

**SERSOL BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED  
30 September 2019**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 September 2019	Preceding Year Corresponding Quarter 30 September 2018	Current Year To Date 30 September 2019	Preceding Year Corresponding Period 30 September 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	6,262	4,170	12,833	11,927
Cost of sales	(4,952)	(2,976)	(9,475)	(8,417)
<b>Gross Profit</b>	<b>1,310</b>	<b>1,194</b>	<b>3,358</b>	<b>3,510</b>
Other operating income	(8)	26	65	246
Operating expenses	(1,161)	(1,104)	(3,609)	(4,442)
<b>Profit / (Loss) from operations</b>	<b>141</b>	<b>116</b>	<b>(186)</b>	<b>(686)</b>
Finance costs	9	(9)	(10)	(33)
<b>Profit / (Loss) before tax</b>	<b>150</b>	<b>107</b>	<b>(196)</b>	<b>(719)</b>
Income tax expense	5	(2)	14	7
<b>Profit / (Loss) for the period</b>	<b>155</b>	<b>105</b>	<b>(182)</b>	<b>(712)</b>
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign subsidiaries	29	77	128	48
<b>Total comprehensive profit / (loss) for the period</b>	<b>184</b>	<b>182</b>	<b>(54)</b>	<b>(664)</b>
Profit / (Loss) attributable to:				
Owners of the parent	155	105	(182)	(712)
Non-controlling interests	-	-	-	-
<b>Profit / (Loss) for the period</b>	<b>155</b>	<b>105</b>	<b>(182)</b>	<b>(712)</b>
Total comprehensive Profit / (Loss) attributable to:				
Owners of the parent	184	182	(54)	(664)
Non-controlling interests	-	-	-	-
<b>Total comprehensive Profit / (Loss) for the period</b>	<b>184</b>	<b>182</b>	<b>(54)</b>	<b>(664)</b>
Profit / (Loss) per share (sen)				
Basic (note B10)	0.07	0.05	(0.08)	(0.33)
Diluted (note B10)	0.07	0.05	(0.08)	(0.33)

(The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

**SERSOL BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 September 2019**

	<b>Unaudited As At 30 September 2019</b>	<b>Audited As At 31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,072	7,389
	<u>7,072</u>	<u>7,389</u>
<b>Current assets</b>		
Inventories	2,830	2,653
Trade receivables	5,485	4,265
Other receivables, deposits and prepayments	249	415
Tax recoverable	26	8
Fixed deposits	1,500	4,000
Cash and bank balances	2,557	1,392
	<u>12,647</u>	<u>12,733</u>
<b>TOTAL ASSETS</b>	<u>19,719</u>	<u>20,122</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	12,786	28,786
Exchange translation reserve	258	130
Warrants reserve	7,692	7,692
Other reserve	(7,692)	(7,692)
Accumulated losses	(149)	(16,009)
Revaluation reserve	3,206	3,248
Equity attributable to owners of the parent	<u>16,101</u>	<u>16,155</u>
<b>TOTAL EQUITY</b>	<u>16,101</u>	<u>16,155</u>
<b>Non-current liabilities</b>		
Hire purchases payables	45	159
Deferred tax liabilities	697	710
	<u>742</u>	<u>869</u>
<b>Current liabilities</b>		
Trade payables	2,168	2,278
Other payables and accruals	467	541
Hire purchases payables	153	145
Taxation	88	134
	<u>2,876</u>	<u>3,098</u>
<b>TOTAL LIABILITIES</b>	<u>3,618</u>	<u>3,967</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>19,719</u>	<u>20,122</u>
Net assets per ordinary share attributable to owners of the parent (RM)	0.07	0.08

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED  
30 September 2019**

	<b>Current Year To Date 30 September 2019</b>	<b>Preceding Year Corresponding Period 30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	(196)	(719)
Adjustments for:-		
Non-cash items	408	882
Non-operating items	(43)	(120)
	<hr/>	<hr/>
Operating profit / (loss) before changes in working capital	169	43
Net changes in current assets	(1,291)	937
Net changes in current liabilities	(199)	(681)
	<hr/>	<hr/>
CASH (USED IN)/ FROM OPERATIONS	(1,321)	299
Interest paid	(10)	(33)
Tax paid	(49)	(16)
	<hr/>	<hr/>
NET CASH (USED IN)/ FROM OPERATING ACTIVITIES	(1,380)	250
	<hr/>	<hr/>
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Interest received	54	60
Proceed from disposal of plant and equipment	3	136
Purchase of plant and equipment	(13)	(363)
	<hr/>	<hr/>
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	44	(167)
	<hr/>	<hr/>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Repayment of hire purchases payables	(106)	(78)
Withdraw from Fixed Deposit	2,500	2,500
	<hr/>	<hr/>
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	2,394	2,422
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,058	2,505
Effect of changes in exchange rates	107	41
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,392	1,473
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	2,557	4,019
	<hr/>	<hr/>
* 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	1,500	1,500
Cash and bank balances	2,557	4,019
	<hr/>	<hr/>
	4,057	5,519
Less : Fixed Deposit Pledged to License Bank	(1,500)	(1,500)
	<hr/>	<hr/>
	2,557	4,019
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**(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)**

**SERSOL BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THIRD QUARTER ENDED****30 September 2019**

(The figures have not been audited)

	Attributable to Owners of the Parent						Total Equity RM'000
	←					→	
	Share capital 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 2019	28,786	130	3,248	7,692	(7,692)	(16,009)	16,155
Share capital reduction	(16,000)					16,000	-
Loss for the financial year						(182)	(182)
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(42)	-	-	42	-
Foreign exchange translation reserve	-	128	-	-	-	-	128
As at 30 September 2019	12,786	258	3,206	7,692	(7,692)	(149)	16,101
As at 1 January 2018	28,786	94	3,304	7,692	(7,692)	(15,185)	16,999
Adjustment of initial application of: MFRS 9						(114)	(114)
Loss for the financial year	-	-	-	-	-	(712)	(712)
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(42)	-	-	(42)	-
Foreign exchange translation reserve	-	48	-	-	-	-	48
As at 30 September 2018	28,786	142	3,262	7,692	(7,692)	(16,053)	16,221

(The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 financial period as at 30 September 2019 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 for the ACE Market.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of Sersol Berhad (“the Company”) and its subsidiaries (collectively referred to as “the Group”) for the financial year ended 31 December 2018. 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 2018.

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 2020**

- |    |   |
|----|---|
| 1. | Amendment to References to the Conceptual Framework in MFRS Standards   |
| 2. | Amendments to MFRS 3                      Definition of a Business  |
| 3. | Amendments to MFRS 101                  Definition of Material  |
| 4. | MFRS 17    Insurance Contracts  |
| 5. | Amendment to MFRS10 and              Sales of Contribution of Assets between an investor and its<br>MFRS 128    Associates of Joint Venture |

The Group intends to adopt the above MFRS when they become effective.

**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.

	<b>Ordinary Share</b>	
	<b>No of shares</b>	<b>RM</b>
	<b>'000</b>	<b>'000</b>
Total Number of Issued Shares as at 30.09.2019	<u>215,349</u>	<u>12,786</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

(a) Primary Reporting Format - Geographical Segment:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 September 2019 RM'000	Preceding Year Corresponding Quarter 30 September 2018 RM'000	Current Year To Date 30 September 2019 RM'000	Preceding Year Corresponding Period 30 September 2018 RM'000
Revenue				
Malaysia	5,767	3,616	11,428	10,412
Thailand	866	1,110	2,745	3,349
Total including inter-segment sales	6,633	4,726	14,173	13,761
Eliminations of inter-segment sales	(371)	(556)	(1,340)	(1,834)
<b>Total Revenue</b>	<b>6,262</b>	<b>4,170</b>	<b>12,833</b>	<b>11,927</b>

**Profit / (Loss) Before Tax**

Segment results				
Malaysia	91	78	(203)	(827)
Thailand	(13)	31	(30)	145
	78	109	(233)	(682)
Finance costs	9	(9)	(10)	(33)
Eliminations	63	7	47	(4)
<b>Total Profit / (Loss) Before Tax</b>	<b>150</b>	<b>107</b>	<b>(196)</b>	<b>(719)</b>

**At 30 September 2019**

	Malaysia RM'000	Thailand RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	39,159	1,962	(21,428)	19,693
Income tax assets	10	16	-	26
<b>Total assets</b>				<b>19,719</b>
Segment liabilities	19,976	201	(17,542)	2,635
Interest bearing -borrowings	171	27	-	198
Income tax liabilities	785	-	-	785
<b>Total liabilities</b>				<b>3,618</b>
Other segment information				
Capital expenditure	7	6	-	13
Depreciation of property, plant and equipment	295	54	-	349

**A7. Segmental Reporting (Con't)**

(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
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Investment Holdings	8	-	41	-
Coatings Manufacturing	4,093	4,693	11,480	13,360
Others	2,532	33	2,652	401
Eliminations	(371)	(556)	(1,340)	(1,834)
<b>Total Revenue</b>	<b>6,262</b>	<b>4,170</b>	<b>12,833</b>	<b>11,927</b>
<b>Profit / (Loss) Before tax</b>				
Segment results				
Investment Holdings	(65)	(216)	(287)	(631)
Coatings Manufacturing	142	294	39	326
Others	1	31	15	(377)
	78	109	(233)	(682)
Finance costs	9	(9)	(10)	(33)
Eliminations	63	7	47	(4)
<b>Total Profit / (Loss) Before Tax</b>	<b>150</b>	<b>107</b>	<b>(196)</b>	<b>(719)</b>

**A8. Material Events Subsequent to the End of the Quarter under Review**

There were no material events 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.

**SERSOL BERHAD**

Company No. 602062-X  
(Incorporated in Malaysia)

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET****B1. PERFORMANCE REVIEW**

	Individual Period (3 <sup>rd</sup> Quarter)		Cumulative Period (3 <sup>rd</sup> Quarter)	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30.09.19	30.09.18	30.09.19	30.09.18
	RM'000	RM'000	RM'000	RM'000
Revenue	6,262	4,170	12,833	11,927
Profit / (Loss) Before Interest and Tax ("PBIT" / "LBIT")	141	116	(186)	(686)
Profit / (Loss) Before Tax ("PBT" / "LBT")	150	107	(196)	(719)
Profit / (Loss) After Tax ("PAT" / "LAT")	155	105	(182)	(712)
Profit / (Loss) attributable to Ordinary Equity Holders of the Parent	155	105	(182)	(712)

**Review of results for the current quarter**

For the current quarter financial period ended 30 September 2019, the Group registered a revenue of RM6.26 million, PBIT of RM0.14 million and PBT of RM0.15 million as compared to a revenue of RM4.17 million, PBIT of RM0.12 million and PBT of RM0.11 million in the preceding financial year's corresponding quarter.

**Commentary on revenue**

The Group's coatings manufacturing's revenue decreased 12.8% to RM4.09 million was mainly due to the softer market in ASEAN. However, our group revenue increased 50% to RM6.26 million, due to some trading business.

**Commentary on PBIT and PBT**

The Group recorded a higher PBIT and PBT for the current quarter 30 September 2019 compared to the preceding financial year's corresponding quarter, mainly due to the higher volume of revenue.



**B1. PERFORMANCE REVIEW (CONT'D)**

**Review of results for the financial period ended 30 September 2019**

The Group recorded a revenue of RM12.83 million, LBIT of RM0.19 million and LBT of RM0.20 million for the financial period ended 30 September 2019 as compared to a revenue of RM11.93 million, LBIT of RM0.69 million and LBT of RM0.72 million in the financial period ended 30 September 2018.

Commentary on revenue

The weak economic environment had affected the Coatings Manufacturing segment which resulted in a decline by RM1.88 million compared to the preceding year corresponding period. However, the impact was offset by the revenue generated from the trading business.

Commentary on LBIT/ LBT

The Group recorded an improvement in LBIT and LBT which declined 72.9% and 72.7% respectively. This was largely due to the provision of bad debts recognized in year 2018 which amounted to RM0.49 million.

**B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION**

	Current Quarter	Immediate Preceding Quarter
	30.09.19	30.06.19
	RM'000	RM'000
Revenue	6,262	3,238
Profit / (Loss) From Operations	141	(141)
Profit / (Loss) Before Tax	150	(151)
Profit / (Loss) After Tax	155	(147)
Profit / (Loss) attributable to Ordinary Equity Holders of the Parent	155	(147)

The profit before taxation is approximately RM0.15 million for the current quarter financial period ended 30 September 2019 as compared to a loss before taxation approximately RM0.15 million for the immediate preceding quarter financial period ended 30 June 2019. The profit before tax was mainly due to the increase in revenue.

**B3. Prospects of the Group**

The coating industry is still facing a challenging time and the management will continue to be cautious and prudent to meet these challenges. The management shall explore opportunities to enhance business revenue while implementing internal cost cutting measures, tightening our credit control and streamlining of operations with the view to achieve better results.

**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 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	(7)	-	(7)
Deferred taxation	5	5	14	14
	<u>5</u>	<u>(2)</u>	<u>14</u>	<u>7</u>

**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
<b>Short Term Borrowings</b>			
Hire Purchase Payables	153	-	153
Bank Overdraft	-	-	-
	<u>153</u>	<u>-</u>	<u>153</u>
<b>Long Term Borrowings</b>			
Hire Purchase Payables	45	-	45
<b>Total</b>	<u>198</u>	<u>-</u>	<u>198</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 2019	30 September 2018	30 September 2019	30 September 2018
Net Profit / (Loss) attributed to owners of the parent for the period (RM'000)	155	105	(182)	(712)
Weighted Average Number of shares in issue ('000)	215,349	215,349	215,349	215,349
Basic profit/ (loss) per share (sen)	0.07	0.05	(0.08)	(0.33)

**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 2018 was not qualified.

**B12. Derivative Financial Instruments**

(a) Disclosure of derivative financial instruments

As at 30 September 2019, the Group does not hold any derivative financial instruments.

(b) Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities reported by the Group during the financial period under review.

**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 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	(106)	(118)	(349)	(348)
Decrease or (increase) in provision for bad debt	-	1	4	(492)
Gain or (loss) on disposal of property, plant and equipment	-	18	1	93
Gain or (loss) on foreign exchange –Realised	(4)	(3)	4	(43)
Gain or (loss) on foreign exchange –Unrealised	(6)	(18)	(64)	(42)
Interest expense	9	(9)	(10)	(33)
Interest income	21	9	54	60

Saved as disclosed above and in the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, the other items under Appendix 9B, Part A (16) of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market are not applicable.