

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

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 December 2008 RM'000	Preceding Year Corresponding Quarter 31 December 2007 RM'000	Current Year To Date 31 December 2008 RM'000	Preceding Year Corresponding Period 31 December 2007 RM'000
Revenue	8,265	9,376	40,147	31,200
Other operating income	165	(191)	629	395
Operating expenses	(8,108)	(7,874)	(37,881)	(30,830)
Profit from operations	322	1,311	2,895	765
Finance costs	(114)	(132)	(465)	(555)
Share of profit/ (loss) of an associate	(2)	(14)	13	(9)
<b>Profit before taxation</b>	<b>206</b>	<b>1,165</b>	<b>2,443</b>	<b>201</b>
Taxation	235	188	(482)	188
<b>Profit/ (Loss) after taxation</b>	<b>441</b>	<b>1,353</b>	<b>1,961</b>	<b>389</b>
Attributable to:				
Equity Holders of The Parent	460	658	1,750	(326)
Minority Interest	(19)	695	211	715
	<b>441</b>	<b>1,353</b>	<b>1,961</b>	<b>389</b>
Profit/ (Loss) per share (sen)				
Basic (note B13)	0.48	0.69	1.84	(0.34)
Diluted (note B13)	0.48	0.69	1.84	(0.34)

(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 DECEMBER 2008**

	Unaudited As At 31 December 2008 RM'000	Audited As At 31 December 2007 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in an associate	163	150
Property, plant and equipment	9,137	9,563
Goodwill on consolidation	166	269
Other intangible assets	842	1,312
Deferred tax assets	2	3
	10,310	11,297
<b>Current assets</b>		
Inventories	3,900	4,294
Trade receivables	10,294	10,718
Amount owing by related companies	437	-
Other receivables, deposits and prepayments	777	1,056
Tax recoverable	188	847
Marketable securities	110	107
Fixed deposits	241	73
Cash and bank balances	3,948	1,631
	19,895	18,726
<b>TOTAL ASSETS</b>	<b>30,205</b>	<b>30,023</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	9,493	9,493
Share premium	3,538	3,538
Exchange translation reserve	112	(97)
Retained profits/ (Accumulated losses)	1,386	(364)
Equity attributable to equity holders of the parent	14,529	12,570
<b>MINORITY INTERESTS</b>	2,249	1,843
<b>TOTAL EQUITY</b>	<b>16,778</b>	<b>14,413</b>
<b>Non-current liabilities</b>		
Hire purchase payables	250	464
Bank borrowings	1,007	1,489
Deferred taxation	560	118
	1,817	2,071
<b>Current liabilities</b>		
Trade payables	5,497	6,269
Other payables and accruals	1,710	1,401
Hire purchase payables	251	335
Taxation	9	-
Bank borrowings	4,046	4,497
Bank overdrafts	97	1,037
	11,610	13,539
<b>TOTAL LIABILITIES</b>	<b>13,427</b>	<b>15,610</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30,205</b>	<b>30,023</b>
Net assets per ordinary share attributable to equity holders of the parent (RM)	0.15	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 December 2008**

(The figures have not been audited)

	Current Year To Date 31 December 2008 RM'000	Preceding Year Corresponding Period 31 December 2007 RM'000
<b>CASH FLOWS FROM / (FOR) OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	2,443	201
Adjustments for:-		
Non-cash items	2,175	1,773
Non-operating items	122	537
	<hr/>	<hr/>
Operating profit / (loss) before changes in working capital	4,740	2,511
Net changes in current assets	552	(3,169)
Net changes in development expenditure	(24)	(310)
Net changes in current liabilities	242	(40)
	<hr/>	<hr/>
<b>CASH FROM / (FOR) OPERATIONS</b>	5,510	(1,008)
Interest paid	(379)	(500)
Tax paid	(78)	(20)
	<hr/>	<hr/>
<b>NET CASH FROM / (FOR) OPERATING ACTIVITIES</b>	5,053	(1,528)
	<hr/>	<hr/>
<b>NET CASH FROM / (FOR) INVESTING ACTIVITIES</b>		
Interest received	6	32
Acquisition of intangible assets	-	(106)
Proceeds from disposal of plant & equipments	140	730
Proceed from disposal of quoted investment	-	200
Purchase of quoted investment	-	(190)
Purchase of plant and equipments	(910)	(540)
	<hr/>	<hr/>
<b>NET CASH FROM / (FOR) INVESTING ACTIVITIES</b>	(764)	126
	<hr/>	<hr/>
<b>CASH FLOWS FROM / (FOR) FINANCING ACTIVITIES</b>		
Net (repayment) / drawdown of other short-term bank borrowings	(253)	749
Proceed received from issuance of share capital	-	411
Repayments of hire purchase	(389)	(344)
Repayments of term loans	(680)	(910)
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<b>NET CASH FROM / (FOR) FINANCING ACTIVITIES</b>	(1,322)	(94)
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<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,967	(1,496)
<b>EXCHANGE DIFFERENCES</b>	458	(112)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	667	2,275
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<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	4,092	667
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\* Cash and cash equivalents included in the cashflow statements comprise of the following:

	RM'000	RM'000
Fixed deposits	241	73
Cash and bank balances	3,948	1,631
Bank overdraft	(97)	(1,037)
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	4,092	667
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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.)

**SERSOL TECHNOLOGIES BERHAD**

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

**31 December 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	Translation reserve	(Accumulated losses)	Total		
	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 for the year	-	-	-	1,750	1,750	211	1,961
Exchange translation differences	-	-	209	-	209	195	404
<b>As at 31 December 2008</b>	<b>9,493</b>	<b>3,538</b>	<b>112</b>	<b>1,386</b>	<b>14,529</b>	<b>2,249</b>	<b>16,778</b>
As at 1 January 2007	9,493	3,538	(30)	(38)	12,963	700	13,663
Issuance of shares of subsidiaries to minority interests	-	-	-	-	-	516	516
(Loss) / Profit for the year	-	-	-	(326)	(326)	715	389
Exchange translation differences	-	-	(67)	-	(67)	(50)	(117)
Acquisition of additional equity in existing subsidiaries	-	-	-	-	-	(38)	(38)
<b>As at 31 December 2007</b>	<b>9,493</b>	<b>3,538</b>	<b>(97)</b>	<b>(364)</b>	<b>12,570</b>	<b>1,843</b>	<b>14,413</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.)

**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 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 FRSs and amendments to FRS does not have any significant financial impact to the Group.

**A2. 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.

**A3. 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.

**A4. 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.

**A5. 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.

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**A6. Dividend Paid**

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

**A7. Segmental Reporting**

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

By Geographical Segment:-

	People's Republic of		Others	Eliminations	Consolidated
	Malaysia	China and Hong Kong			
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000
-Sales to external customers	23,068	10,486	6,573	-	40,147
-Inter-segment sales	5,575	-	-	(5,575)	-
<b>Total revenue</b>	<b>28,663</b>	<b>10,486</b>	<b>6,573</b>	<b>(5,575)</b>	<b>40,147</b>
Segments results	1,487	732	(653)	1,329	2,895
Finance costs	-	-	-	-	(465)
Share of profit of an associates	-	-	-	-	13
<b>Profit before tax</b>					<b>2,443</b>
<b>Segment assets</b>	<b>34,695</b>	<b>6,457</b>	<b>4,893</b>	<b>(16,193)</b>	<b>29,852</b>
Investment in associates	-	-	-	-	163
Income tax assets					190
<b>Total Assets</b>					<b>30,205</b>
<b>Segment liabilities</b>	<b>7,997</b>	<b>2,260</b>	<b>4,364</b>	<b>(7,414)</b>	<b>7,207</b>
Interest bearing - borrowings					5,651
Income tax liabilities					559
<b>Total liabilities</b>					<b>13,427</b>
<b>Other segment information</b>					
Capital expenditure	278	583	139	-	1000
Depreciation of property, plant and equipment	1012	89	148	-	1249

There is no disclosure of business segment information as required by FRS 114 Segment Reporting, as the Group operates principally within one industry.

**A8. 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.

**A9. Changes in the composition of the Group**

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

**A10. 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.

**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 2008**

For the current quarter under review, the Sersol Group recorded a decrease in its Group revenue by RM1.111 million to RM8.265 million, representing a decrease of approximately 11.85% as compared to the corresponding financial year ended 31 December 2007. Consequently, the Group achieved a profit after taxation of RM0.441 million for the current quarter ended 31 December 2008 compared to the profit after taxation of RM1.353 million for the corresponding financial year ended 31 December 2007.

For the financial year-to-date, the Group recorded an increase in its Group revenue of RM8.947 million to RM40.147 million, representing an increase of approximately 28.68% as compared to the preceding year's corresponding year ended 31 December 2007. Consequently, the Group achieved a profit after taxation of RM1.961 million for the current year-to-date as compared to a profit after taxation of RM0.389 million for the corresponding financial year ended 31 December 2007.

The improvement in revenue and profit for the financial year ended 31 December 2008 was mainly due to the increase in sales by its subsidiary companies.

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

During the current quarter ended 31 December 2008, the Group recorded a decrease in its Group revenue of RM5.109 million to RM8.265 million, representing an decrease of approximately 38.20% as compared to the immediate preceding quarter ended 30 September 2008. The Group recorded a profit after taxation of RM0.441 million in the current quarter ended 31 December 2008, as compared to a profit after taxation of RM1.065 million in the previous quarter ended 30 September 2008. The lower profit after taxation was mainly due to the decrease in sales by its subsidiary companies.

**B3. Prospects for financial year 2009**

The prevailing global economic slowdown will have an adverse impact on the Group's prospects for the financial year ending 2009. Nevertheless, the Group will continue with its efforts to implement measures such as producing and promoting high-end products as well as more prudent in terms of cost management to mitigate such impact on the Group.

**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 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
In respect of the current period:-				
Taxation	35	3	40	3
Deferred taxation	(301)	(223)	360	(223)
	<u>(266)</u>	<u>(220)</u>	<u>400</u>	<u>(220)</u>
Under provision in previous financial years:-				
Taxation	-	19	-	19
Deferred taxation	31	13	82	13
	<u>31</u>	<u>32</u>	<u>82</u>	<u>32</u>
Total	<u>(235)</u>	<u>(188)</u>	<u>482</u>	<u>(188)</u>

There is a reversal of deferred taxation which was over provided in previous quarters. The effective tax rate for current financial year-to-date is lower than the statutory tax rate due to some tax incentives enjoyed by some subsidiaries

**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 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 December 2008 are set out below:-

	RM'000
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Total investment at cost	100
Total investment at carrying value	110
Total investment at market value	110

**B8. Status of Corporate Proposal Announced**

- i) There were no corporate proposals announced but not completed as at the date of issue of this report.
- ii) 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	290	205	495
Trade Financing	1,960	1,591	3,551
Bank overdraft	-	97	97
Hire Purchase Payables	251	-	251
	<b>2,501</b>	<b>1,893</b>	<b>4,394</b>
<b>Long Term Borrowings</b>			
Term Loans	730	277	1,007
Hire Purchase Payables	250	-	250
	<b>980</b>	<b>277</b>	<b>1,257</b>
<b>Total</b>	<b>3,481</b>	<b>2,170</b>	<b>5,651</b>

**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**

There were no other changes in material litigation, including the status of pending material litigation since the date of issue of last report.

**B12. Dividend Proposed**

No dividend has been proposed during the quarter under review.

**B13. Earnings / (Loss) Per Share**

**Basic earnings / (loss) per share**

	Current quarter ended		Cumulative quarter ended	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Net Profit/(loss) attributed to equity holder of the parent for the period	460	658	1,750	(326)
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic profit / (loss) / earnings per share (sen)	0.48	0.69	1.84	(0.34)

**Diluted earnings / (loss) 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.

**B14. Auditor'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.