UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

	INDIVIDUAL QUARTER Preceding Year Corresponding Current Quarter 31 DECEMBER 2021 31 DECEMBER 2020		CUMULATIVE Current Year To Date 31 DECEMBER 2021	E QUARTER Preceding Year Corresponding Period 31 DECEMBER 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	4,333	4,698	15,593	20,338
Cost of sales	(4,847)	(3,082)	(12,601)	(15,816)
Gross Profit	(514)	1,616	2,992	4,522
Other operating income	112	377	200	470
Operating expenses	(1,525)	(1,338)	(4,985)	(4,592)
(Loss) / Profit from operations	(1,927)	655	(1,793)	400
Finance costs	(1)	(1)	(3)	(6)
(Loss) / Profit before tax	(1,928)	654	(1,796)	394
Income tax expense	(21)	(208)	. (7)	. (194)
(Loss) / Profit for the period	(1,949)	446	(1,803)	200
Other comprehensive income, net of tax Exchange differences on translation of foreign subsidiaries	252	(34)	120	35
Total comprehensive (loss) for the				
period	(1,697)	412	(1,683)	235
Loss) / Profit attributable to: Owners of the parent (Loss) / Profit for the period	<u>(1,949)</u> (1,949)	<u>446</u> 446	(1.803) (1,803)	<u>200</u> 200
Total comprehensive (Loss) / Profit attributable to: Owners of the parent Total comprehensive (Loss) / Profit for the period	(1,697)	412 412	(1,683)	235 235
(Loss) / Profit per share (sen) Basic (note B10) Diluted (note B10)	(0.77) (0.77)	0.21 0.21	(0.79) (0.79)	0.09 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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

Company No. 200201034397 (602062-X) (Incorporated in Malaysia)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

AS AT 31 DECEMBER 2021	Unaudited As At 31 December 2021	Audited As At 31 December 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,334	6,776
Right of use assets	101	121
	6,435	6,897
Current assets		
Inventories	5,620	3,211
Trade receivables	2,806	3,644
Other receivables, deposits and prepayments	3,117	277
Tax recoverable	7	23
Deposit, cash and bank balances	8,026 19,576	6,586 13,741
	19,570	13,741
TOTAL ASSETS	26,011	20,638
EQUITY AND LIABILITIES Equity Share capital	21,308	12,786
Exchange translation reserve	101	221
Warrants reserve	7,253	7,692
Other reserve	(7,253)	(7,692)
Accumulated losses	(2,102)	(355)
Revaluation reserve	3,080	3,136
Equity attributable to owners of the parent	22,387	15,788
TOTAL EQUITY	22,387	15,788
Non-current liabilities		
Lease liability	24	35
Deferred tax liabilities	891	909
	915	944
Current liabilities		
Trade payables	1,986	2,951
Other payables and accruals	565	809
Lease liability	39	50
Taxation	119	96
	2,709	3,906
TOTAL LIABILITIES	3,624	4,850
TOTAL EQUITY AND LIABILITIES	26,011	20,638
Net assets per ordinary share attributable to owners of the parent (RM)	0.09	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.)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

	Current Year To Date 31 DECEMBER 2021	Preceding Year Corresponding Period 31 DECEMBER 2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Loss) / Profit before tax Adjustments for:- Non-cash items Non-operating items	(1,796) 	394 (29)
Operating (loss) / profit before changes in working capital Net changes in current assets Net changes in current liabilities	(1,408) (4,406) (1,206)	624 443 248
CASH (USED IN) / FROM OPERATIONS Income tax refunded Interest paid Tax paid	(7,020) 16 (3) (5)	1,315 - (6) (5)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(7,012)	1,304
<b>NET CASH FOR INVESTING ACTIVITIES</b> Interest received Proceed from disposal of plant and equipment Purchase of plant and equipment	48 200 (145)	41 (26)
NET CASH (USED IN) / FROM INVESTING ACTIVITIES	103_	15_
CASH FLOWS FOR FINANCING ACTIVITIES Proceeds from issuance of shares Repayment of lease liability	8,522 (65)	(197)_
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	8,457	(197)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,548	1,122
Effect of changes in exchange rates	(108)	(32)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,586	5,496
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	8,026	6,586
* Cash and cash equivalents included in the consolidated statement of cash flows		
comprise of the following: Fixed deposits Cash and bank balances	RM'000 - 8,026 8,026	<b>RM'000</b> 
	3,020	0,580

(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.)

Company No. 200201034397 (602062-X) (Incorporated in Malaysia)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FOURTH QUARTER ENDED 31 DECEMBER 2021

	Attributable to Owners of the Parent ← Non - distributable Exchange						
	Share capital RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total equity RM'000
As at 1 January 2021	12,786	221	3,136	7,692	(7,692)	(355)	15,788
Conversion of warrants	1,100	-	-	(439)	439	-	1,100
Issuance of private placement	3,240	-	-	-	-	-	3,240
Issuance of Shares pursuant to Share Issuance Scheme	4,182	-	-	-	-	-	4,182
Loss for the financial year	-	-	-	-	-	(1,803)	(1,803)
Other comprehensive income for the financial year: Realisation of revaluation reserve Foreign exchange translation reserve	-	- (120)	(56) -	-	-	56 -	- (120)
As at 31 December 2021	21,308	101	3,080	7,253	(7,253)	(2,102)	22,387
As at 1 January 2020	12,786	256	3,192	7,692	(7,692)	(611)	15,623
Profit for the financial year	-	-	-	-	-	200	200
Other comprehensive income for the financial year: Realisation of revaluation reserve Foreign exchange translation reserve		- (35)	(56)	-	-	56 -	- (35)
As at 31 December 2020	12,786	221	3,136	7,692	(7,692)	(355)	15,788

(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.)

Company No. 200201034397 (602062-X) (Incorporated in Malaysia)

#### Α. **EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134**

#### A1. **Basis of Preparation**

The unaudited condensed interim financial statements for the financial period as at 31 December 2021 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 2020. 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 2021.

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

- Amendments to MFRS 16 Leases – Covid 19 Related Rent Concessions 1.
- 2. Amendments to MFRS 3 3.
- Reference to Conceptual Framework
  - Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 137 4
- 5. Annual Improvements to
  - MFRSs Standards 2018 2020
    - Amendments to MFRS 1 •
    - Amendments to MFRS 9
    - Amendments to MFRS 16 •
    - Amendments to MFRS 141
- 6. MFRS 17

9.

- Insurance Contracts Insurance Contracts
- 7. Amendments to MFRS 17 8.
  - Amendments to MFRS 101
- Current or Non-current Disclosures of Accounting Policies
  - Amendments to MFRS 108 Definition of Accounting Estimates
- 10. Amendment to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Sales of Contribution of Assets between an investor and its 11. Amendment to MFRS10 and **MFRS 128** Associates of Joint Venture

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

#### A2. **Seasonality or Cyclicality Factors**

The Group's interim operations for the guarter 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.

#### **Material Change in Estimates** A4.

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.

SERSOL BERHAD Company No. 200201034397 (602062-X) (Incorporated in Malaysia)

## 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 '000	RM '000
Share capital-issued and fully paid up as at 01.10.2021	235,061	17,921
Arising from exercise of Warrants	819	147
Issuance of share pursuant to Private Placement	10,000	3,240
Total Number of Issued Shares as at 31.12.2021	245,880	21,308

### A6. Dividend Paid

There was no dividend paid during the quarter under review and financial period-to-date.

Company No. 200201034397 (602062-X) (Incorporated in Malaysia)

# A7. Segmental Reporting

Segmental reporting of the

(a) Primary Reporting Format - Geographical Segment:-

	INDIVIDUAL QUARTER		CUMULATIVE	QUARTER
Revenue	Current Quarter 31 December 2021 RM'000	Preceding Year Corresponding Quarter 31 December 2020 RM'000	Current Year To Date 31 December 2021 RM'000	Preceding Year Corresponding Period 31 December 2020 RM'000
Malaysia	3,759	4,297	13,813	18,574
Thailand	1,410	1,258	4,583	3,422
Total including inter-segment sales	5,169	5,555	18,396	21,996
Eliminations of inter-segment sales	(836)	(857)	(2,803)	(1,658)
Total Revenue	4,333	4,698	15,593	20,338
Profit Before Tax				
Segment results				
Malaysia	(2,052)	1,031	(1,952)	1,000
Thailand	82	19	109	(14)
	(1,970)	1,050	(1,843)	986
Finance costs	(1)	(1)	(3)	(6)
Eliminations	43	(395)	50	(586)
Total (Loss) / Profit Before Tax -	(1,928)	654	(1,796)	394
At 31 December 2021	Malaysia RM'000	Thailand RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	36,031	2,787	(12,814)	26,004
Income tax assets	7	-		7
Total assets			-	26,011
Segment liabilities	22,104	1,154	(20,644)	2,614
Income tax liabilities	1,000	10		1,010
Total liabilities			-	3,624
Other segment information				
Capital expenditure	71	74	-	145
Amortisation of right-of-use assets	38	-	22	60
Depreciation of property, plant and equipment	202	72	-	274

Company No. 200201034397 (602062-X) (Incorporated in Malaysia)

## A7. Segmental Reporting (Con't)

(b) Secondary Reporting Format - Business Segments:-

	INDIVIDUA	L QUARTER	CUMULATI	VE QUARTER
		Preceding Year		Preceding Year
	Current Quarter	Corresponding	Current Year	Corresponding
		Quarter	To Date	Period
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment Holdings	7	14	48	40
Coatings Manufacturing	5,162	5,633	18,348	15,747
Others	-	(92)	-	6,208
Eliminations	(836)	(857)	(2,803)	(1,657)
Total Revenue	4,333	4,698	15,593	20,338
(Loss) / Profit Before tax				
Segment results				
Investment Holdings	(328)	(84)	(617)	(131)
Coatings Manufacturing	29	822	445	687
Others	(1,671)	312	(1,671)	430
	(1,970)	1,050	(1,843)	986
Finance costs	(1)	(1)	(3)	(6)
Eliminations	43	(395)	50	(586)
Total (Loss) / Profit Before Tax	(1,928)	654	(1,796)	394

#### 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

(a) Incorporation of Sersol Healthcare Sdn. Bhd.

On 13 August 2021, Sersol Berhad incorporated a wholly-owned subsidiary, namely Sersol Healthcare Sdn. Bhd. ("SHSB") The issued and paid-up share capital of SHSB is RM1.00 divided into 1 ordinary share of RM1.00.

SHSB's principal activity is in the trading of healthcare products.

(b) Incorporation of Sersol Energy Sdn. Bhd.

On 29 September 2021, Sersol Berhad incorporated a wholly-owned subsidiary, namely Sersol Energy Sdn. Bhd ("SESB"). The issued and paid-up share capital of SESB is RM1.00 divided into 1 ordinary share of RM1.00.

SESB is currently dormant.

Company No. 200201034397 (602062-X) (Incorporated in Malaysia)

## A9. Changes in the composition of the Group (continued)

(c) Incorporation of Sersol E-Solutions Sdn. Bhd.

On 1 October 2021, Sersol Berhad incorporated a wholly-owned subsidiary, namely Sersol E-Solutions Sdn. Bhd (SSSB). The issued and paid-up share capital of SSSB is RM1.00 divided into 1 ordinary share of RM1.00.

SSSB is currently dormant.

Saved as disclosed above, 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		Cumulati	ve Period
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31.12.21	31.12.20	31.12.21	31.12.20
	RM'000	RM'000	RM'000	RM'000
Revenue	4,333	4,698	15,593	20,338
(Loss) / Profit Before Interest and Tax ("LBIT"/ "PBIT")	(1,927)	655	(1,793)	400
(Loss) / Profit Before Tax ("LBT" / "PBT")	(1,928)	654	(1,796)	394
(Loss) / Profit After Tax Profit / ("LAT" / "PAT")	(1,949)	446	(1,803)	200
(Loss) / Profit attributable to Ordinary Equity Holders of the Parent	(1,949)	446	(1,803)	200

#### Review of results for the current quarter

For the current quarter financial period ended 31 December 2021, the Group registered a revenue of RM4.33 million, LBIT and LBT of RM1.9 million respectively as compared to a revenue of RM4.70 million, PBIT and PBT of RM0.6 million in the preceding financial year's corresponding quarter.

#### Commentary on revenue

The Group recorded lower revenue for the current quarter predominantly due to lower contribution from the Malaysia segment.

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

#### Review of results for the current quarter (cont'd)

#### Commentary on LBIT / PBIT and LBT / PBT

The Group recorded a LBIT and LBT of RM1.9 million for the current quarter 31 December 2021 compared to the preceding financial year's corresponding quarter of PBIT and PBT of RM0.65 million. This was mainly due to the impairment of stocks which amounted to RM1.65 million.

#### Review of results for the financial period ended 31 December 2021

The Group recorded revenue of RM15.59 million, LBIT of RM1.79 million and LBT of RM1.80 million for the financial period ended 31 December 2021 as compared to revenue of RM20.34 million, PBIT of RM0.40 million and PBT of RM0.39 million for the financial period ended 31 December 2020.

#### Commentary on revenue

The Group's revenue decreased to RM15.59 million representing a decrease of 23% compared to the preceding financial period mainly due to lower revenue posted.

#### Commentary on LBIT/ PBIT and LBT/ PBT

The Group recorded a LBIT and LBT mainly due to the impairment of stocks which amounted to RM1.65 million.

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

	Current Quarter Immediate Pre Quarter	
	31.12.21	30.09.21
	RM'000	RM'000
Revenue	4,333	3,297
Loss From Operations	(1,927)	(91)
Loss Before Tax	(1,928)	(92)
Loss After Tax	(1,949)	(87)
Loss attributable to Ordinary Equity Holders of the Parent	(1,949)	(87)

The Group recorded a higher LBT of RM1.93 million for the current quarter financial period ended 31 December 2021 as compared to LBT of approximately RM0.09 million for the immediate preceding quarter financial period ended 30 September 2021. This was mainly due to impairment of stocks which amounted to RM1.65 million.

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## B3. Prospects of the Group

The Group operates in a competitive industry and this has been exacerbated by the Covid-19 pandemic and lockdowns imposed by the local Governments in Malaysia and Thailand. As a consequence, the results continued to reflect the challenges of managing escalating cost of raw materials, elevated freight rates and uncertainties arising from the Omicron variant of Covid-19.

## 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 en	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Taxation	(25)	-	(25)	-
Deferred taxation	4	(208)	18	(194)
-	(21)	(208)	(7)	(194)

### 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
	39	-	39
Long Term Borrowings			
Lease Liability	24	-	24
Total	63	-	63

Company No. 200201034397 (602062-X) (Incorporated in Malaysia)

## 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. (Loss) / Profit Per Share

	Current quarter ended		Cumulative qu	arter ended
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net (Loss) / Profit attributed to owners of the parent for the period (RM'000)	(1,949)	446	(1,803)	200
Weighted Average Number of shares in issue ('000)	254,408	215,349	229,500	215,349
Basic (Loss) / Profit per share (sen)	(0.77)	0.21	(0.79)	0.09

#### Diluted (loss) / profit per share

Diluted (loss) / profit 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 2020 was not qualified.

### B12. Derivative Financial Instruments

(a) Disclosure of derivative financial instruments

As at 31 December 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. (Loss) / Profit Before Tax

The following items have been included in arriving at (loss) / profit before tax:

	Current quarter ended		Cumulative quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation	(54)	(85)	(274)	(337)
Loss on disposal of property, plant and equipment	(100)	-	(100)	-
(Loss) or gain on foreign exchange –Unrealised	(10)	(89)	5	(94)
Interest expense	(1)	(1)	(3)	(6)
Interest income	3	(1)	48	41
Amortisation of right of use asset	(15)	(59)	(60)	(185)
Bad debt recovered	7	-	7	7
Bad debts written off	(25)	-	(25)	-
Inventories written down	(1,655)	-	(1,655)	-
Reversal of impairment losses on trade receivables	2	358	2	358

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.