

SERSOL TECHNOLOGIES BERHADCompany No. 602062-X
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED****30 September 2010**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 September 2010 RM'000	Preceding Year Corresponding Quarter 30 September 2009 RM'000	Current Year To Date 30 September 2010 RM'000	Preceding Year Corresponding Period 30 September 2009 RM'000
Revenue	7,060	6,818	18,074	17,271
Other operating income	91	5	355	558
Operating expenses	(7,258)	(6,936)	(19,524)	(17,522)
(Loss) / Profit from operations	(107)	(113)	(1,095)	307
Finance costs	(71)	(74)	(198)	(206)
Share of profit of an associate	4	2	21	6
(Loss) / Profit before tax	(174)	(185)	(1,272)	107
Income tax expense	(45)	(109)	(45)	(237)
(Loss) / Profit for the period	(219)	(294)	(1,317)	(130)
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	(134)	(48)	(255)	31
Total comprehensive income for the period	(353)	(342)	(1,572)	(99)
(Loss) / Profit attributable to:				
Owners of the parent	(111)	(181)	(956)	63
Minority Interests	(108)	(113)	(361)	(193)
(Loss) / Profit for the period	(219)	(294)	(1,317)	(130)
Total comprehensive income attributable to:				
Owners of the parent	(188)	(211)	(1,104)	59
Minority Interests	(165)	(131)	(468)	(158)
Total comprehensive income for the period	(353)	(342)	(1,572)	(99)
(Loss)/Earnings per share (sen)				
Basic (note B13)	(0.12)	(0.19)	(1.01)	0.07
Diluted (note B13)	(0.12)	(0.19)	(1.01)	0.07

(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 BERHADCompany No. 602062-X
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010**

	Unaudited As At 30 September 2010 RM'000	Audited As At 31 December 2009 RM'000
ASSETS		
Non-current assets		
Investment in an associate	185	164
Property, plant and equipment	7,996	8,254
Goodwill on consolidation	166	166
Other intangible assets	345	511
	<u>8,692</u>	<u>9,095</u>
Current assets		
Inventories	4,436	3,521
Trade receivables	8,124	6,402
Amount owing by an associate	472	368
Other receivables, deposits and prepayments	928	929
Current tax assets	114	48
Marketable securities	351	286
Fixed deposits	-	83
Cash and bank balances	1,499	2,654
	<u>15,924</u>	<u>14,291</u>
TOTAL ASSETS	<u>24,616</u>	<u>23,386</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9,493	9,493
Share premium	3,538	3,538
Exchange translation reserve	(78)	71
Retained profits	(414)	542
Equity attributable to owners of the parent	<u>12,539</u>	<u>13,644</u>
MINORITY INTERESTS	1,110	1,578
TOTAL EQUITY	<u>13,649</u>	<u>15,222</u>
Non-current liabilities		
Hire purchase payables	388	72
Bank borrowings	443	519
Deferred tax liabilities	614	684
	<u>1,445</u>	<u>1,275</u>
Current liabilities		
Trade payables	4,160	3,497
Other payables and accruals	1,179	1,171
Amount owing to an associate	417	158
Current tax liabilities	1	1
Hire purchase payables	135	181
Bank borrowings	2,837	1,881
Bank overdraft	793	-
	<u>9,522</u>	<u>6,889</u>
TOTAL LIABILITIES	<u>10,967</u>	<u>8,164</u>
TOTAL EQUITY AND LIABILITIES	<u>24,616</u>	<u>23,386</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.13	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 BERHADCompany No. 602062-X
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE THIRD QUARTER ENDED****30 September 2010**

(The figures have not been audited)

	Current Year To Date 30 September 2010	Preceding Year Corresponding Period 30 September 2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(1,272)	107
Adjustments for:-		
Non-cash items	1,226	1,129
Non-operating items	131	(51)
	<u>85</u>	<u>1,185</u>
Operating (loss) / profit before changes in working capital		
Net changes in current assets	(2,924)	1,704
Net changes in current liabilities	929	(1,315)
	<u>(1,910)</u>	<u>1,574</u>
CASH FROM OPERATIONS		
Interest paid	(135)	(147)
Tax paid	(181)	(75)
	<u>(2,226)</u>	<u>1,352</u>
NET CASH FROM OPERATING ACTIVITIES		
NET CASH FOR INVESTING ACTIVITIES		
Dividend received	11	2
Interest received	3	3
Proceed from disposal of quoted investment	597	322
Proceed from disposal of plant and equipment	25	-
Purchase of quoted investment	(676)	(420)
Purchase of plant and equipment	(299)	(408)
	<u>(339)</u>	<u>(501)</u>
NET CASH FOR INVESTING ACTIVITIES		
CASH FLOWS FOR FINANCING ACTIVITIES		
Net drawdown / (repayment) of other short-term bank borrowings	1,224	(1,905)
Repayments of hire purchase obligations	(174)	(187)
Repayments of term loans	(344)	(369)
	<u>706</u>	<u>(2,461)</u>
NET CASH FOR FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,859)	(1,610)
Effect of changes in exchange rates	(172)	38
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>2,737</u>	<u>4,092</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	<u>706</u>	<u>2,520</u>
* Cash and cash equivalents included in the cashflow statements comprise of the following:		
	RM'000	RM'000
Fixed deposits **	-	81
Cash and bank balances	1,499	2,439
Bank overdraft	(793)	-
	<u>706</u>	<u>2,520</u>

** Included in fixed deposits are RM 43,905 (2009) 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 BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED****30 September 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	-	-	(148)	(956)	(1,104)	(468)	(1,572)
As at 30 September 2010	9,493	3,538	(78)	(414)	12,539	1,110	13,649
As at 1 January 2009	9,493	3,538	112	1,386	14,529	2,249	16,778
Total comprehensive income for the period	-	-	(4)	63	59	(158)	(99)
As at 30 September 2009	9,493	3,538	108	1,449	14,588	2,091	16,679

(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.)

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 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:

(a) Primary Reporting Format - Geographical Segment:-

Period Ended 30 September 2010	People's Republic of China		Others RM'000	Eliminations RM'000	Consolidated RM'000
	Malaysia RM'000	and Hong Kong RM'000			
Revenue					
-Sales to external customers	12,455	2,676	2,943	-	18,074
-Inter-segment sales	1,728	-	-	(1,728)	-
Total revenue	<u>14,183</u>	<u>2,676</u>	<u>2,943</u>	<u>(1,728)</u>	<u>18,074</u>
Segments results	(280)	(765)	(129)	79	(1,095)
Finance costs	(179)	(5)	(14)	-	(198)
Share of profit of an associates	-	-	-	-	21
Loss before tax					<u>(1,272)</u>
At 30 September 2010					
Segment assets	31,203	4,207	3,286	(14,379)	24,317
Investment in associates	-	-	-	-	185
Income tax assets	178	-	-	-	114
Total Assets					<u>24,616</u>
Segment liabilities	5,923	2,397	2,187	(4,751)	5,756
Interest bearing -borrowings	4,565	-	31	-	4,596
Income tax liabilities	613	-	2	-	615
Total liabilities					<u>10,967</u>
Other segment information					
Capital expenditure	713	13	18	-	744
Depreciation of property, plant and equipment	681	115	119	(1)	914

(b) Secondary Reporting Format - Business Segments:-

	Investment Holdings	Coatings Manufacturing	Metal Trading	Eliminations	Total
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000
-Sales to external customers	1	15,170	2,903		18,074
-Inter-segment sales	341	1,386	-	(1,727)	-
	<u>342</u>	<u>16,556</u>	<u>2,903</u>	<u>(1,727)</u>	<u>18,074</u>
Segment Assets	11,774	24,429	2,493	(14,379)	24,317
Investment in associates					185
Income tax assets					114
					<u>24,616</u>
Capital Expenditure	5	731	8	-	744

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 30 September 2010

For the current quarter under review, our Group's revenue is RM7.060 million, showing an increase of revenue by RM0.242 million, representing an increase of approximately 3.55% as compared to the corresponding financial quarter ended 30 September 2009. Our Group recorded a loss after taxation of RM0.219 million for the current quarter ended 30 September 2010 as compared to the loss after taxation of RM0.294 million for the corresponding quarter ended 30 September 2009.

The reduction in the loss for current quarter is due to a reversal of deferred tax expense as there is a decrease in deferred tax liability.

For the financial period-to-date, the Group's revenue is RM18.074 million, showing an increase of revenue of RM0.803 million, representing an increase of approximately 4.65% as compared to the preceding year's corresponding period ended 30 September 2009. Our Group recorded a loss after taxation of RM1.317 million for the current period-to-date as compared to the loss after taxation of RM0.130 million for the corresponding financial period ended 30 September 2009.

The loss recorded for the financial period ended 30 September 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 30 September 2010 against Immediate Preceding Quarter

During the current quarter ended 30 September 2010, our Group's revenue is RM7.060 million, showing an increase of revenue of RM0.347 million, representing an increase of approximately 5.17% as compared to the immediate preceding quarter ended 30 June 2010. Our Group recorded a loss after taxation of RM0.219 million in the current quarter ended 30 September 2010, as compared to a loss after taxation of RM0.530 million in the previous quarter ended 30 June 2010. The reduction in the loss is due to the increase in sales by our subsidiary companies.

B3. Current Year's Prospects for 2010

Our board of Directors are of the view that our performance for 2010 would be challenging as there is a growing trend in the consumer electronics industry to replace surface coating with advance moulding technology with coating effects. Our Group is 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.

B5. Tax Expense

Taxation comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
In respect of the current period:-				
Taxation	115	54	115	95
Deferred taxation	(70)	55	(70)	142
	45	109	45	237
Under provision in previous financial years:-	-	-	-	-
Taxation	-	-	-	-
Deferred taxation	-	-	-	-
	-	-	-	-
Total	45	109	45	237

The effective tax rate of the group for the current quarter and current financial period is higher as the losses incurred by loss making subsidiaries could not be set off against the taxable profit of the profitable 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 2010 are as follows:-

	Quarter under review RM'000	Financial period-to-date RM'000
Total purchase consideration	22	676
Total sales proceed from disposal	55	597
Total gain / (loss) on disposal	6	(1)

- (ii) The details of the investments in marketable securities as at 30 September 2010 are set out below:-

	RM'000
Total investment at cost	464
Total investment at carrying value	351
Total investment at market value	351

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
Short Term Borrowings			
Term Loans	119	99	218
Trade Financing	1,723	896	2,619
Hire Purchase Payables	135	-	135
Bank Overdraft	793	-	793
	2,770	995	3,765
Long Term Borrowings			
Term Loans	443	-	443
Hire Purchase Payables	388	-	388
	831	-	831
Total	3,601	995	4,596

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	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Net (Loss) / Profit attributed to owners of the parent for the period (RM'000)	(111)	(181)	(956)	63
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic (loss) / earnings per share (sen)	(0.12)	(0.19)	(1.01)	0.07

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.