

**SERSOL BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED****31 March 2016**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2016	Preceding Year Corresponding Quarter 31 March 2015	Current Year To Date 31 March 2016	Preceding Year Corresponding Period 31 March 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	4,738	6,189	4,738	6,189
Other operating income	2	172	2	172
Operating expenses	(5,130)	(6,209)	(5,130)	(6,209)
<b>Profit/ (Loss) from operations</b>	<b>(390)</b>	<b>152</b>	<b>(390)</b>	<b>152</b>
Finance costs	(54)	(36)	(54)	(36)
<b>Profit/ (Loss) before tax</b>	<b>(444)</b>	<b>116</b>	<b>(444)</b>	<b>116</b>
Income tax expense	5	5	5	5
<b>Profit/ (Loss) for the period</b>	<b>(439)</b>	<b>121</b>	<b>(439)</b>	<b>121</b>
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign subsidiaries	(84)	33	(84)	33
<b>Total comprehensive profit/ (loss) for the period</b>	<b>(523)</b>	<b>154</b>	<b>(523)</b>	<b>154</b>
Profit/ (Loss) attributable to:				
Owners of the parent	(439)	121	(439)	121
Non-controlling interests	-	-	-	-
<b>Profit/ (Loss) for the period</b>	<b>(439)</b>	<b>121</b>	<b>(439)</b>	<b>121</b>
Total comprehensive profit/ (loss) attributable to:				
Owners of the parent	(523)	154	(523)	154
Non-controlling interests	-	-	-	-
<b>Total comprehensive profit/ (loss) for the period</b>	<b>(523)</b>	<b>154</b>	<b>(523)</b>	<b>154</b>
Profit/ (Loss) per share (sen)				
Basic (note B11)	(0.20)	0.06	(0.20)	0.06
Diluted (note B11)	(0.20)	0.06	(0.20)	0.06

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 March 2016**

	<b>Unaudited As At 31 March 2016  RM'000</b>	<b>Audited As At 31 December 2015  RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	8,834	8,725
	<u>8,834</u>	<u>8,725</u>
<b>Current assets</b>		
Inventories	3,719	3,623
Trade receivables	5,545	5,258
Other receivables, deposits and prepayments	440	396
Amount due from contract customer	7	120
Tax recoverable	5	-
Fixed deposits	4,000	-
Cash and bank balances	1,978	6,934
	<u>15,694</u>	<u>16,331</u>
<b>TOTAL ASSETS</b>	<u>24,528</u>	<u>25,056</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	21,535	21,535
Share premium	7,251	7,251
Exchange translation reserve	(57)	27
Warrants reserve	7,692	7,692
Other reserve	(7,692)	(7,692)
Accumulated losses	(15,936)	(15,511)
Revaluation reserve	3,868	3,882
Equity attributable to owners of the parent	<u>16,661</u>	<u>17,184</u>
<b>Non-controlling interest</b>	(5)	(5)
<b>TOTAL EQUITY</b>	<u>16,656</u>	<u>17,179</u>
<b>Non-current liabilities</b>		
Hire purchases payables	99	154
Deferred tax liabilities	785	789
	<u>884</u>	<u>943</u>
<b>Current liabilities</b>		
Trade payables	2,644	2,250
Other payables and accruals	701	566
Hire purchases payables	222	240
Bank overdraft	3,300	3,694
Taxation	121	184
	<u>6,988</u>	<u>6,934</u>
<b>TOTAL LIABILITIES</b>	<u>7,872</u>	<u>7,877</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>24,528</u>	<u>25,056</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.08	0.08

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED**

**31 March 2016**

(The figures have not been audited)

	<b>Current Year To Date 31 March 2016</b>	<b>Preceding Year Corresponding Period 31 March 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before tax	(444)	116
Adjustments for:-		
Non-cash items	285	148
Non-operating items	21	(1)
	<u>(138)</u>	<u>263</u>
Operating profit / (loss) before changes in working capital	(138)	263
Net changes in current assets	(398)	(1,238)
Net changes in current liabilities	527	32
	<u>(9)</u>	<u>(943)</u>
<b>CASH (USED IN)/ FROM OPERATIONS</b>	(9)	(943)
Interest paid	(46)	(25)
Tax paid	(67)	(4)
	<u>(122)</u>	<u>(972)</u>
<b>NET CASH (USED IN)/ FROM OPERATING ACTIVITIES</b>	(122)	(972)
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Interest received	(21)	1
Proceed from disposal of plant and equipment	-	8
Purchase of plant and equipment	(269)	(45)
	<u>(290)</u>	<u>(36)</u>
<b>NET CASH FROM/ (USED IN) INVESTING ACTIVITIES</b>	(290)	(36)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Repayments of hire purchases payables	(72)	(64)
	<u>(72)</u>	<u>(64)</u>
<b>NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>	(72)	(64)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(485)	(1,072)
Effect of changes in exchange rates	(77)	24
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>3,240</u>	<u>3,233</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	<u>2,678</u>	<u>2,185</u>
* Cash and cash equivalents included in the statement of cash flows comprise of the following:		
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	4,000	-
Cash and bank balances	1,978	3,949
Bank overdraft	(3,300)	(1,764)
	<u>2,678</u>	<u>2,185</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 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**SERSOL BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FIRST QUARTER ENDED****31 March 2016**

(The figures have not been audited)

	Non - distributable		Attributable to Owners of the Parent					Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Exchange Translation reserve RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Other reserve RM'000	Accumulated losses RM'000			
As at 1 January 2016	21,535	7,251	27	3,882	7,692	(7,692)	(15,511)	17,184	(5)	17,179
Total comprehensive income for the period	-	-	(84)	-	-	-	(439)	(523)	-	(523)
Realisation of revaluation reserve	-	-	-	(14)	-	-	14	-	-	-
As at 31 March 2016	21,535	7,251	(57)	3,868	7,692	(7,692)	(15,936)	16,661	(5)	16,656
As at 1 January 2015	19,527	4,218	(44)	3,938	7,692	(7,692)	(13,728)	13,911	-	13,911
Total comprehensive income for the period	-	-	33	-	-	-	121	154	-	154
Realisation of revaluation reserve	-	-	-	(14)	-	-	14	-	-	-
As at 31 March 2015	19,527	4,218	(11)	3,924	7,692	(7,692)	(13,593)	14,065	-	14,065

(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 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134**

**A1. Basis of Preparation**

The unaudited condensed interim financial statements for the fourth quarter ended 31 March 2015 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") 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 period ended 31 March 2014. 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 period ended 31 March 2014.

During the financial period, the Group has adopted the following amendments to MFRSs issued by MASB that are mandatory for current financial period:

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

1. Amendments to MFRS 119, Defined Benefits Plans: Employee Contributions
2. Annual Improvements to MFRSs 2010 - 2012 Cycle
3. Annual Improvements to MFRSs 2011 - 2013 Cycle

Adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group.

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

**MFRSs, Amendments to MFRSs and IC Interpretation effective for financial periods beginning on or after 1 January 2016**

1. MFRS 14, Regulatory Deferral Accounts
2. Amendments to MFRS 11, Accounting for Acquisitions of Interests in Joint Operations
3. Amendments to MFRS 101, Disclosure Initiative
4. Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation
5. Amendments to MFRS 116 and MFRS 141, Agriculture: Bearer Plants
6. Amendments to MFRS 127, Equity Method in Separate Financial Statements
7. Annual Improvements to MFRSs 2012-2014 Cycle
8. Amendments to MFRS 10, MFRS 12 and MFRS 128, Investment Entities: Applying the Consolidation Exception
9. MFRS 9, Financial Instruments (IFRS 9 issued by IASB in July 2014)
10. MFRS 15, Revenue from Contracts with Customers
11. Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on these interim financial statements.

**A2. Seasonality or Cyclicity 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.

	Ordinary share of RM0.10 each No of shares '000	RM'000
Share capital-issued and fully paid up as at 31.03.2016	<u>215,349</u>	<u>21,535</u>

**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 2016 RM'000	Preceding Year Corresponding Quarter 31 March 2015 RM'000	Current Year To Date 31 March 2016 RM'000	Preceding Year Corresponding Period 31 March 2015 RM'000
<b>Revenue</b>				
Malaysia	5,096	6,660	5,096	6,660
Thailand	1,007	1,945	1,007	1,945
Total including inter-segment sales	6,103	8,605	6,103	8,605
Eliminations of inter-segment sales	(1,365)	(2,416)	(1,365)	(2,416)
<b>Total Revenue</b>	<b>4,738</b>	<b>6,189</b>	<b>4,738</b>	<b>6,189</b>
<b>Profit/ (Loss) Before Tax</b>				
Segment results				
Malaysia	(498)	(291)	(498)	(291)
Thailand	125	584	125	584
	(373)	293	(373)	293
Finance costs	(54)	(36)	(54)	(36)
Eliminations	(17)	(141)	(17)	(141)
<b>Total Profit/ (Loss) Before Tax</b>	<b>(444)</b>	<b>116</b>	<b>(444)</b>	<b>116</b>
<b>At 31 March 2016</b>	<b>Malaysia RM'000</b>	<b>Thailand RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
Segment assets	51,843	1,744	(29,064)	24,523
Income tax assets	5	-	-	5
<b>Total assets</b>				<b>24,528</b>
Segment liabilities	22,417	447	(19,519)	3,345
Interest bearing -borrowings	3,614	7	-	3,621
Income tax liabilities	872	34	-	906
<b>Total liabilities</b>				<b>7,872</b>
Other segment information				
Capital expenditure	265	4	-	269
Depreciation of property, plant and equipment	142	12	-	154

(b) Secondary Reporting Format - Business Segments:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Preceding Year		Preceding Year
	Current Quarter	Corresponding	Current Year	Corresponding
	31 March 2016 RM'000	Quarter 31 March 2015 RM'000	To Date 31 March 2016 RM'000	Period 31 March 2015 RM'000
<b>Revenue</b>				
Investment Holdings	242	254	242	254
Coatings Manufacturing	4,752	6,796	4,752	6,796
Others	1,109	1,555	1,109	1,555
Eliminations	(1,365)	(2,416)	(1,365)	(2,416)
<b>Total Revenue</b>	<b>4,738</b>	<b>6,189</b>	<b>4,738</b>	<b>6,189</b>
<b>Profit/ (Loss) Before tax</b>				
Segment results				
Investment Holdings	(200)	(14)	(200)	(14)
Coatings Manufacturing	(211)	536	(211)	536
Others	38	(229)	38	(229)
	(373)	293	(373)	293
Finance costs	(54)	(36)	(54)	(36)
Eliminations	(17)	(141)	(17)	(141)
<b>Total Profit/(Loss) Before Tax</b>	<b>(444)</b>	<b>116</b>	<b>(444)</b>	<b>116</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 period 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 2016**

For the current quarter under review, our Group revenue is RM4.738 million, showing a decrease of RM1.451 million, representing approximately 23.44% as compared to the preceding period's corresponding quarter ended 31 March 2015. Our Group recorded a loss after taxation of RM439,000 for the current quarter ended 31 March 2016 as compared to a profit after taxation of RM121,000 for the preceding period's corresponding quarter ended 31 March 2015.

The decrease in revenue is mainly due to the decrease in businesses in Thailand and Malaysia.

**B2. Variation of Results for the Current Quarter Ended 31 March 2016 against Immediate Preceding Quarter**

During the current quarter ended 31 March 2016, our Group revenue was RM4.738 million, showing an increase of RM67,000, representing approximately 1.43% as compared to the revenue of RM4.671 million in the preceding quarter ended 31 December 2015. Our Group recorded a loss after taxation of RM439,000 in the current quarter ended 31 March 2016, as compared to a loss after taxation of RM1.805 million in the previous quarter ended 31 December 2015. The above is mainly due to the provision of doubtful debts which were provided in the previous quarter ended 31 December 2015.

**B3. Prospects for 2016**

Our Group is expecting the market for paint and coating industry for the period ahead to be challenging. The Group remains cautious on the outlook for its financial performance and looking at cost optimization in its resources.

**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 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	-	-	-
Deferred taxation	5	5	5	5
	5	5	5	5

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

**B6. Status of Corporate Proposal Announced**

**(A) Corporate Proposal**

There were no corporate proposals announced but not completed at the date of issue of this report.

**(B) Status of Utilisation of Proceeds**

**(i) Proceeds from Private Placement**

The proceeds from Private Placement have been fully utilised within the expected time frame of utilisation.

**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>			
Hire Purchase Payables	222	-	222
Bank Overdraft	3,300	-	3,300
	<u>3,522</u>	<u>-</u>	<u>3,522</u>
<b>Long Term Borrowings</b>			
Hire Purchase Payables	99	-	99
<b>Total</b>	<u>3,621</u>	<u>-</u>	<u>3,621</u>

**B8. Changes in Material Litigation Since the Last Quarterly Statement of Financial Position 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. Profit/ (Loss) Per Share**

**Basic profit/ (loss) per share**

	Current quarter ended		Cumulative quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Net Profit/ (Loss) attributed to owners of the parent for the period (RM'000)	(439)	121	(439)	121
Weighted Average Number of shares in issue ('000)	215,349	195,272	215,349	195,272
Basic profit/ (loss) per share (sen)	(0.20)	0.06	(0.20)	0.06

**Diluted profit/ (loss) per share**

Diluted profit/ (loss) per share is equal to the basic profit/ (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 2015 was not qualified.

**B12. Realised and unrealised losses disclosure**

The accumulated losses may be analysed as follows:

	As at 31.03.2016	As at 31.12.2015
	RM'000	RM'000
Realised	(12,366)	(12,048)
Unrealised	(57)	33
	<hr/>	<hr/>
	(12,423)	(12,015)
Less : Consolidation adjustments	(3,513)	(3,496)
<b>Total</b>	<hr/>	<hr/>
	(15,936)	(15,511)

**B13. Profit/ (Loss) Before Tax**

The following items have been included in arriving at profit/ (loss) before tax:

	Current quarter ended		Cumulative quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	1	-	1
Depreciation and amortisation	(154)	(141)	(154)	(141)
Gain or (loss) on disposal of property, plant and equipment	-	8	-	8
Gain or (loss) on foreign exchange –Realised	(16)	92	(16)	92
Gain or (loss) on foreign exchange –Unrealised	(84)	9	(84)	9
Interest expense	(46)	(25)	(46)	(25)
Interest income	(21)	1	(21)	1