

SERSOL BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED****30 September 2017**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 September 2017	Preceding Year Corresponding Quarter 30 September 2016	Current Year To Date 30 September 2017	Preceding Year Corresponding Period 30 September 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	4,483	4,728	13,446	14,127
Other operating income	94	63	249	172
Operating expenses	(4,323)	(4,607)	(13,672)	(14,998)
Profit/ (Loss) from operations	254	184	23	(700)
Finance costs	(11)	(48)	(40)	(155)
Profit/ (Loss) before tax	243	136	(17)	(855)
Income tax expense	4	5	4	14
Profit/ (Loss) for the period	247	141	(13)	(841)
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	3	62	18	12
Total comprehensive profit/ (loss) for the period	250	203	5	(829)
Profit/ (Loss) attributable to:				
Owners of the parent	247	141	(20)	(840)
Non-controlling interests	-	-	7	(2)
Profit/ (Loss) for the period	247	141	(13)	(842)
Total comprehensive profit/ (loss) attributable to:				
Owners of the parent	250	203	(2)	(828)
Non-controlling interests	-	-	7	(2)
Total comprehensive profit/ (loss) for the period	250	203	5	(830)
Profit/ (Loss) per share (sen)				
Basic (note B11)	0.11	0.07	(0.01)	(0.39)
Diluted (note B11)	0.11	0.07	(0.01)	(0.39)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

SERSOL BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	Unaudited As At 30 September 2017	Audited As At 31 December 2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,440	6,828
	<u>6,440</u>	<u>6,828</u>
Current assets		
Inventories	3,359	2,697
Trade receivables	4,032	6,435
Other receivables, deposits and prepayments	319	494
Amount due from contract customer	-	403
Tax recoverable	-	26
Fixed deposits	4,000	4,000
Cash and bank balances	2,563	1,491
	<u>14,273</u>	<u>15,546</u>
TOTAL ASSETS	<u>20,713</u>	<u>22,374</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	21,535	21,535
Share premium	7,251	7,251
Exchange translation reserve	123	105
Warrants reserve	7,692	7,692
Other reserve	(7,692)	(7,692)
Accumulated losses	(15,490)	(15,510)
Revaluation reserve	2,613	2,653
Equity attributable to owners of the parent	<u>16,032</u>	<u>16,034</u>
Non-controlling interest	-	(8)
TOTAL EQUITY	<u>16,032</u>	<u>16,026</u>
Non-current liabilities		
Hire purchases payables	47	61
Deferred tax liabilities	673	687
	<u>720</u>	<u>748</u>
Current liabilities		
Trade payables	3,336	4,018
Other payables and accruals	533	486
Hire purchases payables	24	173
Bank overdraft	-	736
Taxation	68	187
	<u>3,961</u>	<u>5,600</u>
TOTAL LIABILITIES	<u>4,681</u>	<u>6,348</u>
TOTAL EQUITY AND LIABILITIES	<u>20,713</u>	<u>22,374</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.07	0.07

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED
30 September 2017**
(The figures have not been audited)

	Current Year To Date 30 September 2017	Preceding Year Corresponding Period 30 September 2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	(17)	(855)
Adjustments for:-		
Non-cash items	600	575
Non-operating items	<u>(133)</u>	<u>(84)</u>
Operating profit / (loss) before changes in working capital	450	(364)
Net changes in current assets	2,138	(395)
Net changes in current liabilities	<u>(643)</u>	<u>265</u>
CASH (USED IN)/ FROM OPERATIONS	1,945	(494)
Income tax refunded	24	-
Interest paid	(40)	(130)
Tax paid	<u>(117)</u>	<u>(85)</u>
NET CASH (USED IN)/ FROM OPERATING ACTIVITIES	<u>1,812</u>	<u>(709)</u>
NET CASH FOR INVESTING ACTIVITIES		
Interest received	117	84
Proceed from disposal of plant and equipment	57	35
Purchase of plant and equipment	<u>(30)</u>	<u>(281)</u>
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	<u>144</u>	<u>(162)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayments of hire purchases payables	<u>(163)</u>	<u>(185)</u>
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	<u>(163)</u>	<u>(185)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,793	(1,057)
Effect of changes in exchange rates	15	12
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>4,755</u>	<u>3,240</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	<u>6,563</u>	<u>2,195</u>
* Cash and cash equivalents included in the statement of cash flows comprise of the following:		
	RM'000	RM'000
Fixed deposits	4,000	4,000
Cash and bank balances	2,563	1,720
Bank overdraft	-	(3,525)
	<u>6,563</u>	<u>2,195</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 2016 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 THIRD QUARTER ENDED**30 September 2017**

(The figures have not been audited)

	Non - distributable		Attributable to Owners of the Parent					Total	Non-controlling Interest	Total Equity
	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 2017	21,535	7,251	105	2,653	7,692	(7,692)	(15,510)	16,034	(8)	16,026
Total comprehensive income for the period	-	-	18	-	-	-	(20)	(2)	8	6
Realisation of revaluation reserve	-	-	-	(40)	-	-	40	-	-	-
As at 30 September 2017	21,535	7,251	123	2,613	7,692	(7,692)	(15,490)	16,032	-	16,032
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	-	-	12	-	-	-	(840)	(828)	(1)	(829)
Realisation of revaluation reserve	-	-	-	(42)	-	-	42	-	-	-
As at 30 September 2016	21,535	7,251	39	3,840	7,692	(7,692)	(16,309)	16,356	(6)	16,350

(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 2016 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 third quarter ended 30 September 2017 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 year ended 31 December 2016. 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 2016.

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
No of shares
'000 **RM**
'000

Total Number of Issued Shares as at 30.09.2017 215,349 21,535

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 30 September 2017 RM'000	Preceding Year Corresponding Quarter 30 September 2016 RM'000	Current Year To Date 30 September 2017 RM'000	Preceding Year Corresponding Period 30 September 2016 RM'000
Revenue				
Malaysia	4,817	4,828	13,594	14,666
Thailand	1,158	1,142	3,398	3,131
Total including inter-segment sales	5,975	5,970	16,992	17,797
Eliminations of inter-segment sales	(1,492)	(1,242)	(3,545)	(3,670)
Total Revenue	4,483	4,728	13,447	14,127

Profit/ (Loss) Before Tax

Segment results				
Malaysia	303	47	180	(968)
Thailand	38	136	(57)	277
	341	183	123	(691)
Finance costs	(11)	(48)	(40)	(156)
Eliminations	(87)	1	(100)	(8)
Total Profit/ (Loss) Before Tax	243	136	(17)	(855)

At 30 September 2017

	Malaysia RM'000	Thailand RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	47,214	2,047	(28,548)	20,713
Income tax assets	-	-	-	-
Total assets				20,713
Segment liabilities	22,291	487	(18,908)	3,870
Interest bearing -borrowings	4	67	-	71
Income tax liabilities	752	(11)	-	741
Total liabilities				4,682
Other segment information				
Capital expenditure	16	14	-	30
Depreciation of property, plant and equipment	371	48	-	419

(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 September	Quarter	To Date	Period
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment Holdings	300	240	901	723
Coatings Manufacturing	5,097	4,575	14,115	13,506
Others	578	1,155	1,976	3,568
Eliminations	(1,492)	(1,242)	(3,545)	(3,670)
Total Revenue	4,483	4,728	13,447	14,127
Profit/ (Loss) Before tax				
Segment results				
Investment Holdings	(12)	(52)	(45)	(310)
Coatings Manufacturing	426	363	620	63
Others	(73)	(128)	(452)	(445)
	341	183	123	(692)
Finance costs	(11)	(48)	(40)	(155)
Eliminations	(87)	1	(100)	(8)
Total Profit/(Loss) Before Tax	243	136	(17)	(855)

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 30 September 2016

For the current quarter under review, our Group revenue is RM4.483 million, showing a decrease of RM0.245 million, representing approximately 5% as compared to the preceding period's corresponding quarter ended 30 September 2016. However the profit after taxation had increased as compared to the preceding period's corresponding quarter ended 30 September 2016 due to the implementation of restructuring effort.

B2. Variation of Results for the Current Quarter Ended 30 September 2017 against Immediate Preceding Quarter

During the current quarter ended 30 September 2017, our Group revenue was RM4.483 million, showing an increase of RM0.478 million, representing approximately 12% as compared to the revenue of RM4.005 million in the preceding quarter ended 30 June 2017. Our Group recorded a profit after taxation of RM0.247 million in the current quarter ended 30 September 2017, as compared to a loss after taxation of RM0.321 million in the previous quarter ended 30 June 2017. The increase of revenue was due to increased order by oversea clients.

B3. Prospects for 2017

Our Group is expecting the market for paint and coating industry in Malaysia to be very challenging. Hence, we have started to supply paints and coatings products to customers in Myanmar and Bangladesh and shall strive to increase the volume of our business therewith.

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	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	-	(9)	-
Deferred taxation	4	5	13	14
	<u>4</u>	<u>5</u>	<u>4</u>	<u>14</u>

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

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

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
Short Term Borrowings			
Hire Purchase Payables	24	-	24
Bank Overdraft	-	-	-
	<u>24</u>	<u>-</u>	<u>24</u>
Long Term Borrowings			
Hire Purchase Payables	47	-	47
Total	<u>71</u>	<u>-</u>	<u>71</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	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Net Profit/ (Loss) attributed to owners of the parent for the period (RM'000)	247	141	(20)	(839)
Weighted Average Number of shares in issue ('000)	215,349	215,349	215,349	215,349
Basic profit/ (loss) per share (sen)	0.11	0.07	(0.01)	(0.39)

Diluted profit/ (loss) per share

Diluted 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 2016 was not qualified.

B12. Realised and unrealised losses disclosure

The accumulated losses may be analysed as follows:

	As at 30.09.2017	As at 31.12.2016
	RM'000	RM'000
Realised	(11,734)	(12,037)
Unrealised	(143)	33
	<hr/>	<hr/>
	(11,877)	(12,004)
Less : Consolidation adjustments	(3,613)	(3,506)
Total	<hr/> (15,490) <hr/>	<hr/> (15,510) <hr/>

B13. Profit/ (Loss) Before Tax

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

	Current quarter ended		Cumulative quarter ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	-	6	-
Depreciation and amortisation	(127)	(149)	(419)	(454)
Gain or (loss) on disposal of property, plant and equipment	54	-	55	35
Gain or (loss) on foreign exchange –Realised	(3)	3	(13)	(32)
Gain or (loss) on foreign exchange –Unrealised	(57)	55	(175)	(27)
Interest expense	(11)	(42)	(40)	(130)
Interest income	42	47	117	(84)