b><u>5,894</u></b>
Attributable to:				
<b>Equity holders of the parent</b>	<b><u>2,180</u></b>	<b><u>475</u></b>	<b><u>5,687</u></b>	<b><u>5,894</u></b>
Earnings per share (sen)				
- Basic	<u>1.82</u>	<u>0.40</u>	<u>4.74</u>	<u>4.91</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The audited condensed consolidated income statements should be read in conjunction with the audited financial statements for year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**SERN KOU RESOURCES BERHAD**

(Company No. 519103 - X)

**AUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006**

	<b>(Audited)</b> <b>As at</b> <b>31-Dec-06</b> <b>RM'000</b>	<b>(Audited)</b> <b>As at</b> <b>31-Dec-05</b> <b>RM'000</b> <i>Restated</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & machinery	34,666	27,091
Prepaid lease payments	5,107	5,177
	<u>39,773</u>	<u>32,268</u>
<b>Current assets</b>		
Inventories	24,767	13,326
Trade & other receivables	23,553	27,827
Tax refundable	-	1,609
Fixed deposits with licensed banks	6,756	3,349
Cash and bank balances	2,662	5,774
	<u>57,738</u>	<u>51,885</u>
<b>TOTAL ASSETS</b>	<u><u>97,511</u></u>	<u><u>84,153</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	60,000	60,000
Retained profits	10,112	3,414
Proposed dividend	1,500	3,000
Negative goodwill	-	4,011
	<u>71,612</u>	<u>70,425</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term borrowings	4,680	719
Deferred taxation	2,443	3,051
	<u>7,123</u>	<u>3,770</u>
<b>Current liabilities</b>		
Trade & other payables	6,527	4,377
Provision for taxation	30	-
Short term borrowings	12,219	5,581
	<u>18,776</u>	<u>9,958</u>
<b>Total liabilities</b>	<u>25,899</u>	<u>13,728</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>97,511</u></u>	<u><u>84,153</u></u>
Net assets per share (RM)	0.60	0.59

The audited condensed balance sheet should be read in conjunction with the audited financial statements for year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**SERN KOU RESOURCES BERHAD**  
**(Company No. 519103 - X)**

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2006**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Retained Profits RM'000</b>	<b>Dividend RM'000</b>	<b>Negative Goodwill RM'000</b>	<b>Total RM'000</b>
<i>For the period ended 31 December 2006</i>						
At 1 January 2006	60,000	-	3,414	3,000	4,011	70,425
Effect of adopting FRS 3	-	-	4,011	-	(4,011)	-
Dividend paid	-	-	-	(4,500)	-	(4,500)
Dividend proposed	-	-	(1,500)	1,500	-	-
Net profit for the period	-	-	5,687	-	-	5,687
<b>At 31 December 2006</b>	<b>60,000</b>	<b>-</b>	<b>11,612</b>	<b>-</b>	<b>-</b>	<b>71,612</b>
<i>For the period ended 31 December 2005</i>						
At 1 January 2005	45,000	5,133	10,387	2,250	4,011	66,781
Effect of adopting FRS 3	-	-	4,011	-	(4,011)	-
Bonus issue	15,000	(5,133)	(9,867)	-	-	-
Dividend paid	-	-	-	(2,250)	-	(2,250)
Dividend proposed	-	-	(3,000)	3,000	-	-
Net profit for the period	-	-	5,894	-	-	5,894
<b>At 31 December 2005</b>	<b>60,000</b>	<b>-</b>	<b>7,425</b>	<b>3,000</b>	<b>-</b>	<b>70,425</b>

The audited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**SERN KOU RESOURCES BERHAD**  
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**AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2006**

	<b>Current Year To-date 31-Dec-06 RM'000</b>	<b>Preceding Year Corresponding Period 31-Dec-05 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	7,612	8,030
Adjustments for:		
Allowance for doubtful debts	8	175
Amortisation of concession rights	2,978	446
Corporate exercise expenses	-	381
Depreciation of property, plant & machinery	3,449	3,301
Interest expense	481	351
Lease rental	70	-
Net (gain)/loss on disposal of property, plant & machinery	(23)	43
Interest income	(168)	(80)
<b>Operating profit before working capital changes</b>	14,407	12,647
(Increase)/Decrease in inventories	(11,441)	1,067
Decrease in trade & other receivables	1,288	3,754
Increase /(Decrease) in trade & other payables	2,150	(584)
<b>Cash From Operations</b>	6,404	16,884
Interest paid	(481)	(351)
Income tax paid	(894)	(2,235)
<b>Net Cash From Operating Activities</b>	5,029	14,298
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Payment for concession rights	-	(3,424)
Interest received	168	80
Proceeds from disposal of property, plant and equipment	23	213
Purchase of property, plant and equipment	(8,352)	(795)
<b>Net Cash For Investing Activities</b>	(8,161)	(3,926)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(4,500)	(2,250)
Corporate exercise expenses paid	-	(381)
Repayment of hire purchase obligations	(1,635)	(1,566)
Proceed from term loan	4,428	-
Net drawdown/(repayment) of bankers' acceptances	2,943	(5,763)
<b>Net Cash From/(For) Financing Activities</b>	1,236	(9,960)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,896)	412
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	8,934	8,522
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	7,038	8,934

The audited condensed cash flow statements should be read in conjunction with the audited financial statements for year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

<b>Note:</b>	<b><u>Cash and Cash Equivalents at the end of the period</u></b>	<b>RM '000</b>	<b>RM '000</b>
	Cash and bank balances	2,662	5,774
	Fixed deposits with licensed banks	6,756	3,349
	Bank overdraft	(2,380)	(189)
		7,038	8,934