

**SERSOL BERHAD**Company No. 602062-X  
(Incorporated In Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED  
31 March 2020**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 March 2020	Preceding Year Corresponding Quarter 31 March 2019	Current Year To Date 31 March 2020	Preceding Year Corresponding Period 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	7,169	3,333	7,169	3,333
Cost of sales	(6,032)	(2,362)	(6,032)	(2,362)
<b>Gross Profit</b>	<b>1,137</b>	<b>971</b>	<b>1,137</b>	<b>971</b>
Other operating income	32	35	32	35
Operating expenses	(1,078)	(1,192)	(1,078)	(1,192)
<b>Profit / (Loss) from operations</b>	<b>91</b>	<b>(186)</b>	<b>91</b>	<b>(186)</b>
Finance costs	(2)	(9)	(2)	(9)
<b>Profit / (Loss) before tax</b>	<b>89</b>	<b>(195)</b>	<b>89</b>	<b>(195)</b>
Income tax expense	5	5	5	5
<b>Profit / (Loss) for the period</b>	<b>94</b>	<b>(190)</b>	<b>94</b>	<b>(190)</b>
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation of foreign subsidiaries	71	20	71	20
<b>Total comprehensive profit / (loss) for the period</b>	<b>165</b>	<b>(170)</b>	<b>165</b>	<b>(170)</b>
Profit / (Loss) attributable to:				
Owners of the parent	94	(190)	94	(190)
<b>Profit / (Loss) for the period</b>	<b>94</b>	<b>(190)</b>	<b>94</b>	<b>(190)</b>
Total comprehensive Profit / (Loss) attributable to:				
Owners of the parent	165	(170)	165	(170)
<b>Total comprehensive Profit / (Loss) for the period</b>	<b>165</b>	<b>(170)</b>	<b>165</b>	<b>(170)</b>
Profit / (Loss) per share (sen)				
Basic (note B10)	0.04	(0.09)	0.04	(0.09)
Diluted (note B10)	0.04	(0.09)	0.04	(0.09)

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 March 2020**

	<b>Unaudited As At 31 March 2020  RM'000</b>	<b>Audited As At 31 December 2019  RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,984	7,075
Right of Use Asset	209	252
	7,193	7,327
<b>Current assets</b>		
Inventories	3,079	2,800
Trade receivables	6,199	4,186
Other receivables, deposits and prepayments	227	318
Tax recoverable	25	22
Cash and bank balances	2,815	5,496
	12,345	12,822
<b>TOTAL ASSETS</b>	19,538	20,149
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	12,786	12,786
Exchange translation reserve	185	256
Warrants reserve	7,692	7,692
Other reserve	(7,692)	(7,692)
Accumulated losses	(503)	(611)
Revaluation reserve	3,178	3,192
Equity attributable to owners of the parent	15,646	15,623
<b>TOTAL EQUITY</b>	15,646	15,623
<b>Non-current liabilities</b>		
Lease Liability	18	26
Deferred tax liabilities	711	716
	729	742
<b>Current liabilities</b>		
Trade payables	2,502	2,646
Other payables and accruals	414	851
Lease Liability	148	186
Taxation	99	101
	3,163	3,784
<b>TOTAL LIABILITIES</b>	3,892	4,526
<b>TOTAL EQUITY AND LIABILITIES</b>	19,538	20,149
Net assets per ordinary share attributable to owners of the parent (RM)	0.07	0.07

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED  
31 March 2020**

	Current Year To Date 31 March 2020	Preceding Year Corresponding Period 31 March 2019
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	89	(195)
Adjustments for:-		
Non-cash items	104	136
Non-operating items	(8)	(30)
	<u>185</u>	<u>(89)</u>
Operating profit / (loss) before changes in working capital	185	(89)
Net changes in current assets	(2,186)	659
Net changes in current liabilities	(583)	(36)
	<u>(2,584)</u>	<u>534</u>
<b>CASH (USED IN)/ FROM OPERATIONS</b>	(2,584)	534
Interest paid	(2)	(9)
Tax paid	(2)	(6)
	<u>(2,588)</u>	<u>519</u>
<b>NET CASH (USED IN)/ FROM OPERATING ACTIVITIES</b>	(2,588)	519
<b>NET CASH FOR INVESTING ACTIVITIES</b>		
Interest received	16	38
Proceed from disposal of plant and equipment	-	3
Purchase of plant and equipment	-	(7)
	<u>16</u>	<u>34</u>
<b>NET CASH FROM/ (USED IN) INVESTING ACTIVITIES</b>	16	34
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Repayment of finance lease	(46)	(35)
	<u>(46)</u>	<u>(35)</u>
<b>NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>	(46)	(35)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,618)	518
Effect of changes in exchange rates	(63)	14
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>5,496</u>	<u>1,392</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	<u>2,815</u>	<u>1,924</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	2,815	1,924
	<u>2,815</u>	<u>5,924</u>
Less : Fixed Deposit Pledged to License Bank	-	(4,000)
	<u>2,815</u>	<u>1,924</u>

(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 2019 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 FIRST QUARTER ENDED****31 March 2020**

(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 2020	12,786	256	3,192	7,692	(7,692)	(611)	15,623
Share capital reduction	-					-	-
Profit for the financial year						94	94
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(14)	-	-	14	-
Foreign exchange translation reserve	-	(71)	-	-	-	-	(71)
As at 31 March 2020	12,786	185	3,178	7,692	(7,692)	(503)	15,646
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	-	-	-	-	-	(190)	(190)
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(14)	-	-	14	-
Foreign exchange translation reserve	-	20	-	-	-	-	20
As at 31 March 2019	12,786	150	3,234	7,692	(7,692)	(185)	15,985

(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 2019 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 31 March 2020 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 2019. 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 2019.

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 June 2020**

- |    |  |  |
|----|--|--|
| 1. | Amendments to MFRS 16                              | Covid-19 – Related Rent Concessions  |
| 2. | MFRS 17  | Insurance Contracts  |
| 3. | Amendments to MFRS 101                             | Classification of Liabilities as Current or Non-current  |
| 4. | Amendments to MFRS 3                               | Reference to Conceptual Framework  |
| 5. | Amendments to MFRS 116                             | Property, Plant and Equipment – Proceeds before Intended Use   |
| 6. | Amendments to MFRS 137                             | Onerous Contracts – Cost of Fulfilling a Contract  |
| 7. | Annual Improvements to MFRSs Standards 2018 – 2020 |  |
|    |  | <ul style="list-style-type: none"><li>• Amendments to MFRS 1</li><li>• Amendments to MFRS 9</li><li>• Amendments to MFRS 16</li><li>• Amendments to MFRS 141</li></ul> |
| 8. | Amendment to MFRS10 and MFRS 128                   | Sales of Contribution of Assets between an investor and its 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>RM</b>
	<b>No of shares</b>	<b>'000</b>
	<b>'000</b>	<b>'000</b>
Total Number of Issued Shares as at 31.03.2020	<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:-

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current Quarter 31 March 2020 RM'000	Preceding Year Corresponding Quarter 31 March 2019 RM'000	Current Year To Date 31 March 2020 RM'000	Preceding Year Corresponding Period 31 March 2019 RM'000
<b>Revenue</b>				
Malaysia	6,722	2,856	6,722	2,856
Thailand	938	1,057	938	1,057
Total including inter-segment sales	<u>7,660</u>	<u>3,913</u>	<u>7,660</u>	<u>3,913</u>
Eliminations of inter-segment sales	(491)	(580)	(491)	(580)
<b>Total Revenue</b>	<u>7,169</u>	<u>3,333</u>	<u>7,169</u>	<u>3,333</u>
<b>Profit / (Loss) Before Tax</b>				
Segment results				
Malaysia	427	(140)	427	(140)
Thailand	39	12	39	12
	<u>466</u>	<u>(128)</u>	<u>466</u>	<u>(128)</u>
Finance costs	(2)	(9)	(2)	(9)
Eliminations	(375)	(58)	(375)	(58)
<b>Total Profit / (Loss) Before Tax</b>	<u>89</u>	<u>(195)</u>	<u>89</u>	<u>(195)</u>
<b>At 31 March 2020</b>	<b>Malaysia</b>	<b>Thailand</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	26,352	2,341	(9,179)	19,514
Income tax assets	24	-	-	24
<b>Total assets</b>				<u>19,538</u>
Segment liabilities	19,523	666	(17,173)	3,016
Interest bearing -borrowings	52	14	-	66
Income tax liabilities	810	-	-	810
<b>Total liabilities</b>				<u>3,892</u>
Other segment information				
Capital expenditure	-	-	-	-
Depreciation of property, plant and equipment	72	13	-	85

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

(b) Secondary Reporting Format - Business Segments:-

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
<b>Revenue</b>				
Investment Holdings	14	17	14	17
Coatings Manufacturing	4,227	3,894	4,227	3,894
Others	3,419	2	3,419	2
Eliminations	(491)	(580)	(491)	(580)
<b>Total Revenue</b>	<b>7,169</b>	<b>3,333</b>	<b>7,169</b>	<b>3,333</b>
<b>Profit / (Loss) Before tax</b>				
Segment results				
Investment Holdings	127	(62)	127	(62)
Coatings Manufacturing	265	(83)	265	(83)
Others	74	17	74	17
	466	(128)	466	(128)
Finance costs	(2)	(9)	(2)	(9)
Eliminations	(375)	(58)	(375)	(58)
<b>Total Profit / (Loss) Before Tax</b>	<b>89</b>	<b>(195)</b>	<b>89</b>	<b>(195)</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.

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

**B1. PERFORMANCE REVIEW**

	Individual Period		Cumulative Period	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31.03.20	31.03.19	31.03.20	31.03.19
	RM'000	RM'000	RM'000	RM'000
Revenue	7,169	3,333	7,169	3,333
Profit / (Loss) Before Interest and Tax ("PBIT / LBIT")	91	(186)	91	(186)
Profit / (Loss) Before Tax ("PBT / LBT")	89	(195)	89	(195)
Profit / (Loss) After Tax ("PAT / LAT")	94	(190)	94	(190)
Profit / (Loss) attributable to Ordinary Equity Holders of the Parent	94	(190)	94	(190)

**Review of results for the current quarter**

For the current quarter financial period ended 31 March 2020, the Group registered a revenue of RM7.17 million, PBIT of RM0.09 million and PBT of RM0.09 million as compared to a revenue of RM3.33 million, LBIT of RM0.19 million and LBT of RM0.20 million in the preceding financial year's corresponding quarter.

**Commentary on revenue**

The Group's revenue increased 115.1% to RM7.17 million, which was mainly due to the successful securement and placement of orders from a new major customer during the quarter.

**Commentary on PBIT and PBT**

The Group recorded a PBIT and PBT of RM0.09 million and RM0.09 million respectively for the current quarter 31 March 2020 compared to the preceding financial year's corresponding quarter of LBIT and LBT of RM0.19 million and RM0.20 million respectively, mainly due to the increase in revenue derived from additional placement of orders from a new major customer during the quarter.



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

	Current Quarter	Immediate Preceding Quarter
	31.03.20	31.12.19
	RM'000	RM'000
Revenue	7,169	5,038
Profit / (Loss) From Operations	91	(439)
Profit / (Loss) Before Tax	89	(444)
Profit / (Loss) After Tax	94	(476)
Profit / (Loss) attributable to Ordinary Equity Holders of the Parent	94	(476)

The Group recorded PBT of RM0.09 million for the current quarter financial period ended 31 March 2020 as compared to LBT of RM0.44 million for the immediate preceding quarter financial period ended 31 December 2019, which was mainly due to the increase in revenue derived from additional placement of orders from a new major customer during the quarter.

**B3. Prospects of the Group**

The Group is expecting the paint and coatings industry in Malaysia and Thailand to be challenging in view of the COVID-19 pandemic spread throughout the world, resulting in major economic slowdown, which would in turn impact the demand for our coating products.

Moving forward, the Group will tighten its control on the operating expenses and focus on developing new customer base. Besides that, we will also focus on developing innovative products, such as anti-bacteria coatings, disinfectants and hand sanitizers which we expect to be in demand due to the COVID-19 pandemic.

**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 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	-	-	-
Deferred taxation	5	5	5	5
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</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>			
Lease Liability	148	-	148
Bank Overdraft	-	-	-
	<u>148</u>	<u>-</u>	<u>148</u>
<b>Long Term Borrowings</b>			
Lease Liability	18	-	18
<b>Total</b>	<u>162</u>	<u>-</u>	<u>162</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 2020	31 March 2019	31 March 2020	31 March 2019
Net Profit / Loss attributed to owners of the parent for the period (RM'000)	94	(190)	94	(190)
Weighted Average Number of shares in issue ('000)	215,349	215,349	215,349	215,349
Basic Profit / loss per share (sen)	0.04	(0.09)	0.04	(0.09)

**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 2019 was not qualified.

**B12. Derivative Financial Instruments**

(a) Disclosure of derivative financial instruments

As at 31 March 2020, 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	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Depreciation	(84)	(122)	(84)	(122)
Gain or (loss) on disposal of property, plant and equipment	-	1	-	1
Gain or (loss) on foreign exchange –Unrealised	22	(14)	22	(14)
Interest expense	(2)	(9)	(2)	(9)
Interest income	16	38	16	38
Amortization of right of use asset	(42)	-	(42)	-
Bad debt recovered	7	-	7	-

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.