

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED****31 MARCH 2008**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2008 RM'000	Preceding Year Corresponding Quarter 31 March 2007 RM'000	Current Year To Date 31 March 2008 RM'000	Preceding Year Corresponding Period 31 March 2007 RM'000
Revenue	8,083	5,708	8,083	5,708
Other operating income	141	100	141	100
Operating expenses	(7,948)	(6,495)	(7,948)	(6,495)
Profit from operations	276	(687)	276	(687)
Finance costs	(132)	(136)	(132)	(136)
Share of profit/ (loss) of an associate	(5)	4	(5)	4
<b>Profit/ (Loss) before taxation</b>	<b>139</b>	<b>(819)</b>	<b>139</b>	<b>(819)</b>
Taxation	-	-	-	-
<b>Profit/ (Loss) after taxation</b>	<b>139</b>	<b>(819)</b>	<b>139</b>	<b>(819)</b>
Attributable to:				
Equity Holders of The Parent	204	(689)	204	(689)
Minority Interest	(65)	(130)	(65)	(130)
	<b>139</b>	<b>(819)</b>	<b>139</b>	<b>(819)</b>
Profit/ (Loss) per share (sen)				
Basic (note B13)	0.21	(0.73)	0.21	(0.73)
Diluted (note B13)	0.21	(0.73)	0.21	(0.73)

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and accompanying explanatory notes attached to the interim financial statements)

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 31 MARCH 2008**

	<b>Unaudited As At 31 March 2008 RM'000</b>	<b>Audited As At 31 December 2007 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in an associate	145	150
Property, plant and equipment	9,305	9,563
Goodwill on consolidation	269	269
Other intangible assets	1,317	1,312
Deferred tax assets	3	3
	11,039	11,297
<b>Current assets</b>		
Inventories	4,344	4,294
Trade receivables	9,425	10,718
Other receivables, deposits and prepayments	1,089	1,056
Tax recoverable	156	847
Marketable securities	107	107
Fixed deposits	73	73
Cash and bank balances	2,035	1,631
	17,229	18,726
<b>TOTAL ASSETS</b>	28,268	30,023
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	9,493	9,493
Share premium	3,538	3,538
Exchange translation reserve	(76)	(97)
Accumulated losses	(160)	(364)
Equity attributable to equity holders of the parent	12,795	12,570
<b>MINORITY INTERESTS</b>	1,794	1,843
<b>TOTAL EQUITY</b>	14,589	14,413
<b>Non-current liabilities</b>		
Hire purchase payables	367	464
Bank borrowings	1,453	1,489
Deferred tax liability	118	118
	1,938	2,071
<b>Current liabilities</b>		
Trade payables	5,017	6,269
Other payables and accruals	1,350	1,401
Hire purchase payables	268	335
Bank borrowings	3,932	4,497
Bank overdrafts	1,174	1,037
	11,741	13,539
<b>TOTAL LIABILITIES</b>	13,679	15,610
<b>TOTAL EQUITY AND LIABILITIES</b>	28,268	30,023
Net assets per ordinary share attributable to equity holders of the parent (RM)	0.13	0.13

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and accompanying explanatory notes attached to the interim financial statements)

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED****31 MARCH 2008**

(The figures have not been audited)

	<b>Current Year To Date 31 March 2008 RM'000</b>	<b>Preceding Year Corresponding Period 31 March 2007 RM'000</b>
<b>CASH FLOWS FROM / (FOR) OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	139	(819)
Adjustments for:-		
Non-cash items	339	529
Non-operating items	81	113
	<hr/>	<hr/>
Operating profit / (loss) before changes in working capital	559	(177)
Net changes in current assets	1,198	860
Net changes in development expenditure	(52)	(71)
Net changes in current liabilities	(611)	(1,851)
	<hr/>	<hr/>
<b>CASH FROM / (FOR) OPERATIONS</b>	<b>1,094</b>	<b>(1,239)</b>
Interest paid	(104)	(116)
Tax paid	-	(8)
	<hr/>	<hr/>
<b>NET CASH FROM / (FOR) OPERATING ACTIVITIES</b>	<b>990</b>	<b>(1,363)</b>
<b>NET CASH FROM / (FOR) INVESTING ACTIVITIES</b>		
Interest received	2	3
Proceeds from disposal of plant & equipments	119	12
Proceed received from issuance of share capital	-	168
Purchase of quoted investment	-	(190)
Purchase of plant and equipments	(56)	(405)
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<b>NET CASH FROM / (FOR) INVESTING ACTIVITIES</b>	<b>65</b>	<b>(412)</b>
<b>CASH FLOWS FROM / (FOR) FINANCING ACTIVITIES</b>		
Net (repayment) / drawdown of other short-term bank borrowings	(456)	1,453
Repayments of hire purchase	(164)	(84)
Repayments of term loans	(217)	(237)
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<b>NET CASH FROM / (FOR) FINANCING ACTIVITIES</b>	<b>(837)</b>	<b>1,132</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>218</b>	<b>(643)</b>
<b>EXCHANGE DIFFERENCES</b>	<b>48</b>	<b>(164)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>668</b>	<b>2,275</b>
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<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	<b>934</b>	<b>1,468</b>
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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	1,136
Cash and bank balances	2,035	1,041
Bank overdraft	(1,174)	(709)
	<hr/>	<hr/>
	<b>934</b>	<b>1,468</b>
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(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and accompanying explanatory notes attached to the interim financial statements.)

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

**31 MARCH 2008**

(The figures have not been audited)

	Attributable to Equity Holders of the Parent Company					Minority Interest	Total Equity
	Non - distributable			Distributable			
	Share capital	Share premium	Exchange Translation reserve	Accumulated losses	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2008	9,493	3,538	(97)	(364)	12,570	1,843	14,413
Profit/ (loss) for the period	-	-	-	204	204	(65)	139
Exchange translation differences	-	-	21	-	21	16	37
<b>As at 31 March 2008</b>	<b>9,493</b>	<b>3,538</b>	<b>(76)</b>	<b>(160)</b>	<b>12,795</b>	<b>1,794</b>	<b>14,589</b>
As at 1 January 2007	9,493	3,538	(30)	(38)	12,963	700	13,663
Loss for the period	-	-	-	(689)	(689)	(130)	(819)
Exchange translation differences	-	-	(34)	-	(34)	(52)	(86)
Issuance of share capital to minority shareholders	-	-	-	-	-	242	242
<b>As at 31 March 2007</b>	<b>9,493</b>	<b>3,538</b>	<b>(64)</b>	<b>(727)</b>	<b>12,240</b>	<b>760</b>	<b>13,000</b>

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and accompanying explanatory notes attached to the interim financial statements.)

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

**A1. Basis of Preparation**

The unaudited condensed interim financial statements for the first quarter ended 31 March 2008 have been prepared in accordance with Financial Reporting Standards (FRS) No. 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) for the MESDAQ Market (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 2007.

The accounting policies and methods of computation adopted in these interim financial statements of the Group are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2007 except for the adoption of the following new and revised FRS issued by MASB that are effective for the financial period beginning on 1 January 2008:

FRS 107 - Cash Flow Statements

FRS 112 - Income Taxes

FRS 118 - Revenue

FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121 – The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation.

The adoption of the above revised FRSSs and amendments to FRS does not have any significant financial impact to the Group.

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

The auditors' report on the audited financial statements for the financial year ended 31 December 2007 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.

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**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 RM000	Multi-Square Sdn. Bhd. RM000	Multi-Square Pte. Ltd. RM000	Asset Capital Holdings Limited RM000	PT Multi Square RM000	Deco Coatings Sdn. Bhd. RM000	Multi Square Coating (Thailand) Co. Ltd RM000	Total RM000	Eliminations/Adjustment RM000	Consolidated Total RM000
Plastic/polymer coatings	-	2,540	-	1,077	509	-	318	4,444	-749	3,695
Industrial diluents	-	1,977	-	462	191	-	136	2,766	-221	2,545
Wood coatings	-	114	-	-	-	-	-	114	-	114
Automotive coatings	-	133	-	-	-	-	-	133	-	133
Others	75	707	-	-	-	-	-	782	-41	741
Trading goods	-	-	534	303	-	93	-	930	-75	855
<b>Total Revenue</b>	<b>75</b>	<b>5,471</b>	<b>534</b>	<b>1,842</b>	<b>700</b>	<b>93</b>	<b>454</b>	<b>9,169</b>	<b>-1,086</b>	<b>8,083</b>
<b>Segment Result</b>										
Interest expenses	-	101	-	-	-	3	-	104	-	104
Profit/(Loss) before taxation (PBT/LBT)	(138)	681	72	(126)	(6)	(27)	(97)	359	(220)	139
Taxation	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) after taxation (PAT/LAT)	(138)	681	72	(126)	(6)	(27)	(97)	359	(220)	139

**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.

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**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 March 2008**

For the current quarter under review, the Sersol Group recorded an increased in its Group revenue by RM2.375 million to RM8.083 million, representing an increase of approximately 41.61% as compared to the corresponding financial period ended 31 March 2007. Consequently, the Group achieved a profit after taxation of RM0.139 million for the current quarter ended 31 March 2008 compared to the loss after taxation of RM0.819 million for the corresponding financial period ended 31 March 2007.

The improvement in revenue and profit was mainly due to the increase in sales and profits in one of its subsidiary located in Malaysia, Multi Square Sdn. Bhd.

**B2. Variation of Results For the Current Quarter Ended 31 March 2008 against Immediate Preceding Quarter**

During the current quarter ended 31 March 2008, the Group recorded a decrease in its Group revenue of RM1.491 million to RM8.083 million, representing a decrease of approximately 15.57% as compared to the immediate preceding quarter ended 31 December 2007. The Group recorded a profit after taxation of RM0.139 million in the current quarter ended 31 March 2008, as compared to a profit after taxation of RM1.364 million in the previous quarter ended 31 December 2007. The lower profit after taxation was mainly due to the lower revenue recorded in China's operation.

**B3. Current Year's Prospects for 2008**

Generally, the prospect of the Group remains favourable for the year 2008. The performance of China's operation is expected to be improved in subsequent quarter. Our operation in Thailand is expected to stabilise. As for Malaysia, we have started to achieve profits as a result of embarking on high end products and reducing our operation cost continuously.

Barring any unforeseen circumstances and expected recession in US economy which may have some impact in our prospect for 2008, we have in place adequate measures to mitigate such risk.

**B4. Variance of Profit Forecast**

Not applicable as no profit forecast has been issued.



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**B5. Tax Expense**

Taxation comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	-	-	-
Deferred taxation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

No tax is provided in the quarter under review due to the availability of unutilized tax losses, unabsorbed capital allowances and unutilized reinvestment allowances which carried forward from previous year. Additionally, our subsidiary in China is enjoying the tax exemption which will expiry on 31 December 2008.

**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 March 2008 are as follows:-

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

- (ii) The details of the investments in marketable securities as at 31 March 2008 are set out below:-

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

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**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	310	273	583
Trade Financing	1,817	1,532	3,349
Bank overdraft	1,017	157	1,174
Hire Purchase Payables	268	-	268
	<u>3,412</u>	<u>1,962</u>	<u>5,374</u>
<b>Long Term Borrowings</b>			
Term Loans	956	497	1,453
Hire Purchase Payables	367	-	367
	<u>1,323</u>	<u>497</u>	<u>1,820</u>
<b>Total</b>	<u><u>4,735</u></u>	<u><u>2,459</u></u>	<u><u>7,194</u></u>

**B10. Off Balance Sheet Financial Instruments**

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

**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

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appointed as the liquidator of the company on 2 August 2006. 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, the company was wound up by the Court on 25 February 2008. The Official Receiver has been appointed the liquidator of the company.

**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 March 2008 RM'000	31 March 2007 RM'000	31 March 2008 RM'000	31 March 2007 RM'000
Net Profit/(loss) attributed to equity holder of the parent for the period	204	(689)	204	(689)
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic profit / (loss) / earnings per share (sen)	0.21	(0.73)	0.21	(0.73)

**Diluted earnings per share**

Diluted profit / (loss) per share is equal to the basic profit / (loss) per share as there were no potential ordinary shares outstanding in both the previous and current financial period.