

SERSOL TECHNOLOGIES BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED****31 March 2011**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2011 RM'000	Preceding Year Corresponding Quarter 31 March 2010 RM'000	Current Year To Date 31 March 2011 RM'000	Preceding Year Corresponding Period 31 March 2010 RM'000
Revenue	6,980	4,300	6,980	4,300
Other operating income	126	159	126	159
Operating expenses	(7,204)	(4,985)	(7,204)	(4,985)
Loss from operations	(98)	(526)	(98)	(526)
Finance costs	(94)	(52)	(94)	(52)
Share of Profit / (Loss) of an associate	10	9	10	9
Loss before tax	(182)	(569)	(182)	(569)
Income tax expense	(77)	-	(77)	-
Loss for the period	(259)	(569)	(259)	(569)
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	(1)	(126)	5	(126)
Total comprehensive income for the period	(260)	(695)	(254)	(695)
Loss attributable to:				
Owners of the parent	(147)	(431)	(147)	(431)
Minority Interests	(112)	(138)	(112)	(138)
Loss for the period	(259)	(569)	(259)	(569)
Total comprehensive income attributable to:				
Owners of the parent	(148)	(504)	(148)	(504)
Minority Interests	(112)	(191)	(106)	(191)
Total comprehensive income for the period	(260)	(695)	(254)	(695)
Loss per share (sen)				
Basic (note B13)	(0.15)	(0.45)	(0.15)	(0.45)
Diluted (note B13)	(0.15)	(0.45)	(0.15)	(0.45)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 MARCH 2011**

	Unaudited As At 31 March 2011 RM'000	Audited As At 31 December 2010 RM'000
ASSETS		
Non-current assets		
Investment in an associate	206	196
Property, plant and equipment	7,652	7,734
Other intangible assets	254	297
	<u>8,112</u>	<u>8,227</u>
Current assets		
Inventories	6,006	4,515
Trade receivables	7,399	7,633
Amount owing by an associate	463	238
Other receivables, deposits and prepayments	1,166	1,205
Current tax assets	45	93
Marketable securities	310	421
Cash and bank balances	1,092	1,235
	<u>16,481</u>	<u>15,340</u>
TOTAL ASSETS	<u>24,593</u>	<u>23,567</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9,493	9,493
Share premium	3,538	3,538
Exchange translation reserve	(66)	(65)
(Accumulated loss)/ Retained profits	(1,490)	(1,343)
Equity attributable to owners of the parent	<u>11,475</u>	<u>11,623</u>
MINORITY INTERESTS	856	962
TOTAL EQUITY	<u>12,331</u>	<u>12,585</u>
Non-current liabilities		
Hire purchase payables	443	357
Bank borrowings	381	418
Deferred tax liabilities	543	543
	<u>1,367</u>	<u>1,318</u>
Current liabilities		
Trade payables	4,459	4,230
Other payables and accruals	1,125	1,253
Amount owing to an associate	354	274
Current tax liabilities	-	-
Hire purchase payables	119	132
Bank borrowings	3,895	3,311
Bank overdraft	943	464
	<u>10,895</u>	<u>9,664</u>
TOTAL LIABILITIES	<u>12,262</u>	<u>10,982</u>
TOTAL EQUITY AND LIABILITIES	<u>24,593</u>	<u>23,567</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.12	0.12

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 FIRST QUARTER ENDED****31 March 2011**

(The figures have not been audited)

	Current Year To Date 31 March 2011 RM'000	Preceding Year Corresponding Period 31 March 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(182)	(569)
Adjustments for:-		
Non-cash items	376	464
Non-operating items	(28)	(23)
	<u>166</u>	<u>(128)</u>
Operating (loss) / profit before changes in working capital	(1,360)	1,086
Net changes in current assets	102	(796)
	<u>(1,092)</u>	<u>162</u>
CASH FROM OPERATIONS	(1,092)	162
Interest paid	(68)	(30)
Tax paid	(29)	(80)
	<u>(1,189)</u>	<u>52</u>
NET CASH FROM OPERATING ACTIVITIES	(1,189)	52
NET CASH FOR INVESTING ACTIVITIES		
Dividend received	1	9
Interest received	-	-
Proceed from disposal of quoted investment	98	230
Proceed from disposal of plant and equipment	78	-
Purchase of quoted investment	(17)	(281)
Purchase of plant and equipment	(125)	(36)
	<u>35</u>	<u>(78)</u>
NET CASH FOR INVESTING ACTIVITIES	35	(78)
CASH FLOWS FOR FINANCING ACTIVITIES		
Net drawdown / (repayment) of other short-term bank borrowings	617	41
Repayments of hire purchase obligations	(38)	(65)
Repayments of term loans	(70)	(130)
	<u>509</u>	<u>(154)</u>
NET CASH FOR FINANCING ACTIVITIES	509	(154)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(645)	(180)
Effect of changes in exchange rates	23	(99)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	771	2,737
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	149	2,458
* Cash and cash equivalents included in the cashflow statements comprise of the following:		
	RM'000	RM'000
Fixed deposits	-	78
Cash and bank balances	1,092	2,380
Bank overdraft	(943)	-
	<u>149</u>	<u>2,458</u>

(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 FIRST QUARTER ENDED
31 March 2011**

(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 2011	9,493	3,538	(65)	(1,343)	11,623	962	12,585
Total comprehensive income for the period	-	-	(1)	(147)	(148)	(106)	(254)
As at 31 March 2011	9,493	3,538	(66)	(1,490)	11,475	856	12,331
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	9,493	3,538	(3)	111	13,139	1,387	14,526

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 first quarter ended 31 March 2011 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 2010. 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 2010.

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 2010, except that the Group has adopted the following FRS, amendments and interpretations effective for the group for financial period beginning on 1 January 2011:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Annual Improvements to FRSs (2010)	1 January 2011

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.

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.

SERSOL TECHNOLOGIES BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

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 31 March 2011	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	4,741	1,222	1,017	-	6,980
-Inter-segment sales	773	-	14	(787)	-
Total revenue	<u>5,514</u>	<u>1,222</u>	<u>1,031</u>	<u>(787)</u>	<u>6,980</u>
Segments results	170	(185)	(111)	30	(96)
Finance costs	(86)	(5)	(5)	-	(96)
Share of profit of an associates	-	-	-	-	10
Loss before tax					<u>(182)</u>
At 31 March 2011					
Segment assets	30,971	4,110	3,235	(13,974)	24,342
Investment in associates	-	-	-	-	206
Income tax assets	178	-	-	-	45
Total Assets					<u>24,593</u>
Segment liabilities	5,643	2,746	2,307	(4,758)	5,938
Interest bearing -borrowings	5,756	-	25	-	5,781
Income tax liabilities	542	-	1	-	543
Total liabilities					<u>12,262</u>
Other segment information					
Capital expenditure	206	-	29	-	235
Depreciation of property, plant and equipment	239	37	24	(1)	299

(b) Secondary Reporting Format - Business Segments:-

	Investment Holdings and Others	Coatings Manufacturing	High Precision, Ferrous and Non-Ferrous Metal Trading	Eliminations	Total
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000
-Sales to external customers	29	5,262	1,689		6,980
-Inter-segment sales	143	643	-	(786)	-
	<u>172</u>	<u>5,905</u>	<u>1,689</u>	<u>(786)</u>	<u>6,980</u>
Segment Assets	10,865	24,041	3,409	(13,973)	24,342
Investment in associates					206
Income tax assets					<u>45</u>
					<u>24,593</u>
Capital Expenditure	1	234	-	-	235

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 31 March 2011

For the current quarter and current financial period-to date under review, our Group's revenue is RM6.980 million, showing an increase of revenue by RM2.680 million, representing an increase of approximately 62.33% as compared to the corresponding financial quarter ended 31 March 2010. Our Group recorded a loss after taxation of RM0.259 million for the current quarter ended 31 March 2010 as compared to the loss after taxation of RM0.569 million for the corresponding quarter ended 31 March 2010.

The decrease in the loss after taxation for current quarter and current financial period-to-date is due to increase in revenue by our subsidiary companies.

B2. Variation of Results For the Current Quarter Ended 31 March 2011 against Immediate Preceding Quarter

During the current quarter ended 31 March 2011, our Group's revenue is RM6.980 million, showing an increase of revenue of RM0.033 million, representing an increase of approximately 0.48% as compared to the immediate preceding quarter ended 31 December 2010. Our Group recorded a loss after taxation of RM0.259 million in the current quarter ended 31 March 2011, as compared to a loss after taxation of RM1.085 million in the previous quarter ended 31 December 2010. The decrease in the loss is due to the decrease 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.

B5. Tax Expense

Tax expense comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	77	-	77	-
Deferred taxation	-	-	-	-
	<u>77</u>	<u>-</u>	<u>77</u>	<u>-</u>
Under/ (Over) provision in previous financial years:-	-	-	-	-
Taxation	-	-	-	-
Deferred taxation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>77</u>	<u>-</u>	<u>77</u>	<u>-</u>

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 31 March 2011 are as follows:-

	Quarter under review RM'000	Financial period-to-date RM'000
Total purchase consideration	17	17
Total sales proceed from disposal	98	98
Total gain on disposal	12	12

- (ii) The details of the investments in marketable securities as at 31 March 2011 are set out below:-

	RM'000
Total investment at cost	317
Total investment at carrying value	310
Total investment at market value	310

SERSOL TECHNOLOGIES BERHAD

Company No. 602062-X
(Incorporated in Malaysia)

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 ("the Board") 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 Amendments")

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

On 26 January 2011, the Board announced that the above Proposals have been approved by the SC vide its letter dated 24 January 2011.

On 6 May 2011, the Board announced that the Company proposed to undertake the following:

- a) Proposed Increase in Authorised Share Capital; and
- b) Proposed M&A Amendments.

On 10 May 2011, the Board announced that SerSol had proposed to diversify its business into the trading and marketing of ferrous and non-ferrous metal commodities ("Proposed Business Diversification").

The Proposed Increase in Authorised Share Capital, Proposed M&A Amendments and Proposed Business Diversification are subject to the shareholders' approval at an Extraordinary General Meeting to be convened.

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	123	-	123
Trade Financing	3,355	417	3,772
Hire Purchase Payables	119	-	119
Bank Overdraft	943	-	943
	<u>4,540</u>	<u>417</u>	<u>4,957</u>
Long Term Borrowings			
Term Loans	381	-	381
Hire Purchase Payables	443	-	443
	<u>824</u>	<u>-</u>	<u>824</u>
Total	<u><u>5,364</u></u>	<u><u>417</u></u>	<u><u>5,781</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 Per Share

Basic loss per share

	Current quarter ended		Cumulative quarter ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Net Loss attributed to owners of the parent for the period (RM'000)	(147)	(431)	(147)	(431)
Number of shares in issue ('000)	94,931	94,931	94,931	94,931
Basic loss per share (sen)	(0.15)	(0.45)	(0.15)	(0.45)

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 2010 was not qualified.

B15. Realised and unrealised profits disclosure

The retained profits may be analysed as follows:

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
Realised	(1,467)	(1,310)
Unrealised	(23)	(33)
	(1,490)	(1,343)