

SERSOL BERHAD (Formerly known as SERSOL TECHNOLOGIES BERHAD)Company No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED
31 MARCH 2013**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2013	Preceding Year Corresponding Quarter 31 March 2012	Current Year To Date 31 March 2013	Preceding Year Corresponding Period 31 March 2012
	RM'000	RM'000	RM'000	RM'000
Revenue	3,925	5,075	3,925	5,075
Other operating income	76	133	76	133
Operating expenses	(4,400)	(5,731)	(4,400)	(5,731)
Loss from operations	(399)	(523)	(399)	(523)
Finance costs	(53)	(74)	(53)	(74)
Loss before tax	(452)	(597)	(452)	(597)
Income tax expense	5	(16)	5	(16)
Loss for the period	(447)	(613)	(447)	(613)
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	(7)	28	(7)	28
Total comprehensive income for the period	(454)	(585)	(454)	(585)
Loss attributable to:				
Owners of the parent	(438)	(557)	(438)	(557)
Non-controlling interests	(9)	(56)	(9)	(56)
Loss for the period	(447)	(613)	(447)	(613)
Total comprehensive income attributable to:				
Owners of the parent	(444)	(559)	(444)	(559)
Non-controlling interests	(10)	(26)	(10)	(26)
Total comprehensive income for the period	(454)	(585)	(454)	(585)
Loss per share (sen)				
Basic (note B10)	(0.45)	(0.58)	(0.45)	(0.58)
Diluted (note B10)	(0.45)	(0.58)	(0.45)	(0.58)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

SERSOL BERHAD (Formerly known as SERSOL TECHNOLOGIES BERHAD)Company No. 602062-X
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

	Unaudited As At 31 March 2013	Audited As At 31 December 2012
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,008	9,067
	<u>9,008</u>	<u>9,067</u>
Current assets		
Inventories	2,488	2,206
Trade receivables	3,432	3,136
Other receivables, deposits and prepayments	468	309
Tax recoverable	191	173
Marketable securities	-	125
Fixed deposits	205	191
Cash and bank balances	996	670
	<u>7,780</u>	<u>6,810</u>
TOTAL ASSETS	<u>16,788</u>	<u>15,877</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9,635	9,635
Share premium	3,751	3,751
Exchange translation reserve	(172)	(166)
Accumulated loss	(8,124)	(7,700)
Revaluation reserve	4,131	4,145
Equity attributable to owners of the parent	<u>9,221</u>	<u>9,665</u>
Non-controlling interests	(45)	(35)
TOTAL EQUITY	<u>9,176</u>	<u>9,630</u>
Non-current liabilities		
Hire purchases payables	230	211
Bank borrowings	107	145
Deferred tax liabilities	801	805
	<u>1,138</u>	<u>1,161</u>
Current liabilities		
Trade payables	2,452	2,089
Other payables and accruals	796	626
Hire purchases payables	137	115
Bank borrowings	2,031	1,563
Bank overdraft	1,058	693
	<u>6,474</u>	<u>5,086</u>
TOTAL LIABILITIES	<u>7,612</u>	<u>6,247</u>
TOTAL EQUITY AND LIABILITIES	<u>16,788</u>	<u>15,877</u>
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 financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

SERSOL BERHAD (Formerly known as SERSOL TECHNOLOGIES BERHAD)Company No. 602062-X
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED
31 MARCH 2013**

(The figures have not been audited)

	Current Year To Date 31 March 2013	Preceding Year Corresponding Period 31 March 2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(452)	(597)
Adjustments for:-		
Non-cash items	166	310
Non-operating items	<u>(16)</u>	<u>15</u>
Operating (loss) / profit before changes in working capital	(302)	(272)
Net changes in current assets	(691)	1,767
Net changes in current liabilities	<u>533</u>	<u>(137)</u>
CASH FROM OPERATIONS	(460)	1,358
Interest paid	(44)	(62)
Tax paid	<u>(18)</u>	<u>(56)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(522)</u>	<u>1,240</u>
NET CASH FOR INVESTING ACTIVITIES		
Dividend received	-	-
Interest received	-	-
Proceed from disposal of quoted investment	126	-
Proceed from disposal of plant and equipment	13	37
Purchase of plant and equipment	<u>(31)</u>	<u>(8)</u>
NET CASH FOR INVESTING ACTIVITIES	<u>108</u>	<u>29</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Net (repayment) / drawdown of other short-term bank borrowings	465	(1,241)
Proceed from issuance of share capital	-	355
Repayments of hire purchases payables	(32)	(41)
Repayments of term loans	<u>(34)</u>	<u>(32)</u>
NET CASH FOR FINANCING ACTIVITIES	<u>399</u>	<u>(959)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(15)	310
Effect of changes in exchange rates	(10)	55
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>168</u>	<u>(226)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	<u>143</u>	<u>139</u>
* Cash and cash equivalents included in the statement of cash flows comprise of the following:		
	RM'000	RM'000
Fixed deposits	205	121
Cash and bank balances	996	1,258
Bank overdraft	<u>(1,058)</u>	<u>(1,240)</u>
	<u>143</u>	<u>139</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED
31 MARCH 2013**

(The figures have not been audited)

	Attributable to Owners of the Parent					Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share capital RM'000	Non - distributable Share premium RM'000	Exchange Translation reserve RM'000	Revaluation reserve RM'000	Distributable Accumulated losses RM'000			
As at 1 January 2013	9,635	3,751	(166)	4,145	(7,700)	9,665	(35)	9,630
Total comprehensive income for the period	-	-	(6)	-	(438)	(444)	(10)	(454)
Realisation of revaluation reserve	-	-	-	(14)	14	-	-	-
As at 31 March 2013	9,635	3,751	(172)	4,131	(8,124)	9,221	(45)	9,176
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

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

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A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter ended 31 March 2013 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 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 2012. 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 2012.

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.

As at the date of these interim financial statements, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2014

1. Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
2. Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
3. Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
4. Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2015

1. MFRS 9 Financial Instruments (2009)
2. MFRS 9 Financial Instruments (2010)
3. Amendments to MFRS 7 Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosure.

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

There were no other items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence during the quarter under review and financial period-to-date.

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review and financial period-to-date.

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 year-to-date is as follows:

(a) Primary Reporting Format - Geographical Segment:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter	Preceding Year Corresponding Quarter	Current Quarter To Date	Preceding Year Corresponding Period
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Revenue				
Malaysia	3,642	3,943	3,642	3,943
Thailand	903	482	903	482
People's Republic of China and Hong Kong	-	521	-	521
Others	-	643	-	643
Total including inter-segment sales	4,545	5,589	4,545	5,589
Eliminations of inter-segment sales	(620)	(514)	(620)	(514)
Total Revenue	3,925	5,075	3,925	5,075

Loss Before Tax

Segment results

Malaysia	(459)	(328)	(459)	(328)
Thailand	90	(87)	90	(87)
People's Republic of China and Hong Kong	-	(18)	-	(18)
Others	(24)	(100)	(24)	(100)
	(393)	(533)	(393)	(533)
Finance costs	(53)	(74)	(53)	(74)
Share of profit of an associate	-	-	-	-
Eliminations	(6)	10	(6)	10
Total Loss Before Tax	(452)	(597)	(452)	(597)

At 31 March 2013

	Malaysia RM'000	Thailand RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	25,046	1,469	12	(9,930)	16,597
Income tax assets	191	-	-	-	191
Total assets					16,788
Segment liabilities	5,618	1,534	19	(3,923)	3,248
Interest bearing - borrowings	3,563	-	-	-	3,563
Income tax liabilities	801	-	-	-	801
Total liabilities					7,612
Other segment information					
Capital expenditure	99	4	-	-	103
Depreciation of property, plant and equipment	158	8	-	-	166

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(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	Quarter	To Date	Period
2013	31 March	31 March	31 March	
	2012	2013	2012	
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment Holdings	60	91	60	91
Coatings Manufacturing	4,275	4,682	4,275	4,682
High Precision, Ferrous and Non-Ferrous Metal Trading	-	773	-	773
Others	210	43	210	43
Eliminations	(620)	(514)	(620)	(514)
Total Revenue	3,925	5,075	3,925	5,075
Loss Before tax				
Segment results				
Investment Holdings	(407)	(148)	(407)	(148)
Coatings Manufacturing	128	(224)	128	(224)
High Precision, Ferrous and Non-Ferrous Metal Trading	-	(77)	-	(77)
Others	(114)	(84)	(114)	(84)
	(393)	(533)	(393)	(533)
Finance costs	(53)	(74)	(53)	(74)
Share of profit of an associate	-	-	-	-
Eliminations	(6)	10	(6)	10
Total Loss Before Tax	(452)	(597)	(452)	(597)

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**(A) Strike-Off of Multi Square (S) Pte Ltd**

Multi Square (S) Pte Ltd ("MSPL") had been struck-off from the Company Registrar, Singapore on 8 April 2013 and ceased to be a wholly-owned subsidiary of the Company pursuant to Section 344 of the Companies Act (Cap 50) of Singapore.

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(B) Disposal of PT Multi Square

On 19 December 2012, the Company announced that the Company had entered into a Share Sale Agreement to dispose its entire holdings in its 60% owned subsidiary, PT Multi Square. The completion of the Disposal is expected to be within six (6) months from the date of the Sale Share Agreement.

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 31 March 2013

For the current quarter and financial period-to-date under review, our Group's revenue is RM3.925 million, showing a decrease of revenue by RM1.150 million, representing a decrease of approximately 22.66% as compared to the corresponding financial quarter and period-to-date ended 31 March 2012. Our Group recorded a loss after taxation of RM0.447 million for the current quarter and current financial period-to-date ended 31 March 2013 as compared to the loss after taxation of RM0.613 million for the corresponding quarter ended 31 March 2012. The decrease of losses is due to improved performance in Malaysia's and Thailand's subsidiaries. In addition, Malaysia's subsidiary has ceased the Metal Trading division which was not profitable in the corresponding financial period ended 31 March 2012.

B2. Variation of Results For the Current Quarter Ended 31 March 2013 against Immediate Preceding Quarter

During the current quarter ended 31 March 2013, our Group's revenue is RM3.925 million, showing an increase of revenue of RM0.404 million, representing an increase of approximately 11.47% as compared to the revenue of RM3.521 million in the preceding quarter ended 31 December 2012. Our Group recorded a loss after taxation of RM0.447 million in the current quarter ended 31 March 2013, as compared to a loss after taxation of RM2.923 million in the previous quarter ended 31 December 2012. The decrease in losses in current quarter is mainly due to additional depreciation of RM1 million and written off property, plant and equipment of RM0.610 million which no future economic benefits are expected from the usage in previous quarter.

B3. Prospects for 2013

Currently, the Group is mainly involved in the manufacturing and trading of plastic paints and coatings and architectural paints and coatings. However, the plastic paints and coatings segment of the Group, which is the main contributor to the Group's revenue, has not been profitable for the past financial years due to a slowdown in the demand of plastic paints and coatings. However, we are expecting the market demand for plastic paints and coatings to pick up. Further, the Board intends to widen the Group's product range to include marine paints and coatings for the oil and gas industry and to expand its existing architectural paints and coatings for the property development industry in Malaysia to address the current financial performance of the Group.

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	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	46	-	46
Deferred taxation	5	(30)	5	(30)
	<u>5</u>	<u>16</u>	<u>5</u>	<u>16</u>

No provision for taxation for current quarter as most of the subsidiaries have recorded losses and there are available unutilized tax losses for profit making subsidiaries.

B6. Status of Corporate Proposal Announced**(A) Corporate Proposal****(i) Rights Issue of Shares with Warrants**

The Company had on 29 April 2013 announced the completion of the renounceable rights issue of 96,351,000 new ordinary shares of RM0.10 each in SerSol ("SerSol Shares" or "Shares") ("Rights Shares"), together with 96,351,000 free detachable new warrants ("Warrants") on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing SerSol Share held at 5.00 p.m. on 29 March 2013, at an issue price of RM0.10 per Rights Share.

(ii) Proposed Share Issuance Scheme

The Company proposed to undertake proposed establishment of a share issuance scheme (SIS) of up to thirty percent (30%) of the issued and paid-up share capital of SerSol (excluding treasury shares) at any point in time for the eligible directors and employees of SerSol and its subsidiaries (SerSol Group or Group). The effective date for the implementation of the SIS is 13 May 2013.

(iii) Change of Name of the Company from "SerSol Technologies Berhad" to "SerSol Berhad"

The Company had on 1 March 2013 announced the completion of the change of name of the Company from "SerSol Technologies Berhad" to "SerSol Berhad" with effect from 26 February 2013.

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(B) Status of Utilisation of Proceeds**(i) Proceeds from Right Issues of Share with Warrants**

	Purpose	Proposed Utilisation	Actual Utilisation
		RM'000	RM'000
i)	Research & development	900	-
ii)	Purchase of plant and machinery	500	-
iii)	Repayment of bank borrowings	2,500	-
iv)	Working capital	5,235	-
iv)	Defray estimated expenses	500	422
	Total	9,635	422

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	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Borrowings			
Term Loans	144	-	144
Trade Financing	1,887	-	1,887
Hire Purchase Payables	137	-	137
Bank Overdraft	1,058	-	1,058
	<u>3,226</u>	<u>-</u>	<u>3,226</u>
Long Term Borrowings			
Term Loans	107	-	107
Hire Purchase Payables	230	-	230
	<u>337</u>	<u>-</u>	<u>337</u>
Total	<u><u>3,563</u></u>	<u><u>-</u></u>	<u><u>3,563</u></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.

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B10. Loss Per Share**Basic loss per share**

	Current quarter ended		Cumulative quarter ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Net Loss attributed to owners of the parent for the period (RM'000)	(438)	(557)	(438)	(557)
Weighted Average Number of shares in issue ('000)	96,351	95,878	96,351	95,878
Basic loss per share (sen)	(0.45)	(0.58)	(0.45)	(0.58)

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 2012 was not qualified.

B12. Realised and unrealized losses disclosure

The accumulated losses may be analysed as follows:

	As at 31.03.2013	As at 31.12.2012
	RM'000	RM'000
Realised	(7,668)	(7,608)
Unrealised	45	413
	(7,623)	(7,195)
Less : Consolidation adjustments	(501)	(505)
Total	(8,124)	(7,700)

SERSOL BERHAD (FORMERLY KNOWN AS SERSOL TECHNOLOGIES BERHAD)Company No. 602062-X
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The following items have been included in arriving at loss before tax:

	Current Quarter ended		Cumulative quarter ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on receivables	-	-	-	-
Bad debts recovered	6	3	6	3
Depreciation expense and amortization	(166)	(266)	(166)	(266)
Dividend Income	-	1	-	1
Gain or (loss) on derivatives	-	-	-	-
Gain or (loss) on disposal of property, plant and equipment	13	41	13	41
Gain or (loss) on foreign exchange – Realised	15	(19)	15	(19)
Gain or (loss) on foreign exchange – Unrealised	41	(17)	41	(17)
Gain or (loss) on disposal of quoted or unquoted investment	-	-	-	-
Impairment of assets	-	-	-	-
Interest expense	(44)	(62)	(44)	(62)
Interest income	-	-	-	-
Inventories written off	-	-	-	-