

SERSOL BERHADCompany No. 602062-X
(Incorporated In Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED****31 March 2018**

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2018	Preceding Year Corresponding Quarter 31 March 2017	Current Year To Date 31 March 2018	Preceding Year Corresponding Period 31 March 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	3,985	4,958	3,985	4,958
Other operating income	76	98	76	98
Operating expenses	(4,471)	(4,978)	(4,471)	(4,978)
(Loss) / Profit from operations	(410)	78	(410)	78
Finance costs	(13)	(18)	(13)	(18)
(Loss) / Profit before tax	(423)	60	(423)	60
Income tax expense	5	4	5	4
(Loss) / Profit for the period	(418)	64	(418)	64
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	(4)	42	(4)	42
Total comprehensive profit/ (loss) for the period	(422)	106	(422)	106
(Loss) / Profit attributable to:				
Owners of the parent	(418)	64	(418)	64
Non-controlling interests	-	-	-	-
(Loss) / Profit for the period	(418)	64	(418)	64
Total comprehensive (Loss) / Profit attributable to:				
Owners of the parent	(422)	106	(422)	106
Non-controlling interests	-	-	-	-
Total comprehensive (Loss) / Profit for the period	(422)	106	(422)	106
(Loss) / Profit per share (sen)				
Basic (note B10)	(0.19)	0.03	(0.19)	0.03
Diluted (note B10)	(0.19)	0.03	(0.19)	0.03

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017 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 31 MARCH 2018**

	Unaudited As At 31 March 2018 RM'000	Audited As At 31 December 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,316	7,433
	<u>7,316</u>	<u>7,433</u>
Current assets		
Inventories	3,298	3,354
Trade receivables	3,716	4,919
Other receivables, deposits and prepayments	459	583
Tax recoverable	-	39
Fixed deposits	4,000	4,000
Cash and bank balances	1,927	1,995
	<u>13,400</u>	<u>14,890</u>
TOTAL ASSETS	<u>20,716</u>	<u>22,323</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	28,786	28,786
Exchange translation reserve	90	94
Warrants reserve	7,692	7,692
Other reserve	(7,692)	(7,692)
Accumulated losses	(15,589)	(15,185)
Revaluation reserve	3,290	3,304
Equity attributable to owners of the parent	<u>16,577</u>	<u>16,999</u>
TOTAL EQUITY	<u>16,577</u>	<u>16,999</u>
Non-current liabilities		
Hire purchases payables	181	211
Deferred tax liabilities	724	729
	<u>905</u>	<u>940</u>
Current liabilities		
Trade payables	2,240	2,804
Other payables and accruals	524	835
Hire purchases payables	110	106
Bank overdraft	272	522
Taxation	88	117
	<u>3,234</u>	<u>4,384</u>
TOTAL LIABILITIES	<u>4,139</u>	<u>5,324</u>
TOTAL EQUITY AND LIABILITIES	<u>20,716</u>	<u>22,323</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 2017 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED
31 March 2018**

(The figures have not been audited)

	Current Year To Date 31 March 2018	Preceding Year Corresponding Period 31 March 2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(423)	293
Adjustments for:-		
Non-cash items	376	846
Non-operating items	(34)	(215)
Operating profit / (loss) before changes in working capital	(81)	924
Net changes in current assets	1,125	874
Net changes in current liabilities	(855)	(858)
CASH (USED IN)/ FROM OPERATIONS	189	940
Income tax refunded	-	24
Interest paid	(13)	(20)
Tax paid	(9)	(141)
NET CASH (USED IN)/ FROM OPERATING ACTIVITIES	167	803
NET CASH FOR INVESTING ACTIVITIES		
Interest received	47	134
Proceed from disposal of plant and equipment	-	157
Purchase of plant and equipment	-	(182)
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	47	109
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawn Down of hire purchases Loan	(26)	(187)
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	(26)	(187)
NET INCREASE IN CASH AND CASH EQUIVALENTS	188	725
Effect of changes in exchange rates	(5)	(8)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,472	755
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	1,655	1,472
* 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	1,927	1,994
Bank overdraft	(272)	(522)
	5,655	5,472
Less : Fixed Deposit Pledged to License Bank	(4,000)	(4,000)
	1,655	1,472

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2018**

(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 2018	28,786	-	94	3,304	7,692	(7,692)	(15,185)	16,999	-	16,999
Total comprehensive income for the period	-	-	(4)	-	-	-	(418)	(422)	-	(422)
Realisation of revaluation reserve	-	-	-	(14)	-	-	14	-	-	-
As at 31 March 2018	28,786	-	90	3,290	7,692	(7,692)	(15,589)	16,577	-	16,577
As at 1 January 2017	21,535	7,251	105	2,652	7,692	(7,692)	(15,509)	16,034	(8)	16,026
Total comprehensive income for the period	-	-	42	-	-	-	64	106	-	106
Realisation of revaluation reserve	-	-	-	(13)	-	-	13	-	-	-
As at 31 March 2017	21,535	7,251	147	2,639	7,692	(7,692)	(15,432)	16,140	(8)	16,132

* The new companies Act 2016 (the "Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to credit of the share premium account of RM7.251 million become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM7.251 million for purposes as set out in Sections 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition

(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 2017 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 first quarter ended 31 March 2018 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 2017. 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 2017.

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 2019

1. MFRS 16, Lease
2. IC Interpretation 23, Uncertainty over Income Tax Treatments
3. Amendments to MFRS 9, Prepayment Features with Negative Compensation
4. Amendments to MFRS 119, Plan Amendments, Curtailment or Settlement
5. Amendments to MFRS 128, Long-term interests in Associates and Joint Venture
6. Annual Improvements to MFRSs 2015 – 2017 Cycle:
 - Amendments to MFRS 3
 - Amendments to MFRS 11
 - Amendments to MFRS 112
 - Amendments to MFRS 123
7. MFRS 17, Insurance Contracts
8. 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	RM
	'000	'000
Total Number of Issued Shares as at 31.03.2018	<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.

[the rest of this page is intentionally left blank]

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 2018 RM'000	Preceding Year Corresponding Quarter 31 March 2017 RM'000	Current Year To Date 31 March 2018 RM'000	Preceding Year Corresponding Period 31 March 2017 RM'000
Revenue				
Malaysia	3,558	4,934	3,558	4,934
Thailand	1,282	1,218	1,282	1,218
Total including inter-segment sales	4,840	6,152	4,840	6,152
Eliminations of inter-segment sales	(855)	(1,194)	(855)	(1,194)
Total Revenue	3,985	4,958	3,985	4,958
Profit/ (Loss) Before Tax				
Segment results				
Malaysia	(492)	100	(492)	100
Thailand	87	112	87	112
	(405)	212	(405)	212
Finance costs	(13)	(18)	(13)	(18)
Eliminations	(5)	(134)	(5)	(134)
Total (Loss) / Profit Before Tax	(423)	60	(423)	60
At 31 March 2018	Malaysia RM'000	Thailand RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	47,048	2,311	(28,442)	20,917
Income tax assets	-	-	-	-
Total assets				20,917
Segment liabilities	20,940	704	(18,880)	2,764
Interest bearing -borrowings	507	56	-	563
Income tax liabilities	823	(11)	-	812
Total liabilities				4,139
Other segment information				
Depreciation of property, plant and equipment	102	16	-	118

(b) Secondary Reporting Format - Business Segments:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Preceding Year		Preceding Year
	Current Quarter	Corresponding	Current Year	Corresponding
		Quarter	To Date	Period
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment Holdings	-	300	-	300
Coatings Manufacturing	4,559	4,887	4,559	4,887
Others	281	965	281	965
Eliminations	(855)	(1,194)	(855)	(1,194)
Total Revenue	3,985	4,958	3,985	4,958
(Loss)/Profit Before tax				
Segment results				
Investment Holdings	(222)	(19)	(222)	(19)
Coatings Manufacturing	(123)	405	(123)	405
Others	(60)	(175)	(60)	(175)
	(405)	211	(405)	211
Finance costs	(13)	(18)	(13)	(18)
Eliminations	(5)	(133)	(5)	(133)
Total (Loss)/Profit Before Tax	(423)	60	(423)	60

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. PERFORMANCE REVIEW

	Individual Period (1 st Quarter)		Changes (%)	Cumulative Period (1 st Quarter)		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31.03.18	31.03.17		31.03.18	31.03.17	
	RM'000	RM'000		RM'000	RM'000	
Revenue	3,985	4,958	(20)	3,985	4,958	(20)
(Loss)/Profit Before Interest and Tax ("LBIT/PBIT")	(410)	78	(626)	(410)	78	(626)
(Loss)/Profit Before Tax ("LBT/PBT")	(423)	60	(805)	(423)	60	(805)
(Loss)/Profit After Tax ("LAT/PAT")	(418)	64	(753)	(418)	64	(753)
(Loss)/Profit attributable to Ordinary Equity Holders of the Parent	(418)	64	(753)	(418)	64	(753)

Review of results for the current quarter

For the current quarter financial period ended 31 March 2018, the Group registered a revenue of RM3.985 million, LBIT of RM0.410 million and LBT of RM0.423 million as compared to a revenue of RM4.958 million, PBIT of RM0.078 million and PBT of RM0.060 million in the preceding quarter financial period ended 31 March 2017.

Commentary on revenue

The Group recorded a lower revenue for the current quarter, mainly due to lower revenue contribution from other segment of the business.

Commentary on LBIT/ LBT

The Group recorded a LBIT and LBT for the current quarter financial period compared to the preceding quarter financial period.

B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31.03.18	30.12.17	
	RM'000	RM'000	
Revenue	3,985	4,616	3
(Loss)/Profit Before Tax	(423)	289	(246)

The loss before taxation is approximately RM0.423 million for the current quarter as compared to a profit before taxation approximately RM0.289 million for the preceding quarter financial period ended 31 December 2017. The loss is mainly due to the decrease on revenue.

B3. Prospects for 2018

The local market is expected to remain modest in Year 2018. However, the Group will strive to increase its customer base. The Group will also continue to tap on its overseas market.

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 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	-	-	-
Deferred taxation	5	4	5	4
	5	4	5	4
	5	4	5	4

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	110	-	110
Bank Overdraft	272	-	272
	382	-	382

Long Term Borrowings

Hire Purchase Payables	181	-	181
Total	563	-	563

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 2018	31 March 2017	31 March 2018	31 March 2017
Net Profit/ (Loss) attributed to owners of the parent for the period (RM'000)	(418)	64	(418)	64
Weighted Average Number of shares in issue ('000)	215,349	215,349	215,349	215,349
Basic profit/ (loss) per share (sen)	(0.19)	0.03	(0.19)	0.03

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 2017 was not qualified.

[the rest of this page is intentionally left blank]

B12. Realised and unrealised losses disclosure

The accumulated losses may be analysed as follows:

	As at 31.03.2018	As at 31.03.2017
	RM'000	RM'000
Realised	(11,887)	(11,412)
Unrealised	34	(243)
	<hr/>	<hr/>
	(11,853)	(11,655)
Less : Consolidation adjustments	(3,736)	(3,529)
Total	<hr/> <hr/>	<hr/> <hr/>
	(15,589)	(15,184)

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 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	6	-	6
Depreciation and amortisation	(117)	(152)	(117)	(152)
Gain or (loss) on disposal of property, plant and equipment	-	1	-	1
Gain or (loss) on foreign exchange –Realised	(27)	(9)	(27)	(9)
Gain or (loss) on foreign exchange –Unrealised	(56)	(117)	(56)	(117)
Interest expense	(13)	(18)	(13)	(18)
Interest income	47	72	47	72