

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED****31 MARCH 2010**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2010 RM'000	Preceding Year Corresponding Quarter 31 March 2009 RM'000	Current Year To Date 31 March 2010 RM'000	Preceding Year Corresponding Period 31 March 2009 RM'000
Revenue	4,300	4,012	4,300	4,012
Other operating income	159	224	159	224
Operating expenses	(4,985)	(4,295)	(4,985)	(4,295)
<b>Loss from operations</b>	<b>(526)</b>	<b>(59)</b>	<b>(526)</b>	<b>(59)</b>
Finance costs	(52)	(89)	(52)	(89)
Share of profit of an associate	9	1	9	1
<b>Loss before tax</b>	<b>(569)</b>	<b>(147)</b>	<b>(569)</b>	<b>(147)</b>
Income tax expense	-	-	-	-
<b>Loss for the period</b>	<b>(569)</b>	<b>(147)</b>	<b>(569)</b>	<b>(147)</b>
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign subsidiaries	(126)	228	(126)	228
<b>Total comprehensive income for the period</b>	<b>(695)</b>	<b>81</b>	<b>(695)</b>	<b>81</b>
Loss attributable to:				
Owners of the parent	(431)	6	(431)	6
Minority interests	(138)	(153)	(138)	(153)
<b>Loss for the period</b>	<b>(569)</b>	<b>(147)</b>	<b>(569)</b>	<b>(147)</b>
Total comprehensive income attributable to:				
Owners of the parent	(504)	125	(504)	125
Minority Interests	(191)	(44)	(191)	(44)
<b>Total comprehensive income for the period</b>	<b>(695)</b>	<b>81</b>	<b>(695)</b>	<b>81</b>
(Loss)/Earnings per share (sen)				
Basic (note B13)	(0.45)	0.01	(0.45)	0.01
Diluted (note B13)	(0.45)	0.01	(0.45)	0.01

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and accompanying explanatory notes attached to the interim financial statements.)

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2010**

	Unaudited As At 31 March 2010 RM'000	Audited As At 31 December 2009 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in an associate	173	164
Property, plant and equipment	7,947	8,254
Goodwill on consolidation	166	166
Other intangible assets	456	511
	<u>8,742</u>	<u>9,095</u>
<b>Current assets</b>		
Inventories	3,464	3,521
Trade receivables	5,426	6,402
Amount owing by an associate	281	368
Other receivables, deposits and prepayments	873	929
Current tax assets	127	48
Marketable securities	353	286
Fixed deposits	78	83
Cash and bank balances	2,380	2,654
	<u>12,982</u>	<u>14,291</u>
<b>TOTAL ASSETS</b>	<u>21,724</u>	<u>23,386</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	9,493	9,493
Share premium	3,538	3,538
Exchange translation reserve	(3)	71
Retained profits	111	542
Equity attributable to owners of the parent	<u>13,139</u>	<u>13,644</u>
<b>MINORITY INTERESTS</b>	1,387	1,578
<b>TOTAL EQUITY</b>	<u>14,526</u>	<u>15,222</u>
<b>Non-current liabilities</b>		
Hire purchase payables	55	72
Bank borrowings	502	519
Deferred tax liabilities	684	684
	<u>1,241</u>	<u>1,275</u>
<b>Current liabilities</b>		
Trade payables	2,998	3,497
Other payables and accruals	853	1,172
Amount owing to an associate	163	158
Current tax liabilities	1	-
Hire purchase payables	133	181
Bank borrowings	1,809	1,881
	<u>5,957</u>	<u>6,889</u>
<b>TOTAL LIABILITIES</b>	<u>7,198</u>	<u>8,164</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>21,724</u>	<u>23,386</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.14	0.14

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 FIRST QUARTER ENDED  
31 MARCH 2010**

(The figures have not been audited)

	Current Year To Date 31 March 2010 RM'000	Preceding Year Corresponding Period 31 March 2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(569)	(147)
Adjustments for:-		
Non-cash items	464	376
Non-operating items	(23)	55
	<u>(128)</u>	<u>284</u>
Operating (loss) / profit before changes in working capital	(128)	284
Net changes in current assets	1,086	4,760
Net changes in current liabilities	(796)	(3,843)
	<u>162</u>	<u>1,201</u>
<b>CASH FROM OPERATIONS</b>	162	1,201
Interest paid	(30)	(57)
Tax paid	(80)	(32)
	<u>52</u>	<u>1,112</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	52	1,112
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Dividend received	9	-
Interest received	-	1
Proceed from disposal of quoted investment	230	-
Purchase of quoted investment	(281)	(63)
Purchase of plant and equipment	(36)	(31)
	<u>(78)</u>	<u>(93)</u>
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(78)	(93)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Net drawdown / (repayment) of other short-term bank borrowings	41	(1,057)
Repayments of hire purchase obligations	(65)	(60)
Repayments of term loans	(130)	(125)
	<u>(154)</u>	<u>(1,242)</u>
<b>NET CASH FOR FINANCING ACTIVITIES</b>	(154)	(1,242)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(180)	(223)
Effect of changes in exchange rates	(99)	163
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>2,737</u>	<u>4,092</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	<u>2,458</u>	<u>4,032</u>
* Cash and cash equivalents included in the cashflow statements comprise of the following:		
	RM'000	RM'000
Fixed deposits **	78	331
Cash and bank balances	2,380	3,701
	<u>2,458</u>	<u>4,032</u>

\*\* Included in fixed deposits are RM 43,905 (2009: RM43,905 ) which have been pledged to financial institutions for banking facilities made available to the Group.

(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 FIRST QUARTER ENDED  
31 MARCH 2010**

(The figures have not been audited)

	Attributable to Owners of the Parent				Total RM'000	Minority interests RM'000	Total Equity RM'000
	← Non - distributable		→	Distributable			
	Share capital RM'000	Share premium RM'000	Exchange Translation reserve RM'000	Retained Profits RM'000			
As at 1 January 2010	9,493	3,538	70	542	13,643	1,578	15,221
Total comprehensive income for the period	-	-	(73)	(431)	(504)	(191)	(695)
As at 31 March 2010	<u>9,493</u>	<u>3,538</u>	<u>(3)</u>	<u>111</u>	<u>13,139</u>	<u>1,387</u>	<u>14,526</u>
As at 1 January 2009	9,493	3,538	112	1,386	14,529	2,249	16,778
Total comprehensive income for the period	-	-	119	6	125	(44)	81
As at 31 March 2009	<u>9,493</u>	<u>3,538</u>	<u>231</u>	<u>1,392</u>	<u>14,654</u>	<u>2,205</u>	<u>16,859</u>

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 first quarter ended 31 March 2010 have been prepared in accordance with Financial Reporting Standards ("FRS") No. 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board 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 2009. 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 2009.

The significant 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 2009, except that the Group has adopted the following FRS, amendments and interpretations effective for the group for financial period beginning on 1 January 2010:-

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segment
Revised FRS 101 (2009)	Presentation of Financial Statements
Revised FRS 123 (2009)	Borrowing Costs
Revised FRS 139 (2010)	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2-Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Other than the above new accounting standards and interpretations, the Group has also adopted the various amendments to existing accounting standards.

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application, other than as discussed below:

Revised FRS 101 (2009)

Revised FRS 101 (2009) introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's financial statements as this change in accounting policy affects only the presentation of the Group's financial statements.

**A2. Seasonality or Cyclical 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:-

Year Ended 31 March 2010	People's Republic of China and Hong Kong				Consolidated RM'000
	Malaysia RM'000	Kong RM'000	Others RM'000	Eliminations RM'000	
Revenue					
-Sales to external customers	2,769	586	945	-	4,300
-Inter-segment sales	466	-	-	(466)	-
Total revenue	<u>3,235</u>	<u>586</u>	<u>945</u>	<u>(466)</u>	<u>4,300</u>
Segments results	(250)	(302)	(58)	85	(525)
Finance costs					(52)
Share of profit of an associates					8
Profit before tax					<u>(569)</u>
<b>At 31 March 2010</b>					
Segment assets	28,653	3,809	3,521	(14,559)	21,424
Investment in associates	-	-	-	-	173
Income tax assets					127
Total Assets					<u>21,724</u>
Segment liabilities	5,210	1,441	2,301	(4,938)	4,014
Interest bearing - borrowings					2,499
Income tax liabilities					685
Total liabilities					<u>7,198</u>
Other segment information					
Capital expenditure	30	2	4	-	36
Depreciation of property, plant and equipment	219	40	40	-	299

**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**

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**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 31 March 2010**

For the current quarter under review, our Group's revenue is RM4.300 million, showing an increase of revenue by RM0.288 million, representing an increase of approximately 7.18% as compared to the corresponding financial quarter ended 31 March 2009. Our Group recorded a loss after taxation of RM0.569 million for the current quarter ended 31 March 2010 as compared to the loss after taxation of RM0.147 million for the corresponding quarter ended 31 March 2009.

The losses recorded for the financial quarter ended 31 March 2010 was mainly due to higher increase in operating expenses as compared to the increase in revenue by our subsidiary companies.

**B2. Variation of Results For the Current Quarter Ended 31 March 2010 against Immediate Preceding Quarter**

During the current quarter ended 31 March 2010, our Group's revenue is RM4.300 million, showing a decrease of revenue of RM0.573 million, representing a decrease of approximately 11.76% as compared to the immediate preceding quarter ended 31 December 2009. Our Group recorded a loss after taxation of RM0.569 million in the current quarter ended 31 March 2010, as compared to a loss after taxation of RM1.200 million in the previous quarter ended 31 December 2009. The reduction in the loss is due to the decrease in operating expenses as compared to that of the previous quarter.

**B3. Current Year's Prospects for 2010**

On our board of Director are of the view that our performance for 2010 would be challenging as there is a growing trend in the consumer electric's industry to replace surface coating with advance molding technology with coating effects. Our Group is in the process of re-evaluating our business strategy in the light of this phenomenon and will continue to be prudent in our cost management and to look into other ways of increasing our revenue.

**B4. Variance of Profit Forecast**

Not applicable as no profit forecast has been issued.



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**B5. Tax Expense**

No provision for taxation for current quarter due to most of the subsidiaries has recorded losses.

**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 31 March 2010 are as follows:-

	Quarter under review RM'000	Financial period-to-date RM'000
Total purchase consideration	281	281
Total sales proceed from disposal	230	230
Total gain on disposal	43	43

- (ii) The details of the investments in marketable securities as at 31 March 2010 are set out below:-

	RM'000
Total investment at cost	291
Total investment at carrying value	238
Total investment at market value	238

**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.

**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	159	214	373
Trade Financing	841	595	1,436
Hire Purchase Payables	133	-	133
	<u>1,133</u>	<u>809</u>	<u>1,942</u>
<b>Long Term Borrowings</b>			
Term Loans	502	-	502
Hire Purchase Payables	55	-	55
	<u>557</u>	<u>-</u>	<u>557</u>
<b>Total</b>	<u><u>1,690</u></u>	<u><u>809</u></u>	<u><u>2,499</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 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. (Loss) / Earnings Per Share**

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

	Current quarter ended		Cumulative quarter ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Net (Loss) / Profit attributed to owners of the parent for the period (RM'000)	(431)	6	(431)	6
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic (loss) / earnings per share (sen)	(0.45)	0.01	(0.45)	0.01

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

Diluted (loss)/earnings per share is equal to the basic (loss)/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 2009 was not qualified.