

SERSOL TECHNOLOGIES BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED
31 December 2010**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 December 2010	Preceding Year Corresponding Quarter 31 December 2009	Current Year To Date 31 December 2010	Preceding Year Corresponding Period 31 December 2009
	RM'000	RM'000	RM'000	RM'000
Revenue	6,947	4,873	25,021	22,144
Other operating income	(12)	23	343	581
Operating expenses	(7,976)	(5,941)	(27,500)	(23,463)
Loss from operations	(1,041)	(1,045)	(2,136)	(738)
Finance costs	(102)	(35)	(300)	(241)
Share of Profit / (Loss) of an associate	16	(5)	37	1
Loss before tax	(1,127)	(1,085)	(2,399)	(978)
Income tax expense	52	(133)	7	(370)
Loss for the period	(1,075)	(1,218)	(2,392)	(1,348)
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	21	(97)	(234)	(51)
Total comprehensive income for the period	(1,054)	(1,315)	(2,626)	(1,399)
Loss attributable to:				
Owners of the parent	(919)	(891)	(1,875)	(828)
Minority Interests	(156)	(327)	(517)	(520)
Loss for the period	(1,075)	(1,218)	(2,392)	(1,348)
Total comprehensive income attributable to:				
Owners of the parent	(906)	(944)	(2,010)	(870)
Minority Interests	(148)	(371)	(616)	(529)
Total comprehensive income for the period	(1,054)	(1,315)	(2,626)	(1,399)
Loss per share (sen)				
Basic (note B13)	(0.97)	(0.94)	(1.98)	(0.87)
Diluted (note B13)	(0.97)	(0.94)	(1.98)	(0.87)

(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 31 DECEMBER 2010**

	Unaudited As At 31 December 2010 RM'000	Audited As At 31 December 2009 RM'000
ASSETS		
Non-current assets		
Investment in an associate	201	164
Property, plant and equipment	7,734	8,254
Goodwill on consolidation	-	166
Other intangible assets	297	511
	<u>8,232</u>	<u>9,095</u>
Current assets		
Inventories	4,515	3,521
Trade receivables	7,525	6,402
Amount owing by an associate	238	368
Other receivables, deposits and prepayments	1,181	929
Current tax assets	105	48
Marketable securities	421	286
Fixed deposits	-	83
Cash and bank balances	1,365	2,654
	<u>15,350</u>	<u>14,291</u>
TOTAL ASSETS	<u>23,582</u>	<u>23,386</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9,493	9,493
Share premium	3,538	3,538
Exchange translation reserve	(65)	71
(Accumulated loss)/ Retained profits	(1,333)	542
Equity attributable to owners of the parent	<u>11,633</u>	<u>13,644</u>
MINORITY INTERESTS	962	1,578
TOTAL EQUITY	<u>12,595</u>	<u>15,222</u>
Non-current liabilities		
Hire purchase payables	357	72
Bank borrowings	418	519
Deferred tax liabilities	543	684
	<u>1,318</u>	<u>1,275</u>
Current liabilities		
Trade payables	4,205	3,497
Other payables and accruals	1,281	1,171
Amount owing to an associate	275	158
Current tax liabilities	1	1
Hire purchase payables	132	181
Bank borrowings	3,311	1,881
Bank overdraft	464	-
	<u>9,669</u>	<u>6,889</u>
TOTAL LIABILITIES	<u>10,987</u>	<u>8,164</u>
TOTAL EQUITY AND LIABILITIES	<u>23,582</u>	<u>23,386</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.12	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.)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FOURTH QUARTER ENDED

31 December 2010

(The figures have not been audited)

	Current Year To Date 31 December 2010	Preceding Year Corresponding Period 31 December 2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(2,399)	(978)
Adjustments for:-		
Non-cash items	1,582	1,761
Non-operating items	275	(44)
	<u>(542)</u>	<u>739</u>
Operating (loss) / profit before changes in working capital	(542)	739
Net changes in current assets	(2,420)	3,979
Net changes in current liabilities	935	(2,261)
	<u>(2,027)</u>	<u>2,457</u>
CASH FROM OPERATIONS	(2,027)	2,457
Interest paid	(204)	(177)
Tax paid	(192)	(104)
	<u>(2,423)</u>	<u>2,176</u>
NET CASH FROM OPERATING ACTIVITIES	(2,423)	2,176
NET CASH FOR INVESTING ACTIVITIES		
Dividend received	11	3
Interest received	3	7
Proceed from disposal of quoted investment	815	587
Proceed from disposal of plant and equipment	42	-
Purchase of quoted investment	(916)	(442)
Purchase of plant and equipment	(338)	(739)
	<u>(383)</u>	<u>(584)</u>
NET CASH FOR INVESTING ACTIVITIES	(383)	(584)
CASH FLOWS FOR FINANCING ACTIVITIES		
Net drawdown / (repayment) of other short-term bank borrowings	1,760	(2,156)
Repayments of hire purchase obligations	(208)	(249)
Repayments of term loans	(431)	(497)
	<u>1,121</u>	<u>(2,902)</u>
NET CASH FOR FINANCING ACTIVITIES	1,121	(2,902)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,685)	(1,310)
Effect of changes in exchange rates	(151)	(45)
	<u>2,737</u>	<u>4,092</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,737	4,092
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	<u>901</u>	<u>2,737</u>
* Cash and cash equivalents included in the cashflow statements comprise of the following:		
	RM'000	RM'000
Fixed deposits **	-	83
Cash and bank balances	1,365	2,654
Bank overdraft	(464)	-
	<u>901</u>	<u>2,737</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 BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED
31 December 2010**

(The figures have not been audited)

	Attributable to Owners of the Parent				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	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	-	-	(135)	(1,875)	(2,010)	(616)	(2,626)
As at 31 December 2010	9,493	3,538	(65)	(1,333)	11,633	962	12,595
As at 1 January 2009	9,493	3,538	112	1,386	14,529	2,249	16,778
Total comprehensive income for the period	-	-	(42)	(828)	(870)	(529)	(1,399)
Transfer to staff welfare obligation	-	-	-	(16)	(16)	-	(16)
Dividend	-	-	-	-	-	(142)	(142)
As at 31 December 2009	9,493	3,538	70	542	13,643	1,578	15,221

(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 fourth quarter ended 31 December 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 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.

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:

(a) Primary Reporting Format - Geographical Segment:-

Period Ended 31 December 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	16,978	4,095	3,948	-	25,021
-Inter-segment sales	2,487	-	15	(2,502)	-
Total revenue	<u>19,465</u>	<u>4,095</u>	<u>3,963</u>	<u>(2,502)</u>	<u>25,021</u>
Segments results	(673)	(1,010)	(287)	(166)	(2,136)
Finance costs	(249)	(35)	(16)	-	(300)
Share of profit of an associates	-	-	-	-	37
Loss before tax					<u>(2,399)</u>
At 31 December 2010					
Segment assets	30,345	4,407	3,264	(14,740)	23,276
Investment in associates	-	-	-	-	201
Income tax assets	178	-	-	-	105
Total Assets					<u>23,582</u>
Segment liabilities	5,450	2,856	2,325	(4,869)	5,762
Interest bearing -borrowings	4,653	-	29	-	4,682
Income tax liabilities	542	-	1	-	543
Total liabilities					<u>10,987</u>
Other segment information					
Capital expenditure	745	13	25	-	783
Depreciation of property, plant and equipment	930	153	131	(1)	1,213

(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	20,382	4,638		25,021
-Inter-segment sales	493	2,009	-	(2,502)	-
	494	22,391	4,638	(2,502)	25,021
Segment Assets	11,596	23,726	2,694	(14,740)	23,276
Investment in associates					201
Income tax assets					105
					23,582
Capital Expenditure	6	769	8	-	783

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 ACE MARKET

B1. Review of Group's Results for the Current Quarter and Financial Year-to-date Ended 31 December 2010

For the current quarter under review, our Group's revenue is RM6.947 million, showing an increase of revenue by RM2.074 million, representing an increase of approximately 42.56% as compared to the corresponding financial quarter ended 31 December 2009. Our Group recorded a loss after taxation of RM1.075 million for the current quarter ended 31 December 2010 as compared to the loss after taxation of RM1.218 million for the corresponding quarter ended 31 December 2009.

The decrease in the loss after taxation for current quarter is due to lower tax expense is being provision in current quarter and a reversal of deferred tax expense as there is a decrease in deferred tax liability.

For the financial year-to-date, the Group's revenue is RM25.021 million, showing an increase of revenue of RM2.877 million, representing an increase of approximately 12.99% as compared to the preceding year's corresponding period ended 31 December 2009. Our Group recorded a loss after taxation of RM2.392 million for the current year-to-date as compared to the loss after taxation of RM1.348 million for the corresponding financial period ended 31 December 2009.

The loss recorded for the financial year ended 31 December 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 December 2010 against Immediate Preceding Quarter

During the current quarter ended 31 December 2010, our Group's revenue is RM6.947 million, showing a decrease of revenue of RM0.113 million, representing a decrease of approximately 1.60% as compared to the immediate preceding quarter ended 30 September 2010. Our Group recorded a loss after taxation of RM1.075 million in the current quarter ended 31 December 2010, as compared to a loss after taxation of RM0.219 million in the previous quarter ended 30 September 2010. The increase in the loss is due to the increase in operating expenses by our subsidiary companies.

B3. Current Year's Prospects for 2011

Our board of Directors are of the view that our financial performance for 2011 will improve as compared to 2010 in the light of strategies put in place by the Group for 2011.

B4. Variance of Profit Forecast

Not applicable as no profit forecast has been issued.

SERSOL TECHNOLOGIES BERHADCompany No. 602062-X
(Incorporated in Malaysia)**B5. Tax Expense**

Tax expense comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
In respect of the current period:-				
Taxation	19	98	134	193
Deferred taxation	(68)	(151)	(138)	(9)
	<u>(49)</u>	<u>(53)</u>	<u>(4)</u>	<u>184</u>
Under/ (Over) provision in previous financial years:-	-	-	-	-
Taxation	-	51	-	51
Deferred taxation	(3)	135	(3)	135
	<u>(3)</u>	<u>186</u>	<u>(3)</u>	<u>186</u>
Total	<u>(52)</u>	<u>133</u>	<u>(7)</u>	<u>370</u>

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 2010 are as follows:-

	Quarter under review RM'000	Financial year-to-date RM'000
Total purchase consideration	240	916
Total sales proceed from disposal	218	815
Total gain on disposal	25	24

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

	RM'000
Total investment at cost	385
Total investment at carrying value	421
Total investment at market value	421

B8. Status of Corporate Proposal Announced

i) Save as disclosed below, there were no corporate proposals announced but not completed.

On 30 December 2010, The Board of Directors of Sersol announced that the Company had submitted the following proposals to the Securities Commission ("SC") and the Ministry of International Trade and Industry ("MITI") for approvals:

- a) The issuance of up to 8,064,000 new ordinary shares of RM0.10 each in Sersol ("Sersol shares"), representing approximately 8.5% of the existing issued and paid-up share capital of Sersol, at an issue price to be determined later to the Bumiputera Investors to be nominated by the Ministry of International Trade and Industry ("MITI") which fall within the ambit of Schedules 6 and 7 of the Capital Markets and Service Act 2007 ("MITI Nominated Bumiputera Investors") ("Proposed Special Bumiputera Issue") such that the total Bumiputera equity interest in the Company after the Proposed Special Bumiputera Issue and the existing 4,810,700 Sersol Shares held by the existing Bumiputera investors recognized by the MITI ("Existing MITI Recognised Bumiputera Investors") pursuant to the letter of approval from the MITI dated 20 July 2010 will aggregate to 12.5% of the enlarged issued and paid-up share capital of Sersol;
- b) An increase in its authorised share capital from RM10,000,000 comprising 100,000,000 Sersol Shares to RM25,000,000 comprising 250,000,000 Sersol Shares ("Proposed Increase in Authorised Share Capital") to facilitate the Proposed Special Bumiputera Issue in the event MITI Nominated Bumiputera Investors subscribe for more than 5,069,000 new Sersol shares. The Proposed increased in Authorised Share Capital will cater for the issuance of more than 5,069,000 new Sersol shares pursuant to the Proposed Special Bumiputera Issue as well as to cater for any future issuance of new Sersol Shares; and
- c) An amendment to its Memorandum & Articles of Association ("M&A") to effect the Proposed Increased in Authorised Share Capital if the Proposed Increase in Authorised Share Capital is undertaken ("Proposed M&A Amendment")

The Proposed Special Bumiputera Issue, the Proposed Increase in Authorised Share Capital and the Proposed M&A Amendment are collectively known as the "Proposals".

The above Proposals have been approved by the SC vide its letter dated 24 January 2011 and are pending approval from the MITI.

ii) There was no corporate proposal undertaken to raise any proceeds during the quarter under review and financial period.

SERSOL TECHNOLOGIES BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

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	156	-	156
Trade Financing	1,825	1,330	3,155
Hire Purchase Payables	132	-	132
Bank Overdraft	464	-	464
	<u>2,577</u>	<u>1,330</u>	<u>3,907</u>
Long Term Borrowings			
Term Loans	418	-	418
Hire Purchase Payables	357	-	357
	<u>775</u>	<u>-</u>	<u>775</u>
Total	<u>3,352</u>	<u>1,330</u>	<u>4,682</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 Per Share

Basic loss per share

	Current quarter ended		Cumulative quarter ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Net Loss attributed to owners of the parent for the period (RM'000)	(919)	(891)	(1,875)	(828)
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic loss per share (sen)	(0.97)	(0.94)	(1.98)	(0.87)

Diluted loss per share

Diluted loss per share is equal to the basic loss 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.

B15. Realised and unrealised profits disclosure

The retained profits may be analysed as follows:

	As at 31.12.2010 RM'000	As at 30.09.2010 RM'000
Realised	(1,284)	(385)
Unrealised	(49)	(29)
	(1,333)	(414)