

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

FIRST QUARTER ENDED 31 MARCH 2007

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2007**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Mar-07 RM'000	Preceding Year Corresponding Quarter 31-Mar-06 RM'000	Current Year To-date 31-Mar-07 RM'000	Preceding Year Corresponding Period 31-Mar-06 RM'000
Revenue	27,600	29,429	27,600	29,429
Cost of sales	(24,190)	(25,678)	(24,190)	(25,678)
Gross profit	3,410	3,751	3,410	3,751
Other income	7	47	7	47
Administrative expenses	(1,273)	(1,056)	(1,273)	(1,056)
Selling and distribution expenses	(1,270)	(1,195)	(1,270)	(1,195)
Other expenses	(131)	(113)	(131)	(113)
Finance Costs	(340)	(123)	(340)	(123)
Profit before taxation	403	1,311	403	1,311
Taxation	(109)	(250)	(109)	(250)
Profit after taxation	294	1,061	294	1,061
Attributable to:				
Equity holders of the parent	294	1,061	294	1,061
Earnings per share (sen)				
- Basic	0.25	0.88	0.25	0.88
- Diluted	N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
 AS AT 31 MARCH 2007**

	As at End of Current Quarter 31-Mar-07 (Unaudited) RM'000	As at Preceeding Financial Year End 31-Dec-06 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant & machinery	34,299	34,666
Prepaid lease payments	5,090	5,107
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	39,389	39,773
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Current assets		
Inventories	27,461	24,767
Trade & other receivables	22,703	23,554
Tax refundable	906	866
Fixed deposits with licensed banks	5,389	-
Short term deposits with licensed banks	1,520	6,756
Cash and bank balances	1,804	2,661
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	59,783	58,604
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TOTAL ASSETS	99,172	98,377
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EQUITY AND LIABILITIES		
Equity		
Share capital	60,000	60,000
Retained profits	11,973	11,679
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	71,973	71,679
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LIABILITIES		
Non-current liabilities		
Hire purchase payables	927	1,209
Term loan	3,765	3,765
Deferred taxation	2,443	2,443
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	7,135	7,417
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Current liabilities		
Trade & other payables	3,530	6,527
Provision for taxation	810	830
Hire purchase payables	1,775	1,758
Short term borrowings	12,278	7,786
Bank overdraft	1,671	2,380
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	20,064	19,281
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Total liabilities	27,199	26,698
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TOTAL EQUITY AND LIABILITIES	99,172	98,377
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Net assets per share (RM)	0.60	0.60
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The unaudited Condensed Balance Sheet should be read in conjunction with the audited Financial Statements for year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED 31 MARCH 2007**

	Share Capital RM'000	Retained Profits RM'000	Dividend RM'000	Negative Goodwill RM'000	Total RM'000
<i>For the period ended 31 March 2007</i>					
At 1 January 2007	60,000	11,679	-	-	71,679
Net profit for the period	-	294	-	-	294
At 31 March 2007	60,000	11,973	-	-	71,973
<i>For the period ended 31 March 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)	-
Net profit for the period	-	1,061	-	-	1,061
At 31 March 2006	60,000	8,486	3,000	-	71,486

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
 FOR THE QUARTER ENDED 31 MARCH 2007**

	Current Year To-date 31-Mar-07 RM'000	Preceding Year Corresponding Period 31-Mar-06 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	403	1,311
Adjustments for:		
Amortisation of concession rights	-	559
Depreciation of property, plant & machinery	982	849
Interest expense	266	68
Lease rental	17	18
Net (gain)/loss on disposal of property, plant & machinery	-	(8)
Interest income	<u>(85)</u>	<u>(30)</u>
Operating profit before working capital changes	1,583	2,767
Increase in inventories	(2,694)	(4,339)
Decrease in trade & other receivables	851	3,473
(Decrease)/ Increase in trade & other payables	<u>(2,997)</u>	<u>2,686</u>
Cash From Operations	(3,257)	4,587
Interest paid	(266)	(68)
Income tax paid	<u>(169)</u>	<u>-</u>
Net Cash From Operating Activities	(3,692)	4,519
CASH FLOWS FOR INVESTING ACTIVITIES		
Payment for concession rights		-
Interest received	85	30
Proceeds from disposal of property, plant and equipment	-	8
Purchase of property, plant and equipment	<u>(615)</u>	<u>(1,421)</u>
Net Cash For Investing Activities	(530)	(1,383)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(265)	(443)
Net drawdown/ (repayment) of bankers' acceptances	<u>4,492</u>	<u>(121)</u>
Net Cash From/(For) Financing Activities	4,227	(564)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	5	2,572
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>7,037</u>	<u>8,934</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>7,042</u></u>	<u><u>11,506</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	1,804	6,342
Short term deposits with licensed banks	1,520	4,800
Fixed deposits with licensed banks	5,389	364
Bank overdraft	<u>(1,671)</u>	<u>-</u>
	<u><u>7,042</u></u>	<u><u>11,506</u></u>

The unaudited Condensed Cash Flow Statement should be read in conjunction with the audited Financial Statements for year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.