

SERSOL BERHAD

Company No. 200201034397 (602062-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED
30 JUNE 2021**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 JUNE 2021	Preceding Year Corresponding Quarter 30 JUNE 2020	Current Year To Date 30 JUNE 2021	Preceding Year Corresponding Period 30 JUNE 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	3,601	4,790	7,963	11,959
Cost of sales	(2,394)	(4,174)	(5,452)	(10,206)
Gross Profit	1,207	616	2,511	1,753
Other operating income	20	33	70	65
Operating expenses	(1,213)	(997)	(2,356)	(2,075)
Profit / (Loss) from operations	14	(348)	225	(257)
Finance costs	-	(2)	(1)	(4)
Profit / (Loss) before tax	14	(350)	224	(261)
Income tax expense	4	4	9	9
Profit / (Loss) for the period	18	(346)	233	(252)
Other comprehensive income, net of tax				
Exchange differences on translation of foreign subsidiaries	34	(92)	55	(21)
Total comprehensive profit for the period	52	(438)	288	(273)
Profit / (Loss) attributable to:				
Owners of the parent	18	(346)	233	(252)
Profit for the period	18	(346)	233	(252)
Total comprehensive profit attributable to:				
Owners of the parent	52	(438)	288	(273)
Total comprehensive profit for the period	52	(438)	288	(273)
Profit / (Loss) per share (sen)				
Basic (note B10)	0.01	(0.16)	0.11	(0.12)
Diluted (note B10)	0.01	(0.16)	0.10	(0.12)

(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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

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Company No. 200201034397 (602062-X)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Unaudited As At 30 JUNE 2021	Audited As At 31 DECEMBER 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,707	6,776
Right of Use Asset	102	121
	6,809	6,897
Current assets		
Inventories	4,444	3,211
Trade receivables	2,648	3,645
Other receivables, deposits and prepayments	228	277
Tax recoverable	22	23
Deposit, Cash and bank balances	5,858	6,585
	13,200	13,741
TOTAL ASSETS	20,009	20,638
EQUITY AND LIABILITIES		
Equity		
Share capital	12,786	12,786
Exchange translation reserve	166	221
Warrants reserve	7,692	7,692
Other reserve	(7,692)	(7,692)
Accumulated losses	(94)	(355)
Revaluation reserve	3,108	3,136
Equity attributable to owners of the parent	15,966	15,788
TOTAL EQUITY	15,966	15,788
Non-current liabilities		
Lease Liability	24	35
Deferred tax liabilities	900	909
	924	944
Current liabilities		
Trade payables	2,503	2,947
Other payables and accruals	490	813
Lease Liability	32	50
Taxation	94	96
	3,119	3,906
TOTAL LIABILITIES	4,043	4,850
TOTAL EQUITY AND LIABILITIES	20,009	20,638
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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED
30 JUNE 2021**

	Current Year To Date 30 JUNE 2021	Preceding Year Corresponding Period 30 JUNE 2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	224	(261)
Adjustments for:-		
Non-cash items	149	244
Non-operating items	(27)	(21)
	<hr/>	<hr/>
Operating profit / (loss) before changes in working capital	346	(38)
Net changes in current assets	(155)	(1,145)
Net changes in current liabilities	(767)	(1,562)
	<hr/>	<hr/>
CASH (USED IN) / FROM OPERATIONS	(576)	(2,745)
Interest paid	(1)	(4)
Tax paid	(3)	(5)
	<hr/>	<hr/>
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(580)	(2,754)
	<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES		
Interest received	28	31
Proceed from disposal of plant and equipment	-	-
Purchase of plant and equipment	(97)	(5)
	<hr/>	<hr/>
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	(69)	26
	<hr/>	<hr/>
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of finance lease	(28)	(95)
Withdraw from fixed Deposit	-	-
	<hr/>	<hr/>
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	(28)	(95)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(677)	(2,823)
Effect of changes in exchange rates	(51)	16
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,586	5,496
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	5,858	2,689
	<hr/>	<hr/>
* Cash and cash equivalents included in the statement of cash flows comprise of the following:		
	RM'000	RM'000
Fixed deposits	-	-
Cash and bank balances	5,858	2,689
	<hr/>	<hr/>
	5,858	2,689
Less : Fixed Deposit Pledged to License Bank	-	-
	<hr/>	<hr/>
	5,858	2,689
	<hr/>	<hr/>

(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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SECOND QUARTER ENDED**30 JUNE 2021**

(The figures have not been audited)

	Attributable to Owners of the Parent						Total Equity RM'000
	←	Exchange Translation reserve RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	
	Share capital RM'000						
As at 1 January 2021	12,786	221	3,136	7,692	(7,692)	(355)	15,788
Share capital reduction	-					-	-
Profit for the financial year						233	233
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(28)	-	-	28	-
Foreign exchange translation reserve	-	(55)	-	-	-	-	(55)
As at 30 June 2021	<u>12,786</u>	<u>166</u>	<u>3,108</u>	<u>7,692</u>	<u>(7,692)</u>	<u>(94)</u>	<u>15,966</u>
As at 1 January 2020	12,786	256	3,192	7,692	(7,692)	(611)	15,623
Loss for the financial year	-	-	-	-	-	(252)	(252)
Other comprehensive income for the financial year:							
Realisation of revaluation reserve	-	-	(28)	-	-	28	-
Foreign exchange translation reserve	-	21	-	-	-	-	21
As at 30 June 2020	<u>12,786</u>	<u>277</u>	<u>3,164</u>	<u>7,692</u>	<u>(7,692)</u>	<u>(835)</u>	<u>15,392</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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

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A. EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020 and the accompanying explanatory notes. The explanatory notes attached to the interim financial statements provides 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 2020.

The accounting policies and methods of computation adopted by the Company and its subsidiaries ("Group") in the interim financial statements are consistent with those adopted for the annual audited statements for the year ended 31 December 2020.

The adoption of the new/amended MFRS and its amendments does not give rise to any adjustment to the opening balances of retained profit of prior and current years or changes in comparatives.

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 30.06.2021	<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.

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A7. Segmental Reporting

Segmental reporting of the

(a) Primary Reporting Format - Geographical Segment:

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter	Preceding Year	Current Year To	Preceding Year
		Corresponding		Corresponding
		Quarter		Period
30 June	30 June	30 June	30 June	
2021	2020	2021	2020	
RM'000	RM'000	RM'000	RM'000	
Revenue				
Malaysia	3,218	4,260	6,671	10,983
Thailand	938	540	2,279	1,477
Total including inter-segment sales	4,156	4,800	8,950	12,460
Eliminations of inter-segment sales	(555)	(10)	(987)	(501)
Total Revenue	3,601	4,790	7,963	11,959

Profit Before Tax

Segment results

Malaysia	(23)	(471)	72	(44)
Thailand	(35)	(52)	28	(13)
	(58)	(523)	100	(57)
Finance costs	-	(2)	(1)	(4)
Eliminations	72	175	125	(200)
Total Profit Before Tax	14	(350)	224	(261)

At 30 June 2021

	Malaysia	Thailand	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
Segment assets	23,728	2,173	(5,914)	19,987
Income tax assets	7	15	-	22
Total assets				20,009
Segment liabilities	16,303	555	(13,866)	2,992
Interest bearing-borrowings	9	-	47	56
Income tax liabilities	994	-	-	994
Total liabilities				4,042
Other segment information				
Capital expenditure	31	16	-	47
Depreciation of property, plant and equipment	118	13	-	131

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A7. Segmental Reporting (Cont.)

(b) Secondary Reporting Format - Business Segments:

	30 June 2021 RM'000	Quarter 30 June 2020 RM'000	To Date 30 June 2021 RM'000	Period 30 June 2020 RM'000
Revenue				
Investment Holdings	14	4	28	18
Coatings Manufacturing	4,142	1,916	8,922	6,143
Others	-	2,880	-	6,299
Eliminations	(555)	(10)	(987)	(501)
Total Revenue	3,601	4,790	7,963	11,959
Profit / (Loss) Before tax				
Segment results				
Investment Holdings	(144)	(83)	(205)	44
Coatings Manufacturing	86	(485)	304	(220)
Others	-	45	-	119
	(58)	(523)	99	(57)
Finance costs	-	(2)	(1)	(4)
Eliminations	72	175	126	(200)
Total Profit / (Loss) Before Tax	14	(350)	224	(261)

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.

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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
	30.06.21	30.06.20	30.06.21	30.06.20
	RM'000	RM'000	RM'000	RM'000
Revenue	3,601	4,790	7,963	11,959
Profit / (Loss) Before Interest and Tax ("PBIT / LBIT")	14	(348)	225	(257)
Profit / (Loss) Before Tax ("PBT / LBT")	14	(350)	224	(261)
Profit / Loss After Tax ("PAT / LAT")	18	(346)	233	(252)
Profit attributable to Ordinary Equity Holders of the Parent	18	(346)	233	(252)

Review of results for the current quarter

For the current financial quarter ended 30 June 2021, the Group registered a revenue of RM3.60 million, PBIT and PBT of RM0.01 million as compared to a revenue of RM4.79 million, LBIT and LBT of RM0.35 million, in the preceding financial year's corresponding quarter.

Commentary on revenue

The Group recorded a lower revenue for the current quarter predominantly due to zero contribution from the "Others" segment. However, the contribution from coatings manufacturing segment has increased 116.2% and mitigated the drop in revenue from general trading in the "Others" segment.

Commentary on PBIT/LBIT and PBT/LBT

The Group recorded a PBIT and PBT of RM0.01 million for the current quarter ended 30 June 2021 compared to the preceding financial year's corresponding quarter of LBIT and LBT of RM0.35 million mainly due to the higher contribution from the coatings manufacturing segment.

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B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

	Current Quarter	Immediate Preceding Quarter
	30.06.21	31.03.21
	RM'000	RM'000
Revenue	3,601	4,362
Profit from Operations	14	211
Profit Before Tax	14	210
Profit After Tax	18	215
Profit attributable to Ordinary Equity Holders of the Parent	18	215

The Group recorded a lower PBT of RM0.01 million for the current financial quarter ended 30 June 2021 as compared to PBT of RM0.21 for the immediate preceding quarter ended 31 March 2021. This was mainly due to a lower contribution from the coatings manufacturing segment in the current quarter.

B3. Prospects of the Group

Despite the opening of business sectors during the implementation period of the MCO, the Group is concerned about the business prospect of the paint and coating industry in both Malaysia and Thailand.

However, the Group is not able to assess the impact of the Covid-19 pandemic to the businesses of the Group as yet.

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 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Taxation	-	-	-	-
Deferred taxation	4	4	9	9
	<u>4</u>	<u>4</u>	<u>9</u>	<u>9</u>

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B6. Status of Corporate Proposal Announced

There were no corporate proposals announced but not completed as 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	32	-	32
Bank Overdraft	-	-	-
	<u>32</u>	<u>-</u>	<u>32</u>
Long Term Borrowings			
Lease Liability	24	-	24
Total	<u>56</u>	<u>-</u>	<u>56</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 Per Share**Basic Profit per share**

	Current quarter ended		Cumulative quarter ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net Profit attributed to owners of the parent for the period (RM'000)	18	(346)	223	(252)
Weighted Average Number of shares in issue ('000)	215,349	215,349	215,349	215,349
Basic Profit per share (sen)	0.01	(0.16)	0.11	(0.12)

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Diluted profit per share

The diluted profit per share for current financial quarter and financial period to-date are computed as follows:

	Current quarter ended		Cumulative quarter ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net Profit / (Loss) attributed to owners of the parent for the period (RM'000)	18	(346)	233	(252)
Weighted Average Number of shares in issue ('000)	249,689	215,349	242,271	215,349
Basic Profit / (Loss) per share (sen)	0.01	(0.16)	0.10	(0.12)

B11. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2020 was not qualified.

B12. Derivative Financial Instruments**(a) Disclosure of derivative financial instruments**

As at 30 June 2021, 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.

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B13. Profit Before Tax

The following items have been included in arriving at profit before tax:

	Current quarter ended		Cumulative quarter ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation	(76)	(85)	(147)	(169)
Gain or (loss) on foreign exchange – Unrealised	5	9	32	(13)
Interest expense	-	(2)	(1)	(4)
Interest income	28	15	14	31
Amortization of right of use asset	(22)	(46)	(11)	(88)
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.