

SERSOL BERHADCompany No. 602062-X
(Incorporated In Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED
30 September 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 30 SEPTEMBER 2020	Preceding Year Corresponding Quarter 30 SEPTEMBER 2019	Current Year To Date 30 SEPTEMBER 2020	Preceding Year Corresponding Period 30 SEPTEMBER 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	3,681	6,262	15,640	12,833
Cost of sales	(2,528)	(4,952)	(12,734)	(9,475)
Gross Profit	1,153	1,310	2,906	3,358
Other operating income	28	(8)	93	65
Operating expenses	(1,179)	(1,161)	(3,254)	(3,609)
Profit / (Loss) from operations	2	141	(255)	(186)
Finance costs	(1)	9	(5)	(10)
Profit / (Loss) before tax	1	150	(260)	(196)
Income tax expense	5	5	14	14
Profit / (Loss) for the period	6	155	(246)	(182)
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	90	29	69	128
Total comprehensive (loss) for the period	96	184	(177)	(54)
Profit / (Loss) attributable to: Owners of the parent	6	155	(246)	(182)
Profit / (Loss) for the period	6	155	(246)	(182)
Total comprehensive Profit / (Loss) attributable to: Owners of the parent	96	184	(177)	(54)
Total comprehensive Profit / (Loss) for the period	96	184	(177)	(54)
Profit / (Loss) per share (sen)				
Basic (note B10)	0.00	0.07	(0.11)	(0.08)
Diluted (note B10)	0.00	0.07	(0.11)	(0.08)

(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.)

SERSOL BERHAD
Company No. 602062-X
(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2020**

	Unaudited As At 30 September 2020	Audited As At 31 December 2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,839	7,075
Right of Use Asset	125	252
	6,964	7,327
Current assets		
Inventories	3,018	2,800
Trade receivables	2,983	4,186
Other receivables, deposits and prepayments	231	318
Tax recoverable	22	22
Cash and bank balances	5,968	5,496
	12,222	12,822
TOTAL ASSETS	19,186	20,149
EQUITY AND LIABILITIES		
Equity		
Share capital	12,786	12,786
Exchange translation reserve	187	256
Warrants reserve	7,692	7,692
Other reserve	(7,692)	(7,692)
Accumulated losses	(815)	(611)
Revaluation reserve	3,150	3,192
Equity attributable to owners of the parent	15,308	15,623
TOTAL EQUITY	15,308	15,623
Non-current liabilities		
Lease Liability	35	26
Deferred tax liabilities	702	716
	737	742
Current liabilities		
Trade payables	2,010	2,646
Other payables and accruals	996	851
Lease Liability	39	186
Taxation	96	101
	3,141	3,784
TOTAL LIABILITIES	3,878	4,526
TOTAL EQUITY AND LIABILITIES	19,186	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 THIRD QUARTER ENDED
30 September 2020**

	Current Year To Date 30 SEPTEMBER 2020	Preceding Year Corresponding Period 30 SEPTEMBER 2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(260)	(196)
Adjustments for:-		
Non-cash items	390	408
Non-operating items	(38)	(43)
Operating profit / (loss) before changes in working capital	92	169
Net changes in current assets	1,060	(1,291)
Net changes in current liabilities	(490)	(199)
CASH (USED IN)/ FROM OPERATIONS	662	(1,321)
Interest paid	(5)	(10)
Tax paid	(5)	(49)
NET CASH (USED IN)/ FROM OPERATING ACTIVITIES	652	(1,380)
NET CASH FOR INVESTING ACTIVITIES		
Interest received	42	54
Proceed from disposal of plant and equipment	-	3
Purchase of plant and equipment	(9)	(13)
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	33	44
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of finance lease	(138)	(106)
Withdraw from fixed Deposit	-	2,500
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	(138)	2,394
NET INCREASE IN CASH AND CASH EQUIVALENTS	547	1,058
Effect of changes in exchange rates	(75)	107
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,496	1,392
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	5,968	2,557
* Cash and cash equivalents included in the statement of cash flows comprise of the following:		
	RM'000	RM'000
Fixed deposits	-	1,500
Cash and bank balances	5,968	2,557
	5,968	4,057
Less : Fixed Deposit Pledged to License Bank	-	(1,500)
	5,968	2,557

(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 THIRD QUARTER ENDED**30 September 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						(246)	(246)
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(42)	-	-	42	-
Foreign exchange translation reserve	-	(69)	-	-	-	-	(69)
As at 30 September 2020	<u>12,786</u>	<u>187</u>	<u>3,150</u>	<u>7,692</u>	<u>(7,692)</u>	<u>(815)</u>	<u>15,308</u>
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	<u>12,786</u>	<u>258</u>	<u>3,206</u>	<u>7,692</u>	<u>(7,692)</u>	<u>(149)</u>	<u>16,101</u>

(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.)

SERSOL BERHAD

Company No. 200201034397
(Incorporated in Malaysia)

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 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 January 2021

- | | | |
|----|--|--|
| 1. | MFRS 17 | Insurance Contracts |
| 2. | Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current |
| 3. | Amendments to MFRS 3 | Reference to Conceptual Framework |
| 4. | Amendments to MFRS 116 | Property, Plant and Equipment – Proceeds before Intended Use |
| 5. | Amendments to MFRS 137 | Onerous Contracts – Cost of Fulfilling a Contract |
| 6. | Annual Improvements to MFRSs Standards 2018 – 2020 | |
| | | <ul style="list-style-type: none">• Amendments to MFRS 1• Amendments to MFRS 9• Amendments to MFRS 16• Amendments to MFRS 141 |
| 7. | 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.

	Ordinary Share	RM
	No of shares	'000
	'000	'000
Total Number of Issued Shares as at 30.09.2020	<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:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 30 September 2020 RM'000	Preceding Year Corresponding Quarter 30 September 2019 RM'000	Current Year To Date 30 September 2020 RM'000	Preceding Year Corresponding Period 30 September 2019 RM'000
Revenue				
Malaysia	3,293	5,767	14,277	11,428
Thailand	687	866	2,164	2,745
Total including inter-segment sales	<u>3,980</u>	<u>6,633</u>	<u>16,441</u>	<u>14,173</u>
Eliminations of inter-segment sales	(299)	(371)	(801)	(1,340)
Total Revenue	<u>3,681</u>	<u>6,262</u>	<u>15,640</u>	<u>12,833</u>
Profit / (Loss) Before Tax				
Segment results				
Malaysia	14	91	(30)	(203)
Thailand	(20)	(13)	(33)	(30)
	(6)	78	(63)	(233)
Finance costs	(1)	9	(5)	(10)
Eliminations	8	63	(192)	47
Total Profit / (Loss) Before Tax	<u>1</u>	<u>150</u>	<u>(260)</u>	<u>(196)</u>
At 30 September 2020	Malaysia	Thailand	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
Segment assets	23,363	2,063	(6,262)	19,164
Income tax assets	7	15	-	22
Total assets				<u>19,186</u>
Segment liabilities	17,012	469	(14,475)	3,006
Interest bearing -borrowings	35	2	37	74
Income tax liabilities	798	-	-	798
Total liabilities				<u>3,878</u>
Other segment information				
Capital expenditure	-	-	-	-
Depreciation of property, plant and equipment	214	38	-	252

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
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment Holdings	9	8	27	41
Coatings Manufacturing	3,971	4,093	10,114	11,480
Others	-	2,532	6,300	2,652
Eliminations	(299)	(371)	(801)	(1,340)
Total Revenue	3,681	6,262	15,640	12,833
Profit / (Loss) Before tax				
Segment results				
Investment Holdings	(92)	(65)	(47)	(287)
Coatings Manufacturing	86	142	(134)	39
Others	(1)	1	118	15
	(7)	78	(63)	(233)
Finance costs	(1)	9	(5)	(10)
Eliminations	9	63	(192)	47
Total Profit / (Loss) Before Tax	1	150	(260)	(196)

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
	30.09.20	30.09.19	30.09.20	30.09.19
	RM'000	RM'000	RM'000	RM'000
Revenue	3,681	6,262	15,640	12,833
Profit / (Loss) Before Interest and Tax ("PBIT" / "LBIT")	2	141	(255)	(186)
Profit / (Loss) Before Tax ("PBT" / "LBT")	1	150	(260)	(196)
Profit / (Loss) After Tax Profit / ("LAT")	6	155	(246)	(182)
Profit / (Loss) attributable to Ordinary Equity Holders of the Parent	6	155	(246)	(182)

Review of results for the current quarter

For the current quarter financial period ended 30 September 2020, the Group registered a revenue of RM3.68 million, PBIT and PBT of approximately RM2,000 and RM1,000 as compared to a revenue of RM6.26 million, PBIT of RM0.14 million and PBT of RM0.15 million in the preceding financial year's corresponding quarter.

Commentary on revenue

The Group's revenue decreased 41.2% to RM3.68 million was mainly due to the decrease in contribution from other segments.

Commentary on PBIT / LBIT and PBT / LBT

The Group recorded a PBIT and PBT of approximately RM2,000 and RM1,000 respectively for the current quarter 30 September 2020 compared to the preceding financial year's corresponding quarter of PBIT and PBT of RM0.14 million and RM0.15 million respectively. The decrease of PBIT and PBT was mainly due to the decrease in revenue contributed by other segments.

PERFORMANCE REVIEW (CONT'D)

Review of results for the financial period ended 30 September 2020

The Group recorded revenue of RM15.64 million, LBIT of RM0.26 million and LBT of RM0.26 million for the financial period ended 30 September 2020 as compared to revenue of RM12.83 million, LBIT of RM0.19 million and LBT of RM0.20 million for the financial period ended 30 September 2019.

Commentary on revenue

The Group's revenue increased to RM15.64 million, representing an increase of 21.9% compared to the preceding financial period was mainly due to higher contribution from the others segment.

Commentary on LBIT/ LBT

The Group recorded a higher LBIT and LBT was mainly due to the lower contribution from the coating manufacturing segment which has a higher profit margin.

B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

	Current Quarter	Immediate Preceding Quarter
	30.09.20	30.06.20
	RM'000	RM'000
Revenue	3,681	4,790
Profit / (Loss) From Operations	2	(348)
Profit / (Loss) Before Tax	1	(350)
Profit / (Loss) After Tax	6	(346)
Profit / (Loss) attributable to Ordinary Equity Holders of the Parent	6	(346)

The Group recorded PBT of approximately RM1,000 for the current quarter financial period ended 30 September 2020 as compared to LBIT of RM0.35 million for the immediate preceding quarter financial period ended 30 June 2020. This was mainly due to the increase in revenue generated by the coatings manufacturing segment which has a higher profit margin.

B3. Prospects of the Group

The Group expects the market condition to remain challenging and uncertain in view of the prevailing Covid-19 situation which is still affecting most industries.

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 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	-	-	-	-
Deferred taxation	5	5	14	14
	5	5	14	14

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			
Lease Liability	39	-	39
Bank Overdraft	-	-	-
	39	-	39
Long Term Borrowings			
Lease Liability	35	-	35
Total	74	-	74

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 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
Net Profit / Loss attributed to owners of the parent for the period (RM'000)	6	155	(246)	(182)
Weighted Average Number of shares in issue ('000)	215,349	215,349	215,349	215,349
Basic Profit / loss per share (sen)	0.00	0.07	(0.11)	(0.08)

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 30 September 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	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
Depreciation	(83)	(106)	(252)	(349)
Gain or (loss) on disposal of property, plant and equipment	-	-	-	4
Decrease or (increase) in provision for bad debt	-	-	-	1
Gain or (loss) on foreign exchange –Unrealised	(18)	(6)	(5)	(64)
Interest expense	(1)	9	(5)	(10)
Interest income	12	21	42	54
Amortization of right of use asset	(38)	-	(126)	-
Bad debt recovered	-	-	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.