

SERSOL TECHNOLOGIES BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SECOND QUARTER ENDED****30 June 2009**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 June 2009 RM'000	Preceding Year Corresponding Quarter 30 June 2008 RM'000	Current Year To Date 30 June 2009 RM'000	Preceding Year Corresponding Period 30 June 2008 RM'000
Revenue	6,440	10,425	10,453	18,508
Other operating income	329	228	553	369
Operating expenses	(6,290)	(9,704)	(10,586)	(17,652)
Profit from operations	479	949	420	1,225
Finance costs	(42)	(119)	(132)	(251)
Share of profit/ (loss) of an associate	2	7	4	2
Profit / (Loss) before taxation	439	837	292	976
Taxation	(128)	(520)	(128)	(520)
Profit/ (Loss) after taxation	311	317	164	456
Attributable to:				
Equity Holders of The Parent	238	248	244	452
Minority Interest	73	69	(80)	4
	311	317	164	456
Earnings per share (sen)				
Basic (note B13)	0.25	0.26	0.26	0.48
Diluted (note B13)	0.25	0.26	0.26	0.48

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and accompanying explanatory notes attached to the interim financial statements)

SERSOL TECHNOLOGIES BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 June 2009**

	Unaudited As At 30 June 2009 RM'000	Audited As At 31 December 2008 RM'000
ASSETS		
Non-current assets		
Investment in an associate	167	163
Property, plant and equipment	8,738	9,137
Goodwill on consolidation	166	166
Other intangible assets	717	842
Deferred tax assets	2	2
	9,790	10,310
Current assets		
Inventories	3,922	3,888
Trade receivables	7,404	10,053
Amount owing by an associate	447	437
Other receivables, deposits and prepayments	1,104	797
Tax recoverable	192	188
Marketable securities	233	110
Fixed deposits	136	241
Cash and bank balances	2,788	3,948
	16,226	19,662
TOTAL ASSETS	26,016	29,972
EQUITY AND LIABILITIES		
Equity		
Share capital	9,493	9,493
Share premium	3,538	3,538
Exchange translation reserve	138	112
Retained profits/ (Accumulated losses)	1,630	1,386
Equity attributable to equity holders of the parent	14,799	14,529
MINORITY INTERESTS	2,222	2,249
TOTAL EQUITY	17,021	16,778
Non-current liabilities		
Hire purchase payables	137	250
Bank borrowings	764	998
Deferred taxation	647	560
	1,548	1,808
Current liabilities		
Trade payables	3,870	5,094
Other payables and accruals	981	1,537
Amount owing to an associate	276	342
Hire purchase payables	241	251
Taxation	-	9
Bank borrowings	1,586	4,056
Bank overdrafts	493	97
	7,447	11,386
TOTAL LIABILITIES	8,995	13,194
TOTAL EQUITY AND LIABILITIES	26,016	29,972
Net assets per ordinary share attributable to equity holders of the parent (RM)	0.16	0.15

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and accompanying explanatory notes attached to the interim financial statements)

SERSOL TECHNOLOGIES BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED
30 June 2009**

(The figures have not been audited)

	Current Period To Date 30 June 2009 RM'000	Preceding Year Corresponding Period 30 June 2008 RM'000
CASH FLOWS FROM / (FOR) OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	292	976
Adjustments for:-		
Non-cash items	745	779
Non-operating items	(5)	159
	<u>1,032</u>	<u>1,914</u>
Operating profit / (loss) before changes in working capital	1,032	1,914
Net changes in current assets	2,392	(3,012)
Net changes in development expenditure	-	(52)
Net changes in current liabilities	(1,847)	2,401
	<u>1,577</u>	<u>1,251</u>
CASH FROM / (FOR) OPERATIONS	1,577	1,251
Interest paid	(95)	(203)
Tax paid	(53)	-
	<u>1,429</u>	<u>1,048</u>
NET CASH FROM / (FOR) OPERATING ACTIVITIES	1,429	1,048
NET CASH FROM / (FOR) INVESTING ACTIVITIES		
Interest received	3	7
Proceeds from disposal of plant & equipments	-	138
Proceed from disposal of quoted investment	122	-
Purchase of quoted investment	(243)	-
Purchase of plant and equipments	(200)	(142)
	<u>(318)</u>	<u>3</u>
NET CASH FROM / (FOR) INVESTING ACTIVITIES	(318)	3
CASH FLOWS FROM / (FOR) FINANCING ACTIVITIES		
Net (repayment) / drawdown of other short-term bank borrowings	(2,457)	(660)
Repayments of hire purchase	(123)	(250)
Repayments of term loans	(247)	(416)
	<u>(2,827)</u>	<u>(1,326)</u>
NET CASH FROM / (FOR) FINANCING ACTIVITIES	(2,827)	(1,326)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,716)	(275)
EXCHANGE DIFFERENCES	55	146
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>4,092</u>	<u>668</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	<u>2,431</u>	<u>539</u>

* Cash and cash equivalents included in the cashflow statements comprise of the following:

	RM'000	RM'000
Fixed deposits	136	105
Cash and bank balances	2,788	1,238
Bank overdraft	(493)	(804)
	<u>2,431</u>	<u>539</u>

(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and accompanying explanatory notes attached to the interim financial statements.)

SERSOL TECHNOLOGIES BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED****30 June 2009****(The figures have not been audited)**

	Attributable to Equity Holders of the Parent Company				Total	Minority Interest	Total Equity
	Non - distributable		Exchange	Distributable Retained Profit/			
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	(Accumulated losses) RM'000	Total RM'000	RM'000	RM'000
As at 1 January 2009	9,493	3,538	112	1,386	14,529	2,249	16,77
Profit /(Loss) for the year	-	-	-	244	244	(80)	16
Exchange translation differences	-	-	26	-	26	53	7
As at 30 June 2009	9,493	3,538	138	1,630	14,799	2,222	17,02
As at 1 January 2008	9,493	3,538	(97)	(364)	12,570	1,843	14,41
Profit /(Loss) for the year	-	-	-	452	452	4	45
Exchange translation differences	-	-	83	-	83	68	15
As at 30 June 2008	9,493	3,538	(14)	88	13,105	1,915	15,02

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 second quarter ended 30 June 2009 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 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

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 2008.

A2. Seasonality or Cyclicity Factors

The Group's interim operations for the quarter under review and financial period-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 period-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 period-to-date.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

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

A6. Dividend Paid

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

A7. Segmental Reporting

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

By Geographical Segment:-

Revenue	People's Republic of Malaysia China and Hong Kong		Others	Eliminations	Consolidated
	RM'000	RM'000			
-Sales to external customers	6,458	2,013	1,982	-	10,453
-Inter-segment sales	1,148	-	-	(1,148)	-
Total revenue	7,606	2,013	1,982	(1,148)	10,453
Segments results	588	(292)	38	86	420
Finance costs	-	-	-	-	(132)
Share of profit of an associates	-	-	-	-	4
Profit before tax					292
Segment assets	31,525	5,541	5,047	(16,458)	25,655
Investment in associates	-	-	-	-	167
Income tax assets					194
Total Assets					26,016
Segment liabilities	6,824	1,566	3,538	(6,801)	5,127
Interest bearing - borrowings					3,221
Income tax liabilities					647
Total liabilities					8,995
Other segment information					
Capital expenditure	182	13	5	-	200
Depreciation of property, plant and equipment	478	60	76	-	614

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 period-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 Period-to-date Ended 30
June 2009**

For the current quarter under review, our Group recorded a decrease in revenue by RM3.985 million to RM6.440 million, representing a decrease of approximately 38.23% as compared to the corresponding financial year ended 30 June 2008. Our Group recorded a profit after taxation of RM0.311 million for the current quarter ended 30 June 2009 as compared to the profit after taxation of RM0.317 million for the corresponding financial period ended 30 June 2008.

For the financial period-to-date, the Group recorded a decrease in its revenue of RM8.055 million to RM10.453 million, representing an decrease of approximately 43.52% as compared to the preceding year's corresponding period ended 30 June 2008. Our Group recorded a profit after taxation of RM0.164 million for the current period-to-date as compared to the profit after taxation of RM0.456 million for the corresponding financial period ended 30 June 2008.

The lower revenue and profit recorded for the financial period ended 30 June 2009 was mainly due to the decrease in sales by our subsidiary companies in view of the current downturn of the global economy.

**B2. Variation of Results For the Current Quarter Ended 30 June 2009 against Immediate
Preceding Quarter**

During the current quarter ended 30 June 2009, our Group recorded an increase in revenue of RM2.428 million to RM6.44 million, representing an increase of approximately 60.52% as compared to the immediate preceding quarter ended 31 March 2009. Our Group recorded a profit after taxation of RM0.311 million in the current quarter ended 30 June 2009, as compared to a loss after taxation of RM0.147 million in the previous quarter ended 31 March 2009. The improvement was mainly due to higher revenue is recorded by our subsidiary companies in current quarter.

B3. Current Year's Prospects for 2009

Our Board of Directors is of the opinion that the prevailing global economic slowdown will have an adverse impact on our Group's prospects for the financial year ending 2009. Nevertheless, our Group will continue with our efforts to implement measures such as producing and promoting high-end products as well as employing prudent measures like costs management to mitigate such impact on our 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	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	41	-	41	-
Deferred taxation	87	520	87	520
	<u>128</u>	<u>520</u>	<u>128</u>	<u>520</u>
Under provision in previous financial years:-				
Taxation	-	-	-	-
Deferred taxation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>128</u>	<u>520</u>	<u>128</u>	<u>520</u>

The effective tax rate for current quarter and current financial period-to-date is higher than the statutory tax rate because the losses incurred by foreign subsidiaries is not allowed to be set off against the taxable profit of another subsidiary.

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 period-to-date ended 30 June 2009 are as follows:-

	Quarter under review RM'000	Financial period-to-date RM'000
Total purchase at cost	180	243
Total disposal	122	122
Total gain / (loss) on disposal	12	12

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- (ii) The details of the investments in marketable securities as at 30 June 2009 are set out below:-

	RM'000
Total investment at cost	226
Total investment at carrying value	233
Total investment at market value	233

B8. Status of Corporate Proposal Announced

- i) Save as disclosed below, there were no corporate proposals announced but not completed as at the date of issue of this report.

On 1st July 2009, The Board of Directors of Sersol announced that its wholly-owned subsidiary company, Multi Square Sdn Bhd ("MSSB"), has on 19 June 2009, subscribed an additional 90,000 ordinary shares of Thai Baht ("THB") 100 each in MSCT, a wholly-owned subsidiary company of MSSB.

MSSB has on 30 June 2009, 15 July 2009 and 11 August 2009 remitted a total of THB9,000,000 to MSCT.

As such, the allotment of the additional 90,000 ordinary shares of THB100 each in MSCT to MSSB has been completed.

- ii) There was no corporate proposal undertaken to raise any proceeds during the quarter under review and financial period-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
Short Term Borrowings			
Term Loans	279	213	492
Trade Financing	862	232	1,094
Bank overdraft	493	-	493
Hire Purchase Payables	241	-	241
	<u>1,875</u>	<u>445</u>	<u>2,320</u>
Long Term Borrowings			
Term Loans	599	165	764
Hire Purchase Payables	137	-	137
	<u>736</u>	<u>165</u>	<u>901</u>
Total	<u><u>2,611</u></u>	<u><u>610</u></u>	<u><u>3,221</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

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 Per Share

Basic earnings per share

	Current quarter ended		Cumulative quarter ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Net Profit attributed to equity holder of the parent for the period (RM'000)	238	248	244	452
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic earnings per share (sen)	0.25	0.26	0.26	0.48

Diluted earnings per share

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

B14. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2008 was not qualified.