

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

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 September 2009 RM'000	Preceding Year Corresponding Quarter 30 September 2008 RM'000	Current Year To Date 30 September 2009 RM'000	Preceding Year Corresponding Period 30 September 2008 RM'000
Revenue	6,818	13,374	17,271	31,882
Other operating income	5	95	558	464
Operating expenses	(6,936)	(12,120)	(17,522)	(29,773)
Profit / (Loss) from operations	(113)	1,349	307	2,573
Finance costs	(74)	(100)	(206)	(351)
Share of profit/ (loss) of an associate	2	13	6	15
Profit / (Loss) before taxation	(185)	1,262	107	2,237
Taxation	(109)	(197)	(237)	(717)
Profit/ (Loss) after taxation	(294)	1,065	(130)	1,520
Attributable to:				
Equity Holders of The Parent	(181)	839	63	1,290
Minority Interest	(113)	226	(193)	230
	(294)	1,065	(130)	1,520
Earnings / (Loss) per share (sen)				
Basic (note B13)	(0.19)	0.88	0.07	1.36
Diluted (note B13)	(0.19)	0.88	0.07	1.36

(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 September 2009**

	Unaudited As At 30 September 2009 RM'000	Audited As At 31 December 2008 RM'000
ASSETS		
Non-current assets		
Investment in an associate	169	163
Property, plant and equipment	8,591	9,137
Goodwill on consolidation	166	166
Other intangible assets	656	842
Deferred tax assets	2	2
	<u>9,584</u>	<u>10,310</u>
Current assets		
Inventories	3,767	3,888
Trade receivables	8,363	10,053
Amount owing by an associate	378	437
Other receivables, deposits and prepayments	1,098	797
Tax recoverable	159	188
Marketable securities	264	110
Fixed deposits	81	241
Cash and bank balances	2,439	3,948
	<u>16,549</u>	<u>19,662</u>
TOTAL ASSETS	<u>26,133</u>	<u>29,972</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9,493	9,493
Share premium	3,538	3,538
Exchange translation reserve	108	112
Retained profits/ (Accumulated losses)	1,449	1,386
Equity attributable to equity holders of the parent	<u>14,588</u>	<u>14,529</u>
MINORITY INTERESTS	2,091	2,249
TOTAL EQUITY	<u>16,679</u>	<u>16,778</u>
Non-current liabilities		
Hire purchase payables	88	250
Bank borrowings	674	998
Deferred taxation	702	560
	<u>1,464</u>	<u>1,808</u>
Current liabilities		
Trade payables	4,131	5,094
Other payables and accruals	1,164	1,537
Amount owing to an associate	363	342
Hire purchase payables	226	251
Taxation	-	9
Bank borrowings	2,106	4,056
Bank overdrafts	-	97
	<u>7,990</u>	<u>11,386</u>
TOTAL LIABILITIES	<u>9,454</u>	<u>13,194</u>
TOTAL EQUITY AND LIABILITIES	<u>26,133</u>	<u>29,972</u>
Net assets per ordinary share attributable to equity holders of the parent (RM)	0.15	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 SEPTEMBER 2009**

(The figures have not been audited)

	Current Period To Date 30 September 2009 RM'000	Preceding Year Corresponding Period 30 September 2008 RM'000
CASH FLOWS FROM / (FOR) OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	107	2,237
Adjustments for:-		
Non-cash items	1,129	1,413
Non-operating items	(51)	242
	<hr/>	<hr/>
Operating profit / (loss) before changes in working capital	1,185	3,892
Net changes in current assets	1,704	(5,943)
Net changes in development expenditure	-	(24)
Net changes in current liabilities	(1,315)	4,176
	<hr/>	<hr/>
CASH FROM / (FOR) OPERATIONS	1,574	2,101
Interest paid	(147)	(305)
Tax paid	(75)	(56)
	<hr/>	<hr/>
NET CASH FROM / (FOR) OPERATING ACTIVITIES	1,352	1,740
NET CASH FROM / (FOR) INVESTING ACTIVITIES		
Dividend received	2	-
Interest received	3	8
Proceeds from disposal of plant & equipments	-	138
Proceed from disposal of quoted investment	322	-
Purchase of quoted investment	(420)	-
Purchase of plant and equipments	(408)	(401)
	<hr/>	<hr/>
NET CASH FROM / (FOR) INVESTING ACTIVITIES	(501)	(255)
CASH FLOWS FROM / (FOR) FINANCING ACTIVITIES		
Net (repayment) / drawdown of other short-term bank borrowings	(1,905)	150
Repayments of hire purchase	(187)	(323)
Repayments of term loans	(369)	(567)
	<hr/>	<hr/>
NET CASH FROM / (FOR) FINANCING ACTIVITIES	(2,461)	(740)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,610)	745
EXCHANGE DIFFERENCES	38	468
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,092	668
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	2,520	1,881
	<hr/>	<hr/>

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

	RM'000	RM'000
Fixed deposits	81	74
Cash and bank balances	2,439	1,926
Bank overdraft	-	(119)
	<hr/>	<hr/>
	2,520	1,881
	<hr/>	<hr/>

(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 BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED

30 SEPTEMBER 2009

(The figures have not been audited)

	Attributable to Equity Holders of the Parent Company				Minority Interest	Total Equity	
	Non - distributable		Exchange	Distributable Retained Profit/			
	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 2009	9,493	3,538	112	1,386	14,529	2,249	16,778
Profit /(Loss) for the year	-	-	-	63	63	(193)	(130)
Exchange translation differences	-	-	(4)	-	(4)	35	31
As at 30 September 2009	9,493	3,538	108	1,449	14,588	2,091	16,679
As at 1 January 2008	9,493	3,538	(97)	(364)	12,570	1,843	14,413
Profit /(Loss) for the year	-	-	-	1,290	1,290	230	1,520
Exchange translation differences	-	-	237	-	237	216	453
As at 30 September 2008	9,493	3,538	140	926	14,097	2,289	16,386

(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.)

SERSOL TECHNOLOGIES BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the third quarter ended 30 September 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 ACE Market.

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:-

	People's Republic of		Others	Eliminations	Consolidated
	Malaysia	China and Hong Kong			
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
-Sales to external customers	10,142	3,706	3,423	-	17,271
-Inter-segment sales	2,037	-	5	(2,042)	-
Total revenue	12,179	3,706	3,428	(2,042)	17,271
Segments results	694	(469)	(36)	118	307
Finance costs	(179)	(6)	(21)	-	(206)
Share of profit of an associates	-	-	-	-	6
Profit before tax					107
Segment assets	30,877	5,777	4,081	(14,932)	25,803
Investment in associates	-	-	-	-	169
Income tax assets					161
Total Assets					26,133
Segment liabilities	6,276	2,034	2,643	(5,295)	5,658
Interest bearing - borrowings					3,094
Income tax liabilities					702
Total liabilities					9,454
Other segment information					
Capital expenditure	288	89	31	-	408
Depreciation of property, plant and equipment	721	122	96	-	939

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.

SERSOL TECHNOLOGIES BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

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

B1. Review of Group's Results for the Current Quarter and Financial Period-to-date Ended 30 September 2009

For the current quarter under review, our Group recorded a decrease in revenue by RM6.555 million to RM6.819 million, representing a decrease of approximately 49% as compared to the corresponding financial year ended 30 September 2008. Our Group recorded a loss after taxation of RM0.294 million for the current quarter ended 30 September 2009 as compared to the profit after taxation of RM1.065 million for the corresponding financial period ended 30 September 2008.

For the financial period-to-date, the Group recorded a decrease in its revenue of RM14.611 million to RM17.271 million, representing a decrease of approximately 45.83% as compared to the preceding year's corresponding period ended 30 June 2008. Our Group recorded a loss after taxation of RM0.130 million for the current period-to-date as compared to the profit after taxation of RM1.520 million for the corresponding financial period ended 30 September 2008.

The lower revenue and losses recorded for the financial period ended 30 September 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 September 2009 against Immediate Preceding Quarter

During the current quarter ended 30 September 2009, our Group recorded an increase in revenue of RM0.379 million to RM6.819 million, representing an increase of approximately 5.89% as compared to the immediate preceding quarter ended 30 June 2009. Our Group recorded a loss after taxation of RM0.294 million in the current quarter ended 30 September 2009, as compared to a profit after taxation of RM0.311 million in the previous quarter ended 30 June 2009. The losses recorded for current quarter was mainly due to the lower gross profit margin 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.

SERSOL TECHNOLOGIES BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

B5. Tax Expense

Taxation comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
In respect of the current period:-				
Taxation	54	5	95	
Deferred taxation	55	141	142	66
	109	146	237	66
Under provision in previous financial years:-				
Taxation	-	-	-	
Deferred taxation	-	51	-	5
	-	51	-	5
Total	109	197	237	71

The effective tax rate for current quarter and current financial period-to-date is higher because there were under provision of taxation in previous quarters and the losses incurred by foreign subsidiaries was not allowed to be set off against the taxable profit of another local 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 September 2009 are as follows:-

	Quarter under review RM'000	Financial period-to-date RM'000
Total purchase at cost	177	420
Total disposal	200	322
Total gain / (loss) on disposal	61	73

SERSOL TECHNOLOGIES BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

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

	RM'000
Total investment at cost	261
Total investment at carrying value	264
Total investment at market value	264

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 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	243	217	460
Trade Financing	1,332	314	1,646
Bank overdraft	-	-	-
Hire Purchase Payables	226	-	226
	<u>1,801</u>	<u>531</u>	<u>2,332</u>
Long Term Borrowings			
Term Loans	567	107	674
Hire Purchase Payables	88	-	88
	<u>655</u>	<u>107</u>	<u>762</u>
Total	<u><u>2,456</u></u>	<u><u>638</u></u>	<u><u>3,094</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 / (Loss) Per Share

Basic earnings / (loss) per share

	Current quarter ended		Cumulative quarter ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
Net Profit/ (Loss) attributed to equity holder of the parent for the period (RM'000)	(181)	839	63	1,290
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic earnings/ (loss) per share (sen)	(0.19)	0.88	0.07	1.36

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.