

**SERN KOU RESOURCES BERHAD**

(Company No.519103-X)

SECOND QUARTER ENDED 30 JUNE 2007

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE QUARTER ENDED 30 JUNE 2007**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30-Jun-07 RM'000</b>	<b>Preceding Year Corresponding Quarter 30-Jun-06 RM'000</b>	<b>Current Year To-date 30-Jun-07 RM'000</b>	<b>Preceding Year Corresponding Period 30-Jun-06 RM'000</b>
Revenue	29,667	37,520	57,267	66,949
Cost of sales	(26,655)	(33,225)	(50,845)	(58,903)
<b>Gross profit</b>	<b>3,012</b>	<b>4,295</b>	<b>6,422</b>	<b>8,046</b>
Other income	156	48	163	95
Administrative expenses	(1,174)	(1,250)	(2,606)	(2,306)
Selling and distribution expenses	(599)	(964)	(1,710)	(2,159)
Other expenses	(129)	(116)	(261)	(229)
Finance Costs	(341)	(159)	(680)	(282)
<b>Profit before taxation</b>	<b>925</b>	<b>1,854</b>	<b>1,328</b>	<b>3,165</b>
Taxation	(173)	(403)	(282)	(653)
<b>Profit after taxation</b>	<b>752</b>	<b>1,451</b>	<b>1,046</b>	<b>2,512</b>
Attributable to:				
<b>Equity holders of the parent</b>	<b>752</b>	<b>1,451</b>	<b>1,046</b>	<b>2,512</b>
Earnings per share (sen)				
- Basic	0.63	1.21	0.87	2.09
- 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 30 JUNE 2007**

	<b>As at End of Current Quarter 30-Jun-07 (Unaudited) RM'000</b>	<b>As at Preceding Financial Year End 31-Dec-06 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & machinery	34,545	34,666
Prepaid lease payments	5,072	5,107
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	39,617	39,773
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<b>Current assets</b>		
Inventories	30,439	24,767
Trade & other receivables	26,445	23,554
Tax refundable	796	866
Fixed deposits with licensed banks	377	-
Short term deposits with licensed banks	2,037	6,756
Cash and bank balances	2,425	2,661
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	62,519	58,604
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<b>TOTAL ASSETS</b>	102,136	98,377
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	60,000	60,000
Retained profits	11,225	11,679
	-----	-----
	71,225	71,679
	-----	-----
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Hire purchase payables	661	1,209
Term loan	3,353	3,765
Deferred taxation	2,443	2,443
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	6,457	7,417
	-----	-----
<b>Current liabilities</b>		
Trade & other payables	5,166	6,527
Provision for taxation	612	830
Hire purchase payables	1,665	1,758
Short term borrowings	16,161	7,786
Bank overdraft	850	2,380
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	24,454	19,281
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<b>Total liabilities</b>	30,911	26,698
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<b>TOTAL EQUITY AND LIABILITIES</b>	102,136	98,377
	=====	=====
Net assets per share (RM)	0.59	0.60
	=====	=====

*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.*

**SERN KOU RESOURCES BERHAD**

(Company No.519103-X)

SECOND QUARTER ENDED 30 JUNE 2007

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2007**

	<b>Share Capital</b>	<b>Retained Profits</b>	<b>Dividend</b>	<b>Negative Goodwill</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><i>For the period ended 30 June 2007</i></b>					
At 1 January 2007	60,000	11,679	-	-	71,679
Dividend paid	-	(1,500)	-	-	(1,500)
Net profit for the period	-	1,046	-	-	1,046
<b>At 30 June 2007</b>	<b>60,000</b>	<b>11,225</b>	<b>-</b>	<b>-</b>	<b>71,225</b>
<b><i>For the period ended 30 June 2006</i></b>					
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	-	-	(3,000)	-	(3,000)
Dividend proposed	-	(1,500)	1,500	-	-
Net profit for the period	-	2,512	-	-	2,512
<b>At 30 June 2006</b>	<b>60,000</b>	<b>8,437</b>	<b>1,500</b>	<b>-</b>	<b>69,937</b>

*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 30 JUNE 2007**

	<b>Current Year To-date 30-Jun-07 RM'000</b>	<b>Preceding Year Corresponding Period 30-Jun-06 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	1,328	3,165
Adjustments for:		
Amortisation of concession rights	-	2,496
Depreciation of property, plant & machinery	1,973	1,674
Interest expense	443	174
Lease rental	35	36
Net gain on disposal of property, plant & machinery	(47)	(8)
Interest income	(112)	(75)
<b>Operating profit before working capital changes</b>	<u>3,620</u>	<u>7,462</u>
Increase in inventories	(5,672)	(8,363)
(Increase)/ Decrease in trade & other receivables	(2,891)	1,302
(Decrease)/ Increase in trade & other payables	(1,361)	1,444
<b>Cash (For)/ From Operations</b>	<u>(6,304)</u>	<u>1,845</u>
Interest paid	(443)	(174)
Income tax paid	(430)	(153)
<b>Net Cash (For)/ From Operating Activities</b>	<u>(7,177)</u>	<u>1,518</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	112	75
Proceeds from disposal of property, plant and equipment	47	8
Purchase of property, plant and equipment	(1,852)	(3,523)
<b>Net Cash For Investing Activities</b>	<u>(1,693)</u>	<u>(3,440)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,500)	(3,000)
Repayment of hire purchase obligations	(641)	(854)
Net drawdown of bankers' acceptances	8,177	2,970
Repayment of term loan	(214)	-
<b>Net Cash From/(For) Financing Activities</b>	<u>5,822</u>	<u>(884)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,048)</u>	<u>(2,806)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>7,037</u>	<u>8,934</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u>3,989</u></u>	<u><u>6,128</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>		
Cash and bank balances	2,425	1,458
Short term deposits with licensed banks	2,037	270
Fixed deposits with licensed banks	377	5,664
Bank overdraft	(850)	(1,264)
	<u><u>3,989</u></u>	<u><u>6,128</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.*