

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED****31 DECEMBER 2007**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 December 2007* RM'000	Preceding Year Corresponding Quarter 31 December 2006 ** RM'000	Current Year To Date 31 December 2007* RM'000	Preceding Year Corresponding Period 31 December 2006 ** RM'000
Revenue	9,574	6,793	31,398	28,435
Other income	(204)	(38)	382	204
<b>Profit/ (loss) before interest, taxation, depreciation and amortisation</b>	1,676	(1,198)	2,209	(406)
Amortisation of development expenditure	(61)	(55)	(238)	(202)
Depreciation	(301)	(344)	(1,289)	(1,325)
Interest expenses	(128)	(102)	(491)	(357)
Interest income	5	6	31	27
Share of profit/ (loss) of an associate	(14)	(10)	(9)	3
<b>Profit/ (Loss) before taxation</b>	1,177	(1,703)	213	(2,260)
Taxation	187	364	187	338
<b>Profit/ (Loss) after taxation</b>	1,364	(1,339)	400	(1,922)
Attributable to:				
Equity Holders of The Parent	720	(1,067)	(264)	(1,492)
Minority Interest	644	(272)	664	(430)
	1,364	(1,339)	400	(1,922)
Profit/ (Loss) per share (sen)				
Basic (note B13)	0.76	(1.12)	(0.28)	(1.57)
Diluted (note B13)	N/A	N/A	N/A	N/A
Dividend per share (sen)	N/A	N/A	N/A	N/A

(The accompanying notes and the audited financial statements of the Group for the financial year ended 31 December 2006 form an integral part of, and should be read in conjunction with this interim financial statements)

## Notes:

\* Current quarter financial results comprise of:

- 1) SerSol Technologies Berhad (SerSol)
  - 2) Subsidiaries of SerSol:
    - Multi Square Sdn Bhd
    - Multi Square (S) Pte Ltd
    - Asset Capital Holdings Ltd
    - PT Multi Square
  - 3) Associate company of SerSol:
    - TN Industries Sdn Bhd
  - 4) Subsidiary of Asset Capital Holdings Ltd:
    - Zhuhai MS Coating Ltd
  - 5) Subsidiaries of MSSB:
    - Deco Coatings Sdn Bhd (DCSB) (Formerly known as Granite Paint Sdn Bhd)
    - Multi Square Coating (Thailand) Co Ltd (MSCT)
- (collectively known as SerSol Group or Group)

\*\* The preceding year corresponding quarter's financial results comprised of SerSol Group mentioned above but excluding MSCT.

N/A : Not Applicable

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 31 DECEMBER 2007**

	Unaudited As At 31 December 2007 RM'000	Audited As At 31 December 2006 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	9,563	10,585
Development expenditure	1,227	1,185
Goodwill on consolidation	269	166
Investment in an associate	150	158
Intangible asset	84	-
	11,293	12,094
<b>Current assets</b>		
Inventories	4,306	3,793
Trade receivables	10,651	8,225
Other receivables, deposits and prepayments	1,055	1,032
Tax recoverable	847	849
Marketable securities	107	113
Fixed deposits	73	1,322
Cash and bank balances	1,632	953
	18,671	16,287
<b>Current liabilities</b>		
Trade payables	5,753	6,508
Other payables and accruals	1,713	1,190
Hire purchase payables	335	265
Bank overdraft	1,037	-
Bank borrowings	4,497	3,941
Provision for taxation	132	13
	13,467	11,917
<b>Net current assets</b>	5,204	4,370
	16,497	16,464
<b>REPRESENTED BY:-</b>		
Share capital	9,493	9,493
Share premium	3,538	3,538
Accumulated losses	(302)	(38)
Exchange translation reserve	(95)	(30)
Equity Attributable to Equity Holders of The Parent	12,634	12,963
Minority Interest	1,794	700
<b>TOTAL EQUITY</b>	14,428	13,663
<b>NON CURRENT LIABILITIES</b>		
Hire purchase payables	464	270
Bank borrowings	1,490	2,206
Deferred taxation	115	325
	2,069	2,801
	16,497	16,464
<b>Net Assets Per Ordinary Share Attributable to Equity Holders of the Parent (RM)</b>	0.13	0.14

(The accompanying notes and the audited financial statements of the Group for the financial year ended 31 December 2006 form an integral part of, and should be read in conjunction with this interim financial statements)

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED  
31 DECEMBER 2007**

(The figures have not been audited)

	<b>Current Year To Date 31 December 2007 RM'000</b>	<b>Preceding Year Corresponding Period 31 December 2006 RM'000</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	213	(2,260)
Adjustments for:-		
Non-cash items	1,639	2,395
Non-operating items	509	330
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Operating profit before changes in working capital	2,361	465
Net changes in current assets	(3,153)	(1,103)
Net changes in development expenditure	(280)	(228)
Net changes in current liabilities	(113)	1,165
	<hr/>	<hr/>
<b>CASH FOR/ (FROM) OPERATIONS</b>	(1,185)	299
Interest paid	(491)	(357)
Tax paid	(20)	(59)
	<hr/>	<hr/>
<b>NET CASH FOR OPERATING ACTIVITIES</b>	(1,696)	(117)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		
Dividend paid	-	(273)
Interest received	31	27
Proceeds from disposal of plant & equipments	694	205
Proceed from disposal of quoted investment	202	-
Purchase of quoted investment	(190)	(110)
Purchase of intangible asset	(106)	-
Purchase of plant and equipments	(538)	(1,184)
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<b>NET CASH FROM INVESTING ACTIVITIES</b>	93	(1,335)
<b>CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES</b>		
Net drawdown of other short-term bank borrowings	749	157
Issurance of share capital to minority shareholders	411	596
Repayments of hire purchase	(345)	(431)
Proceeds from term loan	-	2,000
Repayments of term loans	(909)	(782)
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<b>NET CASH FOR FINANCING ACTIVITIES</b>	(94)	1,540
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,697)	88
<b>EXCHANGE DIFFERENCES</b>	90	(43)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	2,275	2,230
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<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	668	2,275
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\* Cash and cash equivalents included in the cashflow statements comprise of the following:

	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	73	1,322
Cash and bank balances	1,632	953
Bank overdraft	(1,037)	-
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	668	2,275
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(The accompanying notes and the audited financial statements of the Group for the financial year ended  
31 December 2006 form an integral part of, and should be read in conjunction with this interim financial statements)

**SERSOL TECHNOLOGIES BERHAD**

 Company No. 602062-X  
 (Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED**
**31 DECEMBER 2007**

(The figures have not been audited)

	← Attributable to Equity Holders of the Parent Company →					Minority Interest	Total Equity	
	← Non-distributable →		← Distributable →					
	Share capital RM'000	Share premium RM'000	Exchange Translation Reserve RM'000	Dividend RM'000	Retained profits RM'000	Total RM'000	RM'000	
As at 1 January 2007	9,493	3,538	(30)	-	(38)	12,963	700	13,663
Net Profit/ (loss) to-date	-	-	-	-	(264)	(264)	664	400
Translation differences	-	-	(65)	-	-	(65)	19	(46)
Issuance of share	-	-	-	-	-	-	411	411
<b>As at 31 December 2007</b>	<b>9,493</b>	<b>3,538</b>	<b>(95)</b>	<b>-</b>	<b>(302)</b>	<b>12,634</b>	<b>1,794</b>	<b>14,428</b>
As at 1 January 2006, previously stated	9,493	3,538	(82)	273	125	13,347	520	13,867
Effect of adopting FRS 3	-	-	-	-	1,329	1,329	-	1,329
As at 1 January 2006, restated	9,493	3,538	(82)	273	1,454	14,676	520	15,196
Subscription in a subsidiary	-	-	-	-	-	-	100	100
Issuance of share of a subsidiary to minority interests	-	-	-	-	-	-	596	596
Effect on deemed disposal	-	-	-	-	-	-	(141)	(141)
Reversal of amount recognised directly in equity relating to goodwill in a subsidiary	-	-	-	-	-	-	27	27
Net loss to-date	-	-	-	-	(1,492)	(1,492)	(430)	(1,922)
Translation differences	-	-	52	-	-	52	28	80
Dividend paid	-	-	-	(273)	-	(273)	-	(273)
<b>As at 31 December 2006</b>	<b>9,493</b>	<b>3,538</b>	<b>(30)</b>	<b>-</b>	<b>(38)</b>	<b>12,963</b>	<b>700</b>	<b>13,663</b>

(The accompanying notes and the audited financial statements of the Group for the financial year ended 31 December 2006 form an integral part of, and should be read in conjunction with this interim financial statements)

**A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134**

**A1. Basis of Preparation**

The unaudited condensed interim financial statements for the fourth quarter ended 31 December 2007 have been prepared in accordance with Financial Reporting Standards (FRS) 134 Interim Financial Reporting (formerly known as MASB 26) issued by the Malaysian Accounting Standards Board (MASB) and amended Appendix 9B of the Revamped Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) for the MESDAQ Market (Revamped MMLR). The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

The accounting policies and presentations adopted by the Group for these interim condensed financial statements are consistent with the latest audited financial statements for the financial year ended 31 December 2006.

**A2. Audit Report of Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 December 2006 was not qualified.

**A3. Seasonality or Cyclicity Factors**

The Group's interim operations for the quarter under review and financial year-to-date were not significantly affected by any seasonal or cyclical factors.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

During the quarter under review and financial year-to-date, there were no items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence.

**A5. Material Change in Estimates**

There were no changes in estimates amount reported as at to date that would have a material effect on the results for the current quarter under review and financial year-to-date.

**A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

During the quarter under review and financial year-to-date, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

**A7. Dividend Paid**

There was no dividend paid during the quarter under review and financial year-to-date.

**A8. Segmental Reporting**

Segmental reporting of the Group's result for the financial period-to-date is as follows:-

Segment Revenue	Investment Holding RM'000	Multi-Square Sdn. Bhd. RM'000	Multi-Square Pte. Ltd. RM'000	Asset Capital Holdings Limited RM'000	PT Multi Square RM'000	Deco Coatings Sdn Bhd (Formerly known as Granite Paint Sdn Bhd) RM'000	Multi Square Coating (Thailand) Co. Ltd RM'000	Total RM'000	Eliminations/ Adjustment RM'000	Consolidated Total RM'000
Plastic/polymer coatings	-	9,056	-	5,689	2,138	-	992	17,875	-2,274	15,601
Industrial diluents	-	8,170	-	2,437	768	-	247	11,622	-963	10,659
Wood coatings	-	1,131	-	-	-	-	-	1,131	-	1,131
Automotive coatings	-	388	-	-	-	-	-	388	-	388
Others	326	1,173	-	-	-	-	-	1,499	-553	946
Trading goods	-	-	757	1,847	-	125	-	2,729	-56	2,673
<b>Total Revenue</b>	<b>326</b>	<b>19,918</b>	<b>757</b>	<b>9,973</b>	<b>2,906</b>	<b>125</b>	<b>1,239</b>	<b>35,244</b>	<b>-3,846</b>	<b>31,398</b>
<b>Segment Result</b>										
Interest expenses	-	489	-	-	-	2	-	491	-	491
<b>Profit/(Loss) before taxation (PBT/LBT)</b>	<b>(181)</b>	<b>(486)</b>	<b>149</b>	<b>1,594</b>	<b>53</b>	<b>(379)</b>	<b>(533)</b>	<b>217</b>	<b>(4)</b>	<b>213</b>
Taxation	-21	207	-	-	1	-	-	187	-	187
<b>Profit/(Loss) after taxation (PAT/LAT)</b>	<b>(202)</b>	<b>(279)</b>	<b>149</b>	<b>1,594</b>	<b>54</b>	<b>(379)</b>	<b>(533)</b>	<b>404</b>	<b>(4)</b>	<b>400</b>

**A9. Revaluation of Property, Plant and Equipment**

The property, plant and equipment of the Group have not been revalued for the quarter under review and financial year-to-date.

**A10. Material Events Subsequent to the End of the Quarter Under Review**

There was no material event subsequent to the end of the quarter under review that has not been reflected in the interim financial statement.

**A11. Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter under review.

**A12. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review and financial year-to-date.

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET**

**B1. Review of Group's Results for the Current Quarter and Financial Year-to-Date Ended 31 December 2007**

For the current quarter under review, the Sersol Group recorded an increase in its Group revenue of RM2.781 million to RM9.574 million, representing an increase of approximately 40.94% as compared to the corresponding financial period ended 31 December 2006. Consequently, the Group achieved a profit after taxation (including minority interest) of RM1.364 million for the current quarter ended 31 December 2007 compared to the loss after taxation (including minority interest) of RM1.339 million for the corresponding financial period ended 31 December 2006.

For the financial year-to-date, the Group recorded an increase in its Group revenue of RM2.963 million to RM31.398 million, representing an increase of approximately 10.42% as compared to the preceding year corresponding period ended 31 December 2006. Consequently, the Group achieved a profit after taxation (including minority interest) of RM0.4 million for the current year-to-date as compared to the loss after taxation (including minority interest) of RM1.922 million for the preceding year corresponding period ended 31 December 2006. The improvement in revenue and profit after taxation was mainly due to the increase in sales and profits in one of its subsidiary company.

However, the Group recorded a loss of RM0.264 million after distribution to the minority shareholders.

**B2. Variation of Results For the Current Quarter Ended 31 December 2007 against Immediate Preceding Quarter**

During the current quarter ended 31 December 2007, the Group recorded an increase in its Group revenue of approximately RM0.019 million to RM9.574 million, representing an increase of approximately 0.2% as compared to the immediate preceding quarter ended 30 September 2007. The Group recorded a profit after taxation (including minority interest) of RM1.364 million in the current quarter ended 31 December 2007, as compared to a profit (including minority interest) of RM0.381 million in the previous quarter ended 30 September 2007. The higher profit after taxation was mainly due to the increase in profits in one of its subsidiary company.

**B3. Prospects for 2008**

The Board of Directors of Sersol ("the Board") expects the Group's financial performance to remain positive in 2008 after taking into consideration of the Group's current level of operations including its China operations and the prevailing market condition. The Board expects the revenue and profits to improve as the Company has embarked on the sale of high margin products and continue to reduce the operation costs.

Barring any unforeseen circumstances, the Board is optimistic that the Group's operational results for the financial year ending 31 December 2008 will be satisfactory.

**B4. Variance of Profit Forecast**

Not applicable as no profit forecast has been issued.

**B5. Tax Expense**

Taxation comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
In respect of the current period:-				
Taxation	3	6	3	32
Deferred taxation	(222)	(370)	(222)	(370)
	<u>(219)</u>	<u>(364)</u>	<u>(219)</u>	<u>(338)</u>
(Over)/ under provisions in previous financial year:-				
Taxation	19	-	19	-
Deferred taxation	13	-	13	-
	<u>32</u>	<u>-</u>	<u>32</u>	<u>-</u>
<b>Total</b>	<u><b>(187)</b></u>	<u><b>(364)</b></u>	<u><b>(187)</b></u>	<u><b>(338)</b></u>

**B6. Profit on Sale of Unquoted Investments and Properties**

There was no disposal of unquoted investments and properties during the quarter under review.

**B7. Purchase and Disposal of Quoted and Marketable Securities**

(i) The dealings in quoted marketable securities for the quarter under review and current financial year-to-date ended 31 December 2007 are as follows:-

	Quarter under review RM'000	Financial year-to-date RM'000
Total purchase at cost	-	190
Total disposal	200	200
Total gain / (loss) on disposal	2	2



**SERSOL TECHNOLOGIES BERHAD**

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- (ii) The details of the investments in marketable securities as at 31 December 2007 are set out below:-

	RM'000
Total investment at cost	100
Total investment at carrying value	107
Total investment at market value	107

**B8. Status of Corporate Proposal Announced**

There were no corporate proposals announced but not completed as at the date of issue of this report.

**Status of Utilisation of Proceeds**

There was no corporate proposal undertaken to raise any proceeds during the quarter under review and financial year-to-date.

**B9. Group Borrowings and Debt Securities**

The Group's borrowings, all repayable in Ringgit Malaysia, as at the end of the quarter under review are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short Term Borrowings</b>			
Term Loans	376	317	693
Trade Financing	2,315	1,489	3,804
Bank overdraft	909	128	1,037
Hire Purchase Payables	335	-	335
	<u>3,935</u>	<u>1,934</u>	<u>5,869</u>
<b>Long Term Borrowings</b>			
Term Loans	1,002	488	1,490
Hire Purchase Payables	464	-	464
	<u>1,466</u>	<u>488</u>	<u>1,954</u>
<b>Total</b>	<u>5,401</u>	<u>2,422</u>	<u>7,823</u>

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of issue of this report.

**SERSOL TECHNOLOGIES BERHAD**

Company No. 602062-X  
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**B11. Changes in Material Litigation since the Last Annual Balance Sheet Date**

Save as disclosed below, the Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of issue of this report.

- (i) The status of the legal claim against Polycure Coating (M) Sdn Bhd and Tan Soon Chew for a sum of RM165,423.39 together with interests and costs, being the outstanding sum overdue for the supply of goods is as follows:
- (a) Multi Square Sdn Bhd ("MSSB") had on 1 August 2006 obtained a court order to wind up Polycure Coating (M) Sdn Bhd and the Insolvency Officer has been appointed as the liquidator of the company on 2 August 2006. The first creditors' meeting was held on 14 February 2007. The Official Receiver has been appointed the liquidator of the company.
- (b) MSSB's solicitors, Messrs. Ang & Co had on 28 November 2006 obtained Receiving and Adjudication Order against Tan Soon Chew and Messrs. Ang & Co had on 18 January 2007 filed the Proof of Debts with the Insolvency Department.
- (ii) For the legal claim against Real Bonus Sdn Bhd for a sum of RM107,229.80 together with legal cost, being the outstanding amount overdue for the supply of goods, Messrs. Ang & Co has duly filed the winding-up proceeding against Real Bonus Sdn Bhd on 24 July 2007 and Order-in-term of the winding up proceeding has been obtained.

**B12. Dividend Proposed**

No dividend has been proposed during the quarter under review.

**B13. Earnings Per Share****Basic earnings per share**

	Current quarter ended		Cumulative quarter ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Net Profit/(loss) attributed to equity holder of the parent for the period	720	(1,067)	(264)	(1,492)
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic profit / (loss) / earnings per share (sen)	0.76	(1.12)	(0.28)	(1.57)

**Diluted earnings per share**

The Group does not have any convertible securities. Hence, the earnings per share is not expected to be diluted.