

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

THIRD QUARTER ENDED 30 SEPTEMBER 2007

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Sep-07 RM'000	Preceding Year Corresponding Quarter 30-Sep-06 RM'000	Current Year To-date 30-Sep-07 RM'000	Preceding Year Corresponding Period 30-Sep-06 RM'000
Revenue	33,753	36,517	91,020	103,466
Cost of sales	(29,471)	(33,053)	(80,316)	(91,956)
Gross profit	4,282	3,464	10,704	11,510
Other income	13	68	129	163
Administrative expenses	(486)	(1,243)	(3,092)	(3,549)
Selling and distribution expenses	(1,981)	(719)	(3,691)	(2,878)
Other expenses	(274)	(113)	(488)	(342)
Finance Costs	(429)	(158)	(1,109)	(440)
Profit before taxation	1,125	1,299	2,453	4,464
Taxation	(212)	(304)	(494)	(957)
Profit after taxation	913	995	1,959	3,507
Attributable to:				
Equity holders of the parent	913	995	1,959	3,507
Earnings per share (sen)				
- Basic	0.76	0.83	1.63	2.92
- 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.

SERN KOU RESOURCES BERHAD

(Company No.519103-X)

THIRD QUARTER ENDED 30 SEPTEMBER 2007

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2007**

	As at End of Current Quarter 30-Sep-07 (Unaudited) RM'000	As at Preceding Financial Year End 31-Dec-06 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant & machinery	38,280	34,666
Prepaid lease payments	5,056	5,107
Goodwill on Acquisition	2,064	-
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	45,400	39,773
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Current assets		
Inventories	33,282	24,767
Trade & other receivables	26,519	23,554
Tax refundable	680	866
Fixed deposits with licensed banks	-	-
Short term deposits with licensed banks	-	6,756
Cash and bank balances	3,780	2,661
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	64,261	58,604
	-----	-----
TOTAL ASSETS	109,661	98,377
	=====	=====
EQUITY AND LIABILITIES		
Equity		
Share capital	60,000	60,000
Retained profits	12,138	11,679
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	72,138	71,679
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LIABILITIES		
Non-current liabilities		
Hire purchase payables	496	1,209
Term loan	3,627	3,765
Deferred taxation	2,550	2,443
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	6,673	7,417
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Current liabilities		
Trade & other payables	6,415	6,527
Provision for taxation	-	830
Hire purchase payables	1,569	1,758
Short term borrowings	19,959	7,786
Bank overdraft	2,907	2,380
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	30,850	19,281
	-----	-----
Total liabilities	37,523	26,698
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TOTAL EQUITY AND LIABILITIES	109,661	98,377
	=====	=====
Net assets per share (RM)	0.60	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.

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THIRD QUARTER ENDED 30 SEPTEMBER 2007

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

	Share Capital	Retained Profits	Dividend	Negative Goodwill	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>For the period ended 30 September 2007</i>					
At 1 January 2007	60,000	11,679	-	-	71,679
Dividend paid	-	(1,500)	-	-	(1,500)
Net profit for the period	-	1,959	-	-	1,959
At 30 September 2007	60,000	12,138	-	-	72,138
<i>For the period ended 30 September 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	-	-	(3,000)	-	(3,000)
Dividend proposed	-	(1,500)	1,500	-	-
Net profit for the period	-	3,507	-	-	3,507
At 30 September 2006	60,000	9,432	1,500	-	70,932

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.

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THIRD QUARTER ENDED 30 SEPTEMBER 2007

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

	Current Year To-date 30-Sep-07 RM'000	Preceding Year Corresponding Period 30-Sep-06 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,453	4,464
Adjustments for:		
Amortisation of concession rights	-	2,979
Depreciation of property, plant & machinery	3,043	2,525
Interest expense	961	269
Lease rental	51	54
Net Loss/ (gain) on disposal of property, plant & machinery	71	(23)
Interest income	(124)	(108)
Operating profit before working capital changes	<u>6,455</u>	<u>10,160</u>
Increase in inventories	(7,924)	(12,743)
(Increase)/ Decrease in trade & other receivables	(111)	5,498
(Decrease)/ Increase in trade & other payables	<u>(4,962)</u>	<u>1,360</u>
Cash (For)/ From Operations	(6,542)	4,275
Interest paid	(961)	(269)
Income tax paid	<u>(858)</u>	<u>(517)</u>
Net Cash (For)/ From Operating Activities	(8,361)	3,489
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of subsidiary	(4,174)	23
Interest received	124	108
Proceeds from disposal of property, plant and equipment	281	23
Purchase of property, plant and equipment	<u>(2,718)</u>	<u>(5,269)</u>
Net Cash For Investing Activities	(6,487)	(5,138)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,500)	(3,000)
Repayment of hire purchase obligations	(1,142)	(1,197)
Net drawdown of bankers' acceptances	11,778	2,862
(Repayment)/ Increase of term loan	<u>(452)</u>	<u>2,075</u>
Net Cash From/(For) Financing Activities	8,684	740
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,164)	(909)
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>873</u></u>	<u><u>8,025</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	3,780	3,314
Short term deposits with licensed banks	-	4,562
Fixed deposits with licensed banks	-	364
Bank overdraft	<u>(2,907)</u>	<u>(215)</u>
	<u><u>873</u></u>	<u><u>8,025</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.