

**SERSOL TECHNOLOGIES BERHAD**Company No. 602062-X  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED  
30 JUNE 2012**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 June 2012 RM'000	Preceding Year Corresponding Quarter 30 June 2011 (Restated) RM'000	Current Year To Date 30 June 2012 RM'000	Preceding Year Corresponding Period 30 June 2011 (Restated) RM'000
Revenue	5,447	9,326	10,522	16,307
Other operating income	106	113	239	239
Operating expenses	(5,688)	(9,333)	(11,419)	(16,536)
<b>Loss from operations</b>	<b>(135)</b>	<b>106</b>	<b>(658)</b>	<b>10</b>
Loss due to embezzlement	-	(92)	-	(183)
Finance costs	(74)	(106)	(148)	(201)
Share of Profit of an associate	(1)	26	(1)	35
<b>Loss before tax</b>	<b>(210)</b>	<b>(66)</b>	<b>(807)</b>	<b>(339)</b>
Income tax expense	-	(15)	(16)	(92)
<b>Loss for the period</b>	<b>(210)</b>	<b>(81)</b>	<b>(823)</b>	<b>(431)</b>
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign subsidiaries	118	6	146	10
<b>Total comprehensive income for the period</b>	<b>(92)</b>	<b>(75)</b>	<b>(677)</b>	<b>(421)</b>
Loss attributable to:				
Owners of the parent	(385)	1	(942)	(192)
Minority Interests	175	(82)	119	(239)
<b>Loss for the period</b>	<b>(210)</b>	<b>(81)</b>	<b>(823)</b>	<b>(431)</b>
Total comprehensive income attributable to:				
Owners of the parent	(459)	3	(1,018)	(206)
Minority Interests	367	(78)	341	(215)
<b>Total comprehensive income for the period</b>	<b>(92)</b>	<b>(75)</b>	<b>(677)</b>	<b>(421)</b>
Loss per share (sen)				
Basic (note B10)	(0.40)	0.00	(0.98)	(0.20)
Diluted (note B10)	(0.40)	0.00	(0.98)	(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 30 JUNE 2012**

	Unaudited As At 30 June 2012  RM'000	Audited As At 31 December 2011  RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in an associate	-	257
Property, plant and equipment	6,570	6,789
Other intangible assets	78	132
	<u>6,648</u>	<u>7,178</u>
<b>Current assets</b>		
Property, plant and equipment	-	100
Inventories	2,265	4,475
Trade receivables	5,382	6,605
Amount owing by an associate	-	59
Other receivables, deposits and prepayments	1,206	1,159
Tax recoverable	120	59
Marketable securities	185	184
Fixed deposits	149	-
Cash and bank balances	858	1,270
	<u>10,165</u>	<u>13,911</u>
<b>TOTAL ASSETS</b>	<u>16,813</u>	<u>21,089</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	9,635	9,493
Share premium	3,751	3,538
Exchange translation reserve	(133)	(57)
(Accumulated loss)/ Retained profits	(4,222)	(3,280)
Equity attributable to owners of the parent	<u>9,031</u>	<u>9,694</u>
<b>NON-CONTROLLING INTERESTS</b>	52	(289)
<b>TOTAL EQUITY</b>	<u>9,083</u>	<u>9,405</u>
<b>Non-current liabilities</b>		
Hire purchase payables	511	581
Bank borrowings	225	290
Deferred tax liabilities	460	490
	<u>1,196</u>	<u>1,361</u>
<b>Current liabilities</b>		
Trade payables	2,359	3,413
Other payables and accruals	813	1,225
Amount owing to an associate	-	1
Hire purchase payables	156	170
Bank borrowings	1,777	4,018
Bank overdraft	1,429	1,496
	<u>6,534</u>	<u>10,323</u>
<b>TOTAL LIABILITIES</b>	<u>7,730</u>	<u>11,684</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>16,813</u>	<u>21,089</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.09	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 SECOND QUARTER ENDED  
30 JUNE 2012**

(The figures have not been audited)

	Current Year To Date 30 June 2012  RM'000	Preceding Year Corresponding Period 30 June 2011 (Restated) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(807)	(339)
Adjustments for:-		
Non-cash items	598	709
Non-operating items	<u>(447)</u>	<u>58</u>
Operating (loss) / profit before changes in working capital	(656)	428
Net changes in current assets	3,272	(3,060)
Net changes in current liabilities	<u>209</u>	<u>469</u>
<b>CASH FROM OPERATIONS</b>	2,825	(2,163)
Interest paid	(122)	(158)
Tax paid	<u>(107)</u>	<u>(66)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>2,596</u>	<u>(2,387)</u>
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Dividend received	-	2
Interest received	1	1
Proceed from disposal of quoted investment	-	98
Proceed from disposal of plant and equipment	37	78
Net cash outflow from disposal of investment in subsidiary	(340)	-
Purchase of quoted investment	-	(17)
Purchase of plant and equipment	<u>(307)</u>	<u>(280)</u>
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<u>(609)</u>	<u>(118)</u>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Net drawdown / (repayment) of other short-term bank borrowings	(2,243)	1,653
Proceed from issuance of share capital	355	-
Repayments of hire purchase obligations	(84)	(77)
Repayments of term loans	<u>(63)</u>	<u>(101)</u>
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<u>(2,035)</u>	<u>1,475</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(48)	(1,030)
Effect of changes in exchange rates	(148)	46
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>(226)</u>	<u>587</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	<u>(422)</u>	<u>(397)</u>
* Cash and cash equivalents included in the cashflow statements comprise of the following:		
	RM'000	RM'000
Fixed deposits	149	-
Cash and bank balances	858	698
Bank overdraft	<u>(1,429)</u>	<u>(1,094)</u>
	<u>(422)</u>	<u>(396)</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 SECOND QUARTER ENDED  
30 JUNE 2012**

(The figures have not been audited)

	Attributable to Owners of the Parent			Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Exchange Translation reserve 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	-	-	(76)	(942)	(1,018)	341	(677)
As at 30 June 2012	9,635	3,751	(133)	(4,222)	9,031	52	9,083
As at 1 January 2011	9,493	3,538	(34)	(1,726)	11,271	579	11,850
Total comprehensive income for the period	-	-	(14)	(192)	(206)	(215)	(421)
As at 30 June 2011	9,493	3,538	(48)	(1,918)	11,065	364	11,429

(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.)

## **SERSOL TECHNOLOGIES BERHAD**

Company No. 602062-X  
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### **A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134**

#### **A1. Basis of Preparation**

The unaudited condensed interim financial statements for the second quarter ended 30 June 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**

On 31 January 2012, the Company issued 1,420,000 ordinary shares at RM0.25 per share to the Bumiputera Investors identified by Ministry of International Trade and Industry (MITI).

#### **A6. Dividend Paid**

There was no dividend paid during the quarter under review and financial period-to-date.

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**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 30 June 2012 RM'000	Preceding Year Corresponding Quarter 30 June 2011 RM'000	Current Year To Date 30 June 2012 RM'000	Preceding Year Corresponding Period 30 June 2011 RM'000
<b>Revenue</b>				
Malaysia	4,450	7,721	8,393	13,235
People's Republic of China and Hong Kong	656	1,294	1,177	2,516
Others	741	1,113	1,866	2,144
Total including inter-segment sales	5,847	10,128	11,436	17,895
Eliminations of inter-segment sales	(400)	(802)	(914)	(1,588)
<b>Total Revenue</b>	<b>5,447</b>	<b>9,326</b>	<b>10,522</b>	<b>16,307</b>
<b>Loss Before Tax</b>				
Segment results				
Malaysia	(649)	130	(977)	300
People's Republic of China and Hong Kong	389	(140)	371	(416)
Others	(75)	(44)	(262)	(155)
	(335)	(54)	(868)	(271)
Finance costs	(74)	(106)	(148)	(201)
Share of profit of an associate	(1)	26	(1)	35
Eliminations	200	68	210	98
<b>Total Loss Before Tax</b>	<b>(210)</b>	<b>(66)</b>	<b>(807)</b>	<b>(339)</b>
<b>At 30 June 2012</b>	<b>Malaysia</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	25,254	2,281	(10,842)	16,693
Income tax assets	120	-	-	120
<b>Total assets</b>				<b>16,813</b>
Segment liabilities	5,839	2,044	(4,711)	3,172
Interest bearing - borrowings	4,089	9	-	4,098
Income tax liabilities	459	1	-	460
<b>Total liabilities</b>				<b>7,730</b>
Other segment information				
Capital expenditure	307	-	-	307
Depreciation of property, plant and equipment	498	31	-	529

(b) Secondary Reporting Format - Business Segments:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Preceding Year		Preceding Year
	Current Quarter	Corresponding	Current Year	Corresponding
	30 June 2012	Quarter	To Date	Period
	30 June 2011	30 June 2012	30 June 2011	
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Investment Holdings	84	281	175	410
Coatings Manufacturing	4,801	6,914	9,483	12,819
High Precision, Ferrous and Non-Ferrous Metal Trading	886	2,885	1,659	4,574
Others	76	48	119	92
Eliminations	(400)	(802)	(914)	(1,588)
<b>Total Revenue</b>	<b>5,447</b>	<b>9,326</b>	<b>10,522</b>	<b>16,307</b>
<b>Loss Before tax</b>				
<b>Segment results</b>				
Investment Holdings	(181)	(70)	(329)	(233)
Coatings Manufacturing	187	(60)	(37)	(194)
High Precision, Ferrous and Non-Ferrous Metal Trading	(239)	153	(316)	292
Others	(102)	(77)	(186)	(136)
	(335)	(54)	(868)	(271)
Finance costs	(74)	(106)	(148)	(201)
Share of profit of an associate	(1)	26	(1)	35
Eliminations	200	68	210	98
<b>Total Loss Before Tax</b>	<b>(210)</b>	<b>(66)</b>	<b>(807)</b>	<b>(339)</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**

The Group had on 25 June 2012 announced to dispose its entire shareholding in its 50% owned subsidiary, Asset Capital Holdings Limited (ACHL). The disposal was completed on 18 July 2012.

**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.

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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 June 2012**

For the current quarter under review, our Group's revenue is RM5.447 million, showing a decrease of revenue by RM3.879 million, representing a decrease of approximately 41.59% as compared to the corresponding financial quarter ended 30 June 2011. Our Group recorded a loss after taxation of RM0.210 million for the current quarter ended 30 June 2012 as compared to the loss after taxation of RM0.081 million for the restated corresponding quarter ended 30 June 2011.

For the current financial period-to-date under review, our Group's revenue is RM10.522 million, showing a decrease of revenue by RM5.785 million, representing a decrease of approximately 35.48% as compared to the restated corresponding financial period ended 30 June 2011. Our Group recorded a loss after taxation of RM0.823 million for the current financial period-to-date ended 30 June 2012 as compared to the loss after taxation of RM0.431 million for the restated corresponding period-to-date ended 30 June 2011. The increase in losses for current quarter and financial period-to-date 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 30 June 2012 against Immediate Preceding Quarter**

During the current quarter ended 30 June 2012, our Group's revenue is RM5.447 million, showing an increase of revenue of RM0.372 million, representing an increase of approximately 7.33% as compared to the revenue of RM5.075 million in the preceding quarter ended 31 March 2012. Our Group recorded a loss after taxation of RM0.210 million in the current quarter ended 30 June 2012, as compared to a loss after taxation of RM0.613 million in the previous quarter ended 31 March 2012. The losses is reduced due to a gain of RM0.570 million on the disposal of a subsidiary.

**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.



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**B5. Tax Expense**

Tax expense comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	65	46	142
Deferred taxation	-	(50)	(30)	(50)
	<u>-</u>	<u>15</u>	<u>16</u>	<u>92</u>

No provision for taxation for current quarter as most of the subsidiaries have recorded losses.

**B6. Status of Corporate Proposal Announced**

There were no corporate proposals announced but not completed.

**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	1,650	-	1,650
Hire Purchase Payables	156	-	156
Bank Overdraft	1,429	-	1,429
	<u>3,362</u>	<u>-</u>	<u>3,362</u>
<b>Long Term Borrowings</b>			
Term Loans	225	-	225
Hire Purchase Payables	511	-	511
	<u>736</u>	<u>-</u>	<u>736</u>
<b>Total</b>	<u>4,098</u>	<u>-</u>	<u>4,098</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	
	30 June 2012	31 June 2011 (Restated)	30 June 2012	31 June 2011 (Restated)
Net Loss attributed to owners of the parent for the period (RM'000)	(385)	1	(942)	(192)
Weighted Average Number of shares in issue ('000)	96,351	94,931	96,114	94,931
Basic loss per share (sen)	(0.40)	0.00	(0.98)	(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 30.06.2012	As at 31.12.2011
	RM'000	RM'000
Realised	(4,239)	(3,124)
Unrealised	17	(156)
	<u>(4,222)</u>	<u>(3,280)</u>

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**B13. Loss Before Tax**

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

	Current Quarter ended		Cumulative quarter ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000
Interest income	1	1	1	1
Bad debts recovered	-	1	3	5
Dividend Income	2	2	3	4
Gain or (loss) on disposal of property, plant and equipment	1	(1)	42	77
Gain or (loss) on foreign exchange – Realised	(15)	(32)	(34)	(60)
Gain or (loss) on foreign exchange – Unrealised	46	9	29	8
Gain or (loss) on disposal of quoted investment	-	-	-	12
Gain or (loss) on derivatives	-	-	-	-
Interest expense	(60)	(90)	(122)	(158)
Impairment of property, plant & equipment	-	-	-	-
Depreciation expense and amortization	(263)	(282)	(529)	(581)
Provision for and write off of receivables	-	-	-	-
Inventory written off	-	-	-	-
Loss on disposal of associate	(77)	-	(77)	-
Gain on disposal of subsidiary	570	-	570	-