

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED  
31 MARCH 2012**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2012 RM'000	Preceding Year Corresponding Quarter 31 March 2011 (Restated) RM'000	Current Year To Date 31 March 2012 RM'000	Preceding Year Corresponding Period 31 March 2011 (Restated) RM'000
Revenue	5,075	6,980	5,075	6,980
Other operating income	133	126	133	126
Operating expenses	(5,731)	(7,204)	(5,731)	(7,204)
<b>Loss from operations</b>	<b>(523)</b>	<b>(98)</b>	<b>(523)</b>	<b>(98)</b>
Loss due to embezzlement	-	(91)	-	(91)
Finance costs	(74)	(94)	(74)	(94)
Share of Profit of an associate	-	10	-	10
<b>Loss before tax</b>	<b>(597)</b>	<b>(273)</b>	<b>(597)</b>	<b>(273)</b>
Income tax expense	(16)	(77)	(16)	(77)
<b>Loss for the period</b>	<b>(613)</b>	<b>(350)</b>	<b>(613)</b>	<b>(350)</b>
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign subsidiaries	28	5	28	5
<b>Total comprehensive income for the period</b>	<b>(585)</b>	<b>(346)</b>	<b>(585)</b>	<b>(346)</b>
Loss attributable to:				
Owners of the parent	(557)	(193)	(557)	(193)
Minority Interests	(56)	(158)	(56)	(158)
<b>Loss for the period</b>	<b>(613)</b>	<b>(350)</b>	<b>(613)</b>	<b>(350)</b>
Total comprehensive income attributable to:				
Owners of the parent	(559)	(209)	(559)	(209)
Minority Interests	(26)	(137)	(26)	(137)
<b>Total comprehensive income for the period</b>	<b>(585)</b>	<b>(346)</b>	<b>(585)</b>	<b>(346)</b>
Loss per share (sen)				
Basic (note B10)	(0.58)	(0.20)	(0.58)	(0.20)
Diluted (note B10)	(0.58)	(0.20)	(0.58)	(0.20)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2012**

	Unaudited As At 31 March 2012	Audited As At 31 December 2011
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in an associate	257	257
Property, plant and equipment	6,505	6,789
Other intangible assets	105	132
	6,867	7,178
<b>Current assets</b>		
Property, plant and equipment	94	100
Inventories	3,662	4,475
Trade receivables	5,827	6,605
Amount owing by an associate	-	59
Other receivables, deposits and prepayments	970	1,159
Tax recoverable	69	59
Marketable securities	194	184
Fixed deposits	121	-
Cash and bank balances	1,258	1,270
	12,195	13,911
<b>TOTAL ASSETS</b>	<b>19,062</b>	<b>21,089</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	9,635	9,493
Share premium	3,751	3,538
Exchange translation reserve	(59)	(57)
(Accumulated loss)/ Retained profits	(3,837)	(3,280)
Equity attributable to owners of the parent	9,490	9,694
<b>MINORITY INTERESTS</b>	(315)	(289)
<b>TOTAL EQUITY</b>	<b>9,175</b>	<b>9,405</b>
<b>Non-current liabilities</b>		
Hire purchase payables	552	581
Bank borrowings	255	290
Deferred tax liabilities	460	490
	1,267	1,361
<b>Current liabilities</b>		
Trade payables	3,288	3,413
Other payables and accruals	1,155	1,225
Amount owing to an associate	-	1
Hire purchase payables	157	170
Bank borrowings	2,780	4,018
Bank overdraft	1,240	1,496
	8,620	10,323
<b>TOTAL LIABILITIES</b>	<b>9,887</b>	<b>11,684</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,062</b>	<b>21,089</b>
Net assets per ordinary share attributable to owners of the parent (RM)	0.10	0.10

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2012**

(The figures have not been audited)

	Current Year To Date 31 March 2012 RM'000	Preceding Year Corresponding Period 31 March 2011 (Restated) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(597)	(273)
Adjustments for:-		
Non-cash items	310	376
Non-operating items	15	(28)
Operating (loss) / profit before changes in working capital	(272)	75
Net changes in current assets	1,767	(993)
Net changes in current liabilities	(137)	(116)
<b>CASH FROM OPERATIONS</b>	<b>1,358</b>	<b>(1,034)</b>
Interest paid	(62)	(68)
Tax paid	(56)	(29)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,240</b>	<b>(1,131)</b>
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Dividend received	-	1
Interest received	-	-
Proceed from disposal of quoted investment	-	98
Proceed from disposal of plant and equipment	37	78
Purchase of quoted investment	-	(17)
Purchase of plant and equipment	(8)	(125)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>29</b>	<b>35</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Net drawdown / (repayment) of other short-term bank borrowings	(1,241)	617
Proceed from issuance of share capital	355	-
Repayments of hire purchase obligations	(41)	(38)
Repayments of term loans	(32)	(70)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(959)</b>	<b>509</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>310</b>	<b>(587)</b>
Effect of changes in exchange rates	55	25
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>(226)</b>	<b>587</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	<b>139</b>	<b>25</b>
* Cash and cash equivalents included in the cashflow statements comprise of the following:		
	RM'000	RM'000
Fixed deposits	121	-
Cash and bank balances	1,258	967
Bank overdraft	(1,240)	(942)
	<u>139</u>	<u>25</u>

(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2012**

(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 2012	9,493	3,538	(57)	(3,280)	9,694	(289)	9,405
Issuance of Shares	142	213			355		355
Total comprehensive income for the period	-	-	(2)	(557)	(559)	(26)	(585)
As at 31 March 2012	9,635	3,751	(59)	(3,837)	9,490	(315)	9,175
As at 1 January 2011	9,493	3,538	(34)	(1,726)	11,271	579	11,850
Total comprehensive income for the period	-	-	(16)	(193)	(209)	(137)	(346)
As at 31 March 2011	9,493	3,538	(50)	(1,919)	11,062	442	11,504

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2012 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 2011. 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 2011.

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 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First Time Adoption of Malaysian Financial Reporting Standards has been applied.

The transition to MFRS framework does not have any significant effects on these interim 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:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2012 RM'000	Preceding Year Corresponding Quarter 31 March 2011 RM'000	Current Year To Date 31 March 2012 RM'000	Preceding Year Corresponding Period 31 March 2011 RM'000
<b>Revenue</b>				
Malaysia	3,943	5,514	3,943	5,514
People's Republic of China and Hong Kong	521	1,222	521	1,222
Others	1,125	1,031	1,125	1,031
Total including inter-segment sales	5,589	7,767	5,589	7,767
Eliminations of inter-segment sales	(514)	(787)	(514)	(787)
<b>Total Revenue</b>	<b>5,075</b>	<b>6,980</b>	<b>5,075</b>	<b>6,980</b>

**Loss Before Tax**

<b>Segment results</b>				
Malaysia	(328)	170	(328)	170
People's Republic of China and Hong Kong	(18)	(276)	(18)	(276)
Others	(187)	(111)	(187)	(111)
	(533)	(217)	(533)	(217)
Finance costs	(74)	(96)	(74)	(96)
Share of profit of an associates	-	10	-	10
Eliminations	10	30	10	30
<b>Total Loss Before Tax</b>	<b>(597)</b>	<b>(273)</b>	<b>(597)</b>	<b>(273)</b>

<b>At 31 March 2012</b>	People's Republic of China and Hong Kong				<b>Consolidated RM'000</b>
	<b>Malaysia RM'000</b>	<b>Kong RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	
<b>Segment assets</b>	26,399	1,375	2,650	(11,688)	18,736
Investment in associates	257	-	-	-	257
Income tax assets	69	-	-	-	69
<b>Total assets</b>					<b>19,062</b>
<b>Segment liabilities</b>	5,483	2,130	2,341	(5,511)	4,443
Interest bearing - borrowings	4,972	-	12	-	4,984
Income tax liabilities	459	-	1	-	460
<b>Total liabilities</b>					<b>9,887</b>
<b>Other segment information</b>					
Capital expenditure	8	-	-	-	8
Depreciation of property, plant and equipment	244	3	19		266

(b) Secondary Reporting Format - Business Segments:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter	Preceding Year	Current Quarter	Preceding Year
		Corresponding		Corresponding
	31 March 2012	Quarter	31 March 2012	Period
	31 March 2011		31 March 2011	
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Investment Holdings	91	129	91	129
Coatings Manufacturing	4,682	5,905	4,682	5,905
High Precision, Ferrous and Non-Ferrous Metal Trading	773	1,689	773	1,689
Others	43	44	43	44
Eliminations	(514)	(787)	(514)	(787)
<b>Total Revenue</b>	<b>5,075</b>	<b>6,980</b>	<b>5,075</b>	<b>6,980</b>
<b>Loss Before tax</b>				
Segment results				
Investment Holdings	(148)	(163)	(148)	(163)
Coatings Manufacturing	(224)	(134)	(224)	(134)
High Precision, Ferrous and Non-Ferrous Metal Trading	(77)	139	(77)	139
Others	(84)	(59)	(84)	(59)
	(533)	(217)	(533)	(217)
Finance costs	(74)	(96)	(74)	(96)
Share of profit of an associate		10		10
Eliminations	10	30	10	30
<b>Total Loss Before Tax</b>	<b>(597)</b>	<b>(273)</b>	<b>(597)</b>	<b>(273)</b>

**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.

**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 2012**

For the current quarter and current financial period-to-date under review, our Group's revenue is RM5.075 million, showing a decrease of revenue by RM1.905 million, representing a decrease of approximately 27.29% as compared to the restated corresponding financial quarter ended 31 March 2011. Our Group recorded a loss after taxation of RM0.613 million for the current quarter ended 31 March 2012 as compared to the loss after taxation of RM0.350 million for the restated corresponding quarter ended 31 March 2011. The increase in losses is mainly due to the decrease in revenue in both Manufacturing Division and Metal Trading Division.

**B2. Variation of Results For the Current Quarter Ended 31 March 2012 against Immediate Preceding Quarter**

During the current quarter ended 31 March 2012, our Group's revenue is RM5.075 million, showing a decrease of revenue of RM0.550 million, representing a decrease of approximately 9.78% as compared to the immediate preceding quarter ended 31 December 2011. Our Group recorded a loss after taxation of RM0.613 million in the current quarter ended 31 March 2012, as compared to a loss after taxation of RM1.556 million in the previous quarter ended 31 December 2011. The decrease in losses is due to the impairment of property, plant & equipment of RM0.522 million and written down of the inventories of RM0.176 million provided in the 50% owned subsidiary in China in the previous quarter ended 31 December 2011.

**B3. Prospects for 2012**

Our board of Directors expects the business environment for the forthcoming year to remain challenging. The board of Directors intends to widen its activities into architecture coating and coating in the oil and gas industries.

**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 2012	31 March 2011	31 March 2012	31 March 2011
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	46	77	46	77
Deferred taxation	(30)	-	(30)	-
	<u>16</u>	<u>77</u>	<u>16</u>	<u>77</u>

The effective tax rate of the group for the current quarter and current financial period-to-date is higher as the losses incurred by loss making subsidiaries could not be set off against the taxable profit of the profitable subsidiary and certain expenses which are not deductible for tax purpose.

**B6. Status of Corporate Proposal Announced**

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

In relation to the Proposed Special Bumiputera Issue that were announced on 20 December 2010, 30 December 2010, 26 January 2011, 27 May 2011, 28 December 2011, 4 January 2012, 12 January 2012, 20 January 2012, 30 January 2012 and 3 February 2012, the Company has successfully placed out 1,420,000 new ordinary shares of RM0.10 each in SerSol Technologies Berhad ("SerSol") ("SerSol Shares") at RM0.25 per share to the Bumiputera Investors identified by the Ministry of International Trade and Industry ("MITI"). Accordingly, the 1,420,000 new SerSol Shares had been listed on the ACE Market of Bursa Malaysia Securities Berhad on 31 January 2012. Taking into cognizance of the one (1) year extension of time up to 2 January 2012 for SerSol to comply with the Bumiputera Equity Condition has expired and the Proposed Special Bumiputera Issue has been completed, SerSol is deemed complied with the Bumiputera Equity Condition as imposed by the Securities Commission pursuant to its approval on the listing of SerSol on the MESDAQ Market (now known as "ACE Market") on 28 April 2004 and 24 August 2004.

ii) The proceeds raised from the above 1,420,000 new SerSol Shares at RM0.25 per share to the Bumiputera Investors identified by the MITI of RM355,000 have been fully utilised for working capital and fee for Proposed Special Bumiputera Issue.

Purpose	Proceeds raised RM'000	Actual Proceeds Utilised RM'000
Working Capital	205	205
Estimated Listing Expenses	150	150
<b>TOTAL</b>	<b>355</b>	<b>355</b>

**B7. 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	127	-	127
Trade Financing	2,653	-	2,653
Hire Purchase Payables	157	-	157
Bank Overdraft	1,240	-	1,240
	<u>4,177</u>	<u>-</u>	<u>4,177</u>
<b>Long Term Borrowings</b>			
Term Loans	255	-	255
Hire Purchase Payables	552	-	552
	<u>807</u>	<u>-</u>	<u>807</u>
<b>Total</b>	<u><b>4,984</b></u>	<u><b>-</b></u>	<u><b>4,984</b></u>

**B8. 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.

**B9. Dividend Proposed**

No dividend has been proposed during the quarter under review.

**B10. Loss Per Share**

Basic loss per share

	Current quarter ended		Cumulative quarter ended	
	31 March 2012	31 March 2011 (Restated)	31 March 2012	31 March 2011 (Restated)
Net Loss attributed to owners of the parent for the period (RM'000)	(557)	(193)	(557)	(193)
Weighted Average Number of shares in issue ('000)	95,878	94,931	95,878	94,931
Basic loss per share (sen)	(0.58)	(0.20)	(0.58)	(0.20)

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.

**B11. Auditors' Report of Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 December 2011 was not qualified.

**B12. Realised and unrealized losses disclosure**

The accumulated losses may be analysed as follows:

	As at 31.03.2012	As at 31.12.2011
	RM'000	RM'000
Realised	(3,850)	(3,124)
Unrealised	13	(156)
	<u>(3,837)</u>	<u>(3,280)</u>

**B13. Loss Before Tax**

The following items have been included in arriving at loss before tax:

	Current Quarter ended		Cumulative quarter ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Interest income	-	-	-	-
Bad debts recovered	3	4	3	4
Dividend Income	1	2	1	2
Gain on disposal of property, plant and equipment	41	78	41	78
Gain or (loss) on foreign exchange – Realised	(19)	(28)	(19)	(28)
Gain or (loss) on foreign exchange – Unrealised	(17)	(1)	(17)	(1)
Gain or (loss) on disposal of quoted investment	-	12	-	12
Gain or (loss) on derivatives	-	-	-	-
Interest expense	(62)	(68)	(62)	(68)
Impairment of property, plant & equipment	-	-	-	-
Depreciation expense and amortization	(266)	(299)	(266)	(299)
Provision for and write off of receivables	-	-	-	-
Inventory written off	-	-	-	-